

# 24<sup>th</sup> Annual Report

2015 - 2016

Going Beyond Tomorrow...

## SPENTEX INDUSTRIES LIMITED



**BOARD OF DIRECTORS**

Ajay Kumar Choudhary	- Chairman
Mukund Choudhary	- Managing Director
Kapil Choudhary	- Deputy Managing Director
Amrit Agrawal	- Director
Deepak Diwan	- Independent Director
Ram Kumar Thapliyal	- Independent Director
Shyamal Ghosh	- Independent Director
Dhananjaya Prasad Singh	- Independent Director
Kamal Kapur	- Independent Woman-Director
S.K. Nath	- Nominee Director SBI

**BANKERS / INSTITUTIONS**

State Bank of India  
 ING Vysya Bank  
 Bank of Baroda  
 Indusind Bank  
 Canara Bank  
 Indian Bank  
 ICICI Bank Ltd.  
 IDBI Bank Ltd.  
 Axis Bank Ltd.  
 Oriental Bank of Commerce

**VICE PRESIDENT - INTERNAL AUDIT & COMPANY SECRETARY**

Dr. Sunil Kumar Gupta

**AUDITORS**

J.C. Bhalla & Company

**REGISTERED & CORPORATE OFFICE**

A-60, Okhla Industrial Area  
 Phase-II, New Delhi-110020  
 Ph.: 011-26387738, 41614999  
 Fax : 011-26385181  
 E-mail : secretarial@clcindia.com

**PLANTS**

B-1, MIDC, Chincholi - Kondi  
 Dist. - Solapur, Maharashtra - 413255 (India)

D-48, MIDC, Baramati, Dist. Pune  
 Maharashtra - 413133 (India)

51-A, Industrial Area, Sector-III, Pithampur  
 Distt. Dhar, Madhya Pradesh - 454774 (India)

31-A, MIDC Industrial Area, Butibori  
 Nagpur - 441122, Maharashtra (India)

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**NOTICE**

Notice is hereby given that the 24th Annual General Meeting of the Members of **Spentex Industries Limited** will be held on **Tuesday, the 27th day of September, 2016 at 11.00 A.M at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110019** to transact the following business:

**ORDINARY BUSINESS:**

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2016 including Balance Sheet of the Company as at 31st March, 2016, Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Amrit Agrawal (DIN 00064314) who retires by rotation and being eligible, offers himself for re-appointment.
3. To ratify appointment of the Statutory Auditors of the Company for the year 2016-17 and fixation of their remuneration.

**SPECIAL BUSINESS:**

4. To consider and, if thought fit, to pass with or without modifications the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration mutually agreed between the Cost Auditor and Managing Director with applicable tax and other expenses/reimbursement if any payable to Mr. Rajesh Goyal, Cost Accountant of M/s. K G Goyal & Associates, Cost Accountants having Firm Registration No.000024 as approved by the members of Audit Committee and Board of Directors of the Company to conduct the audit of the Cost Records of the Company for the financial year 2016-2017, be and is hereby ratified and confirmed."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, matters, deeds and things as may be necessary, proper or expedient to give effect to the above resolution."

5. To consider and, if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, read with Schedule V of the Companies Act, 2013, including any statutory modification(s) or re-enactment(s) thereof and other requisite approvals as may be necessitated from time to time, the consent of the Company be and is hereby accorded for payment of remuneration, as per the terms fixed by the Nomination and Remuneration Committee and Board of Directors, to Mr. Mukund Choudhary, Managing Director of the Company (DIN 00051529) for a period three years effective from 1st April, 2016 as approved by the Shareholders for his appointment at the 21st Annual General Meeting held on 30th September, 2013 as per the terms and conditions set out in the explanatory statement annexed to the Notice convening this meeting with liberty to alter and vary the same upto 15% increase per annum on his remuneration, subject to maximum limits specified under Schedule V of the Companies Act, 2013 or any other statutory modification(s) or re-enactment thereof or in accordance with the approval of Shareholders of the Company."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

6. To consider and, if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, read with Schedule V of the Companies Act, 2013, including any statutory modification(s) or re-enactment(s) thereof and other requisite approvals as may be necessitated from time to time, the consent of the Company be and is hereby accorded for payment of remuneration, as per the terms fixed by the Nomination and Remuneration Committee and Board of Directors, to Mr. Amrit Agrawal, Director Finance of the Company (DIN 00064314) for a period effective from 1st April, 2016 till the completion of his tenure as approved by the Shareholders for his appointment at the 21st Annual General Meeting held on 30th September, 2013 as per the terms and conditions set out in the explanatory statement annexed to the Notice convening to this meeting with liberty to alter and vary the same upto 15% increase per annum on his remuneration, subject to maximum limits specified under Schedule V of the Companies Act, 2013 or any other statutory modification(s) or re-enactment thereof or in accordance with the approval of Shareholders of the Company."

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

7. To consider and, if thought fit, to pass with or without modifications the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to section 20 and other applicable provisions, if any, of the Companies Act, 2013 and relevant Rules prescribed thereunder, upon receipt of a request from a member for delivery of any document through a particular mode an amount of Rs.50/- (Rupees Fifty Only) for each such document, over and above reimbursement of actual expenses incurred by the Company, be levied as and by way of fees for sending the document to him in the desired particular mode.

**FURTHER RESOLVED THAT** the estimated fees for delivery of the document shall be paid by the member in advance to the Company, before dispatch of such document.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Company Secretary of the Company be and is hereby authorized to do all such acts, deeds, matters and things as he may in his absolute discretion deem necessary, proper, desirable or expedient and to settle any question, difficulty, or doubt that may arise in respect of the matter aforesaid, including determination of the estimated fees for delivery of the document to be paid in advance."

By Order of the Board  
For **Spentex Industries Limited**  
Sd/-

**Dr. Sunil Kumar Gupta**  
**VP Internal Audit & Company Secretary**

Place: New Delhi  
Date : August 11, 2016

**NOTES:**

- A. Explanatory Statement setting out all material facts regarding Special Business contained in Item Nos. 4 to 7 as required under Section 102 (1) of the Companies Act, 2013, is annexed hereto.
- B. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- C. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
- D. The Register of Members and Share Transfer Books of the Company will be closed from Friday, the 23rd September, 2016 to Tuesday the 27th September, 2016 (both days inclusive) for the purpose of this Annual General Meeting.
- E. All documents referred in the accompanying notice are available for inspection at the Registered Office of the Company during working days between 10.00 A.M. to 1.00 P.M. till the date of Annual General Meeting and also at the meeting.
- F. Members are requested to intimate the change, if any, in their registered address immediately.
- G. Members/Proxies should bring the attendance slips duly filled in and signed for attending the meeting.
- H. It will be appreciated that queries, if any, on accounts and operations of the Company are sent to the Registered Office of the company ten days in advance of the meeting so that the information may be made readily available.
- I. As per provisions of the Companies Act, facility of nomination is available to the members in respect of the shares held by them.
- J. For any queries on the Depository System, members may contact any depository participant or the Share Department at the Registered Office of the Company.
- K. In terms of SEBI (LODR) Regulations, 2015 a brief resume of directors who are proposed to be appointed/re-appointed at this meeting are provided in Corporate Governance Report, forming part of the Annual Report.
- L. Members are requested to send queries, if any, at E-mail ID [secretarial@clcindia.com](mailto:secretarial@clcindia.com) which is being used exclusively for the purpose of redressing the complaint(s) of the investors.

**M. VOTING THROUGH ELECTRONIC MEANS**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rules 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing facility of voting through electronic means to its Members in respect of the business to be transacted at the Meeting. The Company has engaged the services of M/s Central Depository Services India Limited (CDSL) as the Agency to provide remote e-voting facility. The Members may cast their votes using an electronic voting system from a place other than the venue of the meeting (remote e-voting).

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 22nd September, 2016 (9:00 AM) and ends on 26th September, 2016 (5:00 PM). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday the September 16, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,

- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN*	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (ix) After entering these details appropriately, click on **“SUBMIT”** tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant **SPENTEX INDUSTRIES LIMITED** on which you choose to vote.
- (xiii) On the voting page, you will see **“RESOLUTION DESCRIPTION”** and against the same the option **“YES/NO”** for voting. Select the option **YES** or **NO** as desired. The option **YES** implies that you assent to the Resolution and option **NO** implies that you dissent to the Resolution.
- (xiv) Click on the **“RESOLUTIONS FILE LINK”** if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on **“SUBMIT”**. A confirmation box will be displayed. If you wish to confirm your vote, click on **“OK”**, else to change your vote, click on **“CANCEL”** and accordingly modify your vote.
- (xvi) Once you **“CONFIRM”** your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on **“Click here to print”** option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on **Forgot Password** & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date i.e. 16th September, 2016 only shall be entitled to avail the facility of remote e-voting or voting at the venue of the Meeting. The shareholders can opt for only one mode of voting, i.e. either physically by attending AGM or remote e-voting. If any shareholders opt for remote e-voting, he/she will not be eligible to vote physically in AGM.

(xxii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

## ANNEXURE TO THE NOTICE

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

#### ITEM NO. 4

The Board of Directors of the Company, on the recommendation of the Audit Committee, at its meeting held on 27.05.2016, subject to approval of members in the ensuing general meeting, appointed Mr. Rajesh Goyal, Cost Accountant of M/s. K G Goyal & Associates, Cost Accountants as Cost Auditor to the Company to conduct/maintain Cost Records for the financial year ended 31st March, 2017 at a remuneration of Rs. 1.00 lac with applicable taxes and reimbursement of out of pocket expenses.

Pursuant to Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration, as approved by the Board of Directors of the Company on the recommendation of the Audit Committee, is required to be subsequently ratified by the Members of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2017.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives is concerned or interested financially or otherwise in the resolution.

