



BOARD OF DIRECTORS

Ashok Kumar Gupta : Chairman & Director
Siddharth Gupta : CEO & Managing Director
Ashok Kumar Kapoor : Independent and Non-executive Director
Praveen Singh : Independent and Non-executive Director
Tanmay Deva : Independent and Non-executive Director

Company Secretary

R.K. Singh

REGISTERED OFFICE

A-1, Industrial Estate
Varanasi -221 106 U.P.
Tel.# : 0542-2370161 - 2370164
Fax.# : 0542-2370165 / 2370214
E-mail info@banarasbead.com
Website: www.banarasbead.com

E-MAIL & WEBSITE FOR INVESTOR

E-mail : investor@bblinvestor.com
Website : www.bblinvestor.com

CORPORATE IDENTITY NUMBER (CIN)

L01131UP1980PLC004984

AUDITORS

Kamal Kishore & Co.
Chartered Accountants,
Firm No. 007424C
Varanasi

E-VOTING SCRUTINIZER

Ajay Jaiswal
Practicing Company Secretary
B-21/33, Flat No. 7, First Floor,
Raj Apartment, Kamachha, Varanasi

UNITS

A-1, A-5 Industrial Estate, Varanasi
Tandia, G.T. Road, Varanasi

BANKERS

Bank of Baroda
Kotak Mahindra Bank Ltd.

REGISTRAR & SHARE TRANSFER AGENTS

Mas Services Limited

T-34, 2nd Floor, Okhla Industrial Area,
Phase - II,
New Delhi - 110 020
Ph: - 26387281/82/83 Fax:- 26387384

email:- info@masserv.com
website : www.masserv.com

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NOTICE

NOTICE is hereby given that 34th Annual General Meeting of the Members of Banaras Beads Limited will be held at Registered Office of the Company at A-1, Industrial Estate, Varanasi - 221106 on Thursday the 17th July, 2014 at 3.00 P.M. to transact the following **Ordinary and Special Business**:

Ordinary Business :

Item No. 1 - Adoption of accounts

To receive, consider and adopt the financial statement of the Company for the year ended March 31, 2014 including the audited Balance Sheet as at March 31, 2014 the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors (the Board) and Auditors thereon.

Item No. 2 – Declaration of dividend for F.Y. 2013-2014

To declare Dividend of Rs. 2/- on per Equity Share for the year 2013-2014.

Item No. 3 – Re-appointment of Director

To appoint a director in place of Mr. Praveen Singh, who retires by rotation and being eligible, offers him self for re-appointment.

Item No. 4 – Appointment of Statutory Auditors

To appoint the Auditors to hold office from the conclusion of this Annual General meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

Item No. 5- To ratify remuneration of Cost Auditor

To ratify remuneration of Cost Auditor fixed by the Board for F.Y. 2014-15.

Special Business:

Item No. 6. RE-APPOINTMENT OF SHRI ASHOK KUMAR GUPTA AS MANAGING DIRECTOR:

To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

RESOLVED THAT in accordance with Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 (corresponding to Sections 198, 269, 309 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956) and subject to the approval of Central Government, Ministry of Corporate Affairs Government of India, Shri Ashok Kumar Gupta be and is hereby re-appointed as the Managing Director of the Company for a further period of five years, w.e.f. 1st April' 2014 on the terms and conditions contained in the agreement and on the remuneration set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting.

Item No. 7. CHANGE DESIGNATION OF SHRI SIDDHARTH GUPTA FROM EXECUTIVE DIRECTOR TO CEO AND MANAGING DIRECTOR.

To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

RESOLVED THAT in accordance with Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 (corresponding to Sections 198, 269, 309 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956), the designation of Shri Siddharth Gupta be and hereby changed from **Executive Director to CEO and Managing Director** of the company, for the period of five years, w.e.f. from 1st February, 2014 on the terms and remuneration set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting.

By Order of the Board of Directors
For **BANARAS BEADS LIMITED**,

Sd/-

(R.K.SINGH)
Company Secretary

Place : VARANASI
Date : 29. 05. 2014



NOTES:

- 1. MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The proxy form duly completed and signed must be deposited with the Company at its Registered Office not later than forty-eight hours before the time of commencement of the meeting.

- The Register of Members and Share Transfer Books of the Company will be closed from Monday, the 1st July, 2014 to Thursday 17th July, 2014 (both days inclusive).
- Members / Proxies should bring copy of Annual Report and their attendance slip duly filled & signed at the meeting.
- Subject to the provisions of the Companies Acts, 2013 the Dividend Rs. 2/- per Equity Share, as recommended by the Board of Directors, if declare / approve at the Annual General Meeting, will be paid on August 9, 2014 as under-
 - To all Beneficial Owners in respect of shares held in de materialised form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited as of the close of business hours on July 1, 2014.
 - To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on July 1, 2014.
- Members who hold shares in dematerialised form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip and proxy form for attending the Meeting.
- The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
- The INE number of the company is 655B01011. The members holding shares in physical form are requested to dematerialise their holdings through a recognized Depository participant, by forwarding their request to the REGISTRAR-

M/s Mas Services Limited (RTA of Banaras Beads Limited)

T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020

Ph:- 26387281/82/83 Fax:- 26387384

Email: - info@masserv.com, website: www.masserv.com.

- 8. Members are requested to make all query /correspondence directly with above Registrar of the company for transfer, transmission of shares, duplicate issue of share certificates, record in change of address and or other purposes.**
- Members holding shares in dematerialised form are requested to intimate all changes pertaining to their **mobile number, bank details**, National Electronic Clearing Service (NECS), Electronic Clearing Services (ECS), mandates, nominations, power of attorney, change of address, change of name and e-mail address, etc., to their **Depository Participant** only and not to the Company's Registrars and Transfer Agents, M/s Mas Services Limited. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and Transfer Agent to provide efficient and better services.
- The members holding shares in physical form are requested to send their change of address, **Intimate his mobile number** and other detail to the above RTA of the company or at Registered office of the company / **E-mail- investor@bblinvestor.com OR rksingh@banarasbead.com**.
- As per provisions of Investor Education and Protection Fund of Companies (Declaration and payment of dividend) Rules 2014, the Company will upload information regarding unpaid and unclaimed amounts lying with company to the MCA and Company website. The Company has uploaded the details of unpaid and unclaimed amounts of dividends lying with the Company for F.Y. 2011-12 and 2012-13 (upto last AGM) with company's website and Ministry of Corporate Affairs website.
- Members wishing to claim their unpaid Interim and Final dividends for F.Y. 2011-2012 and Interim Dividend 2012-2013 are requested to correspond with Company Secretary of the Company, at the Company's registered office or RTA. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013 (Section 205A of the erstwhile Companies Acts, 1956), be transferred to the Investor Education and Protection Fund.
- The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to register/update 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 above RTA directly to enable** company to send communication / documents via e-mail.
- Copies of the Annual Report 2014 alongwith Notice of the 34th AGM, instructions for e-voting, Attendance Slip and Proxy Form, are being sent by electronic mode to all members whose email address are registered with the Company/ Depository Participant (s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
- E-VOTING -**

As per provisions of the Companies Act, 2013 and Listing Agreement also requires, a listed Company to provide e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at General Meetings. The complete detail of the instruction for the e-voting is annexed to this notice.



Name	:	Shri Praveen Singh
Fathers name	:	Late Kunwar Parmanad Prasad Singh
Date of Birth	:	05.03.1961
Nationality	:	Indian
Qualifications	:	Chartered Accountant and having vast experience in finance and accounts.
Date of appointment on the board	:	07.11.1998
List of directorship held in other Company(s)	:	Nil
Chairmanship/membership of Committees in Public Companies		i) Chairman Investor Grievance Committee of Banaras Beads Ltd. ii) Member Shareholders/Audit Committee of Banaras Beads Ltd. iii) Chairman Remuneration Committee of Banaras Beads Ltd.

EXPERIENCE:

Mr. Singh is a Chartered Accountant and having vast experience in finance and accounts.

EXPLANATORY STATEMENT:

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

Item No. 6. RE-APPOINTMENT OF SHRI ASHOK KUMAR GUPTA AS MANAGING DIRECTOR:

1. At the Annual General Meeting of the Company held on 27th August, 2009, the Members had approved re-appointment of Shri Ashok Kumar Gupta as the Managing Director of the Company w.e.f. 1st April 2009 for a further period of five years with monthly Salary of Rs.125000/- alongwith perquisites, allowances and terms and conditions as set out in Explanatory Statement annexed to the Notice of the Annual General Meeting. Thereafter in accordance with the Provision of Companies Acts 1956, the Board of Directors in their meeting held on 30th January 2014, have re-appointed (ratified on 29.5.2014 under new provisions of Companies Acts 2013) to Shri Ashok Kumar Gupta as the Managing Director of the company for further period of five years w.e.f. 1st April 2014 to 31st March 2019, subject to approval of Central Government, Ministry of Corporate Affairs Government of India and subject to approval of members of the company.

The main terms and conditions of the re-appointment of Shri Ashok Kumar Gupta, as Managing Director are as under.

- 1) As Managing Director he shall be responsible for the conduct and Management of the whole of the business of the Company.
- 2) As the Managing Director he shall be entitled to the following remuneration and perquisites –

i) SALARY:

A salary of Rs.200000/= (Rupees two lacs only) per month.

ii) PERQUISITES :

In addition to the above, the **Managing Director** shall be entitled to the following perquisites

a. REIMBURSEMENT OF MEDICAL EXPENSES:

Reimbursement of medical expenses (including insurance premium for medical and hospitalization policy, if any) incurred for self and family, subject to a ceiling of one month's salary or three months' salary over a period of three years, as per Rules of the Company. For the above purpose, "Family" includes spouse, dependent children and parents.

b. PERSONAL ACCIDENT INSURANCE:

Personal accident insurance cover of an amount, the annual premium of which does not exceed Rs. 15,000.

c. CONTRIBUTION TO EMPLOYEE PROVIDENT FUND:

Contribution to Employee Provident Fund, as per Rules of the Company, to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.

d. USE OF CAR AND TELEPHONE:

Company maintained car with driver for use on Company's business, telephone at residence and cellular phone provided by the Company will not be considered as perquisite. However, personal long distance calls and use of car for private purposes shall be borne by the Director.

e. REIMBURSEMENT OF EXPENSES:

Reimbursement of entertainment, travelling including out of India and all other expenses incurred for the business of the Company, as per Rules of the Company.



