



ANNUAL
REPORT &
ACCOUNTS
2013-14



KESORAM TEXTILE MILLS LIMITED



The Group Logo —As represented by the 21st Century Atlas

Atlas, the Titan — *Collective Strength*

Atlas, bearer of the heavens is synonymous with vast, all encompassing strength and is used to symbolize the Group's own collective strength. It reflects the combined qualities of astute and dynamic management while emphasising the Group's tenacity, consistency, reliability and overall leadership.

The Sun — *Enlightenment and Growth*

The Sun, as a source of infinite energy and inspiration, is used here in conjunction with the Atlas head to represent the vitality and powerful presence of the Group - both in its industrial prowess and its financial, technological and intellectual skills.

The Earth Segments — *Diversified Activities*

Each of the latitudes around the Titan represent various sections - industrial, agricultural, financial and other activities of the Group. As with the infinite variety of the world, so is the strength of the Group, made up of its diverse activities.

The Globe — *Global Vision*

The Group's global presence and vision is reflected in the entirety of the Earth's sphere.

The Base — *Solid Foundations*

The strength of the entire edifice depends upon the strength of the foundation embedded in the bedrock, represented here by the Group Name.

The Symmetry — *The Resilience, Versatility and Stability*

Seen in its entirety, each of the elements-Atlas, the Sun, the Earth divisions, the Globe and the Base, together sum up a well conceptualised and balanced conglomerate.

Strong Foundation

Sustained Growth

Proven Leadership

KESORAM TEXTILE MILLS LIMITED

CIN : L17114WB1999PLC089148



15th ANNUAL REPORT & ACCOUNTS 2013-14

Board of Directors

Shri Surendra Kumar Birla - *Chairman*

Shri Jayant Sogani

Shri Uma Shankar Asopa

Secretary

Shri B. N. Kedia

Manager

Shri Sanjay Kumar Sinha

Auditors

Messrs R K D S & Associates

Bankers

Allahabad Bank

Punjab National Bank

Registered Office & Factory

42, Garden Reach Road, Kolkata 700 024

Phone Nos. : +91-33 2489 3472, 2469 7825

Telefax : +91-33 2469 6788

E-mail : ktmltext@vsnl.net; ktmltext@gmail.com

Website : www.kesoramtextiles.com

City Office & Share Department

9/1, R. N. Mukherjee Road, Kolkata 700 001

Phone Nos. : +91-33 2243 5453/2242 9454

Fax : +91-33 2210 9455

E-mail: corporate@kesoram.net; sharedepartment@kesoram.net

Share Transfer Agent

MCS Limited, (Unit : Kesoram Textile Mills Limited)

77/2A, Hazra Road, Kolkata 700 029

Phone Nos.: +91-33 2454 1892-93;

+91-33 4072 4051-53

Fax No.: +91-33 2454 1961; +91-33 4072 4050

E-mail : mcskol@rediffmail.com

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NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of KESORAM TEXTILE MILLS LIMITED will be held at 11:00 A.M. on Saturday, 20th September, 2014 at "Kala-Kunj", 48, Shakespeare Sarani, Kolkata -700017, to transact the following business :

GENERAL BUSINESS

1. To consider and adopt the audited Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss for the year ended on that date, the Report of the Auditors thereon and the Report of the Board of Directors of the Company for the year ended 31st March, 2014.
2. To appoint a Director in place of Shri Uma Shankar Asopa, who retires by rotation and being eligible offers himself for re-election.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification(s), the following Resolutions as Ordinary Resolutions:

4. **"RESOLVED THAT** Shri Surendra Kumar Birla (DIN 00774279), an existing Independent Director, who has filed with the Company the required declaration as per Section 149(7) of the Companies Act, 2013 be and is hereby appointed an Independent Director of the Company for a term upto five consecutive years from the conclusion of Company's Fifteenth Annual General Meeting to the conclusion of Company's Twentieth Annual General Meeting."
5. **"RESOLVED THAT** Shri Jayant Sogani (DIN 00121433), an existing Independent Director, who has filed with the Company the required declaration as per Section 149(7) of the Companies Act, 2013 be and is hereby appointed an Independent Director of the Company for a term upto five consecutive years from the conclusion of Company's Fifteenth Annual General Meeting to the conclusion of Company's Twentieth Annual General Meeting."

Registered Office :
42, Garden Reach Road
Kolkata 700 024
Dated : 29th May, 2014.

By Order of the Board

B. N. Kedia
Company Secretary

Notes:

1. **A Member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote instead of himself / herself and a proxy need not be a Member of the Company. The Instrument of Proxy must be lodged with the Company not less than 48 hours before the Meeting.**
A person can act as a Proxy on behalf of Members not exceeding fifty and holding in aggregate shares not more than 10 percent of the total Share Capital of the Company.
2. The Register of Members shall remain closed from 13th September, 2014 to 20th September, 2014 (both days inclusive).
3. The Notice of the Meeting will also be available on the Company's website <http://www.kesoramtextiles.com> and the website of Central Depository Services (India) Limited ("CDSL") at <http://www.evotingindia.com>.
4. Voting shall be reckoned in relation to a Member's holding of the Paid-up Equity Share Capital of the Company as at close of business on **1st August, 2014 ("Record Date")**.

5. **Members holding shares in physical form are requested to notify change of address**, if any, along with address proof i.e. Voter Identity Card, Electric/Telephone Bill, Driving License or a copy of the Passport and Bank Statement to the **Share Department of the Company / Registrars and Share Transfer Agents** and, in case the shares are held in dematerialised form, then this information should be passed on to the respective Depository Participants and not to the **Share Department of the Company / Registrars and Share Transfer Agents**.
6. In case the mailing address mentioned on the envelope of this Annual Report is either without Pin Code or with incorrect Pin Code, Members are urged to advise the correct Pin Code to the **Share Department of the Company / Registrars and Share Transfer Agents** or the respective **Depository Participant(s)**, as the case may be, immediately, for speedier delivery in future.
7. (a) Members desirous of receiving Notices and/or documents from the Company through the electronic mode are urged to update their email addresses with their **Depository Participants**, where shares are held in electronic form or to the **Share Department of the Company / Registrars and Share Transfer Agents** where shares are held in physical form.
(b) Email addresses of Members as advised to the **Share Department of the Company/Registrars and Share Transfer Agents** where shares are held in physical mode or **registered with Depositories** where shares are held in the electronic mode will be deemed to be the Member's registered Email address for serving Company documents/notices as per provisions of the Act and the instructions of the Ministry of Corporate Affairs. Members intending to refresh/update their email addresses should do so as soon as possible.
8. Members holding Shares, in physical form, in identical order of names in more than one Folio, are requested to write to the **Share Department of the Company / Registrars and Share Transfer Agents** enclosing the relevant Share Certificates requesting consolidation of such Folios into one Folio for your own convenience.
9. As per the provisions of the Act, the facility for making/varying/cancelling nominations is available to individuals holding shares in the Company. Nominations can be made in **Form–SH.13** and any variation/cancellation thereof can be made by giving notice in **Form SH.14**, prescribed under the Companies (Share Capital and Debentures) Rules, 2014 for the purpose. The Forms can be obtained from the **Share Department of the Company / Registrars and Share Transfer Agents or from the Website or the Ministry of Corporate Affairs at www.mca.gov.in**.
10. a) **Members desirous of getting any information in relation to the Company's Annual Report 2013-14 are requested to address their query(ies) well in advance, i.e. at least 10 days before the Meeting, to the Company Secretary to enable the Management to keep the information readily available at the Meeting.**
b) Members holding shares in **Electronic Form**, are requested to bring their **Depository ID Number and Client ID Number** to facilitate their identification for recording attendance at the forthcoming Annual General Meeting.
11. Members are requested to claim their unclaimed shares lying with the Company by sending proper documentary evidence to establish their bona fides. Till such claim, as per Clause 5A II of the Listing Agreement with the Stock Exchange, voting rights on such shares shall remain frozen.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) for all securities market transactions. Thereafter it was clarified vide Circular no. MRD/DOP/Cir-05/2009 dated May 20, 2009 that for securities market transactions and off market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish a copy of PAN Card to the **Company / Registrars and Share Transfer Agent** for registration of such transfer of shares. Hence, Members holding shares in the electronic form are requested to submit their

PANs to their Depository Participants with whom they maintain their Demat Accounts. Members holding shares in physical form should submit their PAN details to the **Company / Registrars and Share Transfer Agents, MCS Ltd.**

13. **As per requirements of Clause 49(IV)(G)(i) of the Listing Agreement with the Stock Exchange, particulars relating to appointment and reappointment of Directors are given in the Corporate Governance Section of the Annual Report.**
14. In compliance with provisions of Section 108 of the Companies Act 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the items of business set out in the attached Notice may be transacted also through electronic voting system as an alternative mode of voting. The Company is providing the facility of casting votes through the electronic voting system (“e-Voting”) under an arrangement with Central Depository Services (India) Limited (“CDSL”) as specified more fully in the instructions hereunder provided that, once the vote on a Resolution is cast, a Member shall not be allowed to change it subsequently.
15. Pursuant to the provisions of the Companies Act, 2013 certain items of business require approval of shareholders by postal ballot (including electronic voting) and not by voting at the Annual General Meeting. For this purpose, separate Postal Ballot Notice is also sent simultaneously to the shareholders and the shareholders shall need to vote separately on the items of business mentioned therein in terms of the said Postal Ballot Notice.