Your Directors recommend the resolution as at Item No.4 for your approval.

#### ITEM NO. 5 & 6

The members of the Company at their 21st Annual General Meeting held on 30th September, 2013, by way of special resolution, approved the appointment of Mr. Mukund Choudhary, as Managing Director for a period of 5 years w.e.f. 21st June, 2014 and Mr. Amrit Agrawal, as Director Finance for a period 5 years w.e.f. 28th April, 2013 and also approved the payment of remuneration for a period of 3 years w.e.f. 1st March, 2013, The Central Government vide its letter dated 13th February, 2014 also approved the appointment and payment of remuneration to said directors in the following manner:

Name of Director	Appointment		Proposed CG Approval/ shareholders approval		Approved Remuneration by CG on 13 4 2014 for three years
	No. of years	effect from	No. of years	effect from	w.e.f. 01 04 2013
Mr. Mukund Choudhary	5 years	21-Jun-14	3 years	01-Apr-13	Rs. 6,50,000/-* pm
Mr. Amrit Agrawal	5 years	28-Apr-13	3 years	01-Apr-13	Rs. 6,50,000/-* pm

\* Subject to overall increase upto 15% per annum with the approval of the Board and relevant provisions.

Due to financial constraints in the Company, the Company has paid Rs. 5,00,000/- as remuneration to the Managing Director and Director Finance instead of Rs. 6,50,000/- as approved by the Central Government vide their letter dated 13th February, 2014. The terms of payment of remuneration /CG approval of aforesaid directors expired on 31st March, 2016 and it is proposed to seek fresh approval from members of the Company for the remaining tenure of aforesaid directors.

As per applicable provisions read with Section II of Part II of Schedule V of Companies Act, 2013, if the Company has no profits or its profits are inadequate and/or the effective Capital of the Company is negative, the Company may seek approval of its members in the General Meeting, accordingly the Company's effective capital and networth as on 31st March, 2016 was negative and the



Company proposes to seek members approval by passing Special Resolution towards payment of the existing remuneration to the following directors :

Name of the Director	Appointment valid till	Payment of remuneration upto	Proposed Remuneration
Mr. Mukund Choudhary	20-Jun- 2019	31-Mar-2019	5,00,000/-
Mr. Amrit Agrawal	27-Apr-2018	27-Apr-2018	5,00,000/-

The members of Nomination and Remuneration Committee and Board of Directors at their meeting held on 13th August, 2015, subject to approval of members and other requisite approvals as may be required from time to time, have recommended/approved for payment of their existing remuneration/above mentioned remuneration. The other terms of appointment/perks have not been modified and the same are re-produced herein below:

#### Overall Remuneration

Subject to the provisions of Section 196, 197, 198 and 203 read with Schedule V and such other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personal) Rules, 2014, the remuneration payable to Managing Director, and Director Finance, in a financial year shall not exceed 5% of the annual net profit of the Company for one such managerial person and subject to further overall limit of 10% of the annual net profit of the Company computed in accordance with applicable provisions/schedules of Companies Act, 2013 for all the working directors taken together.

Notwithstanding anything contrary herein contained, where in any financial year during the currency of tenure of the aforesaid Directors, the Company has no profits or its profits are inadequate, the Company will pay remuneration in respect of above directors, by way of salary, commission and perquisites as provided herein below as per the limits set out in Section II of the Part II of Schedule V of the Companies Act, 2013

Sl.No.	Description	Sh. Mukund Choudhary	Mr. Amrit Agrawal
1.	Appointment valid	Upto 20th June, 2019	Upto 27th April, 2018
2.	Salary	Rs. 5,00,000 per month w.e.f. 01/04/2016 to 31/03/2019	Rs. 5,00,000 per month w.e.f. 01/04/2016 to 27/04/2018
	Salary including additional Salary, Special Allowance, Performance Salary, Performance linked incentive, Choice Pay and any other allowance as may be determined by the Board/Committee from time to time		
3.	Perks/Perquisites	a) Company Car(s) with Chauffeur(s), b) Mobile, Data Card, Land line & Fax connection with Internet facility at residence. c) Club Fee subject to maximum of two clubs. d) Personal Accident Insurance, Mediclaim Insurance as per Company policy. e) Company's contribution to Provident Fund, Superannuation Fund or Annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. f) Leave encashment/ encashment of un-availed leave accordance with rules specified by the Company. g). Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.	
4.	Other Terms	a) No sitting fees shall be paid to aforesaid directors for attending meetings of Board of Directors/Committee of the Board. b) Reimbursement of all entertainment, travelling, hotel and other expenses actually incurred by him in connection with the business of the Company. c) The above directors shall be liable to retire by rotation. d) Normal annual Increment, subject to maximum 15% per annum during the aforesaid tenure as may be granted by the Chairman whereas in case of Director Finance, the annual increment will be granted by the Managing Director.	

As required under Schedule V of the Companies Act, 2013, the relevant details to be sent alongwith the notice calling the General Meeting, are as under

#### I. General Information

- Nature of Industry – Textiles Industry
- Date or expected date of commencement of commercial production: The Company was incorporated on 25.11.1991 and had already commenced commercial production thereafter.

3. In case of new Companies, Expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.
4. Financial performance based on given indicators (as per audited financial statements for the year ended 31.03.2016)

Particulars	Rs. In Crores
Sales and other Income	808.23
EBIDTA	7.34
Net Profit/(Loss)	(80.91)

5. Export performance and net foreign exchange collaborations (as per audited financial statements for the year ended 31.03.2016) Earnings in foreign exchange by exports (FOB value):. Rs. 244.43 Crores.
6. Foreign investments or collaborations, if any: During the year under review, Company has not made any foreign investments or collaborations.

## II. Information about the appointee:

Sl.No.	Description	Mr. Mukund Choudhary	Mr. Amrit Agrawal
1.	Background details	Mr. Mukund Choudhary (45) is a Director of the Company since 5th May, 2004. He is a Commerce Graduate and having rich experience in operations and acquired manufacturing units in India & Abroad. He has established Spentex name & marketing network all over the world.	Mr. Amrit Agrawal, (48) FCA & FCS is a Director in the Company since 28th April, 2007. He is having about 27 years of active front-end professional experience with documented success in the areas of strategic planning, business development, corporate affairs, implementation under areas of finance, coupled with supervising commercial function, budgeting, secretarial & legal compliance, treasury management, accounts & taxation matters at corporate levels. He possesses ample experience of raising money from equity and debt markets not only in India but also in International market for growth and expansion. He has specialty in merger & acquisition, takeovers and restructuring activities. He has handled front end acquisition encompassing intense negotiations, restructuring financial plans and instruments, transfer of business, HR, procurement, CDR, one time settlement , debt restructuring and settlement.
2.	Past remuneration (Rs.)	5,00,000/- per month	5,00,000/- per month
3.	Job profile and his responsibility	He is overall in charge of entire affairs of the Company, including operations i.e looking after day to day operations in India & Abroad, strategizing or providing future planning for the growth and profitability.	He is in charge of operations of Finance, Accounts, Secretarial, Corporate & Legal affairs, IT and Logistics, beside overseeing Working capital management and fresh Fund syndication under CDR rework Scheme among others
4.	Remuneration proposed (Rs.)*	5,00,000/- per month	5,00,000/- per month
5.	Comparative profile with respect to industry, size of the Company, profile of the position and person.	Considering the size of the Company, the profile of the Managing Director & Director Finance, the responsibilities shouldered by them, indepth knowledge in operations and the industry benchmarks, the remuneration proposed is commensurate with the remuneration paid to similar appointees in other Companies.	
6.	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	Does not have any pecuniary relationship with the Company. However, he is having pecuniary relationship with the Chairman and Dy. Managing Director of the Company.	Does not have any pecuniary relationship with the Company and its managerial personnel.



**\*Subject to overall increase upto 15% per annum with the approval of the Board and relevant provisions.**

**III. Other information:**

- (1) Reasons of loss or inadequate profits :

The operations of the company during the year were adversely impacted due to the declining and subdued sales and continuing liability of debt & interest repayment in respect of term and working capital loans availed from Banks and Financial Institutions, which created a situation wherein the company has not been able to optimally utilize and leverage its existing plant capacities. As a result, there has been significant decline in EBITDA levels as compared to previous years.

- (2) Steps taken or proposed to be taken for improvement.

With due strategic focus on efficient plant operations keeping in view the market trends, Spentex is confident of improvement in its operational performance in near future.

- (3) Expected increase in productivity and profits in measurable terms.

Demand of cotton yarn in domestic market, economic reforms by the new Government as well as encouraging export promotion policy for textile sector have already improved market sentiments and the same is resulting in showing some signs of recovery and improvement in the business environment prevailing since last year, and with the strategic efficiency improvement and cost containment measures being adopted by the company, and with the continued support and co operation of the company's bankers, your directors have confidence that sales volumes are reasonably expected to shore up with consequent strengthening of the margins in due course.

The draft of Agreement to be entered into between the Company and Mr. Mukund Choudhary and Mr. Amrit Agrawal for appointment and remuneration remains unchanged and is available for inspection by the members at the Registered Office of the Company during the business hours on any working day. The explanatory statement may also be regarded as a disclosure under SEBI (LODR) Regulations. As per Balance Sheet dated 31-3-2016 the effective capital of the Company is negative and accordingly the Company is proposing to pass Special Resolution in the 24th Annual General Meeting for payment of remuneration to Executive Directors.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives of the Company except Mr. Mukund Choudhary and Mr. Amrit Agrawal are interested in the resolution placed before the meeting directly or indirectly.

In compliance with the provisions of sections 196, 197 and 198 and other applicable provisions, if any, of the Companies Act, 2013, the Board recommends the Special Resolution set out at Item No. 5 and 6 of the accompanying Notice for the approval of the Members.