Mr. Siddharth Gupta, CEO & Managing Director and Ashok Kumar Gupta are interested with this resolution and no other directors are interested with this resolution.

The Board recommends this resolution for your approval.

ITEM NO. 7. CHANGE DESIGNATION OF SHRI SIDDHARTH GUPTA FROM EXECUTIVE DIRECTOR TO CEO AND MANAGING DIRECTOR.

Mr. Siddharth Gupta was appointed as the Whole Time Director of the Company by Members in their meeting held on 05.08.2010. Thereafter in accordance with the Provision of Companies Acts 1956, the Board of Directors in their meeting held on 30th January 2014, have changed designation from Executive Director to CEO & Managing Director (ratified on 29.5.2014 under new provisions of Companies Acts 2013) of Shri Siddharth Gupta as the CEO & Managing Director of the company for further period of five years w.e.f. 1st February, 2014, subject to approval of members of the company, on following terms and conditions .

1. As CEO & Managing Director he shall be entitled to the following remuneration and perquisites –

i) SALARY:

A salary of Rs. 1,24,000/= (Rupees one lac and twenty four thousands only) per month.

ii) PERQUISITES :

In addition to the above, the **CEO and Managing Director** shall be entitled to the following perquisites

a. REIMBURSEMENT OF MEDICAL EXPENSES:

Reimbursement of medical expenses (including insurance premium for medical and hospitalisation policy, if any) incurred for self and family, subject to a ceiling of one month's salary or three months' salary over a period of three years, as per Rules of the Company. For the above purpose, "Family" includes spouse, dependent children and parents.

b. PERSONAL ACCIDENT INSURANCE:

Personal accident insurance cover of an amount, the annual premium of which does not exceed Rs. 15,000.

c. CONTRIBUTION TO EMPLOYEE PROVIDENT FUND:

Contribution to Employee Provident Fund, as per Rules of the Company, to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.

d. GRATUITY / CONTRIBUTION TO GRATUITY FUND

As per the payment of gratuity act 1972 and including any amendment thereto.

e. ENCASHMENT OF LEAVE :

Encashment of leave at the end of the tenure.

f. LEAVE TRAVEL CONCESSION :

For the **CEO and Managing Director** and his family once in a year incurred in accordance with any rules specified by the Company.

Explanation:Family means the spouse, dependent children of the appointee.

g. USE OF CAR AND TELEPHONE:

Company maintained car with driver for use on Company's business, telephone at residence and cellular phone provided by the Company will not be considered as perquisite. However, personal long distance calls and use of car for private purposes shall be borne by the Director.

h. REIMBURSEMENT OF EXPENSES:

Reimbursement of entertainment, travelling including out of India and all other expenses incurred for the business of the Company, as per Rules of the Company.

2. Mr. Siddharth Gupta shall be responsible to conduct and manage business and others works of the Company and he shall perform such other duties as shall from time to time be entrusted to him subject to the superintendence, guidance and control of the Board of Directors of the Company.

The copies of relevant resolution of the Board and other relevant documents concerning with change in designation of Whole Time Director is available for inspection by Members at the registered office of the Company during any working day till the date of AGM.

Mr. Ashok Kumar Gupta Chairman and Director and Mr. Siddharth Gupta are interested with this resolution and no other directors are interested with this resolution.

The Board recommends this resolution for your approval.

By Order of the Board of Directors
For BANARAS BEADS LIMITED,

Sd/-



DIRECTORS REPORT

Dear Shareholders,

Your Directors are pleased to present the 34th Annual Reports together with the Audited Accounts of the Company for the year ended on 31st March 2014.

FINANCIAL RESULTS:

	2013-2014	2012-2013
	(Rs. in lacs)	(Rs. in lacs)
Revenue from Operations	2657.15	2768.27
Net Profit Before Taxation	349.71	402.67
Net Profit after taxation	258.41	330.75
Balance of Profit & Loss Account B/F	818.25	753.95
<u>APPROPRIATIONS:</u>		
Transfer to General Reserve	36.00	50.00
Interim Dividend Paid @ 2.5 per Share		165.91
Dividend Proposed @2.00 per Share	132.72	0
Tax on Dividend	21.53	26.91
Taxes of earlier Years	-0.49	23.63
Balance of Profit & Loss Account C/F	886.90	818.25

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to provisions of Section 217(2AA) of the Companies Act, 1956, the Directors hereby state and confirm -

- That in preparation of Annual Accounts for the F.Y. ended on 31.03.2014, the applicable accounting standards have been followed ;
- That the directors selected such accounting policies and applied them consistently and made judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit & Loss Accounts of the Company.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- That the Directors have prepared the Annual Accounts on a "going concern" basis.

OPERATION:

During the year the turnover of the Company has slightly increased despite that the export industry is facing consequential effect of global slowdown.

DIVIDENDS:

Based on the Company's performance during the year 2013-2014, the Board of Directors decided to recommend dividend of Rs. 2/- per share

TRANSFER TO RESERVES

The Board of the directors has proposed to transfer Rs. 36.00 Lakhs to the General Reserve out of the amount available for appropriations and an amount of Rs 68.65 lakhs after adjustment of Rs.0.49 Lakhs of Earlier year taxes is proposed to be retained in the Profit and Loss Account.

SETTLEMENT OF MANAGEMENT DISPUTES:

As already reported that the decade old disputes between the two Groups of Shareholders namely Raj Kumar Gupta Group and Ashok Kumar Gupta Group stands resolved by order dated 04.07.2007 read with order dated 03.08.2007 passed by the Hon'ble Company Law Board in C.P. No. 14/99. The directions given by the CLB vide the aforesaid two orders were implemented and communicated to the Shareholders as part of Annual Report forming part of published Accounts for the F.Y.2006-2007 and onwards. However in this regard the Special Leave Petition vide no. 25165-25166/2007 filed by Shri Ajit Kumar Gupta and others is still pending before Hon'ble Supreme Court for appropriate order. The matter was taken by Hon'ble Supreme Court on 03.4.2014 and next date fixed on 16.7.2014 for Final hearing.

DIRECTORS:

Shri Praveen Singh retires from Board of Directors by rotation in accordance with the provisions of the Companies Act 2013 and being eligible, offers himself for re-appointment.

The tenure of Mr. Ashok Kumar Gupta as Managing Director has been expired on 31.3.2014 and Board has re-appointed him for further five years w.e.f.1.4.2014, subject to Members and Central Government Approval.

The Board has re-designated Mr. Siddharth Gupta as CEO & Managing Director from Whole Time Director subject to Members Approval.

We seek your support in confirming the re-appointment of Mr. Ashok Kumar Gupta and change in designation of Mr. Siddharth Gupta.

APPOINTMENT OF AUDITORS:

M/s Kamal Kishore & Co., Chartered Accountants, the Auditors of the Company, who hold office upto the conclusion of the Annual General Meeting, are eligible for re-appointment and have expressed their willingness to accept the office if re-appointed as Auditors of the Company. M/s Kamal Kishore & Co., Chartered Accountants have under Section 139 of the Companies Act, 2013 furnished a Certificate of their eligibility for re-appointment .



PARTICULARS OF EMPLOYEES:

The company did not have any employee covered by the provisions of Section 217(2A) of the Companies Act' 1956, read with Companies (Particulars of Employee) Rules 1975 for F.Y. 2013-2014.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

Information as per Section 217 (1) (e) of the Companies Act, 1956 read with Companies (disclosure of particulars in the Report of Board of Directors) Rules, 1988 are furnished as under:

a) **Conservation of Energy :**

The operations of the Company involve low energy consumption. Adequate measures have been taken to conserve the energy.

b) **Technological Absorption:**

The Company has imported machines from China and Check Republic to upgrades its technological inputs for its products. However presently company has no collaboration arrangement with any foreign organization.

c) **Foreign Exchange Earning and Outgo:**

The foreign exchange earnings of the Company during the financial year has been Rs 2118.38 lakhs from Exports of Glass Beads, Hand knotted Carpets, Handicrafts and other items. The foreign Exchange Outflow during the year has been Rs. 620.08 lakhs for the import of materials, foreign traveling expenses and other sales promotional activities.

CORPORATE GOVERNANCE:

Corporate Governance Report, Management Discussion and Analysis statement and Business Responsibility Report and a certificate from the Auditors confirming compliance are attached to this report.

AWARDS / RECOGNITIONS :

The Chairman Shri Ashok Kumar Gupta has been awarded by Samay News Network its first Samy Udyami Uttar Pradesh 2013 award for "Best Performing Manufacturing (SMALL)" for the MSME sector in Uttar Pradesh for the year 2013 through Hon'ble Chief Minister Uttar Pradesh.

FIXED DEPOSITS:

The Company has not accepted any fixed deposits during the year.

FINANCE

The Company had not availed any fresh limits from Bank during the F.Y. ended on 31.03.2014.

CREDIT RATING :

The company has been recognized/rated as "ICRA SME 2" by ICRA Ltd.

TRADING OF SHARES UNDER "B" GROUP:

The shares of your Company are presently being traded with BSE and NSE Stock Exchanges under "B" Group.

ACKNOWLEDGMENT:

The Directors wish to place on record their sincere appreciation of the devoted and efficient services rendered by all officers, employees and others associated with the Company.

By order of the Board of Directors
For **BANARAS BEADS LTD.**

Sd/-

(Ashok Kumar Gupta)
Chairman & Director

Place : VARANASI
Date : 29 05. 2014



MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

INDUSTRIAL STRUCTURE AND DEVELOPMENT:

OPPORTUNITIES & THREATS:

The Company is Manufacturer and Exporter of Glass Beads, Necklaces, imitation Jewellery, handicrafts and other related items and has made it's credibility and reputation in international market by providing better quality's on competitive price within committed period.

The company's product is fashionable items and having much business scope in indigenous and international market. But the China has dumped its products at low price. Resultantly competition has increased and the Company is forced to reduce it's price. The fluctuation in foreign currency price also affected the profit of the Company.

