

**INDEPENDENT AUDITOR'S REPORT****To,****The Members of STI India Limited****Report on the Standalone Financial Statements**

1. We have audited the accompanying standalone financial statements of **STI India Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. 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 the 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 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. 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.
5. We conducted our audit in accordance with the Standards on Auditing 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 standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 controls 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. An audit also includes evaluating the appropriateness of the 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.
7. 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

8. 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, of the state of affairs of the Company as at 31st March 2016, and its profit/loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
- 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;
 - 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.
 - The standalone financial statements dealt with by this report are in agreement with the books of account.
 - 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 (as amended);
 - On the basis of the written representations received from the directors as on 31st March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
 - We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31st March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 10th May 2016 as per Annexure II expressed.
 - 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:
 - As detailed in Note 25 to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;
 - The company does not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

h. Attention is also invited to;

Note No.37 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****CA K.V. Beswal****Partner****Membership Number 131054****Firm Registration No:101083W****Place: Mumbai****Date: 10th May, 2016**

ANNEXURE I TO THE AUDITOR'S REPORT EVEN DATE CARO 2016:

1. In respect of Fixed Assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of 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.
 - c. The title deeds in respect of all immovable properties are held in the name of the company.
2. In respect of Inventories:

As explained to us physical verification of inventory has been conducted during the year at reasonable intervals by the management and 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 other Companies, firms, LLP or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
 - a. The terms and conditions of grant of such loans are not prejudicial to the interest of the Company.
 - b. The repayment of the principal are regular. Loan is given Interest free.
 - c. The amounts are payable on demand.
4. The Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of Loans granted during the year. There is no Investments, guarantees and securities taken place during the year.
5. During the year the company has not accepted any deposits from public or by any means hence the said clause 3(v) of the said order is not applicable to the Company.
6. As per the information and explanations provided to us, we are of 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, service tax, customs duty, excise duty, cess and other statutory dues applicable to it. According to the information and explanations given, no

undisputed amounts payable in respect of Income-Tax, sales tax, service tax, customs duty, excise duty/cess were outstanding as at 31st March, 2016 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 2016:

(₹ in lacs)

| S. No. | Nature of the Dues | Amount | 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 2016 is ₹ 94.49 lacs.

- (b) 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.

(₹ in Lacs)

| Nature of the Act | Nature of the Dues | Amount | Period to which the amount relates | Forum where dispute is pending |
|-----------------------------|--------------------|---------------|------------------------------------|--|
| Central Sales Tax Act, 1956 | CST | 63.00 | 1995-96 | Writ Petition filed in M.P High Court |
| Central Sales Tax Act, 1956 | Excise Duty | 27.03 | September 2004 | In the High Court of M.P |
| Central Sales Tax Act, 1944 | Excise Duty | 65.49 | March 2004 to September 2004 | In the High Court of M.P |
| Central Sales Tax 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 | | |

8. As per the information and explanations given to us the company has not taken loans from bank or financial institutions. The company has not defaulted in repayment of dues to debenture holders.
9. During the year the Company has not raised any fund by way of initial public offer or further public offer (including debt instruments) and term loans, therefore no comments under the clause are called for.
10. 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.
11. According to the provisions of section 197 read with Schedule V to the Companies Act, 2013, the Company has not paid any Managerial remuneration during the year, hence this clause is not applicable.
12. In our opinion and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is not a Nidhi company. Hence, in our



- opinion the clause does not apply to the company.
13. The Company has disclosed all the transactions with the related parties in the Financial Statements during the year and the transactions are in compliance with sections 177 and 188 of Companies Act, 2013.
 14. During the year under consideration, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, hence comments under this clause are not called for.
 15. According to the provisions of section 192 of Companies Act, 2013 the company has not entered into any non-cash transactions with directors or persons connected with him during the year hence no comments under this clause are called for.
 16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, hence this clause is not applicable and no comments under this clause are called for.

For V.K BESWAL & ASSOCIATES
Chartered Accountants

CA K.V. Beswal
Partner

Place: Mumbai
Date: 10th May, 2016

Membership Number-131054
Firm Registration No:101083W

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE.

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the standalone financial statements of STI India Limited ("the Company") as of and for the year ended 31st March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the criteria being specified by management. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial

Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed 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. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the criteria being specified by management.