**ITEM NO. 7**

This is to inform to the members that pursuant to Section 20 of the Companies Act, 2013 and applicable provisions of the said Act, the company is required to serve a document to any member by sending it by Post or by Registered post or by Speed post or by Courier or by delivering at his office or address or by such electronic or other mode as may be prescribed by him from time to time.

It is further informed that a member can request for delivery of any document to him through a particular mode for which he shall pay such fees as may be determined by the company in its Annual General Meeting. Therefore, to enable the members to avail of this facility, it is necessary for the Company to determine the fees to be charged for delivery of a document in a particular mode, as mentioned in the resolution. Since the Companies Act, 2013 requires the fees to be determined in the Annual General Meeting,

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.7 of the accompanying Notice.

Your Directors, accordingly, recommend this Ordinary Resolution at Item no. 7 of the accompanying notice, for the approval of the members of the Company.

Place: New Delhi  
Date : August 11, 2016

By Order of the Board  
For **Spentex Industries Limited**  
Sd/-  
**Dr. Sunil Kumar Gupta**  
VP Internal Audit & Company Secretary

## BOARD'S REPORT

## Dear Members,

Your Directors are pleased to present the 24th Annual Report on the business and operations of the Company along with the Audited Financial Statements for the financial year ended March 31, 2016.

## Financial Results

The highlights of the financial results for the year ended 31st March, 2016 are as under:

(` in Crores)

Particulars	2015-2016		2014-2015	
	Consolidated	Standalone	Consolidated	Standalone
Net Sales (Turnover)	799.07	799.08	911.07	891.14
Other Income	9.20	9.15	17.94	16.66
<b>EBIDTA</b>	<b>(1.13)</b>	<b>7.35</b>	<b>18.89</b>	<b>27.49</b>
Financial charges	88.93	77.01	90.35	79.37
Depreciation	14.71	11.25	15.12	11.68
<b>Profit/(Loss) before tax (PBT)</b>	<b>(104.77)</b>	<b>(80.91)</b>	<b>(86.58)</b>	<b>(63.56)</b>
Extra ordinary items (income)/ Impairment loss @ Fixed Assets	-	-	1.37	1.37
Exceptional Items	-	-	-	-
<b>Net Profit from Operations</b>	<b>(104.77)</b>	<b>(80.91)</b>	<b>(85.21)</b>	<b>(62.19)</b>
Prior Period Items	-	-	-	-
Tax expenses	-	-	0.60	0.60
<b>Net Profit/(Loss)</b>	<b>(104.77)</b>	<b>(80.91)</b>	<b>(85.81)</b>	<b>(62.79)</b>
<b>EPS</b>	<b>(11.67)</b>	<b>(9.01)</b>	<b>(9.56)</b>	<b>(7.15)</b>

## Management Discussion and Analysis Report :

The Indian Textile Industry has a pre-eminent position in the Indian economy with an aggregate turnover of \$ 110 billions with exports of \$ 40 billion. India is the second largest exporter of textiles in the world & Textile industry is the 2nd largest employer after agriculture & contributes over 4% of GDP. The industry has potential for creation of employment especially in semi urban & rural areas both in organized and unorganized sector. It provides employment also to semi skilled labor and employees women in large segment of operations. The industry is self reliant and has very little to import, thus contributes in accretion of foreign exchange.

Spentex has integrated Cotton, Polyester & blended Yarn manufacturing facilities in India with stable customer base with long term mutually beneficial business relationship both in India and abroad. The company has presence across the entire value chain of cotton and polyester yarn with ability to offer varied products as required by the Indian and global markets.

The operations of the Company during the year were adversely impacted due to shortage of working capital, demand & supply gap and slow off take in internal market and overall subdued sentiments in the business world. The Company's Exports have also failed to cheer us up due to the tariff disadvantage created by FTAs of our competitors with the big buying nations. A huge disparity between spot cotton prices and yarn prices affected the margins of the company. As a result, there has been significant decline in EBIDTA levels which have resulted in huge financial strain on the Company.

However, with due strategic focus on efficient plant operations and day to day supervision of operations by management and other administrative and operational initiatives taken by the company, the EBITA levels have slightly improved as compared to previous year. Keeping in view the market trends and the emerging business scenario, Spentex is confident of improvement in its operational performance in near future.

## Management Perception on Opportunities, Risks, Concern &amp; Outlook

The weakening Indian Rupee, as compared to U.S Dollar and other European currencies provides an opportunity to the textile industry to optimize its sales volumes and margins respectively in exports. Spentex will continue to offer market driven quality product mix for progressively improving its operations and output. The Indian textile sector is also facing the challenges of outdated technology especially in weaving and processing resulting into lower productivity thus impacting the competitiveness of the industry. High power tariffs in India are impacting the viability of the industry.

Due to fluctuating prices and uncertainties in the foreign exchange market, increase in power cost and lack of adequate working capital, the EBITA levels may remain stagnant during the year. Management is keeping a close watch on various threats/risks facing the company and taking all appropriate steps to improve the performance of the Company. The Indian Textile industry is expected to become strong & vibrant through various support measures announced by the Government of India, especially technology up gradation fund and a package for apparel Industry.

Another key challenge presently is the Fiber/Raw Material cost, which has increased abruptly and increase is not fully absorbed in the yarn prices and accordingly yarn spinners are hit the most in the entire textile chain. However, your directors and management would take all

necessary measures to hedge this risk and increase the EBITA levels in coming quarters.

Quarter 3 & 4 of the financial year 2015-16 witnessed an increase in demand of cotton yarn in domestic as well as foreign market. With the strong domestic consumption trend and initiatives formulated by the Company with regard to product mix, waste management control & other related issues, your directors are confident that sales volumes would reasonably shore up with consequent strengthening of the margins in due course.

### **Financial Analysis and Performance Review**

During the financial year 2015-16 the Company's operations were adversely impacted due to increase in Fiber/Raw Material cost which is not fully absorbed in the yarn prices, high power tariff, and constraints of working capital leading to non optimal utilization of plant capacities and consequent decrease in EBITDA.

The financial performance of the Company has been presented in two parts, as under:

- i) Spentex Industries Limited (Standalone) excluding the performance of its subsidiaries and step-down subsidiaries.
- (ii) Spentex Industries Limited (Consolidated) including the performance of its subsidiaries and step-down subsidiaries. The Consolidated Financial Statements reflect the performance of Spentex Group of companies and are more relevant for understanding the overall performance of the Group.

### **Segment-wise Performance**

#### **Yarn Manufacturing**

During the year under review, your Company on standalone basis has manufactured 46,939.32 MT of yarn as compared to 44,930.63 MT of yarn produced during the previous year.

#### **Subsidiaries**

The Company has following four subsidiaries/step down subsidiaries as on March 31, 2016.

- (a) M/s Amit Spinning Industries Limited.
- (b) M/s Spentex (Netherlands) B.V.
- (c) M/s. Schoeller Textile (Netherlands) B.V.
- (d) M/s Spentex Tashkent Toytepa LLC. (due to breach of Investment Agreement by Republic of Uzbekistan with its Investors, its holding Company SNBV, has filed case in ICSID)

There was no material change in the nature of the business carried on by the subsidiaries.

#### **Performance of Subsidiaries**

The details of turnover and overall performance of material subsidiary companies is as under:

**Amit Spinning Industries Ltd., India:** The company has its manufacturing facilities at Kolhapur, Maharashtra with capacity of 30,672 spindles. During the year under review, the subsidiary's operations remained suspended due to financial constraints and non-availability of working capital. The Rehabilitation Scheme filed by the company with BIFR is yet to be considered and approved. Accordingly, the subsidiary's revenue has been severely affected and revenue from operations during the year 2015-16 was Rs. 38.98 Lakhs as compared to Rs. 32.05 Crores during 2014-15.

**Spentex Tashkent Toytepa LLC, Uzbekistan (STTL) & Spentex Netherlands B.V, Netherlands (SNBV):** During the period under review, the Arbitration Proceedings against GOU for Investment Dispute Claim before International Center for Settlement of Investment Dispute (ICSID) were held at the World Bank from 14th Sept., 2015 to 25th Sept. 2015 and both the parties i.e. M/s. Spentex (Netherlands) B.V., a subsidiary of the company and Government of Uzbekistan (GOU) have submitted the pre & post hearing briefs to tribunal on 7th December, 2015. The judgement/award is yet awaited.

#### **Consolidated Financial Statements**

There are no associate companies or joint venture companies within the meaning of section 2(6) of the Companies Act, 2013. Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of financial statements of subsidiaries, associates and joint venture companies in Form AOC-1 is attached to the Accounts.

In accordance with the provisions of Section 136 of the Companies Act, 2013, the audited financial statements including consolidated financial statements of the Company and audited accounts in respect of each of the subsidiary companies are available on website of the Company [www.spentex.net](http://www.spentex.net). These documents shall also be kept open for inspection during business hours at the Registered Office of the Company on or before ensuing General Meeting. The Company will also make available these documents upon request by any Member of the Company interested in obtaining the same.

The Consolidated Financial Statements of the Company prepared in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India form part of this Annual Report.

#### **Share Capital**

As on 31st March, 2016, the Company's issued and paid up capital stands Rs. 89,77,20,350/- divided into 8,97,72,035 fully paid up equity shares of Rs. 10/- each. During the year, under review, the Company has not issued any share(s). Further the Company has not issued any share with differential Voting Rights/Sweat Equity shares/under Stock Option Scheme (ESOS) earlier and during the year.

The Company had issued 500 non-convertible debentures of Rs. 10.00 lacs each, however during the year under review, no debenture has been issued.

The Company has no scheme or provision of money for purchase of its own shares by employees or by trustees for the benefit of employees. Hence the details under rule 16 (4) of Companies (Share Capital and Debentures) Rules, 2014 are not required to be disclosed.