The instructions for members for voting electronically are as under :-

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on “Shareholders” tab
- (iii) Now, select “KESORAM TEXTILE MILLS LIMITED” from the drop down menu and click on submit.
- (iv) Now, enter your User ID: For CDSL- 16 digit beneficiary ID, For NSDL- 8 Characters DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha as displayed and click on Login.
- (v) If you are holding shares in Demat Form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used. If you are a first time user then fill up the following details in the appropriate boxes and follow the steps given below (applicable for both Demat and Physical Shareholders):

PAN*	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department.</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name followed by your client id in the PAN field. Members holding share in physical form are requested to use first two letters of their name followed by folio number. In case the FOLIO number as above is less than 8 digits, enter the applicable number of 0’s before the number after the first two characters of the name in CAPITAL letters. Eg. if your name is Ramesh Kumar with FOLIO number 1, then enter RA00000001 in the PAN field.
DOB#	<p>Enter the Date of Birth as recorded in you demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format. Use default DOB 01/04/1999, if your DOB is not updated.</p>

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Dividend Bank Details #	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said Demat Account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company, please enter the member id/ folio number in the Dividend Bank details field.
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- (vi) After entering these details appropriately, click on “SUBMIT” tab.
- (vii) Members holding shares in physical form will then reach directly the Company selection section. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any person and take utmost care to keep your password confidential.
- (viii) For members holding shares in Physical Form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant ‘KESORAM TEXTILE MILLS LIMITED’ on which you choose to vote.
- (x) Click on “RESOLUTION FILE LINK” if you wish to view the Resolutions.
- (xi) On the voting page, you will see Resolution Description and against the same option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote further.
- (xiv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the voting page.
- (xv) If Demat Account holder has forgotten the changed password then Enter the User ID and Image Verification and click on Forgot Password & enter the details as prompted by the system.
- (xvi) a. Institutional Shareholders (i.e., other than individuals, HUF, and NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporate. The scanned copy of the Registration Form bearing the stamp and signature of the entity is required to be submitted to helpdesk.evoting@cdslindia.com.
 - b. After receiving the login details they have to create a user in order to able to link the account(s) which they wish to vote on. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they will be able to cast their vote.
 - c. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (xvii) Institutional Shareholders (i.e., other than individual, 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 authorised signatory (ies) who are authorised to vote through email at ktmltext@vsnl.net or salil.banerjee@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com.

- (xviii) In case you have any queries or issues regarding e-voting, please contact the Company or Registrar & Share Transfer Agents or send mail to B. N. Kedia, Company Secretary at his e-mail: bnkedia@rediffmail.com. You may also send mail to helpdesk.evoting@cdslindia.com or refer to the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com.
- (xix) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company.
- (xx) E-voting period will commence from 10.00 AM on **Wednesday, 10th September, 2014** and will end on **Friday, 12th September, 2014** at 6.00 PM.
16. The Board has appointed Mr. Salil Banerjee (ICSI CP Registration No 1140), Practising Company Secretary, as the Scrutiniser for conducting the E-voting process in accordance with law in a fair and transparent manner and his e-mail address is salil.banerjee@gmail.com.
17. The Scrutinizer shall, no later than three (3) working days from the conclusion of the e-voting period, unblock the votes and submit his Report on the voting pattern in accordance with the procedure set out in Companies (Management & Administration) Rules, 2014.
18. Any query relating to the Resolutions and e-Voting proposed to be passed at the ensuing Annual General Meeting (AGM) may be addressed to B. N. Kedia, Company Secretary at his e-mail: bnkedia@rediffmail.com.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item Numbers 4 & 5

Shri Surendra Kumar Birla and Shri Jayant Sogani are existing Independent Directors of the Company under Clause 49 of the Listing Agreement.

Upon implementation of the Companies Act, 2013 ('the Act'), the Board, at its Meeting held on 29th May, 2014, has formed an opinion that each of them are persons of integrity and possess relevant expertise and experience for being appointed Independent Directors of the Company. In the opinion of the Board, each of these persons fulfills the conditions specified in the Act and the Rules made thereunder and that they are each independent of the Management. They have also at the said Board Meeting filed declarations under Section 149(7) of the Act stating that they can function as Independent Directors within the meaning of Section 149(6) of the Act.

In view of the above position, approval of Members is sought, through Ordinary Resolutions, to formally appoint them Independent Directors as per Section 149(10) of the Act for a term upto five consecutive years from the conclusion of the Company's Fifteenth Annual General Meeting to the conclusion of the Company's Twentieth Annual General Meeting.

Brief particulars of Shri Surendra Kumar Birla and Shri Jayant Sogani are incorporated in the Report on Corporate Governance.

The Company and the Independent Directors shall abide by the provisions specified in Schedule IV of the Act, and shall be governed and guided by the guidelines of professional conduct, role and functions, duties, manner of appointment, reappointment, resignation or removal, separate meetings and evaluation mechanism as provided therein. Their appointment once made at the Meeting shall be formalised through a letter of appointment, which will set out:

- (a) the term of appointment;
- (b) the expectation of the Board from the appointed Director; the Board-level committee(s) in which the Director is expected to serve and its tasks;

KESORAM TEXTILE MILLS LIMITED

- (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
- (d) provision for Directors and Officers (D & O) insurance, if any ;
- (e) the Code of Business Ethics that the Company expects its Directors and employees to follow;
- (f) a list of actions that a Director should not do while functioning as such in the Company; and
- (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Board and other Meetings and profit related commission, if any.

Formal letters of appointment shall be issued to each Independent Director upon appointment. The terms and conditions of the appointment shall be open for inspection at the registered office of the Company by any Member during normal business hours, and shall also be posted on the Company's website.

The Board is of the opinion that it would be in the interest of the Company to appoint Shri Surendra Kumar Birla and Shri Jayant Sogani as Independent Directors and Resolutions 4 and 5 have been proposed to this end. The Board commends the Resolutions to Members for acceptance. Shri Surendra Kumar Birla and Shri Jayant Sogani were holding office as Directors retiring by rotation and after their appointment as Independent Directors, they shall not be liable any further to retirement by rotation and shall hold office for the aforesaid fixed term of five years and could be eligible for re-appointment for one more consecutive term of five years.

Shri Surendra Kumar Birla and Shri Jayant Sogani should be deemed concerned or interested in the particular Resolutions seeking to appoint each of them as Independent Directors. No other Director / Key Managerial Personnel or any relative of the Directors or the Key Managerial Personnel have any concern or interest in the aforesaid Resolutions. The passing of aforesaid Resolutions also do not relate to or affect any other Company.

Registered Office :
42, Garden Reach Road
Kolkata 700 024
Dated : 29th May, 2014.

By Order of the Board

B. N. Kedia
Company Secretary

REPORT OF THE DIRECTORS

For the year ended 31st March, 2014

The Board presents its Fifteenth Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 2014.

FINANCIAL RESULTS

<u>Particulars</u>	<u>31st March, 2014</u>	<u>31st March, 2013</u>
	(₹)	(₹)
Other Income	<u>117,07,103</u>	<u>99,17,210</u>
Profit / (Loss) before Depreciation	<u>30,08,517</u>	<u>24,25,351</u>
Depreciation	<u>3,70,126</u>	<u>3,94,131</u>
Profit / (Loss) for the year	<u>26,38,391</u>	<u>20,31,220</u>
Loss brought forward from Last Account	<u>22,26,73,357</u>	<u>22,47,04,577</u>
Loss Carried to Balance Sheet	<u>22,00,34,966</u>	<u>22,26,73,357</u>

DIVIDEND

In view of accumulated losses, no dividend is recommended for the financial year.

GENERAL REVIEW

The Mill continues to be under "Suspension of Work" on and from 5th January, 1999 due to labour problems. Due to continued hostile attitude and rigid stand taken by a section of workmen and /or the Union(s) all efforts made by the Management for a settlement were not fruitful. Illegal blockading and barricading in front of the Mill's Gate continues. For want of maintenance, the conditions of the machines, factory sheds, buildings and other assets have further deteriorated.

The matter pending before the 4th Industrial Tribunal referred by the Government of West Bengal, Labour Department, I.R. Branch, Writers' Buildings, Kolkata remains pending at that level.

REFERENCE TO BIFR

The Board for Industrial & Financial Reconstruction has taken the view that the Company is not a Sick Industrial Company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. This position remains unchanged.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 and, based upon representations from the Management, the Board, to the best of its knowledge and belief, confirms that:

- in the preparation of the Annual Accounts, applicable Accounting Standards have been followed and there are no material departures ;
- it has 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 as at 31st March, 2014 and of the profit of the Company for the Financial Year ended on that date ;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ; and
- the Annual Accounts have been prepared on a going concern basis.

AUDITORS' REPORT

As regards the observation in Paragraph 1 of the 'Basis for Qualified Opinion' of the Independent Auditors' Report, Note No. 2.1 to the Notes to the Financial Statements is self explanatory and needs no further explanation in this regard.