For V.K BESWAL & ASSOCIATES
Chartered Accountants

CA K.V. Beswal
Partner

Place: Mumbai
Date: 10th May, 2016

Membership Number-131054
Firm Registration No:101083W

Balance Sheet as at 31st March, 2016

| PARTICULARS | Note No. | 31 st March, 2016 (₹ in Lacs) | 31 st March, 2015 (₹ in Lacs) |
|--------------------------------|-------------|---|---|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 1 (b) | 2,900.00 | 2,900.00 |
| Reserves and surplus | 2 | <u>(2,902.16)</u> | <u>(5,302.01)</u> |
| | | <u>(2.16)</u> | <u>(2,402.01)</u> |
| Non-current liabilities | | | |
| Long-term borrowings | 3 | 11,272.00 | 12,247.00 |
| Long-term provisions | 4 | 149.76 | 100.17 |
| | | <u>11,421.76</u> | <u>12,347.17</u> |
| Current liabilities | | | |
| Trade payables | 5 | 231.32 | 252.63 |
| Other current liabilities | 6 | 620.37 | 590.75 |
| Short-term provisions | 7 | 156.96 | 72.99 |
| | | <u>1,008.65</u> | <u>916.36</u> |
| TOTAL | | <u>12,428.25</u> | <u>10,861.52</u> |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets : | | | |
| Tangible assets | 8 | 7,009.09 | 7,157.40 |
| Intangible assets | | 2.25 | - |
| Capital work-in-progress | | <u>192.95</u> | <u>175.90</u> |
| | | <u>7,204.29</u> | <u>7,333.30</u> |
| Non-current investments | 9 | - | 1,199.93 |
| Deferred tax assets (Net) | 10 | - | 1,319.54 |
| Long-term loans and advances | 11 | <u>437.68</u> | <u>466.54</u> |
| | | <u>7,641.97</u> | <u>10,319.31</u> |
| Current assets | | | |
| Inventories | 12 | 106.08 | 137.97 |
| Trade receivables | 13 | 428.44 | 112.86 |
| Cash and cash equivalents | 14 | 2.57 | 6.11 |
| Short-term loans and advances | 15 | 4,047.70 | 70.87 |
| Other current assets | 16 | 201.49 | 214.40 |
| | | <u>4,786.28</u> | <u>542.21</u> |
| TOTAL | | <u>12,428.25</u> | <u>10,861.52</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
Membership Number : 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

Prashant Agarwal
Managing Director

Mukesh Maheshwari
Chief Financial Officer

Place : Mumbai
Date : 10th May, 2016

Place : Indore
Date : 10th May, 2016

**Statement of Profit & Loss for the year ended 31st March, 2016**

| PARTICULARS | Note No. | 31st March, 2016 (₹ in Lacs) | 31st March, 2015 (₹ in Lacs) |
|--|-----------------|--|--|
| INCOME : | | | |
| Revenue from Operations | 17 | 4,679.14 | 6,047.09 |
| Other income | 18 | 4,868.55 | 66.32 |
| Total Revenue | | <u>9,547.69</u> | <u>6,113.41</u> |
| EXPENDITURE : | | | |
| Purchases of traded goods | 19 | 402.51 | 770.03 |
| Changes in inventories of finished goods, work-in-progress and waste | 20 | 16.95 | 14.14 |
| Employee benefits expenses | 21 | 1,965.99 | 1,665.73 |
| Finance costs | 22 | 1.93 | 4.28 |
| Depreciation and amortization expenses | | 392.73 | 417.83 |
| Other expenses | 23 | 3,049.01 | 3,732.33 |
| Total Expenditures | | <u>5,829.12</u> | <u>6,604.34</u> |
| Extraordinary Items : | | | |
| Prior year adjustments | | (0.82) | 6.00 |
| Profit / (Loss) before tax | | <u>3,719.39</u> | <u>(496.93)</u> |
| Tax expenses : | | | |
| Current tax (Wealth Tax) - | | - | 0.01 |
| Deferred tax | | 1,319.54 | (18.14) |
| Profit / (Loss) for the period | | <u>2,399.85</u> | <u>(478.80)</u> |
| Earnings per equity share: Basic & Diluted (in ₹) | | 8.28 | (1.65) |

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
Membership Number : 131054
Firm Reg No.:101083W