The management has taken appropriate steps to meet the threats and making extensive efforts on quality control, cost reduction and widen it's marketing net work. We hope in coming years Company will able to compete price with China.

SEGMENT:

The Company's main business is Manufacturing and export of Handicraft items like Glass Beads; Necklaces, Imitation Jewellery etc.. All those items form just one Segment. The sale of minor items such as carpets and other items is less than 10% of total sales. As the company has its commercial activity mainly at Varanasi, hence separate geographical segment wise reporting is not required.

FINANCIAL / OPERATIONAL PERFORMANCE:

	2013-2014	2012-2013
	(Rs. in lacs)	(Rs. in lacs)
Revenue from Operations	2657.15	2768.27
Net Profit Before Taxation	349.71	402.67
Net Profit after taxation	258.41	330.75
Balance of Profit & Loss Account B/F	818.25	753.95
APPROPRIATIONS:		
Transfer to General Reserve	36.00	50.00
Interim Dividend Paid @ 2.5 per Share		165.91
Dividend Proposed @2.00 per Share	132.72	0
Tax on Dividend	21.53	26.91
Taxes of earlier Years	-0.49	23.63
Balance of Profit & Loss Account C/F	886.90	818.25

OUTLOOK :

The company has installed imported Machines and is in process to develop its skill in manufacturing on imported machines. Production on new machines has been started. In coming year demand of company products i.e. Glass Beads and fashionable jewelry will increase in international and indigenous market. Thus future of your company is bright.

RISK & CONCERNS:

The main business of your Company is Export business, thus uncertainties in Global economy / international market is major risk for your company.

Any further change in duty draw back, DEPB and Exchange Rate policies would have a direct effect on the profitability of the Company. The management of your Company is hopeful on offsetting any adverse impact by better management abilities.

INTERNAL CONTROL SYSTEMS:

The Company is having an adequate internal control system covering all areas of operations. There is proper safeguard of assets through internal control system, which prevents any wastage, loss and unauthorized use of any assets.

HUMAN RESOURCES & INDUSTRIAL RELATIONS:

The Industrial Relations were very cordial through out the year. Measures for safety of employees, training, welfare and development continued to receive top priorities.

For BANARAS BEADS LTD.,

Sd/-

(Ashok Kumar Gupta)
Chairman & Director

Place : VARANASI
Date : 29. 05. 2014



CORPORATE GOVERNANCE

The detailed report on Corporate Governance as per the format prescribed by SEBI and in clause 49 of the Listing Agreement is set out below:

1. COMPANY'S PHILOSOPHY:

The Company has made fair, transparent and ethical governance practices to maintain high level of transparency and accountability in its all area of functioning and relationship with suppliers, buyers, employees, bankers and proper regulatory compliances. The company also believes that its systems and procedure will enhance Corporate performance and maximize shareholders value in the long term.

2. BOARD OF DIRECTORS:

The company is having five directors including two executive and three independent directors. The Board's role, function responsibility, accountability and number of other Directorship and Chairmanship / Membership of Committees of each Director in various other Companies are as follows:

NAME OF DIRECTOR	Category	NUMBER OF OTHER DIRECTORSHIPS AND COMMITTEE MEMBER/CHAIRMANSHIP		
		Other Directorship	Committee Membership	Committee Chairmanship
1. Shri Ashok Kumar Gupta	Chairman & Director	3	1	1
2. Shri Ashok Kumar Kapoor	Non-Executive and Independent Director	1	3	1
3. Shri Praveen Singh	Non-Executive and Independent Director	NIL	3	2
4. Shri Tanmay Deva	Non-Executive and Independent Director	1	3	NIL
5. Shri Siddharth Gupta	CEO & Managing Director	3	NIL	NIL

3. NUMBERS OF BOARD MEETING HELD:

Four Board Meetings were held during the F.Y. on 30th May' 2013, 25th July,2013, 22nd October , 2013 & 30th January, 2014.

4. ATTENDANCE OF EACH DIRECTORS:

The following is the attendance of each director at the Board Meetings and last Annual General Meeting:-

NAME OF DIRECTOR	ATTENDANCE PARTICULARS	
	Board Meeting	Last AGM
1. Shri Ashok Kumar Gupta	4	Yes
2. Shri Ashok Kumar Kapoor	4	Yes
3. Shri Praveen Singh	4	Yes
4. Shri Tanmay Deva	4	Yes
5. Siddharth Gupta	2	Yes

5. CODE OF CONDUCT :

The company has made Code of Conduct for its directors, senior management and employees. The said code of conduct is available on the Company's web-site. All the Board Members and senior management of the Company as on March 31, 2014 have affirmed compliance with their respective Codes of Conduct. A Declaration to this effect, duly signed by the Managing Director is annexed hereto.

6. AUDIT COMMITTEE:

In terms of the provisions of Sec. 177 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Directors of the Company constituted an Audit Committee, comprising of three Non-Executive Directors viz. Shri Ashok Kumar Kapoor, Chairman, Shri Praveen Singh and Shri Tanmay Deva as its Members. The Company Secretary acts as Secretary to the Committee.

The meetings of the Audit Committee were held 29th May' 2013, 25th July,2013, 22nd October ,2013 & 30th January, 2014 for reviewing the financial performance of the company on quarterly basis and for consideration of Annual Accounts for the year 2013-2014. All the members of the committee were present at the said meetings.

The terms of reference to this committee cover the matters specified for Audit Committee under Clause 49 of Listing Agreement.

7. REMUNERATION COMMITTEE:

The Board has constituted a Remuneration Committee comprising of Mr. Praveen Singh, Mr. Ashok Kumar Kapoor and Mr. Tanmay Deva, independent and Non Executive Directors of the company. Mr. Parveen Singh is the Chairman of the Committee. The main function of the said committee is to review and recommend appointment and remunerations of managerial personnel and to do all other related works.

The meetings of the Remuneration Committee were held on 24th October 2013 and 30th January, 2014 to review remuneration with regard to re-appointment of Mr. Ashok Kumar Gupta and change in designation and remuneration of CEO and Managing Director Mr. Siddharth Gupta.

All the members of the committee were present at the said meetings.

No remuneration is paid to Non-executive and independent Directors.



Kumar Gupta is Rs.1680000/- and to Mr. Siddharth Gupta, CEO and Managing Director is Rs.1397760/-.

8. COMMITTEE FOR THE SHAREHOLDERS:

a) SHARE TRANSFER COMMITTEE:

The Committee met four times during the year 2013-2014 and approved or rejected demat (s) / transfer (physical) of shares request, details given below. The Minutes of the share transfer committee were laid before the Board of Directors of the Company for their ratification and they have ratified from time to time.

Particulars				
	Physical Transfer	Transmission	Demat	Remat
No. of shares received	3740	4040	14600	0
No. of shares accepted	3740	4040	13890	0
No. of shares rejected due to signature difference / incomplete transfer deeds / DRF forms	0	0	710	

b) SHAREHOLDER / INVESTORS' GRIEVANCE COMMITTEE:

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Directors of the Company has constituted an Investor Grievance Committee comprising of three Non-executive and independent Directors viz. Shri Praveen Singh, Chairman, Shri Ashok Kumar Kapoor and Shri Tanmay Deva, as its members, specifically to look into the redressal of Grievances / Complaints of Shareholders and investors such as Transfer of Shares, non-receipt of Balance Sheet, etc. The meetings of said Committee were held on 30th May' 2013, 25th July,2013., 22nd October ,2013 & 30th January, 2014.

c) COMPLIANCE OFFICER :

The Board has designated Shri R.K. Singh, Company Secretary as the Compliance officer. **But the investors will lodge their query, requests/complaints with the Registrar to the Company at-**

M/s Mas Services Ltd. (share transfer Registrar / agent)
T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020,
Ph:- 26387281/82/83, Fax:- 26387384, email:- info@masserv.com

In special case shareholder may write to the Company for any query at-

Banaras Beads Limited,
A-1, Industrial Estate, Varanasi – 221106. Phone No. 0542-2370161-164, Fax No. 0542-2370165
E-mail- investor@bblinvestor.com or rksingh@banarasbead.com

d) The status of total number of complaint received during the financial year 2013-2014 -

The Company has made policy to resolve / redress the complaint within 10 days by them self or through RTA. During the year company has received 50 complaints/request regarding non-receipt of dividend, demat/ transfer of shares and all complaints have been resolved timely. Some Members have talked over phone time to time about demat, transfer, change of address, issue of duplicate share certificate, future prospects, dividend position, non-receipt of dividend etc. The same have been replied timely. No complaint / query is pending for reply / redressal as on 31.3.2014.

9. GENERAL BODY MEETINGS:

Location and time for the last three Annual General meetings are as under –

Year	Location	Date	Time	Special resolutions passed
	A-1, Industrial Estate, Varanasi			
2010-2011	-Do-	04.08.2011	3.00P.M.	No special resolution passed
2011-2012	-Do-	19.07.2012	3.00PM	No special resolution passed
2012-2013	-Do-	04.08.2013	3.00PM	No special resolution passed

Postal ballots : For the year ended on 31st March' 2014 there have been no ordinary or special resolution passed by the shareholders of the Company through Postal ballot and there is no resolution proposed at the ensuing Annual General Meeting, which needs to be passed through Postal Ballot.

10. OTHER DISCLOSURES:

a) None of the transactions with any of the related party is in conflict with the interest of the Company. The transactions with related parties have been disclosed in note No.27 of Notes on accounts in the Annual Report.

b) The Company has done all compliances timely. No penalties, strictures has been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the year.

c) Mr. Raj Kumar Gupta, ex-director of the company had filed CP No. 14/99 against company and its directors in the year 1998-99. Mr. Raj Kumar Gupta was incharge of Delhi office of the company and had not complied various provision of Companies Acts. Resultantly ROC, UP has filed complaints against company and its directors in the year 2007. During the year Varanasi Court has disposed off two complaints on 23.11.2013 by imposing fine of Rs. 8000/- in each case against Company and Shri Ashok Kumar Gupta, Managing



11. MEANS OF COMMUNICATION:

The Annual, half yearly and Quarterly results are usually submitted to the Stock Exchanges in accordance with Listing Agreements and same are sent to the newspapers for publication. The Management discussion and Analysis Report is part of Annual Report, which is now included in the Annual Report.