KESORAM TEXTILE MILLS LIMITED

So far as Paragraph 2 in the 'Basis for Qualified Opinion' of the Independent Auditor's Report is concerned, no provision for interest was made for the year under review as negotiations to revise loan terms and the outstanding interest with the lenders were not yet concluded.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS

A separate Report on "Corporate Governance" along with Auditor's Certificate on its compliance and "Management Discussion & Analysis" are annexed hereto.

DIRECTORS

The Board confirms that it has the required number of Independent Directors as envisaged under Section 149(4) of the Act. Shri Surendra Kumar Birla (DIN 00774279) and Shri Jayant Sogani (DIN 00121433) who constitute the Independent Directors and have filed the requisite declarations with the Company as per Section 149(7) of the Act to the effect that they qualified as Independent Directors within the meaning of Section 149(6) of the Act. Appropriate Resolutions are being proposed at the forthcoming Annual General Meeting to appoint them for a term upto five years as contemplated under Section 149(10) of the Act.

Shri Uma Shankar Asopa, Director, retires by rotation and being eligible offers for re-election.

AUDITORS

M/s. R K D S & Associates (Firm Regn. No. 309091E), Chartered Accountants, Auditors of the Company, retire at the forthcoming Annual General Meeting. They offer themselves for re-appointment from the conclusion of the Fifteenth Annual General Meeting till the conclusion of the next Annual General Meeting as per the provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

CASH FLOW ANALYSIS

The Cash Flow Statement for the year under review in terms of Clause 32 of the Listing Agreement with the Calcutta Stock Exchange Limited is annexed.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Since Mill operations have been under suspension of work for a considerable length of time, no figures are available for conservation of energy, technology absorption etc. There were no foreign exchange earnings or outgo during the year under review.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 read together with the Companies (Particulars of Employees) Rules, 1975 (as amended from time to time) are not given, as no employees of the Company falls under the prescribed category.

ACKNOWLEDGMENT

The Board gratefully acknowledges the understanding and support received by the Company from its employees. It also places on record its deep gratitude for the unstinted support the Company has received from the State Government, Shareholders and the lenders during the year.

Kolkata
Dated : 29th May, 2014

Surendra Kumar Birla	<i>Chairman</i>
Jayant Sogani U. S. Asopa	<i>Directors</i>

REPORT ON CORPORATE GOVERNANCE

GOVERNANCE PHILOSOPHY

The Company's philosophy on governance is founded upon and structured on a rich legacy of principles and practices that predicated dealings with stakeholders based on fairness, transparency and ethical behaviour.

BOARD OF DIRECTORS

Composition of the Board, Directorships and Committee positions held in other companies and shares held as on 31st March, 2014:

The Company's Board consisted of three Non-executive Directors. Their details are as follows :

Directors	No. of outside Directorships held (excluding*)	Outside Committees #(excluding*)		Shares held
		As a Chairman	As a Member including Chairmanship	
Shri Surendra Kumar Birla**	None	None	None	23,211
Shri Jayant Sogani**	2	None	2	5
Shri Uma Shankar Asopa	10	None	1	600

* private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956 (the Act).

** Also Independent.

Only two Committees viz. Audit Committee and Shareholders' / Investors' Grievance Committee have been considered for this purpose.

Shri Sanjay Kumar Sinha is the Manager of the Company as per the provisions of Sections 384 to 388 of the Act.

Attendance of Directors at Meetings held during the Financial Year 2013-14 :

Nature & Date of Meetings	Name of Directors		
	Shri Surendra Kumar Birla	Shri Jayant Sogani	Shri Uma Shankar Asopa
Board on 20th April, 2013	Present	Present	Present
Board on 26th July, 2013	Present	Present	Present
Board on 16th October, 2013	Present	Present	Present
Board on 13th January, 2014	Present	Present	Present
AGM on 26th July, 2013	Present	Present	Present

Code of Conduct

The Company has a Code of Conduct applicable to all its Board Members and senior management staff for avoidance of conflicts of interest between each of the above individuals and the Company. Each Board Member and senior management staff has to declare his compliance with the Code of Conduct as at the end of each Financial Year. The required declarations in respect of the Financial Year 2013-14 have been received from all Board Members and senior management staff. There were no materially significant transactions during the Financial Year with Board Members and senior management staff, including their relatives that had or could have had a potential conflict of interest with the Company.

AUDIT COMMITTEE

Terms of Reference

The Audit Committee has been mandated with the terms of reference as specified in the Clause 49 of the Listing Agreement with The Calcutta Stock Exchange Limited. The terms of reference also conform to the requirements of Section 292A of the Act.

Composition, Name of Members and Chairman

All Board Members who are Non-executive Independent Directors comprised the Audit Committee as on 31st March, 2014.

Four Meetings on 20th April 2013, 26th July 2013, 16th October 2013 and 13th January 2014 were held during the Financial Year ended 31st March, 2014.

KESORAM TEXTILE MILLS LIMITED

The composition of the Audit Committee and the attendance of each Member at these Meetings are as follows :

Members	No. of Meetings attended
Shri Surendra Kumar Birla, Chairman	4
Shri Jayant Sogani	4
Shri Uma Shankar Asopa	4

Secretary

Shri B. N. Kedia, Secretary of the Company, is the Secretary to the Audit Committee.

Invitees : (as and when considered necessary)

- The Statutory Auditors R K D S & Associates, Chartered Accountants.
- Shri B. N. Kedia, Secretary of the Company.
- Shri Sanjay Kumar Sinha, Manager under the Act and Shri S. K. Choubey, Chief Financial Officer.

Shri Surendra Kumar Birla, Chairman of the Audit Committee, is a veteran Textile Industry executive with over four decades of rich experience and has expert knowledge in finance and accounting. Shri Jayant Sogani is a qualified engineer and has a Masters in Management Studies. His expertise in finance, accounting and management spanning several decades is considerable. Shri Uma Shankar Asopa is a Bachelor of Science and a Member of The Institute of Chartered Accountants of India over 30 years experience in the field of finance and control. All Members of the Committee are, therefore, financially literate.

Shri Surendra Kumar Birla, Chairman of the Committee, attended the last Annual General Meeting held on 26th July, 2013.

REMUNERATION COMMITTEE

All Board Members, who are Non-executive Independent Directors except Shri Uma Shankar Asopa, comprised the Remuneration Committee as on 31st March, 2014. Shri Surendra Kumar Birla is the Chairman of the Committee. The Committee met once during the year on 25th July, 2013 and all the members of the Committee attended the Meeting. The Committee essentially discharges the role assigned to it under Part II, Section II of Schedule XIII of the Act and also otherwise recommends the remuneration of the Manager to the Board from time to time. As a part of this role, it approves, as per parameters set out in the law, the remuneration structure in respect of the Manager of the Company appointed under the Act including should there be loss or insufficient profits during a Financial Year and otherwise.

Details of Meeting Fees paid during the Financial Year 2013-14 to Directors :

S.No.	Name of Directors	Sitting Fees paid for	
		Board Meetings (₹)	Committee Meetings (₹)
1	Shri Surendra Kumar Birla	4,000	4,500
2	Shri Jayant Sogani	4,000	2,000
3	Shri Uma Shankar Asopa	4,000	4,500
	Total	12,000	11,000

SHAREHOLDER RELATED COMMITTEES

As on 31st March, 2014, the "Share Transfer Committee of Directors" consisted of Shri Surendra Kumar Birla, a Non executive Independent Director as Chairman and Shri Uma Shankar Asopa as Member.

The Committee deals with the approval of requests for transfer and transmission of shares in the physical form, issue of duplicate certificates and other shareholder related issues. The Committee met three times during the Financial Year 2013-14 i.e. on 8th June, 2013, 21st November, 2013 and 25th March, 2014. Both the members attended all the Meetings.

The Company also has a "Shareholders' / Investors' Grievance Committee of Directors" headed by Shri Surendra Kumar Birla as Chairman and Shri U. S. Asopa as the Member specifically to look into and redressing Shareholders' and Investors' complaints and to improve investor relations.

The Committee met twice during the Financial Year 2013-14 i.e. on 21st November, 2013 and 25th March, 2014. All the Committee Members attended both the Meetings.

i) Shareholder complaints received and redressed during the Financial Year 2013-14

Nature of Grievances	Complaints received from				Total complaints received during 2013-14	Total redressed	No. of grievances outstanding as on 31.03.2014
	Investors directly	Stock Exchanges	SEBI Scores	ROC			
Non-receipt of Dividend/Interest/ Redemption Warrant(s)	Nil	Nil	2	Nil	2	2	Nil
Non-receipt of Share/Debenture Certificate(s)	1	Nil	Nil	Nil	1	1	Nil
Non-Receipt of Duplicate Share/ Debenture Certificate(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Demat related grievance(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Non-receipt of Annual Report(s)	11	2	1	2	16	16	Nil
TOTAL	12	2	3	2	19	19	Nil

ii) Compliance Officer

Shri B. N. Kedia, Company Secretary, is the Compliance Officer under the Listing Agreement.

iii) Number of pending Complaints as on 31st March, 2014 : Nil

iv) Details of outstanding Shares in the Unclaimed Suspense Account as on 31st March, 2014 :

Particulars	Aggregate No. of Shareholders	No. of Outstanding Shares lying in the Unclaimed Suspense Account
As on 1st April, 2013	4,817	1,86,136
Shareholders approached for transfer/delivery during 2013-14	6	825
Shareholders approached for transfer/delivery pending compliance of verification process during 2013-14	3	579
Shares transferred/delivered during the year 2013-14	3	246
Balance as on 31st March, 2014	4,814	1,85,890

GENERAL BODY MEETINGS

Details of Annual General Meetings (AGMs) :

Meetings	Date of the Meeting	Location	Time
AGM (14th)	26th July, 2013	Kolkata	11.00 A.M.
AGM (13th)	27th July, 2012	Kolkata	2.00 P.M.
AGM (12th)	24th August, 2011	Kolkata	11.00 A.M.