During the year under review, your Company had obtained approval of the members at their 23rd Annual General Meeting held on 30th September, 2015 for issuance of 1,10,95,000 equity shares of Rs. 10/- each to Promoters/Promoter Group on preferential basis. Subsequently, the Company had applied to NSE and BSE for obtaining in-principal approval for issuance of aforesaid shares. However,

since these shareholders are holding shares, a non disposal undertaking under Regulation 78 of SEBI (ICDR) Regulations is required from the lenders to whom the said shares have been pledged. However, since the lenders have refused to provide such undertaking in principle approval was not accorded and the Company has since withdrawn the application filed before stock exchanges. The Board of Directors are looking for alternate options for issue of said shares to the promoters.

## Directors

### (a) Change in Directors or Key Managerial Personnel

In terms of provisions of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the following appointment/re-appointment/cessation are made in directors/Key Managerial Personnel during the period under review:

1. Mr. Samir Kumar Nath has been appointed as non retiring Nominee Director (nominated by State Bank of India, Lead Bank) on the Board of the Company w.e.f 17th September, 2015.
2. Mr. Prem Malik, Independent Director, Mr. Sitaram Parthasarathy, Director Works and Mr. Rajeev Kalra, Nominee Director (Nomination withdrawn by VCIGPM Ltd.) have resigned from the Board of Directors of the Company w.e.f 13th August, 2015, 7th November, 2015 and 11th September, 2015 respectively.
3. Dr. Sunil Kumar Gupta has been appointed as Company Secretary of the Company in place of Mr. Ranjan Mangtani w.e.f. 10th February, 2016.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Amrit Agrawal, director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Brief resume of the Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas and names of the companies in which they hold directorship and membership/chairmanships of the Board or its Committees is provided in the Report of Corporate Governance forming part of the Annual Report.

### Number of Meetings of the Board

Four meetings of the Board were held during the year. The detailed information of the meetings of the Board held during the year is mentioned in the Corporate Governance Report which forms part to this report.

### Declaration by Independent Directors

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than the sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

### Board evaluation

In terms of the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as Board Committees.

The board and the nomination and remuneration committee reviewed the performance of the individual directors on the basis of the laid down criteria.

The Independent directors in their separate meetings held on 29th May, 2015 and 10th February, 2016, evaluated the performance of non-independent directors. Performance of the board as a whole has been carried out taking into account the views of independent directors. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

### Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report. During the year, neither the Managing Director nor the Whole-time Directors of the Company received any remuneration or commission from any of its subsidiaries. The Company affirms that remuneration is as per the remuneration policy of the Company.

### Committees of the Board

Currently, the Board has eight committees namely the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee, the Stakeholders Relationship Committee, the Risk Management Committee, Banking Committee, Investment Committee and Fund Management Committee.

### Audit Committee

As on 31st March, 2016, the Audit Committee comprised of Mr. Ram Kumar Thapliyal, Independent Director (Chairman), Mr. Dhananjaya Prasad Singh, Independent Director and Mr. Amrit Agrawal, Executive Director (Members).

### Corporate Social Responsibility

In accordance with the provisions of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility (CSR) Committee of the Board has been constituted on 28th May, 2014, inter alia, to formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company and monitor the same from time to time. The composition of committee is disclosed in Corporate Governance Report forming part to this report. The CSR policy has also been hosted on the website of the company [www.spentex.net](http://www.spentex.net)

### Risk Management

The Board of Directors of the Company has constituted a Risk Management Committee to oversee the risk management plan in the Company. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report. The Risk Management Policy has also been hosted on the website of the Company.

A detailed note on the composition of the Board and its various committees is provided in the Corporate governance report forming part to this Annual Report.

**Vigil Mechanism**

The Company has framed and implemented a vigil mechanism named as Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The details of the Whistle Blower Policy are provided in the Corporate Governance Report and also posted on the website ([www.spentex.net](http://www.spentex.net)) of the Company. The Company has received three complaints till date and the same were duly redressed.

**Directors' Responsibility Statement**

Pursuant to the requirement of Section 134(3)(c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2016 and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Related Party Transactions**

None of the transactions with related parties falls under the scope of section 188(1) of the Act. All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions entered into by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Prior omnibus approval of the Audit Committee was obtained for Related Party Transactions for the quarter/year ended 31st March, 2016, transactions proposed to be entered into with the related parties in the year 2016-17 were placed before the said committee and consent of said the committee was obtained.

The policy on Related Party Transactions as approved by the Board has been uploaded on the Company's website [www.spentex.net](http://www.spentex.net). None of the Directors has any pecuniary relationships or transactions vis-a-vis the Company. Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, form AOC - 2 is not applicable to the Company.

**Significant and Material Orders passed by the Regulators or Courts**

During the year under review, there are no significant or material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

**Auditors**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and rules framed thereunder, M/s. J C Bhalla & Co., Chartered Accountants, (Registration No. 001111N) were appointed as Statutory Auditors of the Company at Annual General Meeting held on 11th September, 2014 to hold office till conclusion of 25th Annual General Meeting for a period of three years subject to ratification of their appointment at every Annual General Meeting.

The Company has received a confirmation from M/s. J C Bhalla, Chartered Accountants to the effect that their appointment, if made, at the ensuing AGM would be in terms of Sections 139 and 141 of the Companies Act, 2013 and rules made there under and that they are not disqualified for re-appointment.

**Auditors Report**

The Auditors' Report read with the Notes to Accounts is self-explanatory and does not call for any further explanation under Section 134 of the Companies Act, 2013, except for the responses in respect of some observations as mentioned here in below.

**Directors' view on Auditor's Observations**

Directors' response to the various observations of the auditors made in their report, even though explained wherever necessary through appropriate notes to accounts, is reproduced hereunder in compliance with the relevant legal requirements:

**Note No. 39 of the Financial Statement qualified by Auditors**

The company has an investment of Rs. 204,469,921/- in and has amount recoverable amounting to Rs. 732,239,193/- to Amit Spinning Industries Limited (ASIL), a subsidiary, as on March 31, 2016. The accumulated losses of ASIL, at the year end exceeded its net worth. There is also reduction in market value of the investment at the year end by Rs. 187,475,249/-. In the opinion of the management, diminution in this long term investment is due to adverse business conditions in the past. Management believes that diminution in the value of investment is of temporary nature and that outstanding would be realised within a reasonable period of time. Accordingly no provision considered necessary in the value of investment held and amount due from ASIL.

**Note No. 40 of the Financial Statement qualified by Auditors**

The Company has an investment of Rs. 561,011,339 and Rs. 9,323,779 in its subsidiary Spentex Netherlands B. V. (SNBV) and its step down subsidiary Spentex Tashkent Toytepa LLC (STTL) respectively. Further it has Rs. 70,012,404 as export receivable from STTL and advances recoverable of Rs. 95,070,902 in SNBV as on March 31st, 2016. During the period of investment, Government of Uzbekistan (GOU) changed certain laws and policies breaching the investment agreement and rendered operation of STTL not only unviable, but also expropriated its

investment. All the assets and liabilities of STTL have been taken over by National Bank of Uzbekistan (NBU) and existence of STTL has been liquidated as per bankruptcy laws. In view of this corporate guarantee given by company in respect of STTL liability for deferred payment to Tashkent Toytepa Textile (TTL) stand extinguished. SNBV, which had made around 99% investment in the equity of STTL, had filed request for Arbitration against GOU for Claim through its lawyer before International Center for Settlement Investment Dispute (ICSID). Based on the claim lodged with ICSID, Board of Directors have decided not to make any provision for the aforesaid amounts. In addition to above claim, the company has sent notice to the GOU for indemnify the further losses caused to company directly or indirectly on account of investment made in Uzbekistan.

**Note No. 42 of the Financial Statement qualified by Auditors**

As regards an amount of Rs. 12,830,469 (Rs. 12,830,469) dues from Government Authorities, company filed an application for release with concerned authorities. The Company is making effort to recover the same and expects to reduce the outstanding dues significantly. The management is of the opinion that ultimately there would be no losses against these old balances and hence no provision is considered necessary at this stage.

**Note No. 43 of the Financial Statement qualified by Auditors**

Advance balances aggregating to Rs. 55,982,580 are due from certain parties where payments are not forthcoming. The company is making appropriate concerted efforts including negotiations with these parties to recover the same and expect to reduce the outstanding dues significantly. The management is of the view that ultimately there would be no losses against these outstanding balances and hence no provision is considered necessary at this stage.

**Note No. 49 of the Financial Statement qualified by Auditors**

The company's accounts have become Non performing assets (NPA) with majority of the dealing banks. The company has submitted restructuring proposal proposing various alternatives to the banks which is under discussions. None of the banks has initiated action in any legal forum. The company has provided interest on such loans, however penal interest, if any, has not been provided.

**Note No. 4 of the Financial Statement without qualifying by Auditors**

The Company has not allotted shares against the share application amount of Rs. 1,109.50 Lakh which was brought in by the promoters in more than one installment under restructuring scheme approved by the Bankers. Due to pending necessary approvals and directions for allotment of shares, the Company has not complied with the provisions of Section 42 of the Companies Act, 2013. The Company is looking for alternative options for issuance of said shares to promoters/promoter group.