12 (i) SHAREHOLDERS INFORMATION:

- | | | | | |
|-----|---|--|---|---|
| 1. | Annual General Meeting | Date
Time
Venue | : | 17.07.2014,
3:00 P.M
A-1, Industrial Estate, Varanasi |
| 2. | Financial Calendar 2013-2014 | | : | (F.Y. 01/04/2013 to 31/03/2014) |
| 3. | Dates of Books Closure | | : | From 1 st July, 2014 to Thursday, the 17 th July, 2014 (both days inclusive) |
| 4. | Dividend payment | | : | Dividend recommended @ Rs.2.00 per share for F.Y.2013-2014. |
| 5. | Listing on Stock Exchanges | | : | Bombay Stock Exchange
National Stock Exchange |
| 6. | Listing Fees | | : | Fees paid BSE and NSE. |
| 7. | Stock Code with BSE | | : | 526849 |
| 8. | Demat ISIN Number in NSDL | | : | INE655B01011 |
| 9. | Registered Office | | : | A-1, Industrial Estate, Varanasi |
| 10. | Location of the Plant | | : | A-1, A-5, Industrial Estate and G.T. Road, Tandia, Varanasi |
| 11. | Registrars for share transfer and demat purposes | | : | Mas Services Limited
T-34, 2nd Floor, Okhla Industrial Area,
Phase - II, New Delhi - 110 020
Ph:- 26387281/82/83 Fax:- 26387384
email:- info@masserv.com website : www.masserv.com |
| 12. | Shareholders' Correspondence | | : | All correspondence / communications regarding shares related i.e. transfer, transmission, demat, Duplicate Share Certificates, Dividends, change of Address, etc. shall be addressed to the Registrar M/s Mas Services Limited directly. In case of any problem, shareholder(s) may write to the company. |
| 13. | Compliance Officer | | : | Sri R.K. Singh, Company Secretary |
| 14. | Designated Exclusive E-mail for investor service and Website | | : | investor@bblinvestor.com or www.bblinvestor.com |

12(ii) SHARE TRANSFER SYSTEM:

The company has appointed M/s Mas Services Ltd., New Delhi as the Registrar and Transfer Agent for all shares related works i.e. transfer/transmission of shares, duplicate issue of certificate, change of address /mandate etc. the transfer of shares in physical form and demat are normally processed within ten to twelve days from the date of receipt, if the documents are complete in all respects. The Share Transfer Committee is empowered to approve the shares related works done by RTA and officer(s) of the company.

12(iii) DISTRIBUTION OF SHAREHOLDINGS AS ON 31st MARCH' 2014:

Particular	No. of Shareholder	% out of total share holders	Number of Share held	% of share holding
001 – 500	6233	95.701	702638	10.588
501 – 1000	148	2.272	102433	1.544
1001 – 2000	51	0.783	71765	1.081
2001 – 3000	26	0.399	64333	0.969
3001 – 4000	14	0.215	47769	0.720
4001 – 5000	7	0.107	31647	0.477
5001 – 10000	14	0.215	96417	1.453
10001 – above	20	0.308	5519220	83.168
	6513	100.00	6636222	100.00

12(iv) CATEGORY WISE SHARE HOLDING AS ON 31.03.2014:



Category	No. of Shares held	% of the Shares held
1- a) Promoters / Associates / Directors	3835592	57.798
b) Non Promoters and Independent Directors	600	0.009
2- Other Bodies Corporate	86477	1.303
3- Financial Institution / Bank	19078	0.287
4- Mutual Fund	20	0.000
5- Trust	1072000	16.154
6- Non resident Indian/OCB	1204	0.018
7- Clearing Member	2253	0.034
8- Employee	1030	0.016
9- Director`s relative	6735	0.101
10- Indian Public	1611233	24.280
Total -	6636222	100.00

12(v) DEMATERIALIZATION OF SHARES:

The equity shares of the Company are being traded compulsorily in dematerialised form w.e.f. 26th March, 2001 and as on 31st March, 2014 total number of 6000293 equity shares representing 90.417 % of the Equity Share Capital have been dematerialized. However out of total 6513 shareholders, 2456 shareholders (37.71%) have dematerialised their shares .

12 (vi) STOCK MARKET DATA:

Period (Apr 2013 to Mar 2014)						
BSE				NSE		
Month	High Price	Low Price	No. of Shares	High Price	Low Price	No. of Shares
Apr 13	33.25	28.15	7946	30.00	30.00	753
May 13	33.30	27.35	10038	30.00	30.00	100
Jun 13	30.90	24.75	4358	31.45	31.45	100
July 13	32.65	26.25	5229	-----	-----	-----
Aug 13	30.20	20.75	6903	-----	-----	-----
Sep 13	24.15	21.80	8349	-----	-----	-----
Oct 13	25.50	22.20	5363	29.90	29.90	100
Nov 13	27.50	23.55	2520	---	---	
Dec 13	32.95	26.15	7795	28.50	28.50	745
Jan 14	29.75	24.25	9205	24.30	24.30	120
Feb 14	29.00	23.85	8743	28.65	28.65	10
Mar 14	28.95	24.35	36472	26.80	24.95	444

12(vii) The Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on Equity: **Not Applicable.**

12(VIII). Voluntary Delisting of shares from **U P Stock Exchange Limited w.e.f. 14.02.2014** and also complied delisting proceeding with Ahmadabad, Calcutta, Delhi Stock Exchanges **under regulation clause 6 (a) of SEBI (Delisting of Equity Shares) Regulations, 2009.**

The Company has approached with Ahmadabad, Calcutta, Delhi and Uttar Pradesh Stock Exchanges on 16.11.2013 for voluntary delisting under Clause 6 (a) of SEBI (Delisting of Equity Shares) Regulations, 2009. The U P Stock Exchange Limited has forwarded its final delisting Notice to the Company w.e.f. 14.2.2014 for delisting of 6636222 equity shares. The said Notice was duly forwarded to all the concerned stock exchanges and other authorities. However the Ahmadabad, Calcutta, Delhi Stock Exchanges has not yet sent its delisting notice to the Company.

The Shares of the Company is still continuing to list with BSE and NSE.

12(ix) Non-mandatory requirements – Not adopted.

13. CEO / CFO CERTIFICATION :

CEO / CFO Certificate in Compliance to Clause 49 of Listing Agreement is enclosed in respect of the financial year 2013-2014.

For BANARAS BEADS LTD.

Sd/-

Place : VARANASI
Date : 29. 05. 2014

(Ashok Kumar Gupta)
Chairman & Director



DECLARATION BY THE CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT.

In accordance with Clause 49 sub-clause I (D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2014.

For Banaras Beads Limited

Sd/-

Place: VARANASI
Date : 29.05.2014

(Siddharth Gupta)
CEO & Managing Director

CEO / CFO CERTIFICATE

To,
The Board of Directors,
Banaras Beads Limited
Varanasi

We, Siddharth Gupta, CEO and Managing Director of Banaras Beads Limited to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet and Profit and loss account (consolidated and standalone), and all the schedules and notes on accounts, as well as the Cash Flow statements, and the Director's report.
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statement made.
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/ or applicable laws and regulations.
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have :
 - (a) Designed such disclosure controls and procedures to ensure that material information relating to the Company, is made know to us by others within those entities, particularly during the period in which this report is being prepared.
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP).
 - (c) Evaluated the effectiveness of the Company's disclosure, controls and procedures.
 - (d) Disclosure in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal over financial reporting.
6. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and audit committee of the Company's Board of Directors (and persons performing the equivalent functions) :
 - (a) There were no deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarize and report financial data, and there have been no material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
 - (b) There were no significant changes in internal controls during the year covered by this report.
 - (c) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
 - (d) There were no instances of fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal control system.
7. In the event of any materially significant misstatements or omissions, we will return to the Company that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors.
8. We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to *whistleblowers* from unfair terminations and other unfair or prejudicial employment practices.
9. We further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

For BANARAS BEADS LTD.

Sd/-



AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

(As per clause 49 of the Listing Agreement with the Stock Exchanges)

To,
The Members
Banaras Beads Ltd.

We have examined the compliance of conditions of Corporate Governance by Banaras Beads Limited, for the 31st March' 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the condition of Corporate Governance as stipulated in the said clause. 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 accordingly to the explanations given to us and based on representation made by the directors and the Management, we certify that the Company has complied with condition of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreements.

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 Kamal Kishore & Co.
Chartered Accountants

Sd/-

(Kamal Kishore Srivastava)
Partner M. No. 071639

Place : VARANASI.
Date : 29. 05. 2014



BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identity Number (CIN) of the Company : L01131UP1980PLC004984

1. **Name of the Company** : Banaras Beads Limited
2. **Registered address** : A-1, Industrial Estate, Varanasi-221106
3. **Website** : www.banarasbead.com, OR www.bblinvestor.com
4. **E-mail id** : info@banarasbead.com OR rk Singh@banarasbead.com
5. **Financial Year reported** : April 1, 2013 to March 31, 2014
6. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

The Company's main business is Manufacturing and export of Handicraft items like Glass Beads; Necklaces, Imitation Jewellery etc., which may be classified under following groups:

Group	Industrial Group		Product Description
	Class	Sub-class	
231	2310	23109	Manufacturing of Glass Beads
321	3211	32119	Manufacturing of other articles of gold, silver and other precious and semi precious metal and stone.
321	3212	32120	Manufacture of imitation Jewellery, Handicrafts and other related items.

7. **List three key products/services that the Company manufactures/provides (as in balance sheet)**

As per clause 6 stated above

8. **Total number of locations where business activity is undertaken by the Company**

- i. **Number of International Locations (Provide details of major 5)** : No International location
- ii. **Number of National Locations**

Number of National Locations: 1 (Varanasi)

9. **Markets served by the Company –**

USA, South Africa, United Kingdom & Ireland, Europe, Middle East & Africa and India.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital (INR)** : 661.35 Lacs
2. **Total Turnover (INR)** : 2540.50 Lacs
3. **Total profit after taxes (INR)** : 258.41 Lacs
4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)** : 1.99%
5. **List of activities in which expenditure in 4 above has been incurred:-** Social work/improvement of art and other related works.

