

**INDEPENDENT AUDITOR'S REPORT**

To,

The Members of

STI India Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **STI India Limited** ("the Company"), which comprises the Balance Sheet as at March 31, 2015, 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding of the assets of the company for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; Making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made there under. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- (b) In the case of statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) 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

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) rules, 2014;
 - e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Act;
 - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
 - i) The company has disclosed the impact of pending litigations on its financial position in its financial statements.
– Refer note 25 & 26 to the financial statements;
 - ii) The company does not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.
 - g) *Attention is also invited to;*
Note No.38 in "Notes to Account, regarding the standalone financial statements of the Company having been prepared on going concern basis, notwithstanding the fact that its net worth is completely eroded.

For V.K. Beswal & Associates
Chartered Accountants
Firm Registration No.101083W

CA K.V. Beswal
Partner

Membership No.131054

Place: Mumbai
Date: 15th May, 2015

**Annexure to the Auditor's Report even date
(Referred to in paragraph 1 thereof)**

1. In respect of Fixed Assets:
 - a) The Company has maintained proper records showing full particulars, quantitative details and situation of its fixed assets.
 - b) The fixed assets have been physically verified by the management at reasonable intervals during the year. We are informed that no material discrepancies were noticed by the management on such verification.
2. In respect of Inventories:
 - a) As explained to us physical verification of inventories has been conducted during the year by the management at reasonable intervals.
 - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c) In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.
3. In respect of loans, secured or unsecured granted by the Company to the companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013:
 - a) During the year Company has not granted any loans to parties covered in the register maintained under Section 189 of the Companies Act, 2013.
 - b) In view of our comments above, clause 4 (iii) (a), (b) of the said order is not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business. Further, on the basis of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct weaknesses in the aforesaid internal control system
5. According to the information and explanations given to us, the Company has not accepted any deposits from public.
6. As per the information and explanations provided to us, we are the opinion that in pursuant to the prescribed rules

by Central Government, the company had maintained cost records u/s. 148(1) (d) of the Companies Act, 2013, however we have not done a detailed examination of the same.

7. In respect of Statutory Dues:
 - (a) According to record of the Company produced before us, the Company is generally regular in depositing with appropriate authorities 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 other statutory dues applicable to it.
 - (b) According to the information and explanations given, no undisputed amounts payable in respect of Income-Tax, sales tax, wealth tax, service tax, customs duty, excise duty/cess were outstanding as at 31.03.2015 for a period of more than six months from the date they became payable except as given below:-

Statement of Arrears of statutory dues outstanding for more than six months as at 31st March 2015:

S. No.	Nature of the Dues	Amount (₹ in lacs)	Period to which amount relates
1	Central Sales Tax	3.87	1995-96
2	Central Sales Tax	12.65	1997-98
3	Entry Tax	11.40	1996-97
4	Entry Tax	4.04	1997-98
5	Madhya Pradesh Sales Tax (M.P.S.T)	8.39	1997-98
	Total	40.35	

Outstanding Interest amount on the above dues (S. No 1 to 5) as on 31st March 2015 is ₹ 87.21 lacs.

- (c) According to the records of the company there are no dues of Income-Tax, sales tax, wealth tax, service tax, customs duty, excise duty/cess which have not been deposited on account of any dispute except as given below.

Nature of the Act	Nature of the Dues	Amount (₹ In Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	63.00	1995-96	Writ Petition filed in M.P. High Court.
Central Sales Tax Act, 1956	Excise Duty	27.43	September 2004	CESTAT, New Delhi
Central Excise Act, 1944	Excise Duty	65.49	March 2004 to September 2004	In the High court of M.P.
Central Excise Act, 1944	Excise Duty	11.02	2007-08 & 2008-09	Additional Commissioner of Central Excise Indore
Income Tax Act, 1961	Income Tax	7.00	2004-05	CIT (Appeals), Indore
	Total	173.54		



- (d) According to the records of the company there are no amounts to be transferred to Investor Education & Protection Fund.
8. The accumulated losses of the Company have exceeded fifty percent of its net worth as at 31/03/2015. The company has incurred cash loss of Rs.79.10 lacs during the financial year covered by our audit but not in the immediately preceding financial year.
9. As per the information and explanations given to us the company has not taken loans from bank or financial institutions. There is no default in repayment of dues to debenture holders.
10. The company has given Corporate guarantees in connection with loan taken by holding company from banks. The terms and conditions of the guarantees given are not prejudicial to the interest of the company.
11. According to the records of the Company, the Company has not obtained any term loans during the year. Hence,

comments under the clause are not called for.

12. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For V.K. BESWAL & ASSOCIATES
Chartered Accountants

CA K.V. Beswal
Partner
Membership Number – 131054
Firm Registration No.: 101083W
Place: Mumbai
Date : 15 May, 2015

Balance Sheet as at 31st March, 2015

PARTICULARS	Note No.	31st March, 2015 (` in Lacs)	31st March, 2014 (` in Lacs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1 (b)	2,900.00	2,900.00
Reserves and surplus	2	<u>(5,302.01)</u>	<u>(4,725.69)</u>
		<u>(2,402.01)</u>	<u>(1,825.69)</u>
Non-current liabilities			
Long-term borrowings	3	12,247.00	12,247.00
Long-term provisions	4	<u>100.17</u>	<u>58.10</u>
		<u>12,347.17</u>	<u>12,305.10</u>
Current liabilities			
Trade payables	5	252.63	210.56
Other current liabilities	6	590.75	451.49
Short-term provisions	7	<u>72.98</u>	<u>67.45</u>
		<u>916.36</u>	<u>729.50</u>
TOTAL		<u>10,861.52</u>	<u>11,208.91</u>
ASSETS			
Non-current assets			
Fixed assets :	8		
Tangible assets		7,157.40	7,679.53
Intangible assets		-	0.20
Capital work-in-progress		<u>175.90</u>	<u>157.49</u>
		7,333.30	7,837.22
Non-current investments	9	1,199.93	1,199.93
Deferred tax assets (net)	10	1,319.54	1,301.40
Long-term loans and advances	11	<u>466.54</u>	<u>366.73</u>
		<u>10,319.31</u>	<u>10,705.28</u>
Current assets			
Inventories	12	137.97	169.45
Trade receivables	13	112.86	104.91
Cash and cash equivalents	14	6.11	3.53
Short-term loans and advances	15	70.87	66.79
Other current assets	16	<u>214.40</u>	<u>158.95</u>
		<u>542.21</u>	<u>503.63</u>
TOTAL		<u>10,861.52</u>	<u>11,208.91</u>

Notes are integral part of the balance sheet & profit & loss account.

1(a)

As per our report of even date
For **V.K.Beswal & Associates**
Chartered Accountants

C.A. K.V. Beswal
Partner
M. No. 131054
Firm Reg No.:101083W

Deepesh Kumar Nayak
Company Secretary

For and on behalf of Board of Directors of
STI India Limited

Dr.R.B.Baheti
Chairman

Mukesh Maheshwari
Chief Financial Officer

Place : Mumbai
Date : 15th May, 2015

Place : Indore
Date : 15th May, 2015

**Statement of Profit & Loss A/c for the year ended 31st March, 2015**

PARTICULARS	Note No.	31st March, 2015 (` in Lacs)	31st March, 2014 (` in Lacs)
INCOME :			
Revenue from Operations	17	6,047.09	5,572.80
Other income	18	66.32	59.65
Total Revenue		<u>6,113.41</u>	<u>5,632.45</u>
EXPENDITURE :			
Cost of raw materials consumed	19	-	0.46
Purchases of traded goods	20	770.03	543.28
Changes in inventories of finished goods, work-in-progress and waste	21	14.14	(21.51)
Employee benefits expenses	22	1,665.73	1,526.70
Finance costs	23	4.28	1.44
Depreciation and amortization expenses		417.83	1,238.46
Other expenses	24	3,732.33	3,387.70
Total Expenditures		<u>6,604.34</u>	<u>6,676.53</u>
Profit/(Loss) before extraordinary items and tax		(490.93)	(1,044.08)
Extraordinary Items :			
Prior year adjustments		6.00	5.96
Profit/(Loss) before tax		<u>(496.93)</u>	<u>(1,050.04)</u>
Tax expenses :			
Current tax		0.01	0.06
Deferred tax		(18.14)	(383.33)
Profit/(Loss) for the period		<u>(478.80)</u>	<u>(666.77)</u>
Earnings per equity share: Basic & Diluted (in Rs.)		(1.65)	(2.30)

Notes are integral part of the balance sheet & profit & loss account. 1(a)

As per our report of even date
For **V.K.Beswal & Associates**
Chartered Accountants

C.A. K.V. Beswal
Partner
M. No. 131054
Firm Reg No.:101083W

Place : Mumbai
Date : 15th May, 2015

Deepesh Kumar Nayak
Company Secretary

For and on behalf of Board of Directors of
STI India Limited

Dr.R.B.Baheti
Chairman

Mukesh Maheshwari
Chief Financial Officer

Place : Indore
Date : 15th May, 2015

Cash Flow Statement for the year ended 31st March, 2015

PARTICULARS	31st March, 2015 (` in lacs)	31st March, 2014 (` in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax and after Extraordinary items	(496.93)	(1,050.04)
Adjustment For :		
Depreciation	417.83	1,238.46
Interest & Finance charges	4.28	0.90
Interest received	(31.64)	(25.47)
Profit (-) / Loss (+) on sale of Assets	9.82	0.11
Operative Profit before Working Capital Changes	(96.64)	163.96
Adjustment For :		
Trade and Other Receivables	(110.26)	(107.53)
Inventories	31.48	(44.08)
Trade & Other payable	228.93	59.14
Cash Generation from Operations	53.51	71.49
Direct Taxes	(43.68)	(34.28)
Net Cash Flow from operating activities	9.83	37.21
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Others		
Capital Expenditure	(55.11)	(62.29)
Sale of Fixed Assets	20.50	0.03
Interest Received	31.64	25.47
Net Cash used in investing activities	(2.97)	(36.79)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest on Term loans & Others	(4.28)	(0.90)
Net Cash used in financing activities	(4.28)	(0.90)
D. Net Change In Cash And Cash Equivalents (A+B+C)	2.58	(0.48)
Cash and Cash Equivalents (Opening)	3.53	4.01
Cash and Cash Equivalents (Closing)	6.11	3.53

Notes : 1. Figures in brackets represent cash outflows.
2. Previous year figures have been regrouped wherever necessary.