Place : Mumbai
Date : 10th May, 2016

Deepesh Kumar Nayak
Company Secretary

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

Dr.R.B.Baheti
Chairman

Prashant Agarwal
Managing Director

Mukesh Maheshwari
Chief Financial Officer

Place : Indore
Date : 10th May, 2016

Cash Flow Statement for the year ended 31st March, 2016

| PARTICULARS | 31 st March, 2016 (₹ in lacs) | 31 st March, 2015 (₹ in lacs) |
|--|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit / (Loss) before Tax and after Extraordinary items | 3,717.67 | (496.93) |
| Adjustment For : | | |
| Depreciation | 392.73 | 417.82 |
| Interest & Finance charges | 1.93 | 42.84 |
| Interest received | (33.81) | (31.64) |
| Devidend received | (299.98) | - |
| Profit (-) / Loss (+) on sale of Investments | (4,499.74) | - |
| Profit (-) / Loss (+) on sale of Assets | 0.12 | 9.82 |
| Operative Profit before Working Capital Changes | (721.08) | (96.65) |
| Adjustment For : | | |
| Trade and Other Receivables | (263.18) | (110.26) |
| Inventories | 31.89 | 31.48 |
| Trade & Other payable | 143.60 | 228.93 |
| Cash Generation from Operations | (808.77) | 53.51 |
| Direct Taxes | (8.85) | (43.68) |
| Net Cash Flow from operating activities | (817.62) | 9.83 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets and Advances | | |
| Capital Expenditure | (221.31) | (55.11) |
| Sale of Fixed Assets | 3.87 | 20.50 |
| Sale of Investment (Net) | 5,699.67 | - |
| Dividend received | 299.98 | - |
| Interest Received | 33.81 | 31.64 |
| Net Cash used in investing activities | 5,816.02 | (2.97) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of Short Term Loan to Holding Co. | (975.00) | - |
| Short Term Advances to Holding Co. | (4,025.00) | - |
| Interest on Term loans & Others | (1.93) | (4.28) |
| Net Cash used in financing activities | (5,001.93) | (4.28) |
| D. Net Change In Cash And Cash Equilants (A+B+C) | (3.53) | 2.58 |
| Cash and Cash Equivalents (Opening) | 6.11 | 3.53 |
| Cash and Cash Equivalents (Closing) | 2.57 | 6.11 |

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

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

Deepesh Kumar Nayak
Company Secretary

Place : Mumbai
Date : 10th May, 2016

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

Dr.R.B.Baheti
Chairman

Prashant Agarwal
Managing Director

Mukesh Maheshwari
Chief Financial Officer

Place : Indore
Date : 10th May, 2016

NOTE NO.- 1 (a) SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31st March, 2016.

(I) SIGNIFICANT ACCOUNTING POLICIES

(I) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Companies (Accounts) Rules, 2014 and the relevant provision of Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statement are consistent with those of previous year..

(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.

**Notes to financial statements for the year ended 31st March, 2016****Note : 1 (b) Share Capital**

| A Particulars | 31 st March, 2016 | | 31 st March, 2015 | |
|---|------------------------------|----------------|------------------------------|----------------|
| | 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 number of shares outstanding is set out below :

| Particulars | 31 st March, 2016 | | 31 st March, 2015 | |
|-------------------------------|------------------------------|-----------|------------------------------|-----------|
| | 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 2016 | 31 st March 2015 |
|----------------------------|------------------------|-----------------------------|-----------------------------|
| 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 | 31 st March, 2016 | | 31 st March, 2015 | |
|-------------------------------------|------------------------------|--------------|------------------------------|--------------|
| | 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 2016 (₹ in lacs) | 31 st March 2015 (₹ 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 | (9,115.02) | (8538.69) |
| (+) Net Profit/(Net Loss) For the current year | 2,399.85 | (478.80) |
| (-) Assets written off** | - | (97.53) |
| Closing Balance | <u>(6,715.17)</u> | <u>(9,115.02)</u> |
| Total | <u>(2,902.16)</u> | <u>(5,302.01)</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 |
| Total | <u>11,272.00</u> | <u>12,247.00</u> |
| During the year , the repayment of Loan of ₹ 975 Lacs was made to the Holding Company. | | |
| Note - 4 : Long Term Provisions | | |
| Provision for employee benefits : | | |
| Gratuity | 80.78 | 36.78 |
| Leave Encashment | 68.98 | 63.39 |
| Total | <u>149.76</u> | <u>100.17</u> |
| Note - 5 : Trade payables | | |
| Unsecured : | | |
| Trade payables | 231.32 | 252.63 |
| Total | <u>231.32</u> | <u>252.63</u> |



PARTICULARS

31st March 2016 **31st March 2015**
(₹ in lacs) **(₹ in lacs)**

Note - 6 : Other Current Liabilities

| | | |
|-------------------------------|----------------------|----------------------|
| Customer deposits & Advances | 10.23 | 13.45 |
| Accrued salaries and benefits | 145.66 | 106.55 |
| Statutory dues | 143.38 | 119.51 |
| Outstanding expenses | 321.10 | 351.24 |
| Total | <u>620.37</u> | <u>590.75</u> |