Special Resolutions passed in the previous three AGMs

Shri Sanjay Kumar Sinha was re-appointed Manager under the Act, effective 3rd April, 2012 to 31st March, 2015. This was approved through a Special Resolution at the Annual General Meeting held on 27th July, 2012. Except the above, no other Special Resolution was passed at the last three Annual General Meetings.

KESORAM TEXTILE MILLS LIMITED

No Special Resolution was passed during the Financial Year 2013-14 through Postal Ballot. Three special resolutions under Section 180(1)(a), 180(1)(c) and 186(2)(b) of the Companies Act, 2013 are proposed to be passed in the Financial Year 2014-15 through Postal Ballot.

Procedure for Postal Ballot

The procedure for Postal Ballots will be as per Section 110 of the Companies Act, 2013 and Companies (Management & Administration) Rules, 2014.

DISCLOSURES REGARDING APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

As per requirement of Clause 49(IV)(G)(i) of the Listing Agreement, brief profiles of Shri Surendra Kumar Birla, Shri Jayant Sogani and Shri Uma Shankar Asopa are appended.

- i) **Shri Surendra Kumar Birla**, aged about 81 years is a veteran Textile industry executive with over four decades of managerial experience. He is not a Director of any other Public Company.
- ii) **Shri Jayant Sogani**, aged about 61 years, is a Master of Management Studies (MMS) and having extensive experience in the field of finance, accounts and legal matters. He is Director of Manav Investment & Trading Co. Ltd. and Aditya Marketing & Manufacturing Ltd.. He is member of Audit Committee of Manav Investment & Trading Company Ltd. and member of Audit Committee, Asset Liability Management Committee, Risk Committee and Nomination Committee of Aditya Marketing & Manufacturing Ltd. He holds trusteeship in Swar Sangam and is Deputy Secretary of Birla Sanskriti Trust as well.
- iii) **Shri Uma Shankar Asopa**, aged about 62 years is a Bachelor of Science and a Fellow Member of The Institute of Chartered Accountants of India. His experience in the areas of accounts & finance and control is wide and varied and spans over three decades. He is a Director of Kudra Investment & Trading Company Ltd., Vasavadatta Services Ltd., Bizari Veneer & Saw Mills Ltd., Aditya Marketing & Manufacturing Ltd., Jwalamukhi Investment & Trading Company Ltd., SNP Investment & Trading Company Ltd., Panchmukhi Investment & Trading Company Ltd., Chintpurni Investment & Trading Company Ltd., Vasavadatta Investment & Trading Company Ltd. and Kesoram Insurance Broking Services Ltd. and he is also member of Audit Committee, Asset Liability Management Committee, Risk Committee and Nomination Committee of Aditya Marketing & Manufacturing Ltd.

DISCLOSURES

- i) Disclosure of materially significant Related Party Transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large : Details of Related Party transaction(s) during the year has been set out under Note 22 to the Financial Statements. However, these do not have any potential conflict with the interest of the Company at large.
- ii) Details of Non-compliance by the Company, penalties / strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority on any matter related to Capital Market during last three years : None

MEANS OF COMMUNICATION

- Half yearly report sent to each household of Shareholders : No
- Quarterly Results : The Quarterly Unaudited Financial Results and the Annual Audited Financial Results as approved by the Board of Directors of the Company are forwarded to the Stock Exchange.
- Which newspaper(s) normally published : Financial Express / Business Standard (English) Dainik Statesman (Bengali)
- Any website where displayed : www.kesoramtextiles.com
- Whether it also displays official news releases : Official news releases, if any, are also displayed on the website.
- Whether presentations made to Institutional Investors or to Analyst : No presentations were made to Institutional Investors or Analysts during the Financial Year 2013-14.
- Whether Management Discussion and Analysis Report is a part of Annual Report : Yes

KESORAM TEXTILE MILLS LIMITED

GENERAL SHAREHOLDER INFORMATION

- i) **Next Annual General Meeting :**
- | Date | Time | Venue |
|---------------------------------|-------------|---|
| 20th September, 2014 (Saturday) | 11.00 A.M. | "Kala-Kunj", 48, Shakespeare Sarani, Kolkata - 700 017. |
- iii) **Financial year** : The Financial Year of the Company covers 1st April to 31st March period.
- iv) **Date of Book Closure** : 13th September to 20th September, 2014 (both days inclusive)
- v) **Dividend Payment Date** : Not Applicable.
- vi) **Listing on Stock Exchanges** : The Shares of the Company are listed only on The Calcutta Stock Exchange Ltd.
- vii) **Stock Codes** : Physical - 21378, Demat -10021378
The Annual Listing Fee for the year 2013-14 of the Exchange has been paid by the Company.
- viii) **ISIN No. for the Company's Equity Share in Demat Form** : INE880A01017
- ix) **Depository Connectivity** : National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL)
- x) (a) **Stock Market Data :**
The Company is listed only on the Calcutta Stock Exchange. There were no transactions in the Company's shares during the Financial Year 2013-14.
- (b) **Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc. :**
Since there were no transactions in the shares of the Company during the financial year 2013-14, performance comparison to broad-based indices is not possible.
- xi) **Registrar and Share Transfer Agent :**
MCS Limited (Unit: Kesoram Textile Mills Ltd.), 77/2A, Hazra Road, Kolkata-700 029
Phone Nos.: +91-33-2454-1892/1893, +91-33-4072-4051/4052/4053
Fax No.: +91-33-2454-1961, +91-33-4072-4050, E-mail : mcskol@rediffmail.com
- xii) **Share Transfer System :**
Subject to documentation being in order, transfer requests of Equity Shares lodged with the Company/Registrars in physical form are processed no later than 15 days from the date of receipt. Individual share transfer requests in physical form below 10,000 shares are dealt with and approved at the level of Company Executives. Individual requests for transfers of above 10,000 shares in physical form are referred to the Share Transfer Committee for approval. Transferred shares are dispatched to the transferees immediately upon approval.
- xiii) **Distribution of Shareholding** : As on 31st March, 2014.
- a) **According to Category of holding :**

Category	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Promoters	22	0.02	1,33,29,049	25.49
Banks/ Mutual Funds and Insurance Cos.	68	0.06	73,90,418	14.14
Foreign Institutional Investors	6	0.01	82,25,407	15.73
NRI/OCB's	232	0.21	7,05,599	1.35
Enemy Property	5	-	1,942	-
Private Bodies Corporate	1,198	1.07	67,45,681	12.90
Individuals	1,10,271	98.63	1,56,45,270	29.93
Shares in Transit	-	-	2,38,539	0.46
Total	1,11,802	100.00	5,22,81,905	100.00

KESORAM TEXTILE MILLS LIMITED

b) According to Number of Equity Shares held :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1-100	92,880	83.07	32,92,449	6.30
101-200	9,997	8.94	15,21,641	2.91
201-500	5,451	4.88	18,93,675	3.62
501-1000	1,795	1.61	13,99,680	2.68
1001-5000	1,319	1.18	27,97,162	5.35
5001-10000	170	0.15	12,68,456	2.43
10001 & above	190	0.17	398,70,303	76.26
Shares in transit	-	-	2,38,539	0.45
Total	1,11,802	100.00	522,81,905	100.00

- xiv) **Dematerialisation of Shareholding and liquidity** : Over 89.42% of the Company's Equity Shares are dematerialised as on 31st March, 2014.
- xv) **Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity** : Not Applicable
- xvi) **Insider Trading**
The Code of Internal Procedure & Conduct under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, is in full force and effect.
- xvii) **Plant Locations** : The Company has a Textile Mill located at 42, Garden Reach Road, Kolkata 700 024
- xviii) **Address for Correspondence**
- a) **For routine matters :**
Any assistance regarding Share transfers and transmissions, change of Address, duplicate /missing Share Certificates, dematerialisation and other matters, please write to or contact the Share Department of the Company at the address given below :
- Share Department, Or MCS Limited (Unit: Kesoram Textile Mills Ltd.)
Kesoram Textile Mills Ltd. 77/2A, Hazra Road, Kolkata-700 029
9/1, R. N. Mukherjee Road, Phone Nos. :+91-33-2454-1892/1893,
Kolkata-700 001. +91-33-4072-4051/4052/4053
Phone No.: +91-33-2243-7121 Fax No. :+91-33-2454-1961/4072-4050
Fax No. +91-33-2210-9455 E-mail : mcskol@rediffmail.com
E-mail : sharedepartment@kesoram.net
- b) **For Redressal of Complaints and Grievances :**
The Director,
Kesoram Textile Mills Ltd.
9/1, R.N. Mukherjee Road,
Kolkata-700 001.
Telephone No.+91-33-2243-5453, 2242-9454; Fax No.+91-33-2210-9455
E-mail : sharedepartment@kesoram.net

Sanjay Kumar Sinha
Manager (CEO)

S. K. Choubey
Chief Financial Officer

B. N. Kedia
Company Secretary

Surendra Kumar Birla
Chairman

Jayant Sogani
Director

U. S. Asopa
Director

Kolkata
Dated : 29th May, 2014

DECLARATION

All the Board members and the Senior Management Personnel have affirmed their compliance of the “**Code of Conduct for Members of the Board and Senior Management**” during the period from 1st April, 2013 to 31st March, 2014 in terms of Clause 49(l)(D)(ii) of the Listing Agreement with The Calcutta Stock Exchange Association Limited.