As per our report of even date
For **V.K.Beswal & Associates**
Chartered Accountants

C.A. K.V. Beswal
Partner
M. No. 131054
Firm Reg No.:101083W

Deepesh Kumar Nayak
Company Secretary

Dr.R.B.Baheti
Chairman

Mukesh Maheshwari
Chief Financial Officer

Place : Mumbai
Date : 15th May, 2015

Place : Indore
Date : 15th May, 2015

NOTE NO.- 1 (a) SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2015.

(I) SIGNIFICANT ACCOUNTING POLICIES

(I) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis. The accounts are prepared on historical cost basis as a going concern and are consistent with generally accepted accounting principles.

(II) SIGNIFICANT ACCOUNTING POLICIES

a. Revenue Recognition

- a. Domestic sales of finished goods and scraps are accounted for on dispatch of goods to customers. Gross Sales are net of sales returns.
- b. Export sales are accounted for on the basis of dates of Bill of Lading. Gross Sales are inclusive of incentives / benefits and net of sales returns.
- c. Revenue from Job work is recognized when services are rendered.

b. Fixed Assets:

Fixed assets are stated at cost of acquisition less depreciation. Cost includes taxes, duties, freight, installation and other direct or allocated expenses up to the date of commercial production and net of CENVAT credit and Subsidy received, if any.

c. Depreciation on Fixed Assets:

- (i) The Company has revised its policy of providing depreciation on fixed assets effective April 01, 2014 as per the provisions of New Companies Act, 2013. Depreciation is now provided on a straight line basis for all assets as against the policy of providing on written down value basis for some assets and straight line basis for others. Further the useful life has also been revised wherever appropriate based on an evaluation.
- (ii) Depreciation on lease hold land & Site development is being amortized on the basis of life of the assets.
- (iii) Depreciation on fixed assets added /disposed off during the year is provided on prorata basis.

d. Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account as and when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

e. Investments:

Current investments are carried at the lower of cost and quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

f. Inventories:

Inventories are valued as under:-

Raw Materials	At Cost
Work-in-Process	At Cost
Finished Goods	At lower of cost or net realisable value.
Stores and Spare	At Cost.
Cotton Waste	At estimated net realisable value.

Cost of Work in Process and Manufactured Goods includes material, labour & other appropriate overheads wherever applicable.

g. Foreign Currency:

Transactions in foreign currencies are recorded at the exchange rates notified by CBEC or at the exchange rate under related forward exchange contracts. The realized exchange gains / losses are recognized in the Profit & Loss account. All foreign currency current assets and liabilities are translated in rupees at the rates prevailing on the date of balance sheet.

h. Employee Benefits

- (i) Short Term Employee Benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (ii) Post employment benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognized based upon the premium amount determined by LIC Group Gratuity Scheme.
- (iii) Long Term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The liabilities on account of leave encashment have been provided on the basis of actuarial valuation, using projected unit credit method, as at the balance sheet date.

i. Taxation

- (i) Provision for current tax is made with reference to taxable income computed for the accounting period, for which the financial statements are prepared by applying the tax rates as applicable.
- (ii) Deferred tax is recognised subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

j. Borrowing Cost:

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

k. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

l. Expenditure during construction period

The expenditure incurred and attributable interest & financing costs incurred prior to commencement of commercial production including Trial Run Expenses in respect of new project & substantial expansion of existing facilities are capitalised.

25. CONTINGENT LIABILITIES NOT PROVIDED FOR:

(` In Lacs)			
S. N.	Particulars	As at 31.03.2015	As at 31.03.2014
(i)	Claims against the company towards energy charges on Captive Generation.	490.32	490.32
(ii)	Estimated Interest amount payable on confirmed demand for sales and entry tax	87.21	79.94
(iii)	Liability towards M/s Maharashtra State Cotton Grower Mktg. Federation on account of pending dispute under court of law.	73.82	73.82
(iv)	Disputed Sales Tax/ Entry Tax Demands	63.00	64.43
(v)	Demand towards Show Cause Notice Issued by Additional commissioner of Central excise in the matter of wrong availment of cenvat on packing material used in packing of cotton waste, amount inclusive of penalty.	11.02	11.02
(vi)	Demand towards Show Cause Notice Issued by Excise Department for charging Additional Customs Duty including penalty, on the import of HSD on account of which dispute is pending in high court	65.49	65.49
(vii)	Demand towards Show Cause Notice Issued by Excise Department for charging Additional Custom Duty including penalty, on the import of HSD on account of which dispute is pending under Appeal	27.03	27.03
(viii)	Disputed Income tax demand	7.00	7.00
(ix)	Claim of Gujarat State Co-operative Cotton Federation Limited (GUJCOT) for cotton supplies, interest, carrying charges etc. disputed and not acknowledged by the Company. (Refer note No. 26)	10384.84	10384.84

Capital Commitments :

Estimated amount of Capital Contracts remaining to be executed (net of advances) is ` 264.63 Lacs. (P.Y. ` 730.01 Lacs)

26. a) The Hon'ble BIFR Bench, vide order dated 1st November, 2010 while accepting the report of Operating Agency directed the company to incorporate the dues of GUJCOT in Draft Rehabilitation Scheme (DRS).