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?** : No.
2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)** : NA
3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?** [Less than 30%, 30-60%, More than 60%] : NA

SECTION D: BR INFORMATION

1. DETAILS OF DIRECTOR/DIRECTORS RESPONSIBLE FOR BR

- a) **Details of the Director/Director responsible for implementation of the BR policy/policies.**
 - DIN Number - 0016661
 - Name - Shri Siddharth Gupta
 - Designation – CEO & Managing Director
- b) **Details of the BR head**

S.No.	Particulars	Details
1.	DIN Number (if applicable)	00342369
2.	Name	Shri Siddharth Gupta
3.	Designation	CEO and Managing Director
4.	Telephone number	0542-2370161-64



3. GOVERNANCE RELATED TO BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year: 3 - 6 Month
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? : No

SECTION E: PRINCIPLE-WISE PERFORMANCE.

PRINCIPLE 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? : The Company and all associated are covered by this policy.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? *If*

so, provide details thereof, in about 50 words or so.

During the year company has received 80 complaints/request regarding non-receipt of dividend, demat/ transfer of shares and all complaints have been resolved timely.

PRINCIPLE 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities. : The company products are not having any environmental risk and having much opportunities for small Karigars and villagers in cottage industries sector.
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
 - i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain.
 - ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? : If yes, what percentage of your inputs was sourced sustainably?

The Company's motto is to establish long term relationship with its vendors. In addition to techno-commercial aspects, emphasis also laid on factors like safe working conditions, prevention of child labour and general housekeeping.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? : Yes

If yes, what steps have been taken to improve their capacity and capability of local and small vendors? :

The Company gives preference to small firms, Karigar, organizations, particulars belonging to villages and schedule tribes. The company provide training to local Karigers for improving their skill and productivity.

5. Does the company have a mechanism to recycle products and waste? : Yes

If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so. : All wastages are either recycle or sold for recycling.

PRINCIPLE 3

1. Please indicate the Total number of employees. 284
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. 48
3. Please indicate the Number of permanent women employees. 88
4. Please indicate the Number of permanent employees with disabilities: 6
5. Do you have an employee association that is recognized by management? : NO
6. What percentage of your permanent employees is members of this recognized employee association? : NA
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. NIL



S.No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- **Permanent Employees**
- **Permanent Women Employees**
- **Casual/Temporary/Contractual Employees : NIL**
- **Employees with Disabilities :**

Time to time training were provided to all the concerned Employee including women.

PRINCIPLE 4

1. **Has the company mapped its internal and external stakeholders? : Yes**
2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders? : NO**
3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so. : NO**

PRINCIPLE 5

Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? : The company adheres to status of India's Factories Acts 1941, which embodies some of the human rights principal such as prevention of child labour, forced labour and compulsory labour.

How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? : None

PRINCIPLE 6

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others. : The Company and all associated are covered by this policy.**
2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc. : NO**
3. **Does the company identify and assess potential environmental risks? : No potential environmental risks.**
4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? : No.**
5. **Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc. : No.**
6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? : NA**
7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. NIL**

PRINCIPLE 7

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with: YES**
 - a. **Federation of Indian Export Organisation (FIEO)**
 - b. **Chemical and allied promotion Export Council India (CAPEXIL)**
 - c. **EPCH**
2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive**



PRINCIPLE 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof. NO.
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization? : No.
3. Have you done any impact assessment of your initiative? : No.
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken. No.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so. No.

PRINCIPLE 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year. : NIL
2. Does the company display product information on the product label, over and above what is mandated as per local laws? : Yes
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so: No.
 4. Did your company carry out any consumer survey/ consumer satisfaction trends? : No.



REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF BANARAS BEADS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Banaras Beads Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2014, and 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

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 referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (“the Act”). 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. 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (i) In the case of the balance sheet, of the state of affairs of the Company as at 31st March 2014.
- (ii) In the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (iii) In the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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.

As required by section 227(3) of the Act, we report that:

- 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;
- in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- In our opinion, the balance sheet, statement of profit and loss and cash flow statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 Kamal Kishore & Co.
Chartered Accountants
(Firm No 007424C)

Sd/-



ANNEXURE TO INDEPENDENT AUDITORS' REPORT

THE ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF BANARAS BEADS LIMITED. ON THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH, 2014.

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

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, disposal of fixed asset during the year is not substantial so as to affect the going concern assumption.
- (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. The discrepancy noticed on physical verification of stocks as compared to book records to the book records were not material and have been properly dealt with in the books of accounts.
- (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
- (e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
- In our opinion and according to the information and explanations given to us, the internal control procedure with respect to the purchase of inventory and fixed assets and sale of goods and services need to be further improved to make it commensurate with the size of the company and the nature of its business. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
- a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) As regards transaction exceeding value of Rupees five lakhs entered into during the financial year, we are unable to comment whether the transaction were made at prevailing market prices at the relevant time, because of the specialized nature of the items involved and absence of any comparable prices.**
- The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
- The company has an internal audit system commensurate with the size and nature of the company's business but in our opinion its scope and coverage require to be further strengthened.
- We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, no material dues of tax and cess which have not been deposited on account of disputes.
- The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has taken only working capital loans from banks and has not defaulted in repayment of dues to the bank. The company does not have any borrowing from financial institution and has not issued debentures.



-
- The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- According to information and explanations given to us, the Company is trading in Shares, Mutual funds & other Investments. Proper records & timely entries have been maintained in this regard & further investments specified are held in their own name.
- According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
- Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
- Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
- The Company has no debentures issued and outstanding during the period under audit.
- The Company has not raised any money by public issue during the year.
- Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For Kamal Kishore & Co.
Chartered Accountants
(Firm No 007424C)

Sd/-

(Kamal Kishore Srivastava)
Partner, M. No. 71639

Place: VARANASI
Date : 29. 05. 2014



BANARAS BEADS LTD.

Balance Sheet as at 31st March, 2014

Particulars	Note No	Figures as at the end of current reporting period (Account in Rs.)	Figures as at the end of previous reporting period (Account in Rs.)
<u>I. EQUITY AND LIABILITIES</u>			
(1) Shareholder's Funds			
(a) Share Capital	1	66134720	66134720
(b) Reserves and Surplus	2	324953765	314488839
(2) Current Liabilities			
(a) Short-term borrowings	3	4380649	48067324
(b) Trade payables	4	5431030	6044999
(c) Other current liabilities	5	25476131	18986428
(d) Short-term provisions	6	22475566	8150000
Total		448851861	461872310
<u>II. ASSETS</u>			
(1) Non-current assets			
(a) Fixed assets	7		
(i) Tangible assets		140867254	110514957
(ii) Intangible assets		97255	162092
(iii) Capital work-in-progress		1432426	17023755
(b) Non-current investments	8	1116499	1126499
(c) Deferred tax assets (net)	9	4602464	6682155
(d) Long term loans and advances	10	16215038	16215038
(2) Current assets			
(a) Current investments	11	0	69386
(b) Inventories	12	102290898	133138046
(c) Trade receivables	13	6599685	10075318
(d) Cash and cash equivalents	14	104523433	92256473
(e) Short-term loans and advances	15	69428672	73815270
(f) Other current assets	16	1678237	793321
Total		448851861	461872310

Accounting policies & Notes on Accounts
In terms of our report of even dated attached

For Kamal Kishore & Co.
Chartered Accountants
Sd/-

(K.K. Srivastava)
Partner
Place : VARANASI
Date : 29.05.2014

For and on behalf of the Board of Directors

Sd/-
(Ashok Kumar Gupta)

Chairman & Director

Sd/-
(Siddharth Gupta)
CEO & Managing Director

Sd/-
(Ashok Kumar Kapoor)

Independent Director

Sd/-
(R.K. Singh)
Company Secretary

Sd/-
(Jai Singh)
General Manager



BANARAS BEADS LTD.

Statement of Profit and Loss for the year ended 31st March, 2014

Particulars	Note No	Figures as at the	Figures as at the
		end of current reporting period	end of previous reporting period
		(Amount in Rs.)	(Amount in Rs.)
Revenue from operations	17	265714948	276827115
Other Income	18	12171978	16885904
Total Revenue		277886926	293713019
Expenses:			
Cost of materials consumed	19	103336105	145294277
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	21130024	-35664112
Manufacturing Exp	21	28859985	59103818
Employee benefit expense	22	31086117	32167919
Financial costs	23	9439906	7248191
Depreciation and amortization of expenses	7	14620392	8897941
Other expenses	24	34443871	36167901
Total Expenses		242916400	253215935
Profit before exceptional and extraordinary items and tax		34970526	40497084
Extraordinary Items (Prior Period Expenses)		-	229663
Profit before extraordinary items and tax		34970526	40267421
Tax expense:			
Current tax		7050000	8150000
Deferred tax		2079691	-958053
Profit for the year		25840835	33075474
Earning per equity share of face value of Rs. 10 each :			
Basic & Diluted		3.89	4.98

Accounting policies & Notes on Accounts
In terms of our report of even dated attached

For Kamal Kishore & Co.
Chartered Accountants

Sd/-
(K.K. Srivastava)

Partner

Place : VARANASI.