Place : Kolkata
Dated : 27th May, 2014

Sanjay Kumar Sinha
Chief Executive Officer

AUDITORS’ COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Kesoram Textile Mills Limited

We have examined the compliance of conditions of Corporate Governance by KESORAM TEXTILE MILLS LIMITED for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **R K D S & Associates**
Firm Registration No. 309091E
Chartered Accountants
R. K. Duggar
Partner
Membership No. 016384

Kolkata
29th May, 2014

MANAGEMENT DISCUSSION AND ANALYSIS

Uncertainty continues to prevail about resumption of work at Mill, which is under “Suspension of Work” since 5th January, 1999. Therefore, the Company’s immediate outlook is not known and the Board is unable to express any view on the same.

Sanjay Kumar Sinha
Manager (CEO)

S. K. Choubey
Chief Financial Officer

B. N. Kedia
Company Secretary

Surendra Kumar Birla
Chairman

Jayant Sogani
Director

U. S. Asopa
Director

Kolkata
Dated : 29th May, 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KESORAM TEXTILE MILLS LIMITED

Report on the Financial Statement

We have audited the accompanying financial statements of KESORAM TEXTILE MILLS LIMITED (the Company), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

- 1. Attention is invited to Note No:- 2.1 of Notes on Accounts regarding the preparation of these accounts on 'Going Concern' basis. In view of its accumulated losses, the net worth of the Company has been completely eroded. After declaration of suspension of work since 5th January 1999, the Company is not carrying on any manufacturing activity. Accordingly, we are unable to express any opinion on the Company's ability to continue as a 'Going Concern'.**
- 2. The Company has not provided interest on loan from Kesoram Industries Limited ever since the amount was borrowed. The interest on loan payable for the year ended 31st March, 2014 amounting to ₹ 2,47,27,852/- (Previous year – ₹ 2,24,79,865) has not been provided in these accounts. The aggregate interest on loan not provided till date is ₹ 17,65,06,371/- (Previous year - ₹ 15,17,78,519/-) including interest not provided during the current year. If interest on this loan had been provided during the year, there would be a loss of ₹ 2,20,89,461/- as against the profit of ₹ 26,38,391/- shown in these financial statements. If interest on loan were provided every year, the debit balance of Profit & Loss Account in the Balance Sheet as on 31st March, 2014 shown under the head "Reserves and Surplus" would be ₹ 39,65,41,337/- (Previous year – ₹ 37,44,51,876/-) as against ₹ 22,00,34,966/- (Previous year – ₹ 22,26,73,357/-) disclosed in these financial statements. Interest accrued on Secured Loan would amount to ₹ 17, 65, 06,371/- (Previous year – ₹ 15,17,78,519/-) as against "Nil" (Previous year - "Nil") disclosed in these financial statements.**

Qualified Opinion

In our opinion, and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- b) In the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order 2003 (the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account, as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit & Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion the Balance Sheet, Statement of Profit & Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013
 - e) On the basis of the written representations received from the Directors as on 31st March, 2014 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2014 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;

For **R K D S & Associates**
Firm Registration No. 309091E
Chartered Accountants
R. K. Duggar
Partner
Membership No. 016384

Kolkata, 29th May, 2014

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

Re : KESORAM TEXTILE MILLS LIMITED

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we state that :

- 1. In respect of its fixed assets :
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b) As explained to us, all the fixed assets have been physically verified periodically by the management in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed asset of the Company.
- 2. In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- 3. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

KESORAM TEXTILE MILLS LIMITED

4. Manufacturing activities of the Company are under suspension since 5th January 1999. The Company has not maintained cost records in terms of Section 209(1) (d) of the Companies Act, 1956 as it has been permitted by the Assistant Director (Cost), Govt. of India, Ministry of Corporate Affairs, Cost Audit Branch vide letter dated 12.12.2011 not to comply with the cost audit order issued by the department earlier relating to maintenance of cost records, till their further orders.

5. (a) The Company is regular in depositing undisputed statutory dues including on account of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Excise Duty, Cess and other statutory dues with the appropriate authorities, wherever applicable.

No undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Excise Duty, Cess and other statutory dues were in arrears as at the last day of the financial year for a period of more than six months from the date they became payable.

(b) According to the records of the Company, there are no dues outstanding other than the following in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Excise Duty, Cess and other statutory dues on account of any dispute :

Act	Nature of Dues	Forum where dispute is pending	Amount (₹)
Central Excise Act, 1944	Excise duty	Kolkata High Court	14,19,420/-
Central Excise Act, 1944	Excise duty	Addl. Secretary (R.A) Govt. of India	3,51,206/-
Central Excise Act, 1944	Excise duty	Assistant Commissioner of Central Excise	29,36,767/-
Central Excise Act, 1944	Excise duty	Superintendent of Central Excise	1,066/-
Central Excise Act, 1944	Excise duty	Central Excise and Service Tax Appellate Tribunal	11,71,182/-
Central Excise Act, 1944	Modvat Credit	Assistant Commissioner of Central Excise	4,06,870/-
Employee's State Insurance Regulation Act, 1950	ESI Contribution	Dy. Director, E.S.I.	11,98,269/-

Further, the Company is not liable to pay Wealth Tax and Custom Duty.

6. Accumulated losses of the Company exceeded fifty percent of its net worth at 31st March, 2014. The Company has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.

7. The Company is not engaged in dealing or trading in shares, securities and debentures.

For other investments, it has maintained proper records of the transactions and contracts and timely entries thereof have been made there in. Investments are held by the Company in its own name on the date of balance sheet.

8. During the course of our examination of the books of accounts carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company nor have we been informed of any such case by the management.

9. Clause No. 2, 3, 5, 6, 11, 12, 13, 15, 16, 17, 18, 19 and 20 of paragraph 4 of the Companies (Auditor's Report) Order, 2003 issued by the Central Government are not applicable to the Company.

For **R K D S & Associates**
Firm Registration No. 309091E
Chartered Accountants
R. K. Duggar
Partner
Membership No. 016384

Kolkata, 29th May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note No.	As at	As at
		31st March, 2014	31st March, 2013
		₹	₹
(I) EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	10,45,63,810	10,45,63,810
(b) Reserves and Surplus	4	(21,93,03,888)	(22,19,42,279)
(2) Non-current Liabilities			
(a) Long-term Provisions	5	3,22,54,577	3,28,13,572
(3) Current Liabilities			
(a) Short-term Borrowings	6	9,56,18,690	9,56,06,015
(b) Other Current Liabilities	7	57,23,938	49,65,074
(c) Short-term Provisions	8	29,84,692	13,79,602
Total		2,18,41,819	1,73,85,794
(II) ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
- Tangible Assets	9	69,79,468	73,82,098
(b) Long-term Loans and Advances	10	39,95,088	39,65,367
(2) Current Assets			
(a) Current Investments	11	15,08,485	13,74,647
(b) Cash and Bank Balances	12	81,29,716	36,71,500
(c) Short-term Loans and Advances	13	10,04,350	8,79,742
(d) Other Current Assets	14	2,24,712	1,12,440
Total		2,18,41,819	1,73,85,794

Significant Accounting Policies and

Notes to Accounts

1 to 22

The Notes are an integral part of the Financial Statements.

As per our Report of even date.