- b) The Company has preferred an appeal against the said order before Appellate Authority for Industrial & Financial Reconstruction (AAIFR) and the AAIFR vide their order dated 6th April, 2011 directed that impugned directions passed by the BIFR shall be subject to the final order passed by AAIFR in the Appeal.

- c) In the final hearing dated 29th April, 2013 the AAIFR agreed with the submissions of the Company and remanded the case to BIFR with a direction to hear matter on the points raised in appeal before AAIFR. The hearing was scheduled on 25th March, 2015. However the same was not heard as the bench did not function on the said date. No further date of hearing has been notified.

27. The Board of Directors at its meeting dated 25th November, 2010 has taken note of the Report of Independent Chartered Accountant firm elaborating the details of certain financial transactions of the Company. The Board has directed to take necessary action in this regard. As directed by the board, the efforts are being made for recovery of dues and issued legal notices to respective parties. There is no ascertainable effect on the financials except some non-recoverable advances for which provisions have already been made in the books & charged to Profit & Loss Account.

28. Managerial Remuneration

The remuneration paid to non executive chairman is subject to approval of Central Government for which application has been filed on 04.10.2011 followed by the further applications on 30th October, 2012 & 22nd July, 2013 respectively. However, the approval of govt. is yet to be received. The same is pending before the Central Government till date.

29. On 08.07.2011, the fire incidence took place in the factory premises of the company. The company has filed an intimation about the total loss of Rs. 5 crores on 09.07.2011 to the insurance company and also requested for deputing surveyor for assessing losses. However, During the earlier years company has received Rs. 124.94 lacs as on account payment towards the insurance claim and Rs 168.12 lacs towards salvage value. Damaged assets will be re-instated at the earliest possible and soon thereafter remaining claim will be processed by insurance company.

30. Segmental Reporting:

The Company is mainly engaged in the business of manufacturing of textiles consisting of yarn and fabrics. Considering the nature of business and financial reporting of the Company, the Company has only one segment viz. textile segment. The company operates in one geographical segment.

31. Based on the information available with the Company, there are no suppliers who are registered as micro or small enterprises under The Micro, Small and Medium Enterprises Development Act, 2006, as at 31st March 2015.



32. As per Accounting Standard 15 "Employee Benefits", the disclosure of Employee benefits as defined in the Accounting Standard are given below:

33. Defined Benefit Plan:

A. Leave Encashment:

The present value of obligation under Leave Encashment is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Changes in present value of obligation

(` In lacs)

Particulars	Leave Encashment	Leave Encashment
	2014-15	2013-14
a) Present value of obligation as at the beginning of the year	47.00	39.43
b) Acquisition adjustment	--	--
c) Interest cost	4.23	3.55
d) Past service cost	(0.68)	--
e) Current service cost	16.17	15.09
f) Curtailment cost/(Credit)	--	--
g) Settlement cost/(Credit)	--	--
h) Benefits paid	(5.10)	(8.06)
i) Actuarial (gain)/loss on obligation	10.69	(3.01)
j) Present value of obligation as at the end of the year	72.30	47.00

The amounts to be recognized in balance sheet

Particulars	31/03/2015	31/03/2014
a) Present value of funded obligation as at the end of the period	--	--
b) Fair value of plan assets as at the end of the period	--	--
c) Present value of unfunded obligation as at the end of the period	72.30	47.00
d) Unrecognized Past Service Cost	--	--
e) Net Liability	72.30	47.00
Amount in the balance sheet		
Liabilities	72.30	47.00
Asset	--	--
Net liability	72.30	47.00

Expense recognized in the statement of profit and loss

Particulars	2014-15	2013-14
a) Current service cost	16.17	15.09
b) Past service cost	(0.68)	--
c) Interest cost	4.23	3.55
d) Expected return on plan assets	--	--
e) Curtailment or Settlement cost / (Credit)	--	--
f) Net actuarial (gain)/ loss recognized in the period	10.69	(3.01)
g) Expenses recognized in the statement of profit & losses	30.40	15.63

Actuarial Assumptions:

Particulars	2014-15	2013-14
a) Mortality Table	100%	100%

b) Discount Rate (P.A.)	7.80%	9.00%
c) Expected Rate of Return on plan assets (P.A.)	0%	0%
d) Salary Growth Rate (P.A.)	7.00%	7.00%
e) Withdrawal rate, based on age : (per annum)		
Up to 30 Years	5%	5% at
31 – 44 Years	2%	younger
Above 44 Years	1%	ages & 1.% at elder ages