Date : 29.05.2014

For and on behalf of the Board of Directors

Sd/-	Sd/-
(Ashok Kumar Gupta)	(Ashok Kumar Kapoor)
Chairman & Director	Independent Director
Sd/-	Sd/-
(Siddharth Gupta)	(R. K. Singh)
CEO & Managing Director	Company Secretary

Sd/-
(Jai Singh)
General Manager



Cash Flow Statement For the Year Ended 31st March, 2014

	(Amt. in Rs.) <u>Current Year</u>	(Amount in Rs) <u>Previous Year</u>
(A) Cash Flow from Operating Activities		
Net Profit Before Tax and Extraordinary Items	34970526	40497084
Adjustment For :-		
Depreciation	14620392	8897941
Profit/Loss on Sale of Fixed Assets	(7895)	1655
Profit/(Loss) on Sale of Investment	(7573)	0
Interest/Dividend/ Rent	<u>(11679156)</u>	<u>(15462754)</u>
	<u>2925768</u>	<u>(6563158)</u>
	37896294	33933926
Adjustment For :-		
Trade & Other receivables	6489404	3207501
Inventories	30847148	(61313941)
Trade Payable	<u>5875734</u>	<u>8932253</u>
	<u>43212286</u>	<u>(49174187)</u>
Cash Generated From Operations	81108580	(15240261)
Interest Paid	2036315	943435
Direct Taxes	<u>(7612432)</u>	<u>(20166695)</u>
	<u>(5576117)</u>	<u>(19223260)</u>
	(5576117)	(19223260)
Cash Flow Before Extraordinary Items	75532463	(34463521)
Extraordinary Items	0	(229663)
Net Cash From Operating Activities (A)	75532463	(34693184)
(B) Cash Flow From Investing Activities :		
Purchase of Fixed Assets	(29324828)	(58354759)
Sale of Fixed Assets	16200	60715
Purchase of Investments	(16343564)	(61734283)
Sale of Investments	16430523	66236384
Realisation of Long term Advance	0	118782993
Interest Received	11059920	14844321
Rent Received	571001	384150
Dividend Received	<u>48236</u>	<u>234283</u>
Net Cash used in investing activities (B)	(17542512)	80453804
(C) Cash Flow From Financing Activities :		
Amount Received against Calls in Arrear	0	182000
Proceeds from Short term borrowings	(43686675)	(15631807)
Dividend & Interest Paid	(2036315)	(31795837)
Net Cash used in financing activities	<u>(45722990)</u>	<u>(47245644)</u>
TOTAL (A+B+C)	12266960	(1485024)
Net Increase/Decrease in Cash & cash Equivalents	12266960	(1485024)
Cash & cash Equivalents As at 01.04.2013	92256473	93741497
Cash & cash Equivalents As at 31.03.2014	104523433	92256473

As per our report of even date

For Kamal Kishore & Co
Chartered Accountants

Sd/-
(K.K. Srivastava)
Partner

Sd/-
(Ashok Kumar Gupta)
Chairman & Director

Sd/-
(Siddharth Gupta)
CEO & Managing Director

Sd/-
(Ashok Kumar Kapoor)
Independent Director

Sd/-
(R.K. Singh)
Company Secretary

Place : VARANASI.

Date : 29.05.2014

Sd/-
(Iai Singh)



ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING:

The accounts have been prepared on the basis of historical cost convention and as a going concern. Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting policies. The company generally follows the mercantile system of accounting recognizing both income and expenditure on accrual basis.

2. FIXED ASSETS:-

Fixed Assets are stated at cost of acquisition less depreciation.

3. DEPRECIATION:-

Depreciation on fixed assets is provided on written down value method at the rates specified in Schedule XIV to the Companies Act, 1956 on single shift basis.

4. INVESTMENTS:

Long Term Investments are shown at cost and fluctuations in the market price of quoted shares are not provided for. Current Investments are valued at lower of cost or realizable value and any reduction in realizable value is debited to the Statement of Profit & Loss. If realizable value of current investment increases in subsequent years the increase in value of current investment to the level of the cost is credited to the Statement of Profit & Loss.

5. INVENTORIES:

Basis of valuation

Raw Materials	: At average cost
Finished / Semi-finished goods	: At cost or market value whichever is lower
Stores, spare parts	: At cost and in appropriate cases charged to manufacturing expenses in the year of purchase.

6. FOREIGN CURRENCY TRANSACTIONS :

Transactions in foreign currency are accounted for in accordance with AS-11 issued by the Institute of Chartered Accountants of India. Transactions in foreign currencies are recorded at the exchange rates prevailing on the dates of the transactions. Monetary items denominated in a foreign currency and outstanding at the Balance Sheet date are translated at the exchange rate prevailing at the year end and the difference arising on account of variation in exchange rate is recognized as income or expense in the year in which they arise. Non-monetary items denominated in foreign currency are carried at the exchange rate in force at the date of the transaction.

7. RETIREMENT BENEFITS:

- (i) Company's contribution to Provident Fund, Family Pension Fund, ESI etc. are charged to Profit & Loss Account on accrual basis.
- (ii) Liability for gratuity in respect of employees is covered under the Group Gratuity Policy taken by the company from Life Insurance Corporation of India. The premium payable under the Policy, are charged to Profit & Loss Account. The short fall in the Fund, as indicated by the L.I.C. is provided for by the Company as gratuity liability.
- (iii) The leave salary payable in respect of encashable leave is provided for according to the service rule of the Company. Unavailed leave, which is not encashable during the continuance of service is not provided for.

8. ACCOUNTING FOR DUTY CREDIT SCRIPT UNDER FOCUS PRODUCT/VISHESH KRISHI UDYOG YOJNA AND STATUS HOLDER INCENTIVE SCRIPT :

Duty Credit Script under Focus Product/VKUY and Status Holder Incentive Script Schemes are normally consumed in payments of custom duty against imports made. Entries for such consumption is made in respective purchase account on the amount of custom duty adjusted. Entries for scripts transferred are accounted for on realised value. Duty Credit Script under Focus Product and Status Holder Incentive Script Scheme receivable at the end of accounting year is accounted on estimated realizable value.

9. CONTINGENT LIABILITIES :

Contingent Liabilities are generally not provided for in the Accounts and are shown by way of Notes on Accounts.

10. SALES:

Sales include export sales whether made directly or through third parties.

11. The accounting policies have been consistently followed and there has been no significant change in such policies during the year.



NOTES TO ACCOUNTS

Figures as at the
end of current
reporting period

Figures as at the end of
previous reporting
period

1. SHARE CAPITAL

AUTHORISED CAPITAL

Authorised

1,20,00,000 Equity Share of Rs. 10/- Each

120000000

120000000

ISSUED SUBSCRIBED & FULLY PAID UP SHARE CAPITAL

6636222 Equity Shares

66362220

66362220

of Rs. 10/- Each Fully paid -up

Less: Unpaid Calls

227500

227500

Total

66134720

66134720

LIST OF SHAREHOLDERS

Shareholders holding more than 5% shares

No. of Shares
(%)

No. of Shares (%)

Ashok Kumar Gupta

1363402 (20.54)

1363402 (20.54)

Ashok Kumar Gupta (HUF)

544920 (8.21)

544920 (8.21)

Rekha Gupta

739830 (11.15)

739830 (11.15)

Ram Gulam Kanhaiya Lal Charitable Trust

1072000 (16.15)

1072000 (16.15)

Prashant Gupta/Ashok Kumar Gupta(Joint Holders)

472540 (7.12)

472540 (7.12)

Vaishali Gupta

350110 (5.28)

350110 (5.28)

2. RESERVE AND SURPLUS

A. GENERAL RESERVE

Opening Balance.

9750000

4750000

Transferred During the Year

3600000

5000000

Sub Total

13350000

9750000

B. Securities Premium Reserve

224765500

224765500

Less : Unpaid Calls

1851750

1851750

Sub Total

222913750

222913750

C. SURPLUS OF PROFIT & LOSS

Balance as per Last Account

81825090

75394866

Net Profit After Tax

25840835

33075474

Less: Transferred to General reserve

3600000

5000000

Interim & Final Dividend Paid (Interim Dividend @ Rs. 2.5 per share)

0

16590555

Proposed Dividend (@ Rs.2.00 per share)

13272444

-

Tax on Dividend

2153122

2691402

Taxes of Earlier Years

-49656

2363294

Sub Total

88690015

81825089



3.SHORT TERM BORROWINGS

Secured Loans from Bank

a)Bank of Baroda Packing Credit Foreign Currency Loan	982977	17885000
b)Bank of Baroda Packing Rupee Loan A/c (Both Secured against hypothecation of Stock, Book Debts & Plant and Machineries & Fixed Deposits)	-	26000000

Bank Of Baroda O/D A/C	3397672	4182324
(Secured against Fixed Deposits of the Bank)		

Total	4380649	48067324
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4. TRADE PAYABLE

Trade Payable	5431030	6044999
Total	5431030	6044999

5. OTHER CURRENT LIABILITIES

Customer Deposits	19720548	11841158
Other Liabilities	3931295	5177229
Unclaimed Dividend	1824288	1968041
Total	25476131	18986428

6 SHORT TERM PROVISIONS

Provisions for Income Tax	7050000	8150000
Provision for Proposed Dividend	13272444	0
Provision for Tax on Proposed Dividend	2153122	0
Total	22475566	8150000

SCHEDULE OF FIXED ASSETS AS ON 31.3.2014

-7

FIXED ASSETS

NAME OF ASSETS	RATE	GROSS BLOCK				DEPRCIATION				NET BLOCK	
		OP. BALANCE AS ON 1.4.2013	ADDITION	DEDUCTION	TOTAL	UPTO 31.3.2013	During the Year	DEDUCTION DUE TO SALE	TOTAL	AS ON 31.3.2014	AS ON 31.3.2013
	0.00%	3501276	0	0	3501276	0	0	0	0	3501276	3501276
RY BUILDINGS	10.00%	84302153	31459128	0	115761281	28395129	5608471	0	34003600	81757681	55907024
URE & FIXTURE	18.10%	11183133	52480	0	11235613	6742807	810556	0	7553363	3682250	4440326
& MACHINERY	13.91%	50109240	7824115	18500	57914854	18977820	4467268	15024	23430064	34484791	31131420
ICAL EQUIPMENT	13.91%	12323820	1955233	0	14279053	4841306	1146256	0	5987562	8291491	7482514
EQUIPMENT	13.91%	821430	26210	0	847640	726638	14664	0	741302	106338	94792
ES	25.89%	18075505	3092502	11235	21156772	10486322	2293685	6406	12773600	8383171	7589183
TER	40.00%	4601544	506490	0	5108034	4283699	207636	0	4491335	616699	317845
CES	100.00%	1708349	0	0	1708349	1668309	5554	0	1673863	34486	40040
PHONE	13.91%	17750	0	0	17750	7213	1466	0	8679	9071	10537
Sub Total		186644199	44916157	29735	231530621	76129242	14555555	21430	90663367	140867254	110514957