Note - 7 : Short Term Provisions

Provision for employee benefits :

| | | |
|------------------|-------|-------|
| Gratuity | 41.14 | 26.66 |
| Bonus | 74.12 | 37.40 |
| Leave Encashment | 41.70 | 8.91 |

Others :

| | | |
|------------|---|------|
| Wealth tax | - | 0.01 |
|------------|---|------|

| | | |
|--------------|----------------------|---------------------|
| Total | <u>156.96</u> | <u>72.98</u> |
|--------------|----------------------|---------------------|

Note - 8 : Fixed Assets

| Fixed Assets | GROSS BLOCK | | | | DEPRECIATION | | | | | NET BLOCK | |
|----------------------------|---------------------------------------|------------------------|------------------------|---------------------------------------|---------------------------------------|---------------------------|----------------------------------|---------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | Balance as at 01.04.2015 ₹ in lacs | Additions ₹ in lacs | Disposals ₹ in lacs | Balance as at 31.03.2016 ₹ in lacs | Balance as at 01.04.2015 ₹ in lacs | For the year ₹ in lacs | Transfer to Reserve ₹ in lacs | Written back ₹ in lacs | Balance as at 31.03.2016 ₹ in lacs | Balance as at 31.03.2016 ₹ in lacs | Balance as at 31.03.2015 ₹ in lacs |
| Tangible Assets: | | | | | | | | | | | |
| Land - Leasehold | 862.36 | - | - | 862.36 | 51.00 | 10.08 | - | - | 61.07 | 801.29 | 811.36 |
| - Free hold | 67.93 | - | - | 67.93 | - | - | - | - | - | 67.93 | 67.93 |
| Site developments | 298.47 | - | - | 298.47 | 23.00 | 3.44 | - | - | 26.44 | 272.04 | 275.47 |
| Factory buildings | 2,614.79 | - | - | 2,614.79 | 1,548.69 | 74.70 | - | - | 1,623.39 | 991.39 | 1,066.10 |
| Non factory buildings | 776.72 | 3.95 | - | 780.67 | 212.29 | 12.14 | - | - | 224.44 | 556.23 | 564.43 |
| Plant and Equipment | 20,563.21 | 180.51 | - | 20,743.72 | 16,255.75 | 271.14 | - | - | 16,526.88 | 4,216.84 | 4,307.46 |
| Vehicles | 67.98 | 57.32 | 9.70 | 115.61 | 31.90 | 12.57 | - | 6.14 | 38.33 | 77.28 | 36.08 |
| Computer | 42.01 | 5.70 | 9.27 | 38.43 | 36.80 | 2.31 | - | 8.83 | 30.28 | 8.15 | 5.21 |
| Furniture and Fixtures | 189.44 | 0.12 | - | 189.56 | 170.50 | 4.98 | - | - | 175.48 | 14.08 | 18.94 |
| Office equipment | 9.40 | 0.77 | - | 10.16 | 4.98 | 1.32 | - | - | 6.30 | 3.86 | 4.42 |
| Total | 25,492.31 | 248.37 | 18.97 | 25,721.70 | 18,334.90 | 392.68 | - | 14.97 | 18,712.61 | 7,009.09 | 7,157.40 |
| Intangible Assets : | | | | | | | | | | | |
| Computer software | 3.96 | 2.30 | - | 6.26 | 3.96 | 0.05 | - | - | 4.01 | 2.25 | - |
| Total | 3.96 | 2.30 | - | 6.26 | 3.96 | 0.05 | - | - | 4.01 | 2.25 | - |
| Capital Work In Progress | 175.90 | 22.85 | 5.80 | 192.95 | - | - | - | - | - | 192.95 | 175.90 |
| Total | 25,672.17 | 273.52 | 24.77 | 25,920.91 | 18,338.87 | 392.73 | - | 14.97 | 18,716.62 | 7,204.29 | 7,333.30 |
| Previous Year | 25,879.90 | 41.74 | 249.47 | 25,672.17 | 18,042.67 | 417.83 | 97.53 | 219.16 | 18,338.87 | 7,333.30 | 7,837.22 |