B. Gratuity

The employees' Gratuity Fund Scheme, which is a defined plan, is managed by the Trust maintained with Life Insurance Corporation of India (LIC). The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method, which is recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(` In lacs)

Particulars	As on 31.03.15	As on 31.03.14
1. Assumption		
Discount Rate	7.80%	9.00%
Salary Escalation	7.00%	7.00%
2. Present value of Obligation		
Present value of obligations as at beginning of year	153.22	131.36
Interest cost	13.79	11.82
Current Service Cost	37.48	30.66
Past Service Cost	(2.37)	-
Benefits Paid	(9.25)	(26.94)
Actuarial (gain)/ loss on obligations	35.49	6.32
Present value of obligations as at end of year	228.36	153.22
3. Fair value of plan assets		
Fair value of plan assets at beginning of year	143.43	136.87
Expected return on plan assets	12.55	11.73
Contributions	16.50	21.42
Benefits Paid	(8.60)	(26.94)
Actuarial (gain)/ loss on obligations	1.03	0.35
Fair value of plan assets at the end of year	164.91	143.43
Funded status	63.45	9.79
4. Actuarial Gain/Loss recognized		
Actuarial (gain)/ loss on obligations	(35.49)	(6.32)
Actuarial (gain)/ loss for the year - plan assets	-	-
Actuarial (gain)/ loss on obligations	35.49	6.32
Actuarial (gain)/ loss recognized in the year	35.49	6.32
5. The amounts to be recognized in the balance sheet		
Present value of obligations as at the end of year	228.36	153.22
Fair value of plan assets as at the end of the year	164.91	143.43
Funded status	63.45	9.79
6. Expenses Recognized in statement of Profit and loss		
Current Service cost	37.48	30.66
Past Service Cost	(2.37)	-
Interest Cost	13.79	11.81
Expected return on plan assets	(12.55)	(11.73)
Net Actuarial (gain)/ loss recognized in the year	34.45	5.97
Expenses to be recognized in statement of Profit and loss	70.80	36.71

The Company has recognized ` 39.46 lacs (` 48.32 lacs) in the Profit & Loss account for the year ending 31st March, 2015 under Defined Contribution Plan.

34. Related Party Disclosures (As certified by Management)
a) List of Related Parties and Relationships :

S.No.	Name of Related Party	Relationship
1.	Bombay Rayon Fashions Limited	Holding Company
2.	STI Sanoh India Limited	Incorporated Joint Venture
3.	Key Management Personnel	
	A. Dr. R.B. Baheti	Non Executive, Chairman
	B. Mr. Prashant Agrawal	Managing Director
	C. Mr. Aman Agrawal	Vice – Chairman

b) Related Party transaction (s) during the year 2014-15:
(Amount in ` Lacs)

Transaction	Associates & JVs	Holding Company	Key Management Personnel/Relatives
Loan received	-	-	-
	(-)	(-)	(-)
Loan payment	-	-	-
	(-)	(-)	(-)
Sales	-	(-)	-
	(-)	0.46	(-)
Jobwork	-	4270.06	-
	(-)	(2497.01)	(-)
Purchases of trading goods & packing materials	-	-	773.45
	(-)	(250.73)	(-)
Rent received	-	1.20	-
	(-)	(1.20)	(-)
Managerial Remuneration	-	-	113.39
	(-)	(-)	(112.36)

35. Earnings Per Share (EPS)
(Equity Shares of ` 10 each)

Particulars	Current year	Previous year
(i) Number of shares at the beginning of the year	29000000	29000000
(ii) Number of shares at the end of the year	29000000	29000000
(iii) Weighted average number of Equity Shares outstanding during the year	29000000	29000000
EPS :		
(i) Net profit/(loss) available for Equity Share holders (` In Lacs)	(478.80)	(666.77)
(ii) Basic and diluted earnings per share (`)	(1.65)	(2.30)

36. Information in respect of Joint Venture Company (JVC) - STI Sanoh India Limited, is provided hereunder:-

Country of Incorporation	India
Proportion of Ownership Interest	43.48% (` 1199.93 lacs of paid up equity share capital out of ` 2760 lacs)
Description of Interest	Joint Venture Company (JVC) is established principally for manufacturing of Single Walled Copper Brazed Tubes and Break fuel components.

The Information related to financial statements for FY 13-14 & 14-15 from STI Sanoh India Ltd. has not been made available as they are not yet finalized.



37. The total amount of expenses incurred by the company has debited to Profit & loss accounts is ₹ 517.70 Lacs during the year (cumulative ₹ 574.90 Lacs), in respect of legal issues related to proposal for disposal of company's stake in STI Sanoh India Ltd.
38. The Company has incurred substantial losses and its net worth is eroded, the accounts have been prepared on the principle of going concern with a view to revive the operations of the Company in future notwithstanding the fact that its net worth is completely eroded, and the company is a Sick Industrial Company.