**Note No. 41 of the Financial Statement without qualifying Auditors**

The accumulated losses of the Company had exceeded its net worth during the year 2011-12. Accordingly company in compliance with the provisions of section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 filed a reference with Board for Industrial and Financial Restructuring (BIFR). The company's operations were adversely affected in earlier financial years due to sluggish market demand, greater decline in cotton prices globally as compared to India, and higher power cost in Maharashtra, certain policies of the Government and shortage of working capital. In spite of the unfavourable market scenario and financial constraints, the units of the company continue to operate at satisfactory capacity utilization levels and are generating positive Earnings before Interest Depreciation Tax and Amortisation (EBIDTA). The company's accounts have become Non performing assets (NPA) with majority of the dealing banks and the company is also in receipt of NPA cum recall notice. The company has submitted/in process of submitting restructuring proposal proposing various alternatives to the banks which is currently under discussion. With strong management focus on strategic initiatives for cost rationalization, optimum product mix and efficient plant operations, the management believes that accumulated losses would reasonably be paired, in due course. The financial statements, as such have been prepared on a going concern basis.

**Note No. 42 of the Financial Statement without qualifying by Auditors**

Advance balances aggregating to Rs. 18,410,722 from a party where payments are not forthcoming. Against the above, the Company has filed a suit for recovery. Based on outcome of the legal suit coupled with further negotiations with the party, the management is of the opinion that ultimately there would be no losses against these old balances and hence no provision is considered necessary at this stage.

**Note No. 44 of the Financial Statement without qualifying by Auditors**

The company has applied to Securities & Exchange Board of India (SEBI) seeking exemption for maintaining at least 15% of the amount of its debenture maturing during the financial year 2016-17 vide circular no 04/2013 dated 11-Feb-2013 issued by Ministry of Corporate Affairs, which is still awaited.

**Note No. 45 of the Financial Statement without qualifying by Auditors**

The outstanding balance as on 31st March, 2016 in respect of certain trade receivables, trade payables and loans & advances are subject to confirmation/reconciliation and consequential adjustment if any, from the respective parties. The management, however, does not expect any material variations.

**Cost Auditors**

Mr. Rajesh Goyal, Cost Accountant of M/s. K G Goyal & Associates, Cost Accountants (Firm Registration No.000024) has been appointed as Cost Auditors to carry out audit of the Cost Accounts maintained by the Company for the financial year 2016-17.

**Secretarial Auditor & Audit Report:**

The Board has appointed M/s. Loveneet Handa & Associate, Practicing Company Secretary (having CP No. 10753 & Membership No. 25973) as Secretarial Auditor to conduct secretarial audit for the financial year 2015-2016. The Secretarial Audit Report for the financial year ended March 31, 2016 in Form MR-3 is annexed herewith as Annexure I to this Report in compliance with the provisions of Section 204 of the Companies Act, 2013.

The Secretarial Auditors' Report does not contain any qualifications or reservation or adverse remarks except non issue of 1.10 cr. equity shares of Rs. 10/- each to promoters group due to non receipt of in-principle approval from stock exchanges and non payment of EPF dues for the month of March, 2016 in respect of Pithampur Plant and Corporate Office.



**Internal Auditors**

Pursuant to section 138 of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014, the Company has appointed Dr. Sunil Kumar Gupta as Internal Auditor of the Company.

**Internal Financial Control Systems and Adequacy**

The Company has adequate system of internal financial control with regard to various business processes, financial reporting and compliance with applicable laws and regulations, etc. with clearly defined roles and responsibilities for all managerial positions. All operating parameters are continuously monitored and controlled.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the internal audit reports, process owners undertake corrective actions in their respective areas and thereby further strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

**Extract of the Annual Return**

As provided under section 92(3) of the Act, the extract of annual return in the prescribed Form MGT-9 is annexed as Annexure-2 to this Report.

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

Company has implemented energy conservation initiatives and such action has resulted into major savings in energy consumption as well as in cost control. The information as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014 is set out in the Annexure – 3 to this Report.

**Particulars of Employees**

The statement containing particulars of employees as required under section 197(12) of the Act read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, shall be made available to any shareholder on a specific request made by him in writing on or before 27th September, 2016.

**Deposits**

The Company has not accepted or renewed any deposit during the year and there are no outstanding and/or overdue deposits as at 31st March, 2016.

**Particulars of Loans, Guarantees or Investments**

Details of loans, Guarantees and Investments covered under the provision of Section 186 of the Companies Act, 2013 have been disclosed in the Financial Statements.

**Dividend**

During the year under review, the Company has no distributable profits hence your Directors do not recommend payment of any dividend.

**Transfer of Reserves**

During the year, the Company has not transferred any amount to reserves.

**Material changes and commitments affecting the financial position of the Company between the date of Board Report and end of Financial Year**

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

**Human Resources/Industrial Relations**

The Company and its management value the talent, commitment and dedication of its employees and acknowledge their contribution. All employees in the Company work as a team and integral part of the family, sharing their ideas and concerns through discussions, Town Hall meetings and intranet communication network installed across the units.

Industrial Relations scenario at all units continues to be healthy and enthusiastic.

To foster a positive workplace environment, free from harassment of any nature, the Company has framed a policy on Prevention of Sexual Harassment of Employees and constituted an internal committee to address and redress complaints of sexual harassment at the workplace in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no case has been filed in this regard.

**Information Technology**

Information Technology continues to be an integral part of your company's business strategy. The Company is working on SAP platform integrating all its units located at different places/locations, its business processes, financial parameters, customer transactions and people, effectively on real time basis.

**Change in the nature of Business**

There is no change in the nature of the business of the company.

**Corporate Governance and Management Discussion and Analysis**

As stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a report on Corporate Governance is attached separately as a part of the Annual Report and the Management Discussion and Analysis (MD & A) is also included in this report so that duplication and overlapping between Directors' Report and a separate MD & A is avoided and the entire information is provided in a composite and comprehensive manner.

**Listing of Shares**

Presently Company's shares are listed and traded at the BSE Ltd., Mumbai (BSE) and National Stock Exchange of India Ltd, Mumbai (NSE), for which annual Listing Fee has been paid by the Company, till 31st March, 2017.

**Conclusion**

Your Company enjoys leadership position in domestic market with strong competitive advantage in the export segment. However due to sluggish market and consequent losses in the recent past, the Company is currently in consolidation mode. We shall, continue to explore the opportunities to further strengthen our leadership position.

**Acknowledgements**

Your Directors take this opportunity to thank the Financial Institutions, Banks, Central and State Governments authorities, Regulatory authorities, Stock Exchanges, stakeholders, customers and vendors for their continuous support and co-operation, and for the trust reposed by them in the Management. Your Directors also wish to thank all the employees of the Company for their unstinted commitment and valuable contributions.

For and on behalf of **Board of Directors**  
Sd/-

**Ajay Kumar Choudhary**  
Chairman

Place: New Delhi  
Dated: August 11, 2016

**Annexure - 1 to the Directors' Report****Form No. MR-3****SECRETARIAL AUDIT REPORT****For The Financial Year Ended On 31st March, 2016**

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,

The Members,

**Spentex Industries Limited**  
(L74899DL1991PLC138153)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s **Spentex Industries Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s **Spentex Industries Limited** as given in Annexure I for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (N.A.)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (N.A.)
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (N.A.) and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (N.A.)
- (vi) OTHER APPLICABLE ACTS,
  - (a) Factories Act, 1948
  - (b) Payment of Wages Act, 1936, and rules made thereunder,
  - (c) The Minimum Wages Act, 1948, and rules made thereunder,

- (d) Employees' State Insurance Act, 1948, and rules made thereunder,
- (e) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder,
- (f) The Payment of Bonus Act, 1965, and rules made thereunder,
- (g) Payment of Gratuity Act, 1972, and rules made thereunder
- (h) The Water (Prevention & Control of Pollution) Act, 1974, Read with Water (Prevention & Control of Pollution) Rules, 1975,
- (i) Food Safety and Standards Act, 2006, and rules made thereunder.
- (j) Environment (Protection) Act, 1986

**We have also examined compliance with the applicable clauses of the following:**

1. Secretarial Standards issued by The Institute of Company Secretaries of India.
2. The Listing Agreements entered into by the Company with BSE Ltd. and National Stock Exchange of India Ltd.
3. SEBI (Listing obligations and Disclosure Requirements) regulation, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above

**We further report that:**

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
4. There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
5. The Company has paid all the statutory dues for the financial year 2015-2016 except EPF (Employee Provident Fund) Dues for the month of March, 2016 in respect of Pithampur Plant and Corporate Office.
6. The Company has complied with all the provisions of SEBI (Listing obligations and Disclosure Requirements) regulation, 2015 and SEBI (Insider Trading) Regulations, 2015 in respect to opening trading window, Company intimated 24 hours instead of 48 hours.
7. During the year under review, your Company had obtained approval of the members at their 23rd Annual General Meeting held on 30th September, 2015 for issuance of 1,10,95,000 equity shares of Rs. 10/- each to Promoters/Promoter Group on preferential basis. Subsequently, the Company had applied to NSE and BSE for obtaining in-principal approval for issuance of aforesaid shares. However, due to non fulfillment of the conditions prescribed under Regulation 78 of SEBI (ICDR) Regulations, 2009 because of lenders, the in-principal approval was not accorded. The Company has since withdrawn the application filed before stock exchanges on 25th July, 2016 and the same was approved by the NSE. The Board of Directors is looking for alternate options for issue of said shares to the promoters.
8. The Company has complied with the provisions of Section 134 (3) (g) of the Companies Act, 2013 by providing the details of Loans, Guarantee and Security provided by the company under Section 186 of Companies Act, 2013 in the Notes to the Financial Statement and stated the reference link in Director's Report.
9. The Company has maintained Minutes of the Board Meetings and Annual General Meeting of the Company, held during the Financial Year 2015-16, in accordance with Section 118 of the Companies Act, 2013 and applicable Secretarial Standards 1 & 2 (SS1 & SS2) issued by the Institute of Company Secretaries of India.
10. As per provisions of Companies Act, 2013 and Company rules 2014 read with various clauses of Listing Agreement/ SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company has constituted the Risk Management Committee, Stakeholders Relationship Committee, CSR Committee, Investment Committee, Fund Management Committee, Audit Committee, Nomination & Remuneration Committee and uploaded applicable policies at Company's website.
11. The Company has registered with BIFR vide case No. 33/2013 dated 23rd May, 2015.