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 |
|---|---|----------|

| | | |
|--------------|-----------------|------------------------|
| Total | <u>-</u> | <u>1,199.93</u> |
|--------------|-----------------|------------------------|

| PARTICULARS | 31 st March 2016 (₹ in lacs) | 31 st March 2015 (₹ in lacs) |
|--|--|--|
| Note - 10 : Deferred tax assets (Net) | | |
| Deferred tax liability | | |
| Net Block as per Companies Act | - | 6,278.10 |
| Net Block as per Income Tax Act | - | <u>2,539.50</u> |
| Difference | - | <u>3,738.60</u> |
| Deferred tax liability (A) | <u>-</u> | <u>1,155.23</u> |
| Deferred tax assets | | |
| Expenditure to be disallowed u/s 43B - | | |
| Bonus | - | 68.38 |
| Leave encashment | - | 72.30 |
| Gratuity | - | 63.44 |
| Unabsorbed depreciation | - | <u>7,804.81</u> |
| | - | <u>8,008.93</u> |
| Deferred tax assets (B) | <u>-</u> | <u>2,474.77</u> |
| Net Deferred Tax (Assets) (A)-(B) (Closing) | - | (1,319.54) |
| Less : Net Deferred Tax (Assets) (Opening) | (1,319.54) | (1,301.40) |
| Net Deferred Tax (Assets) to be recognized in Profit & Loss Account. | (1,319.54) | (18.14) |
| Note - 11 : Long-term loans and advances | | |
| Capital Advances | | |
| Unsecured, considered good | 4.56 | 50.95 |
| Security Deposits | | |
| Unsecured, considered good | 433.12 | 415.59 |
| Other loans and advances (refer Note 26) | | |
| Doubtful | 2,450.75 | 2,450.75 |
| Less: Provision for doubtful advances | <u>2,450.75</u> | <u>2,450.75</u> |
| | - | - |
| Total | <u>437.68</u> | <u>466.54</u> |
| Note - 12 : Inventories | | |
| Waste (Valued at net realisable value) | 12.86 | 29.81 |
| Stores and spares (Valued at cost) | 67.91 | 80.16 |
| Goods-in transit | <u>3.23</u> | <u>4.41</u> |
| Packing material (Valued at cost) | 19.24 | 19.04 |
| Oil & lubricant (Valued at cost) | 2.84 | 4.55 |
| (As certified by Management) | | |
| Total | <u>106.08</u> | <u>137.97</u> |



| PARTICULARS | 31st March 2016 | 31st March 2015 |
|--|-----------------------------------|-----------------------------------|
| | (₹ in lacs) | (₹ in lacs) |
| Note - 13 : Trade Receivables | | |
| Trade receivables outstanding for a period less than six months from the date they are due for payment | 428.44 | 99.95 |
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment | - | 12.91 |
| Total | <u>428.44</u> | <u>112.86</u> |
| Note - 14 : Cash and cash equivalents | | |
| Balances with banks | | |
| On current accounts | 2.12 | 5.50 |
| Cash on hand | 0.45 | 0.61 |
| Total | <u>2.57</u> | <u>6.11</u> |
| Note - 15 : Short-term loans and advances | | |
| Advance to Holding Co. | 4,025.00 | - |
| Advance receivable in cash or kind | 22.70 | 70.87 |
| Total | <u>4,047.70</u> | <u>70.87</u> |
| Note - 16 : Other current assets | | |
| Insurance claim receivable | 84.51 | 84.51 |
| Balance with Government authorities | 114.50 | 129.08 |
| Others | 2.48 | 0.81 |
| Total | <u>201.49</u> | <u>214.40</u> |
| Note - 17 : Revenue from operations | | |
| Sale of product : | | |
| Traded goods | 428.54 | 835.03 |
| Other goods | 543.48 | 854.68 |
| Sale of service : | | |
| Jobwork receipt | 3,707.12 | 4,357.38 |
| Total | <u>4,679.14</u> | <u>6,047.09</u> |
| Detail of Sales | | |
| Domestic : | | |
| Waste Fiber | 504.05 | 795.73 |
| Yarn Sale | 149.50 | 54.64 |
| Fabric Sale | 99.88 | 4.30 |
| Export : | | |
| Yarn Sale | 63.93 | 16.07 |
| Fabric Sale | 154.67 | 818.97 |
| Total | <u>972.03</u> | <u>1,689.71</u> |