	(₹ In Lacs)			
	Current year		Prev. Year	
	31.03.2015		31.03.2014	
39. C.I.F. Value of Imports:				
(a) Stores, Spares & HSD		40.12		25.59
(b) Capital Goods		-		-
40. Expenditure in Foreign Currency:				
(a) Foreign Traveling		28.36		1.21
(b) Commission on Export Sales		-		-
41. Earning in Foreign Exchange				
FOB value of Exports		770.83		156.22
42. Stores and Spares Consumed :				
(a) Indigenous	219.17	89.78%	315.60	90.94%
(b) Imported	33.15	10.22%	31.47	9.06%
Total	<u>324.32</u>	<u>100.00%</u>	<u>347.07</u>	<u>100.00%</u>

Previous year figures have been re-grouped / reclassified wherever necessary to make them comparable in accordance with revised schedule VI.

43. Pursuant to section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 including further amendments thereto, a company has to spend, in every financial year, atleast 2% of the average net profits of the company made during the last three years immediately preceding financial year, as per the objects mentioned in the Rules.

The company has suffered a net loss for the current year and having no average net profits during the immediately preceding last three financial years, the provisions of section 135 of the Companies Act, 2013 are not applicable.

As per our report of even date
For **V.K.Beswal & Associates**
Chartered Accountants

C.A. K.V. Beswal
Partner
M.No. 131054
Firm Reg No.:101083W

Deepesh Kumar Nayak
Company Secretary

For and on behalf of Board of Directors of
STI India Limited

Dr.R.B.Baheti
Chairman

Mukesh Maheshwari
Chief Financial Officer

Place : Mumbai
Date : 15th May, 2015

Place : Indore
Date : 15th May, 2015

Notes to financial statements for the year ended 31st March, 2015
Note : 1 (b) Share Capital

A	Particulars	31st March, 2015		31st March, 2014	
		Numbers	in Lacs	Numbers	in Lacs
	Authorised				
	Equity Shares of ₹ 10 each	40000000	4000.00	40000000	4000.00
	Preference Shares of ₹ 100 each	500000	500.00	500000	500.00
		40500000	4500.00	40500000	4500.00
	Issued, Subscribed & fully Paid up				
	Equity Shares of ₹ 10 each	29000000	2900.00	29000000	2900.00
	Total	29000000	2900.00	29000000	2900.00

B Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares			
	31st March, 2015		31st March, 2014	
	Numbers	in Lacs	Numbers	in Lacs
At the beginning of the year	29000000	2900.00	29000000	2900.00
Shares Issued during the year	-	-	-	-
At the end of the year	29000000	2900.00	29000000	2900.00

C Shares held by holding company :

Particulars	Nature of Relationship	31 st March 2015	31 st March 2014
Equity Shares		Nos.	Nos.
Bombay Rayon Fashions Ltd.	Holding Company	21750000	21750000

D Detail of shareholders holding more than 5% of shares in the company

Particulars	Equity Shares			
	31st March, 2015		31st March, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Bombay Rayon Fashions Ltd.	21750000	75.00%	21750000	75.00%
India Max Investment Fund Limited	1714068	5.91%	1714068	5.91%
Prime India Investment Fund Limited	2420984	8.35%	2420984	8.35%



PARTICULARS	31 st March 2015 (` in lacs)	31 st March 2014 (` in lacs)
Note - 2 : Reserve and surplus		
Capital Reserves		
Opening Balance	40.01	40.01
(+)/(-) Transfer	-	-
Closing Balance	<u>40.01</u>	<u>40.01</u>
Securities Premium Account		
Opening Balance	3773.00	3773.00
(+)/(-) Transfer	-	-
Closing Balance	<u>3773.00</u>	<u>3773.00</u>
Surplus		
Opening balance	(8,538.69)	(7871.93)
(+) Net Profit/(Net Loss) For the current year	(478.80)	(666.77)
(-) Assets written off**	(97.53)	-
Closing Balance	<u>(9,115.02)</u>	<u>(8,538.69)</u>
Total	<u>(5,302.01)</u>	<u>4,725.69</u>
** Company has followed Depreciation as per Companies Act,2013. According where 'useful life' cease to exist on the date when this Act came into force, shall be transferred to Reserve & Surplus.		
Note - 3 : Long term borrowings		
Debentures (Secured)		
45,80,000 Debentures (Series 1) of ` 40/- each	1,832.00	1,832.00
50,00,000 Debentures (Series 3) of ` 8/- each	400.00	400.00
26,00,000 Debentures (Series 2) of ` 40/- each	1,040.00	1,040.00
2,00,00,000 Debentures (Series 4) of ` 40/- each	8,000.00	8,000.00
<i>(Debentures series 1,3 and 4 are secured by residual charge of equitable mortgage of Land & Building located on Plot No. 1 at Rau Pithampur Link Road, Sonvay Village admeasuring 285290 Sq. Mtr. standing in the name of the Company and all plants and machinery to be attached/installed. Debentures series 2 are secured by way of residual charge on all non-fixed assets of the Company).</i>		
Loans and Advances from Holding Company	975.00	975.00
Total	<u>12,247.00</u>	<u>12,247.00</u>
Note - 4 : Long Term Provisions		
Provision for employee benefits :		
Gratuity	36.78	16.90
Leave Encashment	63.39	41.20
Total	<u>100.17</u>	<u>58.10</u>
Note - 5 : Trade payables		
Unsecured :		
Trade payables	252.63	210.56
Total	<u>252.63</u>	<u>210.56</u>