**During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and there were no specific events / actions having a major bearing on the company's**

**For Loveneet Handa & Associates**  
(Practicing Company Secretary)

Sd/-

**Loveneet Handa**  
**ACS NO: 25973**  
**C.P No: 10753**

Place: New Delhi  
Dated: August 11, 2016

## Annexure - I

**Documents examined/verified while conducting secretarial audit:**

- (a) Books , Papers, as per Section 2 (12) of Companies Act, 2013, "book and paper" and "book or paper" include books of account, deeds, vouchers, writings, documents, minutes and registers maintained on paper or in electronic form. (Registers Maintained by RTA)
- (b) Memorandum of association
- (c) Articles of association
- (d) Certificate of Incorporation
- (e) Audited balance sheet(s)
- (f) Statutory Registers maintained by the Company i.e, Register of Members/ Register of Charges/ Register of Directors' Shareholding/ Register of Contract/ Register of Investment etc.
- (g) Minutes of the Board meetings, Annual General Meeting, Stakeholders Relationship Committee Meeting, Audit Committee Meeting and Nomination & Remuneration Committee Meeting.
- (h) Notice of calling Annual General Meeting along with the explanatory statement.
- (i) Copy of documents related to the appointment/Resignation of Statutory Auditor of the company
- (j) Copy of Internal Audit Report given by Internal Auditor appointed u/s 138 of Companies Act, 2013.
- (k) Notices of disclosure of directors' interests in Form No. MBP-1 as well as specific notices received from time to time from the directors and recorded in the minutes of Board meetings.

**Annexure - 2 to the Directors' Report****FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31st March, 2016**

{Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration ) Rules, 2014}

**I. REGISTRATION AND OTHER DETAILS:**

i) CIN	L74899DL1991PLC138153
ii) Registration Date	25.11.1991
iii) Name of the Company	Spentex Industries Limited
iv) Category/Sub-category of the Company	Public Limited Company
v) Address of the Registered office & contact details	A - 60, Okhla Industrial Area, Phase - II, New Delhi - 110020; Tel: 011-26387738 Fax : 011-26385181; Email : secretarial@clcindia.com; Web.: www.spentex.net
vi) Whether listed company	Yes
vii) Name, Address & contact details of the Registrar & Transfer Agent, if any	RCMC Share Registry Pvt. Ltd., B-25/1, Okhla Industrial Area, Phase 2, New Delhi-110020; Tel: 011-26387320 Fax : 011-26387322 E-mail: mdnair@rcmcdelhi.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sr. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Cotton Yarn/Synthetic Yarn Cotton & Synthetic & Blended Yarn	131	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	<b>Amit Spinning Industries Limited</b> A - 60, Okhla Industrial Area, Phase - II, New Delhi - 110020	L17100DL1991PLC171468	Subsidiary	50.96%	2 (87)
2	<b>Spentex Netherlands B.V (SNBV)</b> Startbaan 8, 1185XR Amstelveen, The Netherlands	Foreign Subsidiary	Subsidiary	91.00%	2 (87)
3	<b>Spentex Tashkent Toytepa LLC</b> 2a, Zie Said Street, Tashkent City 100042, Republic of Uzbekistan	Foreign Subsidiary	Step Down Subsidiary	99.18 % by SNBV & 00.82% by Company	2 (87)
4	<b>Schoeller Textile Netherlands B.V.</b> Startbaan 8, 1185XR Amstelveen The Netherlands	Foreign Subsidiary	Step Down Subsidiary	100.00 % by SNBV	2 (87)

**IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)**
**i) Category wise shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2015)				No. of Shares held at the end of the year (As on 31-03-2016)				%change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Share	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	30,966,502	-	30,966,502	34.49	18,433,168	-	18,433,168	20.53	-13.96
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	0.00
c) Bodies Corporates	19,364,058	-	19,364,058	21.57	19,364,058	-	19,364,058	21.57	0.00
d) Bank/FI	-	-	-	-	-	-	-	-	0.00
e) Any other	-	-	-	-	-	-	-	-	0.00
<b>SUB TOTAL:(A) (1)</b>	<b>50,330,560</b>	<b>-</b>	<b>50,330,560</b>	<b>56.06</b>	<b>37,797,226</b>	<b>-</b>	<b>37,797,226</b>	<b>42.10</b>	<b>-13.96</b>
<b>(2) Foreign</b>									
a) NRI- Individuals	-	-	-	-	-	-	-	-	0.00
b) Other Individuals	-	-	-	-	-	-	-	-	0.00
c) Bodies Corp.	-	-	-	-	-	-	-	-	0.00
d) Banks/FI	-	-	-	-	-	-	-	-	0.00
e) Any other...	-	-	-	-	-	-	-	-	0.00
<b>SUB TOTAL (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A)= (A) (1)+(A)(2)</b>	<b>50,330,560</b>	<b>-</b>	<b>50,330,560</b>	<b>56.06</b>	<b>37,797,226</b>	<b>-</b>	<b>37,797,226</b>	<b>42.10</b>	<b>-13.96</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	10,306	10,505	20,811	0.03	10,306	10,901	21,207	0.03	0.00
b) Banks/FI	1,512	182	1,694	0.00	1,938	2,920	4,858	0.00	0.00
c) Central Govt	-	-	-	-	-	-	-	-	0.00
d) State Govt.	-	-	-	-	-	-	-	-	0.00
e) Venture Capital Fund	-	-	-	-	-	-	-	-	0.00
f) Insurance Companies	-	-	-	-	-	-	-	-	0.00
g) FIIS	-	-	-	-	-	-	-	-	0.00
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	0.00
i) Others (specify) Foreign Bank	1,496	9	1,505	0.00	-	-	-	-	0.00
<b>SUB TOTAL (B)(1):</b>	<b>13,314</b>	<b>10,696</b>	<b>24,010</b>	<b>0.03</b>	<b>12,244</b>	<b>13,821</b>	<b>26,065</b>	<b>0.03</b>	<b>0.00</b>
<b>(2) Non Institutions</b>									
a) Bodies corporates									
i) Indian	4,486,695	57,851	4,544,546	5.06	8,350,076	57,998	8,408,074	9.37	4.31
ii) Overseas	-	-	-	-	-	-	-	-	0.00

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2015)				No. of Shares held at the end of the year (As on 31-03-2016)				%change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Share	
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	8,472,985	1,022,080	9,495,065	10.58	11,864,683	1,012,143	12,876,826	14.34	3.76
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	5,668,130	-	5,668,130	6.31	10,751,587	-	10,751,587	11.98	5.67
c) Others (specify)									
i) Directors other than Promoters	83,721	-	83,721	0.09	71	-	71	0.00	-0.09
ii) Trust	27,895	-	27,895	0.03	28,095	-	28,095	0.03	0.00
iii) Clearing Member	16,421	-	16,421	0.02	281,812	-	281,812	0.31	0.29
iv) NRI	267,662	58,658	326,320	0.36	290,971	58,658	349,629	0.39	0.03
v) Foreign Company/ FIs	19,252,884	2,483	19,255,367	21.45	19,252,650	-	19,252,650	21.45	0.00
<b>SUB TOTAL (B)(2):</b>	<b>38,276,393</b>	<b>1,141,072</b>	<b>39,417,465</b>	<b>43.91</b>	<b>50,819,945</b>	<b>1,128,799</b>	<b>51,948,744</b>	<b>57.87</b>	<b>13.96</b>
<b>Total Public Shareholding(B)= (B)(1)+(B)(2)</b>	<b>38,289,707</b>	<b>1,151,768</b>	<b>39,441,475</b>	<b>43.94</b>	<b>50,832,189</b>	<b>1,142,620</b>	<b>51,974,809</b>	<b>57.90</b>	<b>13.96</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>88,620,267</b>	<b>1,151,768</b>	<b>89,772,035</b>	<b>100.00</b>	<b>88,629,415</b>	<b>1,142,620</b>	<b>89,772,035</b>	<b>100.00</b>	<b>0.00</b>

## ii) Share Holding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2015)			Shareholding at the end of the year (31-03-2016)			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Mukund Choudhary	8,535,946	9.51	8.70	5,273,083	5.87	5.87	-3.63
2	Kapil Choudhary	8,474,869	9.44	8.64	5,228,530	5.82	5.82	-3.62
3	Ajay Kumar Choudhary	8,066,052	8.98	8.12	4,460,292	4.97	4.97	-4.01
4	Jyoti Choudhary	2,980,225	3.32	2.22	1,771,039	1.97	1.97	-1.35
5	Ritu Choudhary	2,770,374	3.09	2.22	1,561,188	1.74	1.74	-1.35
6	CLC Technologies Private Limited	18,300,000	20.38	20.38	18,300,000	20.38	20.38	0.00
7	CLC & Sons Private Limited	1,064,058	1.19	0.00	1,064,058	1.19	1.19	0.00



SI No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2015)			Shareholding at the end of the year (31-03-2016)			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
8	Lekha Devi Choudhary	96,035	0.11	0.05	96,035	0.11	0.11	0.00
9	Chiranjilal Choudhary	43,001	0.05	0.05	43,001	0.05	0.05	0.00
	<b>Total</b>	<b>50,330,560</b>	<b>56.06</b>	<b>50.38</b>	<b>37,797,226</b>	<b>42.10</b>	<b>42.10</b>	<b>-13.96</b>