| PARTICULARS | 31st March 2016 | 31st March 2015 |
|---|-----------------------------------|-----------------------------------|
| | (₹ in lacs) | (₹ in lacs) |
| Note - 18 : Other income | | |
| Interest Income (TDS of ₹.3.09 lacs (₹. 2.55 lacs)) | 33.81 | 31.64 |
| Dividend Income | 299.98 | - |
| Profit on sale of Investment | 4,499.74 | - |
| Profit on sale of assets | 1.09 | 0.06 |
| Sundry balances written back | - | 0.31 |
| Exchange fluctuation gain | 3.14 | 5.42 |
| Insurance claim received | 1.99 | 2.42 |
| Miscellaneous income | 28.80 | 26.47 |
| Total | <u>4,868.55</u> | <u>66.32</u> |
| Note - 19 : Detail of traded goods | | |
| Finished Goods | 402.51 | 770.03 |
| | <u>402.51</u> | <u>770.03</u> |
| Note - 20 : Increase (-)/ decrease(+) in inventories | | |
| Inventory at the end of the year | | |
| -Wastage | 12.86 | 29.81 |
| Inventory at the beginning of the year | | |
| -Wastage | 29.81 | 43.95 |
| Increase (-)/ decrease(+) in inventories | <u>16.95</u> | <u>14.14</u> |
| Note - 21 : Employee benefit expenses | | |
| Salaries & wages | 1,456.62 | 1,254.32 |
| Contributions to provident and other fund | 164.32 | 147.56 |
| Gratuity & Bonus | 140.75 | 76.85 |
| Staff welfare expenses | 204.30 | 187.00 |
| Total | <u>1,965.99</u> | <u>1,665.73</u> |
| Note - 22 : Finance costs | | |
| Interest expense | 1.24 | 3.69 |
| Bank Charges | 0.69 | 0.59 |
| Total | <u>1.93</u> | <u>4.28</u> |

| PARTICULARS | 31st March 2016 | 31st March 2015 |
|--------------------------------------|-----------------------------------|-----------------------------------|
| | (₹ in lacs) | (₹ in lacs) |
| Note - 23 : Other expenses | | |
| Stores & spares consumption | 257.58 | 324.32 |
| Packing material and expenses | 188.86 | 246.06 |
| Power and fuel | 2,115.48 | 2,112.19 |
| Fiber Processing & Handling Expenses | 87.07 | 57.75 |
| Water charges | 22.26 | 14.86 |
| Rent | 3.28 | 3.27 |
| Rates and taxes | 20.08 | 4.98 |
| Insurance | 20.40 | 19.28 |
| Repair and maintenance : | | |
| Plant and machinery | 35.60 | 39.52 |
| Building | 17.82 | 13.90 |
| Others | 8.65 | 5.54 |
| Advertising and business promotion | 2.00 | 3.13 |
| Traveling and conveyance | 59.51 | 105.70 |
| Communication Expenses | 8.73 | 8.73 |
| Printing and stationary | 6.31 | 7.48 |
| Legal and professional fees | 40.13 | 483.65 |
| Director's remuneration | - | 113.39 |
| Directors' sitting fees | 1.32 | 0.82 |
| Auditor's remuneration | 17.69 | 15.28 |
| Frieght & Forwarding | 9.36 | 38.94 |
| Commission on sale | 4.79 | 7.64 |
| Contract Labour | 47.29 | 38.74 |
| Loss on sale of fixed assets | 1.21 | 9.88 |
| Bad debts | 13.15 | - |
| Miscellaneous expenses | 60.44 | 57.27 |
| Total | <u>3,049.01</u> | <u>3,732.33</u> |
| Payments to auditor | | |
| For Audit Fee | 11.45 | 11.24 |
| For Tax Audit Fee | 4.58 | 2.81 |
| For Certification & Others | 1.66 | 1.23 |
| Total | <u>17.69</u> | <u>15.28</u> |

24. CONTINGENT LIABILITIES NOT PROVIDED FOR:

(₹ In Lacs)

| S. N. | Particulars | As at | |
|--------|---|------------|------------|
| | | 31.03.2016 | 31.03.2015 |
| (i) | Claims against the company towards energy charges on Captive Generation. Case is pending before High Court, M.P. | 490.32 | 490.32 |
| (ii) | Estimated Interest amount payable on confirmed demand for sales and entry tax | 94.49 | 87.21 |
| (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 for which writ petition is pending before High Court M.P. | 63.00 | 63.00 |
| (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, M.P. | 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 High Court, M.P. | 27.03 | 27.03 |
| (viii) | Disputed Income tax demand on penalty matter before CIT(A) | 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 |
| (x) | Bank Guarantee given to DGFT | 5.00 | - |

Capital Commitments :

Estimated amount of Capital Contracts remaining to be executed (net of advances) is ₹52.91 Lacs. (P.Y. ₹ 364.63 Lacs) ⁴⁶

25. 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.

26. 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.

27. Managerial Remuneration

The remuneration paid to non executive chairman in earlier year (s) is subject to approval of Central Government for which application has been filed on 4th October, 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.

28. On 8th July, 2011, the fire had broken out at the factory premises of the company. The company has filed an intimation about the total loss of ₹. 5 crores on 9th July, 2011 to the insurance company and also requested for deputing surveyor for assessing losses. During the earlier years company had received ₹ 124.94 lacs as on account payment towards the insurance claim and ₹168.12 lacs towards salvage value. The remaining of the insurance claim would be processed after the company reinstates the damage assets, which according to the management is under process.