PARTICULARS	31 st March 2015 (` in lacs)	31 st March 2014 (` in lacs)
Note - 6 : Other Current Liabilities		
Customer deposits & Advances	13.45	19.39
Accrued salaries and benefits	106.55	103.62
Statutory dues	119.51	71.04
Outstanding expenses	351.24	257.45
Total	<u>590.75</u>	<u>451.49</u>

Note - 7 : Short Term Provisions
Provision for employee benefits :

Gratuity	26.66	24.10
Bonus	37.40	37.49
Leave Encashment	8.91	5.80
Others :		
Wealth tax	0.01	0.06
Total	<u>72.98</u>	<u>67.45</u>

Note - 8 : Fixed Assets

Fixed Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	Balance as at 01.04.2014 ` in lacs	Additions ` in lacs	Disposals ` in lacs	Balance as at 31.03.2015 ` in lacs	Balance as at 01.04.2014 ` in lacs	For the year ` in lacs	Transfer to Reserve ` in lacs	Written back ` in lacs	Balance as at 31.03.2015 ` in lacs	Balance as at 31.03.2015 ` in lacs	Balance as at 31.03.2014
Tangible Assets:											
Land - Lease hold	862.36	-	-	862.36	40.92	10.08	-	-	51.00	811.36	821.44
- Free hold	67.93	-	-	67.93	-	-	-	-	-	67.93	67.93
Site developments	298.47	-	-	298.47	19.56	3.44	-	-	23.00	275.47	278.91
Factory buildings	2,613.51	1.28	-	2,614.79	1,474.03	74.66	-	-	1,548.69	1,066.10	1,139.48
Non factory buildings	776.72	-	-	776.72	200.20	12.09	-	-	212.29	564.43	576.52
Plant and Equipment	20,800.93	5.81	243.53	20,563.21	16,084.44	298.33	88.91	215.93	16,255.75	4,307.46	4,716.49
Vehicles	65.20	7.32	4.54	67.98	24.05	9.75	-	1.90	31.90	36.08	41.15
Computer	39.26	4.15	1.40	42.01	33.41	1.76	2.96	1.33	36.80	5.21	5.85
Furniture and Fixtures	187.79	1.65	-	189.44	161.48	5.14	3.88	-	170.50	18.94	26.31
Office equipment	6.27	3.13	-	9.40	0.82	2.38	1.78	-	4.98	4.42	5.45
Total											
Intangible Assets :	25,718.44	23.34	249.47	25,492.31	18,038.91	417.63	97.53	219.16	18,334.91	7,157.40	7,679.53
Computer software	3.96	-	-	3.96	3.76	0.20	-	-	3.96	-	0.20
Total	3.96	-	-	3.96	3.76	0.20	-	-	3.96	-	0.20
Capital Work In Progress	157.49	18.41	-	175.90	-	-	-	-	-	175.90	157.49
Total	25,879.89	41.75	249.47	25,672.17	18,042.67	417.83	97.53	219.16	18,338.87	7,333.30	7,837.22
Previous Year	25,815.06	124.62	59.78	25,879.90	16,804.24	1,238.46	-	0.03	18,042.68	7,837.22	9,010.81

* Had the company provided depreciation as per the old companies act, the charges for depreciation for the current year would have been higher by ` 705.67 Lacs.

Note - 9 : Non-current investments
Other investments :

Investment in Equity instruments :

Unquoted : (Fully paid up) 11999300 Equity Shares of ` 10/- each of STI Sanoh India Limited	1,199.93	1,199.93
Total	<u>1,199.93</u>	<u>1,199.93</u>



PARTICULARS	31st March 2015	31st March 2014
	(` in lacs)	(` in lacs)
Note - 10 : Deferred tax assets (Net)		
Deferred tax liability		
Net Block as per Companies Act	6,278.10	6,790.35
Net Block as per Income Tax Act	<u>2,539.50</u>	<u>2,919.17</u>
Difference	3,738.60	3,871.18
Deferred tax liability (A)	<u>1,155.23</u>	<u>1,196.20</u>
Deferred tax assets		
Expenditure to be disallowed u/s 43B -		
Bonus	68.38	62.21
Leave encashment	72.30	47.00
Gratuity	63.44	41.00
Unabsorbed depreciation	<u>7,804.81</u>	<u>7,932.61</u>
	<u>8,008.93</u>	<u>8,082.82</u>
Deferred tax assets (B)	<u>2,274.77</u>	<u>2,497.60</u>
Net Deferred Tax (Assets) (A)-(B) (Closing)	(1,319.54)	(1,301.40)
Less : Net Deferred Tax (Assets) (Opening)	(1,301.40)	(918.07)
Net Deferred Tax (Assets) to be recognized in Profit & Loss Account.	(18.14)	(383.33)
Note - 11 : Long-term loans and advances		
Capital Advances		
Unsecured, considered good	50.95	37.59
Security Deposits		
Unsecured, considered good	415.59	329.14
Other loans and advances (refer Note 5)		
Doubtful	2,450.75	2,450.75
Less: Provision for doubtful advances	<u>2,450.75</u>	<u>2,450.75</u>
	-	-
Total	<u>466.54</u>	<u>366.73</u>
Note - 12 : Inventories		
Waste (Valued at net realisable value)	29.81	43.95
Stores and spares (Valued at cost)	80.16	77.58
Goods-in transit	<u>4.41</u>	<u>16.68</u>
Packing material (Valued at cost)	19.04	23.32
Oil & lubricant (Valued at cost)	4.55	7.92
(As certified by Management)		
Total	<u>137.97</u>	<u>169.45</u>