**iii) Change In Promoters' (including Promoter Group) Shareholding ( Specify if there is no change)**

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year (as on 01.04.2015)		Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease			Cumulative Shareholding during the year		Shareholding at the end of the year (as on 31.03.2016)	
		No. of shares	% of total shares of the company	Date	Reason	Increase/ Decrease	No of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mukund Choudhary	8,535,946	9.51	11.06.2016	Sale of by way of Invocation of pledge	-30,93,546 (3.45%)	5,442,400	6.06		
				12.06.2016	Sale by way of Invocation of pledge	-1,69,317 (0.19%)	5,273,083	5.87	5,273,083	5.87
2	Kapil Choudhary	8,474,869	9.44	11.06.2016	Sale by way of Invocation of pledge	-30,77,879 (3.43%)	5,396,990	6.01		
				12.06.2016	Sale by way of Invocation of pledge	-1,68,460 (0.19%)	5,228,530	5.82	5,228,530	5.82
3	Ajay Kumar Choudhary	8,066,052	8.99	11.06.2016	Sale by way of Invocation of pledge	-34,18,649 (3.81%)	4,647,403	5.18		
				12.06.2016	Sale by way of Invocation of pledge	-1,87,111 (0.21%)	4,460,292	4.97	4,460,292	4.97
4	Jyoti Choudhary	2,980,225	3.32	11.06.2016	Sale by way of Invocation of pledge	-11,46,439 (1.28%)	1,833,786	2.04		
				12.06.2016	Sale by way of Invocation of pledge	-62,747 (0.21%)	1,771,039	1.97	1,771,039	1.97
5	Ritu Choudhary	2,770,374	3.09	11.06.2016	Sale by way of Invocation of pledge	-11,46,439 (1.28%)	1,623,935	1.81		
				12.06.2016	Sale by way of Invocation of pledge	-62,747 (0.21%)	1,561,188	1.74	1,561,188	1.74
6	CLC Technologies Private Limited	18,300,000	20.38	No change during the year			-	-	18,300,000	20.38
7	CLC & Sons Private Limited	1,064,058	1.19	No change during the year			-	-	1,064,058	1.19
8	Lekha Devi Choudhary	96,035	0.11	No change during the year			-	-	96,035	0.11
9	Chiranjilal Choudhary	43,001	0.05	No change during the year			-	-	43,001	0.05

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Sl. No	Name of Shareholder	Shareholding at the beginning of the year (01.04.2015)		Shareholding at the end of the year (31.03.2016)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Top 10 Shareholders*				
1	VCIGPM Limited	19,252,650	21.45	19,252,650	21.45
2	Soyuz Trading Company Limited	431,207	0.48	3,920,658	4.37
3	Rammohan Rao		-	840,700	0.94
4	Ashish Choudhary	606,923	0.68	606,923	0.68
5	Siddharath Bindra	97,278	0.11	515,280	0.57
6	PKC Stock Broking Pvt. Ltd	147,725	0.16	460,234	0.51
7	Chandrakant Namdeo Mindhe	67,870	0.08	421,483	0.47
8	L.S.E.Securities Ltd.	13,742	0.02	413,362	0.46
9	Joindre Capital Services Ltd	3,400	0.00	402,640	0.45
10	C Umasankar	100,000	0.11	375,000	0.42

\*The shares of the Company are traded on a daily basis and hence the date wise increase / decrease in shareholding is not indicated. Shareholding is consolidated based on permanent account number (PAN) of the shareholder.

**v) Shareholding of Directors & Key Managerial Personnel**

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year (as on 01.04.2015)		Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease			Cumulative Shareholding during the year		Shareholding at the end of the year (as on 31.03.2016)	
		No. of shares	% of total shares of the company	Date	Reason	Increase/ Decrease	No of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Ajay Kumar Choudhary - Chairman	8,066,052	8.99	11.06.2016	Sale by way of Invocation of pledge	-34,18,649 (3.81%)	4,647,403	5.18		
				12.06.2016	Sale by way of Invocation of pledge	-1,87,111 (0.21%)	4,460,292	4.97	4,460,292	4.97
2	Mr. Mukund Choudhary Managing Director	8,535,946	9.51	11.06.2016	Sale of by way of Invocation of pledge	-30,93,546 (3.45%)	5,442,400	6.06		
				12.06.2016	Sale by way of Invocation of pledge	-1,69,317 (0.19%)	5,273,083	5.87	5,273,083	5.87
3	Mr. Kapil Choudhary Deputy Managing Director	8,474,869	9.44	11.06.2016	Sale by way of Invocation of pledge	-30,77,879 (3.43%)	5,396,990	6.01		
				12.06.2016	Sale by way of Invocation of pledge	-1,68,460 (0.19%)	5,228,530	5.82	5,228,530	5.82
4	Mr. Amrit Agrawal - Wholetime Director	71	0.00	No change during the year			-	-	71	0.00
5	Mr. Sitaram Parthasarathy - Wholetime Director*	68,150	0.08	No change during the year			-	-	68,150	0.08
6	Mr. Prem Malik Independent Director*	15,500	0.02	No change during the year			-	-	15,500	0.02
7	Mr. Shyamal Ghosh Independent Director	0	0.00	No change during the year			-	-	0	0.00

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year (as on 01.04.2015)		Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease			Cumulative Shareholding during the year		Shareholding at the end of the year (as on 31.03.2016)	
		No. of shares	% of total shares of the company	Date	Reason	Increase/Decrease	No of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	Mr. Deepak Diwan Independent Director	0	0.00		No change during the year		-	-	0	0.00
9	Mr. D P Singh Independent Director	0	0.00		No change during the year		-	-	0	0.00
10	Mr. Ram Kumar Thapliyal- Independent Director	0	0.00		No change during the year		-	-	0	0.00
11	Ms Kamal Kapur Independent Director	0	0.00		No change during the year		-	-	0	0.00
12	Mr. Samir Kumar Nath Nominee Director (On behalf of SBI)	0	0.00		No change during the year		-	-	0	0.00
13	Mr. Rajeev Kalra- Nominee Director (On behalf of VCIGPM)*	0	0.00		No change during the year		-	-	0	0.00
14	Dr. Sunil Kumar Gupta Company Secretary	0	0.00		No change during the year		-	-	0	0.00
15	Mr. Sharat Kumar Gupta - CFO	0	0.00		No change during the year		-	-	0	0.00

\*Mr. Prem Malik, Independent Director, Mr. Rajeev Kalra Nominee Director (Nomination withdrawn by VCIGPM Ltd.) and Mr. Sitaram Parthasarathy, Director Works have resigned from the Board of Directors of the Company w.e.f 13th August, 2015, 11th September, 2015 and 7th November, 2015 respectively.

**V) Indebtedness**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in `)

		<b>Secured Loan Except Deposits</b>	<b>Unsecured Loan</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtedness at the beginning of the FY</b>					
i)	Principal Amount	4,41,50,68,394	-	43,21,806	4,41,93,90,200
ii)	Interest due but not paid	9,80,70,351	-	-	9,80,70,351
iii)	Interest accrued but not due	-	-	-	-
	<b>Total (i+ii+iii)</b>	<b>4,51,31,38,745</b>	<b>-</b>	<b>43,21,806</b>	<b>4,51,74,60,551</b>
<b>Change in Indebtedness during the FY</b>					
	Additions	1,50,09,19,610	6,78,00,003	20,79,934	1,57,07,99,547
	Reduction	(10,61,36,904)	-	-	(10,61,36,904)
	<b>Net Change</b>	<b>1,39,47,82,706</b>	<b>6,78,00,003</b>	<b>20,79,934</b>	<b>1,46,46,62,643</b>
<b>Indebtedness at the end of the FY</b>					
i)	Principal Amount	5,52,35,95,868	6,78,00,003	64,01,740	5,59,77,97,611
ii)	Interest due but not paid	38,43,25,583	-	-	38,43,25,583
iii)	Interest accrued but not due	-	-	-	-
	<b>Total (i+ii+iii)</b>	<b>5,90,79,21,451</b>	<b>6,78,00,003</b>	<b>64,01,740</b>	<b>5,98,21,23,194</b>

**VI. Remuneration of Directors and Key Managerial Personnel****A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

(Amount in ` )

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager					Total Amount
1	<b>Gross salary</b>	<b>Mr. Ajay Kumar Choudhary</b>	<b>Mr. Mukund Choudhary</b>	<b>Mr. Kapil Choudhary</b>	<b>Mr. Sitaram Parthasarathy#</b>	<b>Mr. Amrit Agrawal</b>	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	6,720,000	6,720,000	6,720,000	3,781,876	6,334,400	30,276,276
	(b) Value of perquisites u/s 17(2) of the IT Act, 1961	9,351	9,351	9,351	17,831	23,789	69,673
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-
2	Stock option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission	-	-	-	-	-	-
	as % of profit	-	-	-	-	-	-
	others (specify)	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-
	<b>Total (A)</b>	<b>6,729,351</b>	<b>6,729,351</b>	<b>6,729,351</b>	<b>3,799,707</b>	<b>6,358,189</b>	<b>30,345,949</b>
	Ceiling as per the Act						30,000,000**

#Mr. Sitaram Parthasarathy has resigned from the Board of the Company w.e.f 7th November, 2015.

\*Remuneration paid to Managing Director, Whole-time Directors and/or Manager includes EPF &amp; other perquisites.

\*\*In addition to it, directors are eligible to employer's contribution to provident fund.