FIXED ASSETS

ARE	40.00%	826747	0	0	826747	664655	64837	0	729492	97255	162092
Sub Total		826747	0	0	826747	664655	64837	0	729492	97255	162092

L W.I.P.		17023756	13666978	29258308	1432426	0	0	0	0	1432426	17023756
Sub Total		17023756	13666978	29258308	1432426	0	0	0	0	1432426	17023756

TOTAL		204494702	58583135	29288043	233789794	76793897	14620392	21430	91392859	142396935	127700804
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Year		146413706	97806704	39725710	204494700	68108325	8897941	212369	76793897	127700804	78305381
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	No. of shares	Face Value	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
			(Rs.)	(Rs.)
8. NON-CURRENT INVESTMENTS				
<u>In Equity Shares - Unquoted</u>				
A. INVESTMENT IN ASSOCIATES				
BBL Beads Ltd-Share	87500	10.00	875000	875000
B. INVESTMENT IN OTHERS				
India Exposition Mart Ltd.	9343	10.00	93430	93430
(I) In Equity Shares - Quoted				
Gee EI Wollen Ltd.	1000	10.00	0	10000
Pertech Computers Ltd.	600	10.00	36000	36000
Elbee Services Ltd.	100	10.00	14000	14000
Kabson Industries Ltd.	1300	10.00	13000	13000
Bholanath International Ltd.	300	10.00	6020	6020
Ideal Carpets Ltd.	300	10.00	2252	2252
M.P.Telelink Ltd.	500	10.00	5000	5000
Rungta Irrigation Ltd.	600	10.00	36797	36797
GKB Ophthalmic Ltd.	1000	10.00	35000	35000
Total			1116499	1126499

Aggregate Cost of Quoted Investment-

(Rs 148069, Previous Year Rs 158069)

(Market value Rs 111802 Previous Year Rs 117172)

Aggregate Cost of Un-Quoted Investment-

(Rs 968430 , Previous Year Rs 968430)



9. DEFERRED TAX ASSETS (Net)

Defferred Tax Assets

Related to Fixed Assets	4602464	-660027
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Defferred Tax Assets

On account of MAT	0	7342182
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Net Defferred Tax Assets	4602464	6682155
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10 LONG TERM LOANS & ADVANCES

Advance against Purchase of Land

Other Advance	16215038	16215038
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(Unsecured ,Considered Doubtful by Management)

Total	16215038	16215038
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CURRENT ASSETS

11 Current Investment

(I) In Units of Mutual Fund

Quoted

Baroda Pioneer Treasury Advantage Fund	0	69386
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(Aggregate amount of quoted Investment Rs NIL , Previous Year 69386)

0	69386
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12. INVENTORIES

(As Taken , Valued as per policy stated in point 5 of Accounting policies and Certified by the Management.)

Raw Material	38619912	52011763
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Finished Goods	52082313	72786005
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Export Merchandise in Transit	1887437	2313770
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Packing Material	4968978	3876563
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Stores & Spares	2155119	2149945
-----------------	---------	---------

Goods in Transit	2577139	0
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Total	102290898	133138046
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13. TRADE RECEIVABLES

(Unsecured, Considered Good by the Management)

Outstanding over Six Months	1725994	2266626
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Other Debts	4873691	7808692
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Total	6599685	10075318
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14. CASH & CASH EQUIVALENTS

WITH SCHEDULED BANKS

In Current Accounts	1407531	485284
In Fixed Deposit Account	100870675	89029473
Earmarked Balance With Bank (For Unpaid Dividend)	1824288	1968041
Cash in Hand (As certified by the management)	401407	752837
Postage Imprest	19532	20838
Total	104523433	92256473

15. SHORT-TERM LOANS AND ADVANCES

Unsecured, Considered Good by the Management
(Recoverable in Cash or in Kind or value to be received)

Advance to Suppliers & Other	10415695	5618017
Advance Payment for Taxes	19936227	20251445
Export Incentive Receivables	20432853	15921787
Loan to Others	18643897	32024021
Total	69428672	73815270

16. OTHER CURRENT ASSETS

Security And Other Deposit	1030767	455123
Prepaid Expenses	647470	338198
Total	1678237	793321

17. REVENUE FROM OPERATIONS

SALES OF PRODUCTS

Export Sales	204044058	228972873
Domestic Sales	50006038	21730697
Sub Total	254050096	250703570

OTHER OPERATING REVENUE

Focus /VKUY/SHIS License Transfer	874269	7,210,560
Export Incentive & Other Benefits	10790583	17522123
Exchange Rate Difference	0	1390863
Sub Total	11664852	26123546

Total	265714948	276827115
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18. OTHER INCOME

Interest Income	11059920	14844321
Dividend	48236	234283
Net Gain on Sale of Investment	7573	-
Profit on sale of fixed Assets	7895	1,655
Rent	571001	384150
Sundry balance W/Back	24539	570339



Insurance Claim Received	0	220056
Misc. other Income	452814	631100

Total	12171978	16885904
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19.COST OF MATERIAL CONSUMED

OPENING STOCK

Raw Material	52011763	26047395
Stores & Consumables	2149945	3756654
Packing Material	3876563	2584394
Sub Total	58038271	32388443

PURCHASES

Raw Material	22924964	38302976
Semi Finished Goods	57015097	118537204
Packing Material	8280981	8230428
Stores & Consumables	2820800	5873498
Sub Total	91041842	170944106

CLOSING STOCK

Raw Material	38619912	52011763
Stores & Consumables	2155119	2149945
Packing Materials	4968978	3876563
Sub Total	45744008	58038271

Cost of Material Consumed	103336105	145294277
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20. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade

OPENING STOCK

Finished / Semi Finished Goods	72786005	38627042
Export Merchandise in Transit	2313770	808620
Sub Total	75099774	39435662

CLOSING STOCK

Finished / Semi Finished Goods	52082313	72786005
Export Merchandise in Transit	1887437	2313770
Sub Total	53969751	75099774

(Increase)/Decrease	21130024	-35664112
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21.MANUFACTURING EXPENSES

Bead & Handicraft Manufacturing & Finishing Expenses	18285675	50902216
Power & Fuel	6976484	3919422
Freight Exp	3597826	4282181
Sub Total	28859985	59103818

22.EMPLOYEE BENEFIT EXPENSE

Salaries & Wages	24685678	25142777
Bonus to Employees	1780082	1835867
Providend & ESI Fund	3112678	2984804
EDLI, Training and Gratuety exp	976525	1473632
Staff Welfare Expenses	531154	730839
Total	31086117	32167919

23. FINANCIAL COST

Interest paid to bank	2036315	943435
Loss on Forward Contract	5006615	0
Exchange Rate Difference on Foreign Currency Loan	2396976	6304756
Total	9439906	7248191

24.OTHER EXPENSES

EXPORT & SELLING EXPENSES

Foreign Traveling Expenses	8369003	8028974
Export / Local Freight & Shipping Expenses	7774890	11449843
Trade Fair exp	3695501	4277457
Local Traveling Expenses	1025614	757588
Other Selling Expenses	950639	1472439
Exchange Rate Difference	1722923	-
Sub Total	23538568	25986300

REPAIR & MAINTENANCE

Building	388528	807668
Machinery	1979664	1713923
Vehicle & Others	475840	526702
Sub Total	2844033	3048293



ADMINISTRATIVE EXPENSES

Rent	2600	30000
Insurance	612199	793471
License & Fees	100738	329793
Membership & Subscription	31154	51333
Communication Charges	568352	650681
Conveyance Charges	42593	141016
Printing & Stationery	773868	583709
Professional & Legal Expenses	1634277	1065237
Vehicle Running & Maintenance	1083523	785268
Bank Charges	929977	894881
Director Sitting Fees	39000	30000
Postage exp	169240	245344
Others	1900435	1359680
Payment to Auditor		
As Auditor	84270	84270
For Tax/VAT Audit Fees	22472	22472
For Income Tax Related Services Fees	22473	17415
For Certification / Quarterly Review Fees	44100	48737
	Sub Total	8061271
	Total	7133308
	Sub Total	8061271
	Total	36167901

25. RAW MATERIALS CONSUMED

Glass & Raw Beads	36316815	12338608
Misc Raw Handicraft , Fabric & Other Materials	57015097	118537204
Store	2815626	7480206
Packing	7188566	6938259
	Total	103336105
	Total	145294277

COMPOSITION OF MATERIAL CONSUMED

	<u>%</u>	<u>VALUE</u> Rs. In Lacs	<u>%</u>	<u>VALUE</u> Rs. In Lacs
Indigenous	76.55%	79104413	89.26%	139090297
Imported	23.45%	24231691	10.74%	6203980
	100.00	103336105	100.00	145294277

26. Contingent Liabilities not provided for:

(i) Letter of credit opened with Banks	:	Rs. NIL (Previous year: Rs. NIL)
(ii) Bank Guarantees outstanding	:	Rs. NIL (Previous Year-Rs. NIL)
(iii) Contingent Liabilities of Taxes and Duties		
The company is not having any contingent liability *		



27. Related Party Disclosures:

The Company has identified all related parties and details of transactions are given below. No provision for doubtful debts or advances is made.

Details of Transactions:

Sl. No.	NAME	Nature of Transaction	Value of Transaction entered during the year	Amount of Outstanding Items as on Balance Sheet date
			(Rs.)	(Rs.)
1	Banaras Beads Exports Ltd	Sales	3000000	-----
		Purchase	1063713	-----
		Advances Transactions	2612348	-----
2	Ashok Kumar Gupta	Remuneration including P.F.	1680000	-----
3	Siddharth Gupta	Remuneration including P.F.	1397760	-----
4	Banaras Glass Beads Ltd	Purchase	38859	-----
		Sales	33388859	-----
		Advances Transactions	62386141	-----
5	Mathur Vaishya Jan Kalyan Trust	Expenses	26025	-----
6	BBL Beads Limited.		NIL	-----
7	Mangalam Hospitality India Limited		NIL	-----
8	R.K. Impex Pvt. Limited		NIL	-----
9	Banaras Beads Leasing & Finance Pvt. Ltd.		NIL	-----
10	Nandi Exports Pvt. Ltd.		NIL	-----

28. Earning per share:

Basic and diluted earnings per share are calculated by diverting the net profit for the year attributable to equity shareholders by the weighted average number by equity shares. The Company does not have any outstanding diluted potential equity shares. Consequently the basic and diluted earnings per share remain the same.