For R K D S & ASSOCIATES
Firm Registration No. 309091E
Chartered Accountants

R. K. Duggar
(Partner)
Membership No. 016384
Kolkata, 29th May, 2014

Sanjay Kumar Sinha
Manager (CEO)

S. K. Choubey
Chief Financial Officer

B. N. Kedia
Company Secretary

Surendra Kumar Birla
Chairman

Jayant Sogani
Director

U. S. Asopa
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Note No.	Year ended	Year ended
		31st March, 2014	31st March, 2013
		₹	₹
I. Revenue from Operations		—	—
II. Other Income	16	1,17,07,103	99,17,210
III. Total Revenue (I+II)		1,17,07,103	99,17,210
IV. EXPENSES			
Employee Benefits Expense	17	49,85,304	38,77,188
Finance Costs	18	2,649	4,731
Depreciation and Amortization Expense	9	3,70,126	3,94,131
Other Expenses	19	37,10,633	36,09,940
Total Expenses (IV)		90,68,712	78,85,990
V. Profit before tax (III-IV)		26,38,391	20,31,220
VI. Tax Expense :			
(1) Current Tax		—	—
(2) Deferred Tax		—	—
VII. Profit for the period (V-VI)		26,38,391	20,31,220
VIII. Earnings per equity share	20		
(Nominal Value per Share ₹ 2/-)			
Basic		0.050	0.039
Diluted		0.050	0.039

Significant Accounting Policies and
Notes to Accounts 1 to 22

The Notes are an integral part of the Financial Statements.

As per our Report of even date.

For R K D S & ASSOCIATES
Firm Registration No. 309091E
Chartered Accountants

R. K. Duggar
(Partner)
Membership No. 016384
Kolkata, 29th May, 2014

Sanjay Kumar Sinha
Manager (CEO)

S. K. Choubey
Chief Financial Officer

B. N. Kedia
Company Secretary

Surendra Kumar Birla
Chairman

Jayant Sogani
Director

U. S. Asopa
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	For the year ended 31st March, 2014 ₹	For the year ended 31st March, 2013 ₹
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax & extraordinary items	26,38,391	20,31,220
Adjustments for :		
Depreciation	3,70,126	3,94,131
Profit on Sale of Tangible Assets	(47,599)	(1,38,575)
Interest Paid	2,649	4,731
Interest Income	(4,87,013)	(1,23,861)
Dividend Income	(1,33,838)	(69,384)
Assets Discarded	—	—
Operating Profit before Working Capital Changes	23,42,716	20,98,262
Adjustments for :		
Changes in Receivables	(2,66,601)	(41,787)
Changes in Payables	18,17,634	2,67,116
Cash generated from Operations	38,93,749	23,23,591
Fringe Benefit Tax Paid (Net)	—	—
Net Cash from (used in) Operating Activities	38,93,749	23,23,591
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Tangible Assets	80,103	2,60,680
Purchase/Sale of Investment	(1,33,838)	2,30,617
Interest Income	4,87,013	1,23,861
Dividend Income	1,33,838	69,384
Net Cash from (used in) Investing Activities	5,67,116	6,84,542
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(2,649)	(4,731)
Net Cash from (used in) Financing Activities	(2,649)	(4,731)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)	44,58,216	30,03,402
Cash & Cash Equivalents at the beginning of the year	36,71,500	6,68,098
Cash & Cash Equivalents at the end of the year	81,29,716	36,71,500
Cash and Cash Equivalents include :		
Cash in Hand	7,304	527
With Scheduled Banks in -		
Current Accounts	42,188	24,274
S.B.I. A/C KCMP School	5,621	5,019
Short Term Deposit	80,74,603	36,41,680
Bank Overdraft	—	—
	81,29,716	36,71,500

As per our Report of even date.

For R K D S & ASSOCIATES
Firm Registration No. 309091E
Chartered Accountants

Sanjay Kumar Sinha
Manager (CEO)

Surendra Kumar Birla
Chairman

R. K. Duggar
(Partner)
Membership No. 016384
Kolkata, 29th May, 2014

S. K. Choubey
Chief Financial Officer
B. N. Kedia
Company Secretary

Jayant Sogani
Director
U. S. Asopa
Director

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION :

Kesoram Textile Mills Limited was incorporated with the object of running a textile mill. The textile mill is under suspension of work and is not in operation at present. The Company is a public limited Company and is listed in the Calcutta Stock Exchange (CSE).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

2.1 Basis of preparation :

- i) These accounts have been prepared on a "Going Concern" basis as the Board for Industrial and Financial Reconstruction vide its order dated 19.09.2006 held that the Company is not a Sick Industrial Company within the meaning of Section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- ii) These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis and have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.
- iii) The Company's textile mill is under suspension of work since 5th January, 1999 and thus there is no acquisition of assets for processing and consequently their realization in cash and cash equivalents. However, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.
- iv) The previous year's figures have been regrouped or reclassified wherever necessary to conform to the current year's presentation.

2.2 Tangible Assets :

- i) Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any.
- ii) Subsequent expenditures related to an item of fixed asset are added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.
- iii) Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognized in the Statement of Profit and Loss in the year of retirement or disposal.

2.3 Depreciation :

- i) In respect of fixed assets acquired up to 31st March, 1983, depreciation is calculated under reducing balance method at applicable rates as per Schedule XIV to The Companies Act, 1956 as revised during 1993-94.
- ii) In respect of fixed assets not covered in clause (i) above, depreciation is calculated -
 - a. *For addition up to 31st March, 1993*
at the rates considered adequate to amortize the depreciable book value over the remaining part (as on 1st April, 1993) of the specified period recomputed by applying the Schedule-XIV rates as revised during 1993-94 in keeping with Circular No.14/93 dated December, 1993 of the Department of Company Affairs, Government of India.
 - b. *For addition from 1st April, 1993*
at applicable rates as per Schedule-XIV to the Companies Act. 1956 as amended during 1993-1994.
- iii) In respect of fixed assets capitalized after the expiry of the lease period, depreciation has been calculated under the straight line method at applicable rates as per Schedule-XIV to the Companies Act, 1956 on the basis of remaining life of the assets.

2.4 Borrowing Costs :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit & Loss Account.

2.5 Investments :

Investments that are readily realizable and are intended to be held for not more than one year from date, on which such investments are made, are classified as current investments and are carried at cost or fair value, whichever is lower.

2.6 Other Income :

- i) **Interest** : Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- ii) **Dividend** : Dividend income is recognized when the right to receive dividend is established.
- iii) Custodial Charges and all other incomes are recognized on accrual basis.

2.7 Employee Benefits :

i) Short Term Employee Benefits :

Short Term Employee Benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

- ii) **Provident Fund :**
Contributions towards Provident Funds are recognized as expense. Provident Fund contributions in respect of certain employees are made to trusts administered by the Company; the interest rate payable to the members of the Trusts is not lower than the rate of interest declared annually by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall if any, is to be made good by the Company.
The remaining Provident Fund contributions (for other than covered employees) are made to government administered Provident Fund towards which the Company has no further obligations beyond its monthly contributions.
- iii) **Employees State Insurance :**
Contribution to Central Government administered Employees' State Insurance Scheme for eligible employees are recognized as charge.
- iv) **Gratuity :**
The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit Method) at the end of each year. Actuarial losses/gains are recognized in the Statement of Profit and Loss in the year in which they arise.
- v) **Leave Salary :**
Leave salary, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit Method) at the end of each year. Actuarial losses/gains are recognized in the Statement of Profit and Loss in the year in which they arise.
- 2.8 **Current and Deferred Tax :**
No provisions have been made in these accounts for Income Tax in view of the brought forward losses eligible for set off against current year's income. No provision has been made for Minimum Alternate Tax as lower of loss or unabsorbed depreciation brought forward is greater than book profits as envisaged in Section 115JB of Income Tax Act, 1961.
By way of prudent accounting principles deferred tax assets has not been recognised as there is reasonable uncertainty of sufficient future taxable income which may be available for its realisation.
- 2.9 **Provisions and Contingent Liabilities :**
- i) **Provisions :**
Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.
- ii) **Contingent Liabilities :**
Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.
- 2.10 **Cash and Cash Equivalents :**
In the Cash Flow Statement, cash and cash equivalents include cash in hand, demand and term deposit with banks.
- 2.11 **Earnings Per Share :**
Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.
- 2.12 **Segment Reporting :**
In terms of Accounting Standard-17 pertaining to "Segment Reporting" segment information has not been given as the Company's activity falls within a single business segment.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at	
	31st March, 2014	31st March, 2013
	₹	₹
3. SHARE CAPITAL		
Authorised :		
7,50,00,000 Equity Shares of ₹ 2/- each	15,00,00,000	15,00,00,000
Issued, Subscribed and Paid up :		
5,22,81,905 Equity Shares of ₹ 2/- each	10,45,63,810	10,45,63,810
Total	10,45,63,810	10,45,63,810

3.1 Reconciliation of number of shares

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Balance at the beginning of the year	5,22,81,905	10,45,63,810	5,22,81,905	10,45,63,810
Balance at the end of the year	5,22,81,905	10,45,63,810	5,22,81,905	10,45,63,810

3.2 Rights, Preferences and Restrictions attached to shares

Equity Shares : The Company has one class of equity shares having a par value of ₹ 2 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding after distribution of all preferential amounts.

3.3 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Nos.	%	Nos.	%
Equity Shares :				
Kesoram Industries Ltd.	49,96,986	9.56	49,96,986	9.56
Deutsche Bank Trust Company Americas	70,41,875	13.47	70,41,875	13.47
Life Insurance Corporation of India	43,03,715	8.23	43,03,715	8.23

3.4 Shares allotted as fully paid up pursuant to contract without payment being received in cash.

3.4.1 Out of Subscribed Capital, 5,22,81,870 shares have been allotted as fully paid up equity shares for consideration other than cash pursuant to Scheme of Arrangement sanctioned by the Hon'ble Calcutta High Court.