29. 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.

30. 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 2016.

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

32. In view of the Management, in absence of the virtual certainty of the company making taxable/ operating profit in the near future, the management is of the company has decided to not to make a provision for the deferred tax asset during the year and accordingly they gave reversed the deferred tax assets of ₹ 1319.54 Lakhs standing on 1 April-15, this stand would be maintained by the company till there is reasonable certainty of Operating/ taxable profit.

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

| Particulars | ₹ In lacs | |
|--|--------------------------|--------------------------|
| | Leave Encashment 2015-16 | Leave Encashment 2014-15 |
| a) Present value of obligation as at the beginning of the year | 72.30 | 47.00 |
| b) Acquisition adjustment | -- | -- |
| c) Interest cost | 5.65 | 4.23 |
| d) Past service cost | -- | (0.68) |
| e) Current service cost | 42.75 | 16.17 |
| f) Curtailment cost/(Credit) | -- | -- |
| g) Settlement cost/(Credit) | -- | -- |
| h) Benefits paid | (42.61) | (5.10) |
| i) Actuarial (gain)/loss on obligation | 3.96 | 10.69 |
| j) Present value of obligation as at the end of the year | 82.05 | 72.30 |

The amounts to be recognized in balance sheet

| | 31/03/2016 | 31/03/2015 |
|---|------------|------------|
| 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 | 82.05 | 72.30 |
| d) Unrecognized Past Service Cost | -- | -- |
| e) Net Liability | 82.05 | 72.30 |
| Amount in the balance sheet | | |
| Liabilities | 82.05 | 72.30 |
| Asset | -- | -- |
| Net liability | 82.05 | 72.30 |

Expense recognized in the statement of profit and loss

| | 2015-16 | 2014-15 |
|--|---------|---------|
| a) Current service cost | 42.75 | 16.17 |
| b) Past service cost | -- | (0.68) |
| c) Interest cost | 5.65 | 4.23 |
| d) Expected return on plan assets | -- | -- |
| e) Curtailment or Settlement cost/(Credit) | -- | -- |
| f) Net actuarial (gain)/ loss recognized in the period | 3.96 | 10.69 |
| g) Expenses recognized in the statement of profit & losses | 52.36 | 30.40 |

Actuarial Assumptions:

| | 2015-16 | 2014-15 |
|--|---------|---------|
| a) Mortality Table | 100% | 100% |
| b) Discount Rate (P.A.) | 8.00% | 7.80% |
| 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% |
| 31 – 44 Years | 2% | 2% |
| Above 44 Years | 1% | 1% |

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.

| Particulars | ₹ In lacs | |
|---|----------------|----------------|
| | As on 31.03.16 | As on 31.03.15 |
| 1. Assumption | | |
| Discount Rate | 8.00% | 7.80% |
| Salary Escalation | 7.00% | 7.00% |
| 2. Present value of Obligation | | |
| Present value of obligations as at beginning of year | 228.36 | 153.22 |
| Interest cost | 17.85 | 13.79 |
| Current Service Cost | 49.42 | 37.48 |
| Past Service Cost | - | (2.37) |
| Benefits Paid | (22.94) | (9.25) |
| Actuarial (gain)/loss on obligations | 12.75 | 35.49 |
| Present value of obligations as at end of year | 285.44 | 228.36 |
| 3. Fair value of plan assets | | |
| Fair value of plan assets at beginning of year | 164.91 | 143.43 |
| Expected return on plan assets | 14.46 | 12.55 |
| Contributions | 6.80 | 16.50 |
| Benefits Paid | (21.27) | (8.60) |
| Actuarial (gain)/ loss on obligations | (1.38) | 1.03 |
| Fair value of plan assets at the end of year | 163.52 | 164.91 |
| Funded status | 121.92 | 63.45 |
| 4. Actuarial Gain/Loss recognized | | |
| Actuarial (gain)/ loss on obligations | (12.75) | (35.49) |
| Actuarial (gain)/ loss for the year - plan assets | - | - |
| Actuarial (gain)/ loss on obligations | 12.75 | 35.49 |
| Actuarial (gain)/ loss recognized in the year | 12.75 | 35.49 |
| 5. The amounts to be recognized in the balance sheet | | |
| Present value of obligations as at the end of year | 285.44 | 228.36 |
| Fair value of plan assets as at the end of the year | 163.52 | 164.91 |
| Funded status | 121.92 | 63.45 |
| 6. Expenses Recognized in statement of Profit and loss | | |
| Current Service cost | 49.42 | 37.48 |
| Past Service Cost | - | (2.37) |
| Interest Cost | 17.85 | 13.79 |
| Expected return on plan assets | (14.46) | (12.55) |
| Net Actuarial (gain)/ loss recognized in the year | 14.13 | 34.45 |
| Expenses to be recognized in statement of Profit and loss | 66.95 | 70.80 |