PARTICULARS	31 st March 2015 (` in lacs)	31 st March 2014 (` in lacs)
Note - 13 : Trade Receivables		
Trade receivables outstanding for a period less than six months from the date they are due for payment	99.95	92.00
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	12.91	12.91
Total	<u>112.86</u>	<u>104.91</u>
Note - 14 : Cash and cash equivalents		
Balances with banks		
On current accounts	5.50	2.69
Cash on hand	0.61	0.84
Total	<u>6.11</u>	<u>3.53</u>
Note - 15 : Short-term loans and advances		
Advance receivable in cash or kind	70.87	66.79
Total	<u>70.87</u>	<u>66.79</u>
Note - 16 : Other current assets		
Insurance claim receivable	84.51	84.51
Balance with Government authorities	129.08	66.23
Others	0.81	8.21
Total	<u>214.40</u>	<u>158.95</u>
Note - 17 : Revenue from operations		
Sale of product :		
Traded goods	835.03	569.01
Other goods	854.68	1,061.30
Sale of service :		
Jobwork receipt	4,357.38	3,942.49
Total	<u>6,047.09</u>	<u>5,572.80</u>
Detail of Sales		
Domestic :		
Waste Fiber	795.73	1,267.87
Yarn Sale	54.64	161.26
Fabric Sale	4.30	36.66
Export :		
Yarn Sale	16.07	119.08
Fabric Sale	818.97	45.44
Total	<u>1,689.71</u>	<u>1,630.31</u>



PARTICULARS	31st March 2015	31st March 2014
	(` in lacs)	(` in lacs)
Note - 18 : Other income		
Interest Income (TDS of ` .3.09 lacs (` . 2.55 lacs))	31.64	25.47
Profit on sale of assets	0.06	-
Sundry balances written back	0.31	4.55
Exchange fluctuation gain	5.42	-
Insurance claim received	2.42	-
Miscellaneous income	26.47	29.63
Total	<u>66.32</u>	<u>59.65</u>
Note - 19 : Cost of material consumed		
Inventory at the beginning of the year	-	0.46
Add : Purchase	-	-
Less : Inventory at the end of the year	-	-
Cost of material consumed	<u>-</u>	<u>0.46</u>
Note - 20 : Detail of purchase of traded goods		
Finished Goods	770.03	214.76
Waste	-	328.52
	<u>770.03</u>	<u>543.28</u>
Note - 21 : Increase (-) / decrease (+) in inventories		
Inventory at the end of the year		
Wastages	29.81	43.95
Inventory at the beginning of the year		
Wastage	43.95	22.44
Increase (-) / decrease (+) in inventories	<u>14.14</u>	<u>(21.51)</u>
Note - 22 : Employee benefit expenses		
Salaries & wages	1,254.32	1,122.04
Contributions to provident and other fund	147.56	125.54
Gratuity & Bonus	76.85	85.81
Staff welfare expenses	187.00	193.31
Total	<u>1,665.73</u>	<u>1,526.70</u>

PARTICULARS	31 st March 2015 (` in lacs)	31 st March 2014 (` in lacs)
Note - 23 : Finance costs		
Interest expense	-	-
Bank Charges	4.28	1.44
Total	<u>4.28</u>	<u>1.44</u>
Note - 24 : Other expenses		
Stores & spares consumption	324.32	347.06
Packing material and expenses	246.06	280.18
Power and fuel	2,112.19	2,199.64
Fiber Processing & Handling Expenses	57.75	62.23
Water charges	14.86	8.55
Rent	3.27	3.27
Rates and taxes	4.98	5.99
Insurance	19.28	18.59
Repair and maintenance :		
Plant and machinery	39.52	38.82
Building	13.90	18.28
Advertising and business promotion	3.13	2.42
Traveling and conveyance	105.70	49.44
Communication Expenses	8.73	9.77
Printing and stationary	7.48	7.07
Legal and professional fees	483.65	84.18
Director's remuneration	113.39	112.36
Directors' sitting fees	0.82	0.78
Auditor's remuneration	15.28	15.28
Frieght & Forwarding	38.94	4.68
Commission on sale	7.64	2.80
Contract Labour	38.74	33.97
Loss on sale of fixed assets	9.88	0.11
Miscellaneous expenses	62.82	82.23
Total	<u>3,732.33</u>	<u>3,387.70</u>
Payments to auditor		
For Audit Fee	11.24	11.24
For Tax Audit Fee	2.81	2.81
For Certification & Others	1.23	1.23
Total	<u>15.28</u>	<u>15.28</u>