	2013-2014	2012-2013
Net Profit attributable to shareholders (Rs.) :	25840835	33075474
Weighted average numbers of equity shares :	6636222	6636222
Basic earning per share of Rs. 10/- each (Rs.) :	3.89	4.98

29. Remuneration to Directors:

	Current Year (Rs.)	Previous Year (Rs.)
A. Chairman & Managing Director		
Salaries	15,00,000	15,00,000
Contribution to Provident Fund	1,80,000	1,80,000
B. Executive Director / CEO & Managing Director		
Salaries	12,48,000	12,00,000
Contribution to Provident Fund	1,49,760	1,44,000

30. The company had participated in auction as made by Hariyan Urban Development Authority (HUDA) on 07.11.2007 and was allotted hotel site at Gurgaon in Sector 10A under auction of Rs. 16.05 Crores. The company has paid total Rs. 13.49 Crores against the said allotment. But after repeated request, HUDA did not issue possession certificate, resultantly the company is having no option and decided to take refund of total amount paid to HUDA of Rs.13.49 Crore with interest without any deduction. But HUDA refunded only Rs. 11.88 Crores on 30.05.2012 by deducting 10%. Of amount paid The company has filed writ petition vide no 9181 of 2014 against HUDA and others for illegal deduction of 10 % and non payment of interest . The matter is still pending. The management has been advised that it has strong case and the amount deducted is likely to be paid by HUDA, hence no provision for this doubtful receivables has been made in the accounts. Accounting for Interest Claimed will be made as and when the matter is finalised.

31. . Details of pending reassessment of Income Tax is as under:

For A.Y. 2010-2011 – A demand of Rs. 76.02 lacs was raised by the Assessing Officer under section 143(3) of Income Tax Act'1961 vide order dated 28.01.2013. Commissioner of Income Tax has set aside the order made by Assessing Officer and ordered for making fresh assessment . Fresh Assessment is pending with the Assessing Officer. In view of above order now there is no pending liability of Income Tax.



C. MISCELLANEOUS NOTES ON ACCOUNTS:

1. SEGMENT:

- The Company's main business is Manufacturing and export of Handicraft items like Glass Beads; Necklaces, Imitation Jewellery etc. all those items form just one Segment. The sell of minor items such as carpets is less then 10% of total sales. As the company has its commercial activity mainly at Varanasi, hence separate geographical segment wise reporting is not required.
2. There are no small scale industrial undertakings to whom the Company owes a sum exceeding Rs. one lac which is outstanding for more than 30 days during the year.
 3. The Management has conducted physical verification of stocks at reasonable intervals and discrepancies noticed on such verification have been properly dealt with as per Accounting Standards-2 pertaining to valuation of inventories issued by the Institute of Chartered Accountants of India.
 4. There is an adequate internal control procedure and internal audit system commensurate with the size of the company and the nature of its business. The Directors have been making consistent efforts to improve such procedures and systems keeping in view the needs of business and experience gained.
 5. Balance of Sundry Debtors, Creditors and Loans and Advances shown in the accounts are subject to confirmation by the parties concern.
 6. In the opinion of the Directors, Currents Assets, and Loans and Advances are approximately of the value, which, if realised, in the ordinary course of business, will not be less than the figure stated in the books of accounts.
 7. The Company has been generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth tax, Service Tax Customs Duty, Excise Duty, Cess and any other statutory dues, where applicable with the appropriate authorities.
 8. The Calls in arrears of Share Capital amounting to Rs.227500 and of Share Premium amounting to Rs. 1851750/- are outstanding since long. None of these amounts relate to the directors or their relatives. The Management has decided not to forfeit such shares for the time being.
 9. Previous year's figures have been regrouped/ rearranged/ reclassified wherever necessary to make them comparable with the figures of the current year.

Registered folio no. / DP ID no. / Client ID no.

Number of shares held :

Dear Member,

Subject: Instructions for e-voting

Pursuant to provisions of section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 34th Annual General Meeting to be held on Thursday, July 17, 2014, at 3.00 P.M. IST. The Company has engaged the services of Central Depository Limited (CDSL) to provide the e-voting facility.

The e-voting facility is available at the link <https://www.evotingindia.com>

The electronic voting particulars are set out below:

EVSN (Electronic Voting Sequence Number)	User ID	Password
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The e-voting facility will be available during the following voting period :

Commencement of e-voting July 11, 2014 at 9.00 a.m. IST	End of e-voting July 13, 2014 at 6.00 p.m. IST
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Please read the instruction printed below before exercising your vote.

These details and instructions form an integral part of the Notice for the Annual General Meeting to be held on July 17, 2014.

Step for e-voting

1. Open the internet browser and type the following URL:

URL : <https://www.evotingindia.com>

2. Click on Shareholder-Login.

3. Once the e-voting home page opens, enter the EVSN of Banaras Beads Limited (the number is provided in this document) and thereafter you enter the number and click the submit button.



4. Then Investor login page will be open and enter the user ID, password and Pan number provided in this document and click the submit button.
5. Before voting process, the **Password Change Menu** will appear on your screen. Change to a new Password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of the two. Please take utmost care to keep your Password confidential.
6. The shareholder having shares in demat form can login to the e-voting system using their existing User ID and Password for Login provided by CDSL. Physical shareholders can login using their ID (folio number of the shares) PAN and password as provided by the CDSL.
7. If you are logging in for the first time, please enter the User ID and Password.
8. Cast your vote by selecting your favored option and click **Submit**. Also click **Confirm** when prompted. Please note that once your vote is cast on the selected resolution, it cannot be modified.
9. Institutional shareholders (i.e. members other than individuals, HUF, NRIs, ec.) are required to send a scanned copy (PDF/JPG format) of the relevant board resolution/authority letter, etc., together with the attested specimen signature(s) of the duly authorised signatory (ies) who are authorised to vote, to the Scrutinizer via email at : rksing@banarasbead.com, with a copy marked evoting@cdslindia.com, anandt@cdslindia.com, ankitb@cdslindia.com
10. In case of any queries, please refer to the **Frequently Asked Questions (FAQs)** for members and the e-voting user manual for members available in the 'Downloads' section of <https://www.evotingindia.com> You can also CDSL via email at evoting@cdslindia.com, anandt@cdslindia.com, ankitb@cdslindia.com. OR Mr. Sarwan Mangla, Manager of M/s Mas Services Limited, New Delhi Ph:- 26387281/82/83 Fax:- 26387384, email:- info@masserv.com

General instructions

- a. The e-voting period commences on July 11, 2014 (9.00 a.m. IST) and ends on July 13, 2014 (6.00 p.m. IST). During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of July 1, 2014, may cast their vote electronically. The e-voting module shall also be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- b. Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of July 1, 2014 and not casting their vote electronically, may only cast their vote at the Annual General Meeting.
- c. Ajay Jaiswal Practicing Company Secretary (Membership Number 5112), Varanasi .has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- d. The Scrutinizer shall, within a period of not exceeding three working days from the conclusion of the e-voting period, unlock the votes in the presence of at least two witnesses, not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor of or against, if any, forthwith to the Chairman of the Company.
- e. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on July 1, 2014.
- f. The result declared alongwith the Scrutinizer's Report shall be placed on the Company's websites www.banarasbead.com, www.bbllinvestor.com and on the website of CDSL within two days of the passing of the resolutions at the 34th Annual General Meeting of the company on July 17, 2014, and communicated to the BSE Ltd., National Stock Exchange of India Ltd., Mumbai.

All documents referred to in the accompanying Notice and the Statement pursuant to Section 102 (1) of the Companies Act, 2013, will be available for inspection at the Registered Office of the Company during business hours on all working days up to the date of declaration of the result of the 34th Annual General Meeting of the Company.

Registered Office.:
A-1, Industrial Estate,
Varanasi- 221106

Date 29.05.2014

By order of the Board of Directors
for Banaras Beads Ltd.

Sd/-
(R.K. Singh)
Company Secretary/ compliance officer



ICRA SME Rating

Banaras Beads Limited, Varanasi

has been assigned an ICRA SME rating of

ICRA SME 2

on March 27, 2014

This rating indicates “The High Credit Quality”
this rating is valid till March 26, 2015

Gurgaon
April 22, 2014



Vivek Mathur
Senior Group Vice President



BANARAS BEADS LIMITED
REGISTERED OFFICE: A-1, INDUSTRIAL ESTATE
VARANASI - 221 106

ATTENDANCE SLIP

↑ Please complete the Attendance Slip and hand over at the entrance of the meeting hall, joint Shareholders may obtain additional Attendance Slip on request.

Full Name and Address of the Member (in Block letters).....
.....

No. of shares held :..... Folio No.:..... *DP ID No..... *Client ID No.....
*applicable for Member holding shares in electronic form.

I/We hereby record my/our presence at the 34th Annual General Meeting of the Company held on Thursday 17th July ' 2014 at 3:00 P.M. at A-1, Industrial Estate, Varanasi-221106

Signature of : Member ----- / Proxy.....

Notes : Member/Proxy attending the meeting must bring the attendance slip and submit it at the entrance duly signed.

----- (TEAR HERE) -----

BANARAS BEADS LIMITED
REGISTERED OFFICE : A-1, INDUSTRIAL ESTATE
VARANASI - 221 106

PROXY FORM

Folio No*DP ID No..... *Client ID No.....(*applicable for Member holding shares in electronic form.)

I/We.....of
.....in the district
of.....hereby appoint.of
.....or failing him / her
.....of in the district of
.....as my/our proxy to attend and vote for me/us on my/our behalf
at the 34th Annual General Meeting of the Company to be held on Thursday 17th July ' 2014 at 3:00 P.M. at A-1 Industrial Estate Varanasi and at any adjournment thereof.

Signed this.....day of.....2014.

Signature -----

Affix One
Rupee
Revenue
~

▼ **Note :** The Proxy must be returned so as to reach the Registered Office of the Company at A-1, Industrial Estate, Varanasi-221106, not less than Forty Eight hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.