The Company has recognized ₹ 66.63 lacs (P.Y. ₹ 39.46 lacs) in the Profit & Loss account for the year ending 31st March 2016 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 | Remarks |
|--------|-----------------------------------|---|--------------------|
| 1. | Bombay Rayon Fashions Limited | Holding Company | |
| 2. | STI Sanoh India Limited | Incorporated Joint Venture | (up to 21.08.2015) |
| 3. | STI Fabricraft P.Ltd. | Enterprise in which KMP has significant influence | (up to 16.01.2016) |
| 4. | Key Management Personnel : | | |
| | A. Dr. R.B .Baheti | Non Executive Chairman | |
| | B. Mr. Aman Agrawal | Vice – Chairman | |
| | C. Mr. Prashant Agrawal | Managing Director | |
| | D. Mr. K.N.Garg | Director | (up to 30.09.2015) |
| | E. Mrs. Pushpa Garg | President | |
| | F. Mr. Mukesh Maheshwari | Chief Financial Officer | |
| | G. Mr. Deepesh Kumar Nayak | Company Secretary | |

b) Related Party transaction (s) during the year 2015-16:

(Amount in ₹ Lacs)

| Transaction | Associates Enterprise & JVs | Holding Company | Key Management Personnel/Relatives |
|----------------------------------|-----------------------------|----------------------|------------------------------------|
| Loan Given | - (-) | 4025.00 (-) | - (-) |
| Loan repayment | - (-) | 975.00 (-) | - (-) |
| Sales of Goods | - (-) | 1.56 (-) | - (-) |
| Job work | 2.09 (-) | 3599.18 (4270.16) | - (-) |
| Purchases of Goods | - (-) | 420.55 (773.45) | - (-) |
| Rent received | - (-) | 1.20 (1.20) | - (-) |
| Managerial Remuneration | - (-) | - (-) | - (113.39) |
| Dividend received | 299.98 (-) | - (-) | - (-) |
| Salary of Key Managerial Persons | - (-) | - (-) | 146.81 (24.77) |

Note : The figures in the brackets are for the previous year.

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) | 2399.85 | (478.80) |
| (ii). Basic and diluted earnings per share (₹) | 8.28 | (1.65) |

36. During the Year the company has sold the investment of 1,20,00,000 (One Crore Twenty Lacs) Equity Shares of STI Sanoh India Limited (the Joint Venture Company) to Sanoh Industrial Company Limited, Japan. Accordingly, Joint Venture Agreement with Sanoh Industrial Company Limited, Japan has come to an end.
37. The net worth of the company is eroded, the accounts have been prepared on the principle of going concern with a view to revive the operation of the Company in the future notwithstanding the fact that its net worth is completely eroded, and the Company is a Sick Industrial Company.

| | (₹ In Lacs) | | | |
|---|----------------------------|----------------|--------------------------|----------------|
| | Current year 31.03.2016 | | Prev. Year 31.03.2015 | |
| 38. C.I.F. Value of Imports: | | | | |
| (a) Stores, Spares & HSD | | 69.79 | | 40.12 |
| (b) Capital Goods | | - | | - |
| 39. Expenditure in Foreign Currency: | | | | |
| (a) Foreign Traveling | | 8.12 | | 28.36 |
| (b) Commission on Export Sales | | - | | - |
| 40. Earning in Foreign Exchange | | | | |
| FOB value of Exports | | 200.80 | | 770.83 |
| 41. Stores and Spares Consumed: | | | | |
| (a) Indigenous | 179.44 | 69.66% | 291.17 | 89.78% |
| (b) Imported | 78.14 | 30.34% | 33.15 | 10.22% |
| Total | 257.58 | 100.00% | 324.32 | 100.00% |

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

42. 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 year, at least 2% of the average net profit of the company made during the last three years immediately preceding financial year, as per the objects mentioned in the Rules.

As the company has no average net profit during the immediately preceding last three financial years, therefore 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
Membership Number : 131054
Firm Reg No.:101083W

Place : Mumbai
Date : 10th May, 2016

Deepesh Kumar Nayak
Company Secretary

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

Dr.R.B.Baheti
Chairman

Prashant Agarwal
Managing Director

Mukesh Maheshwari
Chief Financial Officer

Place : Indore
Date : 10th May, 2016