3.4.2 No Equity shares have been issued in the last 5 years under the Employee Stock Option Plan as consideration for services rendered by employees.

KESORAM TEXTILE MILLS LIMITED

Particulars	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
4 RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	7,31,078	7,31,078
Profit and Loss Account		
As per last Balance Sheet	(22,26,73,357)	(22,47,04,577)
Add : Profit for the year	26,38,391	20,31,220
	<u>(22,00,34,966)</u>	<u>(22,26,73,357)</u>
Total	<u>(21,93,03,888)</u>	<u>(22,19,42,279)</u>
5 LONG-TERM PROVISIONS		
Provision for Employee Benefits :		
Gratuity	3,04,97,206	3,10,15,015
Leave Salary	17,57,371	17,98,557
Total	<u>3,22,54,577</u>	<u>3,28,13,572</u>
6 SHORT-TERM BORROWINGS		
Secured :		
From others parties	9,55,00,000	9,55,00,000
From Bank	—	—
Unsecured Considered Good		
Deposit	1,18,690	1,06,015
Total	<u>9,56,18,690</u>	<u>9,56,06,015</u>
6.1 Nature of Security		
Loan from Kesoram Industries Limited amounting to Rs. 9,55,00,000/- is secured by deposit of title deeds of building together with lands of an area of 11,17,620 sq. ft. at 42, Garden Reach Road, Kolkata 700 024.		
7 OTHER CURRENT LIABILITIES		
Other Payables	57,23,938	49,65,074
Total	<u>57,23,938</u>	<u>49,65,074</u>
7.1 Non-provision of Interest on Loan		
The Company has not been providing for interest on loan borrowed from Kesoram Industries Ltd. as the Company is negotiating the revised terms relating to interest on the said loan. The aggregate amount of interest not provided upto 31st March 2014 is ₹ 17,65,06,371/- (Previous year ₹ 15,17,78,519/-)		
8. SHORT TERM PROVISIONS		
Gratuity	25,15,197	12,62,173
Leave Salary	4,48,355	96,289
Provision for Fringe Benefit Tax	21,140	21,140
Total	<u>29,84,692</u>	<u>13,79,602</u>

9 FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION AND AMORTIZATION			NET BLOCK			
	As at 31.03.2013 ₹	Additions during the year ₹	Other Adjust- ments ₹	Deletions/ Adjust- ments ₹	As at 31.03.2014 ₹	As at 31.03.2013 ₹	For the year during the year ₹	On Deletions/ Adjustments during the year ₹	As at 31.03.2014 ₹	As at 31.03.2013 ₹
I. Tangible Assets:										
Land:										
- Freehold	9,25,417	—	—	—	9,25,417	1,77,417	—	—	7,48,000	7,48,000
- Leasehold	—	—	—	—	—	—	—	—	—	—
Buildings	1,98,87,228	—	—	—	1,98,87,228	1,58,73,985	1,15,808	—	38,97,435	40,13,243
Plant and Equipments	24,42,04,105	—	—	—	24,42,04,105	24,21,74,759	2,19,566	—	18,09,780	20,29,346
Furniture and Fixtures	24,68,091	—	—	1,20,673	23,47,418	24,26,833	4,789	1,14,639	30,435	41,258
Office Equipments	3,83,072	—	—	—	3,83,072	3,40,188	18,791	—	24,093	42,884
Vehicles	5,29,471	—	—	5,29,471	—	5,03,001	—	5,03,001	—	26,470
Others: Tube Wells	9,06,567	—	—	—	9,06,567	4,25,670	11,172	—	4,69,725	4,80,897
Total	26,93,03,951	—	—	6,50,144	26,86,53,807	26,19,21,853	3,70,126	6,17,640	69,79,468	73,82,098
Previous Year	27,09,97,152	—	—	16,93,201	26,93,03,951	26,30,98,818	3,94,131	15,71,096	73,82,098	78,98,334

NOTE :

1. Company is taking steps with the appropriate authority to obtain registration of land in its name acquired consequent upon the scheme of arrangement.

KESORAM TEXTILE MILLS LIMITED

Particulars	As at <u>31st March, 2014</u> ₹	As at <u>31st March, 2013</u> ₹
10 LONG-TERM LOANS & ADVANCES		
Unsecured, considered good		
a) Security Deposits	39,92,731	39,63,010
b) Other Loans and Advances		
Balance with Excise, Port Trust & Customs Authorities	2,357	2,357
Total	<u>39,95,088</u>	<u>39,65,367</u>
11 CURRENT INVESTMENTS		
[At cost or fair value whichever is less]		
UTI Liquid Fund (Quoted)	15,08,485	13,74,647
Total	<u>15,08,485</u>	<u>13,74,647</u>
Aggregate market value of quoted investment	<u>15,08,485</u>	<u>14,11,979</u>
12 CASH AND BANK BALANCES		
Cash & Cash Equivalents		
Cash on hand	7,304	527
Bank Balances		
In Current Accounts	42,188	24,274
Demand Deposits (less than 3 months maturity)		
Fixed Deposit with Allahabad Bank	—	3,00,000
Fixed Deposit with S.B.I. - KCMP School	—	1,00,000
Other Bank Balances		
State Bank of India A/c KCMP School	5,621	5,019
Deposits with maturity more than 3 months but less than 12 months		
Fixed Deposit with Allahabad Bank	70,68,520	25,00,000
Fixed Deposit with S.B.I. - KCMP School	4,64,403	2,00,000
Term Deposit Account (Pledged with Allahabad Bank)	5,41,680	5,41,680
Total	<u>81,29,716</u>	<u>36,71,500</u>
13 SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Other Loans & Advances		
Advances	66,112	44,083
Advance Payment of FBT	19,310	19,310
Tax Deducted at Source	5,60,425	4,55,218
CENVAT & Service Tax Receivable	3,58,503	3,61,131
Total	<u>10,04,350</u>	<u>8,79,742</u>
14 OTHER CURRENT ASSETS		
Accrued Interest on Deposits	2,23,612	1,12,240
Rent Receivable	1,100	200
Total	<u>2,24,712</u>	<u>1,12,440</u>
15 CONTINGENT LIABILITIES		
Claims against the Company (in respect of which the Company's objection has either not been responded to or is under consideration of the concerned authorities) not acknowledged as debts and not provided for :		
Relating to Central Excise demands	62,86,510	62,86,510
Pertaining to Employees State Insurance	11,98,269	11,98,269
Pertaining to Building Contractor	12,54,000	12,54,000
Claims from workers have not been acknowledged as debts and not provided for as it is not possible to estimate such claims.		

KESORAM TEXTILE MILLS LIMITED

<u>Particulars</u>	<u>Year ended</u> <u>31st March, 2014</u> ₹	<u>Year ended</u> <u>31st March, 2013</u> ₹
16 OTHER INCOME		
Custody Charges Received	66,00,000	66,00,000
Rent Received	2,95,205	1,95,714
Interest Income :		
- On Bank & Other Deposits	4,87,013	1,23,861
Dividend Income	1,33,838	69,384
Income from Sale of Scrap	37,31,282	23,39,666
Miscellaneous Income (Net)	4,12,166	1,64,237
Profit on Sale of Fixed Assets (Net)	47,599	1,38,575
Liabilities no longer required written back	—	2,85,773
Total	<u>1,17,07,103</u>	<u>99,17,210</u>
17 EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages, Bonus etc.	33,53,076	29,77,338
Contribution to Provident and Other Funds [Refer Note (a) below]	3,26,220	3,11,488
Gratuity [Refer Note (b) below]	7,60,420	1,13,355
Contribution under E.S.I. Scheme	21,983	22,734
Staff Welfare Expenses	5,23,605	4,52,273
Total	<u>49,85,304</u>	<u>38,77,188</u>

a. Defined Contribution Plans

Amount recognised in the Statement of Profit and Loss

Contribution to Provident Fund	3,19,864	3,05,704
Contribution to W.B. Labour Welfare Fund	72	78
Contribution to D.L.I.	6,284	5,706
Contribution to E.S.I.	21,983	22,734
Total	<u>3,48,203</u>	<u>3,34,222</u>

b. Defined Benefit Plan

Gratuity : The Company operates a gratuity plan in the form of an unfunded scheme. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

Leave Salary : The leave salary encashment provisions is unfunded. Leave accruing to an employee during the year is credited to the employee's benefit account and accumulated as per the rules of the Company. It becomes payable upon retirement of the employee or separation from the Company whichever is earlier.

NOTE 17 (Contd.)

i. Present Value of Defined Benefit Obligation

Particulars	Gratuity		Leave Salary	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	₹	₹	₹	₹
Present Value of Obligation at the beginning of the year	3,22,77,188	3,22,80,614	18,94,846	18,44,878
Current Service Cost	12,84,236	12,47,578	5,037	1,82,649
Interest Cost	27,10,649	25,28,540	1,66,615	1,47,290
(Benefits Paid)	(25,205)	(1,16,781)	(3,250)	(99,037)
Actuarial (Gain) / Loss	(32,34,465)	(36,62,763)	1,42,478	(1,80,934)
Present Value of obligation at the end of the year	3,30,12,403	3,22,77,188	22,05,726	18,94,846
ii. Fair Value of Plan Asset				
Balance at the beginning of the year	—	—	—	—
Benefits Paid	—	—	—	—
Actuarial (Gain) / Loss	—	—	—	—
Balance at the end of the year	—	—	—	—
iii. Assets and Liabilities recognised in the Balance Sheet				
Present Value of Defined Benefit Obligation	3,30,12,403	3,22,77,188	22,05,726	18,94,846
Less : Fair Value of Plan Assets	—	—	—	—
Amount recognised as Liability	3,30,12,403	3,22,77,188	22,05,726	18,94,846
Recognised under:				
Long Term Provisions [Refer Note 5]	3,04,97,206	3,10,15,015	17,57,371	17,98,557
Short Term Provisions [Refer Note 8]	25,15,197	12,62,173	4,48,355	96,289
iv. Expense recognised in the Statement of Profit and Loss				
Current Service Cost	12,84,236	12,47,578	5,037	1,82,649
Interest Cost	27,10,649	25,28,540	1,66,615	1,47,290
Expected return on Plan Assets	—	—	—	—
Actuarial Gains/(Losses)	(32,34,465)	(36,62,763)	1,42,478	(1,80,934)
Total Expense	7,60,420	1,13,355	3,14,130	1,49,005
v. Actuarial Assumptions				
Mortality Table	IALM (2006-08)	LICI 1994-96	IALM (2006-08)	LICI 1994-96
	ULT.		ULT.	
Superannuation Age	58	58	58	58
Attrition Rate	10 per thousand	10 per thousand	10 per thousand	10 per thousand
	p.a. 6 above	p.a. 6 above	p.a. 6 above	p.a. 6 above
	age 45	age 45	age 45	age 45
	3 between 29	3 between 29	3 between 29	3 between 29
	and 45	and 45	and 45	and 45
	1 below	1 below	1 below	1 below
	age 29	age 29	age 29	age 29
Discount Rate (per annum)	8.50% p.a.	8.00% p.a.	8.50% p.a.	8.00% p.a.
Return on Assets	—	—	—	—
Inflation Rate	6.50% p.a.	6.00% p.a.	6.50% p.a.	6.00% p.a.
Remaining Working Life	10 Year	10 Year	10 Year	10 Year

The estimates of future salary increases considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

KESORAM TEXTILE MILLS LIMITED

NOTE 17 (Contd.)

vi. Amount recognised in the current year and previous four years

Particulars	31.03.2014	31.03.2013	31.03.2012	31.03.2011
	₹	₹	₹	₹
Gratuity				
Defined Benefit Obligation	3,30,12,403	3,22,77,188	3,22,80,614	3,21,64,146
Plan Assets	—	—	—	—
Surplus/Deficit	3,30,12,403	3,22,77,188	3,22,80,614	3,21,64,146
Leave Salary				
Defined Benefit Obligation	22,05,726	18,94,846	18,44,878	19,18,625
Plan Assets	—	—	—	—
Surplus/Deficit	22,05,726	18,94,846	18,44,878	19,18,625

	Year ended 31st March, 2014	Year ended 31st March, 2013
	₹	₹
18 FINANCE COSTS		
Interest on Overdraft	2,649	4,731
Total	2,649	4,731

18.1 Interest on Loan taken from Kesoram Industries Ltd.

The Company has not provided for interest of ₹ 2,47,27,852/- for the year ended 31st March, 2014 on loan taken from Kesoram Industries Limited (Previous year ₹ 2,24,79,865/-). The above interest has been calculated @ 10% p.a. as the revised terms of interest on loan are under negotiation.

	Year ended 31st March, 2014	Year ended 31st March, 2013
	₹	₹
19 OTHER EXPENSES		
Repairs		
– Building	5,09,234	1,23,671
– Others	60,884	1,70,010
Insurance	39,566	94,573
Rates and Taxes	8,43,045	8,50,737
Directors Fees	23,000	23,000
AGM & Annual Report Expenses	9,19,968	9,45,156
Payment to Auditors		
– As Auditor	49,700	45,250
– Tax Audit Fee	10,000	9,050
– Other Services	50,100	38,900
Miscellaneous Expenses	12,05,136	13,09,593
Total	37,10,633	36,09,940

KESORAM TEXTILE MILLS LIMITED

Particulars	Year ended 31st March, 2014 ₹	Year ended 31st March, 2013 ₹
19.1 Payment to Auditors as :		
Auditor		
– Statutory Audit Fees	49,700	45,250
– Tax Audit Fee	10,000	9,050
– Other Services	50,100	38,900
Total	1,09,800	93,200
20 EARNINGS PER SHARE		
Basic & Diluted EPS		
Profit after Tax	26,38,391	20,31,220
Weighted average number of shares outstanding	5,22,81,905	5,22,81,905
Basic & Diluted EPS	0.050	0.039
Face Value per Share	2	2

21 LEASES

As a Lessee :

The Company has taken Plant and Machineries on lease valuing ₹ 132.40 Lacs (Previous Year: ₹ 132.40 lacs) on the basis of fixed non cancellable period of sixty months from the date of commencement of the lease with an option for yearly renewal for a further period of five years after the expiry of fixed non-cancellable period. Lease for Plant and Machineries valuing ₹ 132.40 Lacs (Previous Year : ₹ 132.40 lacs) are yet to be renewed after the expiry of fixed non-cancellable period.

22 RELATED PARTY DISCLOSURES

Related Party	Relationship	Transactions
Shri S.K. Sinha (Key Management Personnel)	Factory Manager	Remuneration (including contribution to Provident Fund, perquisites etc.) paid ₹ 20,43,565/- (₹ 17,02,834/-)

The Notes are an integral part of the Financial Statements.

As per our Report of even date.

For R K D S & ASSOCIATES
Firm Registration No. 309091E
Chartered Accountants

R. K. Duggar
(Partner)
Membership No. 016384
Kolkata, 29th May, 2014

Sanjay Kumar Sinha
Manager (CEO)

S. K. Choubey
Chief Financial Officer

B. N. Kedia
Company Secretary

Surendra Kumar Birla
Chairman

Jayant Sogani
Director

U. S. Asopa
Director

KESORAM TEXTILE MILLS LIMITED

CIN : L17114WB1999PLC089148

Registered Office & Factory: 42, Garden Reach Road, Kolkata 700 024

Phone: +91 33 2489 3472, 2469 7825; Fax : +91 33 2469 6788; E-mail : ktmltext@vsnl.net; Website : http://www.kesoramtextiles.com

ATTENDANCE SLIP

15th ANNUAL GENERAL MEETING ON 20TH SEPTEMBER 2014

Registered Folio/ DP ID & Client ID	
Name and address of the shareholder(s)	

I/We hereby record my/our presence at the 15th Annual General Meeting of the Company held on Saturday, 20th September, 2014 at 11.00 A.M. at 'Kala-Kunj', 48, Shakespeare Sarani, Kolkata -700 017

Member's Folio/ DP ID/ Client ID No. Member's / Proxy's name in Block Letters Member's / Proxy's Signature

Note: Please complete the Folio/ DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the entrance of the Meeting Hall.

ELECTRONIC VOTING PARTICULARS

Electronic Voting Sequence Number	Default DOB
140801021	01/04/1999

Note : Please read the instructions printed under Note No. 15 to the Notice of 15th Annual General Meeting dated 29th May, 2014. The voting period starts from 10:00 am on Wednesday, 10th September 2014 and ends at 6:00 pm on Friday, 12th September 2014. At the end of the e-voting period, the portal where the votes are cast shall forthwith be blocked by CDSL.

----- Please cut here and bring the above attendance slip to the meeting hall -----

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PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

I/We being the member(s) of _____ shares of the above named Company, hereby appoint :

- (1) Name : _____ Address : _____
E-mail ID : _____ Signature : _____ or failing him
- (2) Name : _____ Address : _____
E-mail ID : _____ Signature : _____ or failing him
- (3) Name : _____ Address : _____
E-mail ID : _____ Signature : _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 15th Annual General Meeting of the Company to be held on Saturday, 20th day of September, 2014 at 11:00 A.M. at Kalakunj, 48, Shakespeare Sarani, Kolkata - 700 017 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Resolution Proposed	Please tick (✓)
1	Adoption of Annual Accounts for the year ended 31st March, 2014	
2	Approval to the re-appointment of Shri Uma Shankar Asopa, Director retiring by rotation	
3	Approval to the appointment of Statutory Auditors	
4	Approval to the appointment of Shri Surendra Kumar Birla as Independent Director	
5	Approval to the appointment of Shri Jayant Sogani as Independent Director	

Signed this _____ day of _____ 2014.

Folio/ DP ID/ Client ID..... Signature of Shareholder:.....

Signature of Proxy holder(s).....

Affix
Revenue
Stamp

Note : 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office/Share Department of the Company, not less than 48 hours before the commencement of the meeting.

2. For the text of the Resolutions, Statement & Notes, please refer to the Notice convening the 15th Annual General Meeting dated 29th May, 2014.