**B. Remuneration to other directors:**

(Amount in ` )

Sl. No.	Particulars of Remuneration	Name of the Directors						Total Amount
1	<b>Independent Directors</b>	<b>Mr. Prem Malik*</b>	<b>Mr. Shyamal Ghosh</b>	<b>Mr. Deepak Diwan</b>	<b>Mr. D.P. Singh</b>	<b>Mr. Ram Kumar Thapliyal</b>	<b>Ms Kamal Kapur</b>	
	(a) Fee for attending board/ committee meetings	85,000	80,000	95,000	110,000	155,000	60,000	585,000
	(b) Commission	-	-	-	-	-	-	-
	(c) Others, please specify	2,000	4,000	4,000	4,000	4,000	3,000	21,000
	<b>Total (1)</b>	<b>87,000</b>	<b>84,000</b>	<b>99,000</b>	<b>114,000</b>	<b>159,000</b>	<b>63,000</b>	<b>606,000</b>
2	<b>Other Non Executive Directors</b>	<b>Mr. Rajeev Kalra* (Nominee Director)</b>	<b>Mr. Samir Kumar Nath (Nominee Director on behalf of SBI)</b>					
	(a) Fee for attending board committee meetings	-	40,000					-
	(b) Commission	-						-
	(c) Others, please specify.	-	2,000					-
	<b>Total (2)</b>	<b>-</b>	<b>42,000</b>					<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>87,000</b>	<b>126,000</b>	<b>99,000</b>	<b>114,000</b>	<b>159,000</b>	<b>63,000</b>	<b>648,000</b>
	<b>Total Managerial Remuneration</b>							<b>648,000</b>
	<b>Overall Ceiling as per the Act.</b>							<b>N.A.</b>

\*Mr. Prem Malik and Mr. Rajeev Kalra have resigned from the Board of Directors of the Company w.e.f 13th August, 2015, and 11th September, 2015 respectively.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(Amount in `)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Mr. Sunil Kumar Gupta (Company Secretary)	Mr. Sharat Gupta (CFO)	
1	<b>Gross Salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	N.A	2,320,920	916,004	3,236,924
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	N.A	627,000	362,084	989,084
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	N.A	-	NIL	-
2	Stock Option	N.A	-	NIL	-
3	Sweat Equity	N.A	-	NIL	-
4	Commission	N.A	-	NIL	-
	as % of profit	N.A	-	NIL	-
	others, specify	N.A	-	NIL	-
5	Others, please specify	N.A	334,080	29,920	364,000
	<b>Total</b>		<b>3,282,000</b>	<b>1,308,008</b>	<b>4,590,008</b>

**VII) Penalties / Punishment / Compounding of Offences**

There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.

**Annexure - 3 to the Boards' Report**

Information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014.

**A. CONSERVATION OF ENERGY**

During the year under review continuous efforts were being made to ensure optimum utilization of fuel and electricity and reduction of energy costs.

a. The Company is continuously taking steps in energy conservation, by installing and developing fuel efficient equipments and accessories such as installation of electronic chokes in place of copper chokes resulting in lower consumption of power.

 b. **Relevant data in respect of energy consumption is as below:**

	Current year 2015-16	Previous year 2014-15
<b>A. Power and Fuel Consumption</b>		
Electricity		
a. Purchased		
- Total Units consumed (KWH)	15,21,80,696	13,75,84,614
- Total Amount (Rs. in Lacs)	9,092.22	8,549.95
- Rate/unit (Rs.)	5.97	6.21
b. Own Generation (Through Genset)		
- Units (KWH)	Nil	Nil
- Units per litre of Diesel/Furnace Oil	Nil	Nil
- Cost/Unit (Rs)*	Nil	Nil
<b>B. Electricity Consumption (Units) Per Kg. of Production of yarn</b>	3.24	3.06

**B. TECHNOLOGY ABSORPTION****RESEARCH & DEVELOPMENT (R&D)****1. Specific areas in which R&D has been carried out by the Company:**

Continuing to identify improvements to processes through properly documented systems to strengthen yarn quality and improve productivity. The Company has carried out research & development for development of new products and for improvement in the production process and quality of products. Due to its R&D efforts, the Company has been able to launch new products e.g. SIRO yarn, Melange yarn, Acrylic/Cotton Blended yarn & Core spun yarn of different fibre mixtures which have been successful in the market. Benefits derived as result of the above R & D

**2. Benefit derived as a result of the above R&D:**

Meeting customer requirements, reduced rejections and effective resource utilization. The Company has been continuously improving the quality of its existing products and launched new products and also been able to reduce the cost of production.

**3. Future plan of action:**

Identifying measures to further improve productivity and there by contribution per unit of production. Management is committed to strengthen R&D activities further to improve competitiveness of the company in times to come.

**4. Expenditure on R & D:**

a. Capital	^ Nil
b. Revenue	^ 2.02 Lacs
c. Total	^ 2.02 Lacs
d. Total R & D Expenditure as percentage of total turnover	0.003 %

**Technology Absorption, Adaptation and Innovation****a) Efforts: upgrading machines with technologically advanced accessories and spares.**

- Upgraded Contamination Removal Machine
- Upgraded Leopfe Yarn Clearer

**b) Benefits: Higher output and improved quality of product****c) Technology imported during the last 5 years: None****C. Foreign Exchange Earnings and Outgo****1. Efforts:**

Significant exports to various countries round the globe on very competitive prices have brought in foreign exchange to the National Ex-chequer.

**2. Earnings and Outgo:**

Particulars with regard to foreign exchange earnings and outgo appears in Notes No. 34 and 35 in Annual Accounts.

For and on behalf of **Board of Directors**

Sd/-

**Ajay Kumar Choudhary**  
Chairman

Place: New Delhi  
Dated: August 11, 2016



**CORPORATE GOVERNANCE REPORT FOR THE YEAR 2015-16**

(As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

**1. Company's Philosophy on Corporate Governance**

The Company's philosophy on Corporate Governance is based on a firm commitment towards desired accountability, transparency, responsibility, and fairness in all aspects of business through effective internal control mechanisms and proactive risk management system for upholding values and ethos of corporate citizenship. The Company is committed to enhance long-term shareholders' value and respect minority rights in addition to complying with all statutory requirements in respect of Corporate Governance.

**2. Board of Directors**

The Board of Directors of the Company comprises of 10 Directors, with an Executive Chairman. Out of the 10 Directors, three directors are Executive Directors (i.e.30.%), one Professional Director (i.e. 10.%) and five directors are Non Executive/ Independent Directors including a Woman Director (i.e. 50.%) and one director is Nominee Director (nominated by State Bank of India) (i.e. 10.%). The composition of the Board is in conformity with requirements as stipulated under Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, 4 Board Meetings were held and the maximum time gap between any two meetings did not exceed 120 days (as stipulated by law in force). The respective dates on which Board Meetings were held are 29th May, 2015, 13th August, 2015, 7th November, 2015, and 10th February, 2016.

The names and category of the Directors on the Board, their attendance at the Board Meetings and last Annual General Meeting and number of Directorships and Committees Chairmanships/Memberships of each Director in other companies are as under:

Name of Director	Relationship with each other	No. of Board Meetings Attended	No. of Directorship(s) and Chairmanship(s)/Membership(s) of Board /Committees of other companies (as on 31-03-2016)			Attendance at Last AGM
Executive Directors			Directorship*	Member**	Chairperson**	Yes/No
Mr. Ajay Kumar Choudhary (Chairman)	Father of Mr. Mukund Choudhary and Mr. Kapil Choudhary	4	1	-	-	Yes
Mr. Mukund Choudhary (Managing Director)	Son of Mr. Ajay Kumar Choudhary	4	2	-	-	Yes
Mr. Kapil Choudhary (Deputy Managing Director)	Son of Mr. Ajay Kumar Choudhary	3	2	-	-	Yes
Mr. Sitaram Parthasarathy# (Director – Works)	No inter-se relation with any director	3	-	-	-	Yes
Mr. Amrit Agrawal (Director – Finance)	No inter-se relation with any director	4	4	1	-	Yes
<b>Non Executive/Independent Directors:</b>						
Mr. Deepak Diwan	No inter-se relation with any director	4	-	-	-	Yes
Mr. Ram Kumar Thapliyal	No inter-se relation with any director	4	-	-	-	No
Mr. Shyamal Ghosh	No inter-se relation with any director	4	2	1	1	No
Mr. D P Singh	No inter-se relation with any director	4	-	-	-	No
Mr. Prem Malik#	-do-	2	6	4	2	No
<b>Independent Woman Director:</b>						
Ms. Kamal Kapur	No inter-se relation with any director	3	-	-	-	No
<b>Nominee Director</b>						
Mr. Samir Kumar Nath#	No inter-se relation with any director	2	-	-	-	No
Mr. Rajeev Kalra#	-do-	2	2	-	-	No

- \* The Directorship(s) held by Directors do not include Alternate Directorships and Directorships of Foreign Companies, Private Limited Companies and Section 8 Companies.
- \*\* In accordance with Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Memberships/Chairmanships of only Audit Committees and Stakeholders Relationship Committees of all Public Limited Companies (excluding Spentex Industries Limited) have been considered.

#### # Note:

1. Mr. Prem Malik, Independent Director, Mr. Rajeev Kalra Nominee Director (Nomination withdrawn by VCIGPM Ltd.) and Mr. Sitaram Parthasarathy, Director Works have resigned from the Board of Directors of the Company w.e.f 13th August, 2015, 11th September, 2015 and 7th November, 2015 respectively.
2. Mr. Samir Kumar Nath has been appointed as Nominee Director (nominated by State Bank of India, Lead Bank) on the Board of the Company w.e.f 17th September, 2015.

#### Details of shares held by the Non-Executive Directors as on 31st March 2016

Name	No. of shares held	Name	No. of shares held
Mr. Deepak Diwan	Nil	Ms. Kamal Kapur	Nil
Mr. Ram Kumar Thapliyal	Nil	Mr. Shyamal Ghosh	Nil
Mr. Dhananjaya Prasad Singh	Nil	Mr. Samir Kumar Nath	Nil

#### Board Agenda

Meetings are governed and regulated by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are circulated at least seven days prior to the Board meeting.

#### Information supplied to the Board

1. Annual operating plans of business, Capital budget and updates.
2. Quarterly results of the Company and its operating divisions/manufacturing units, subsidiary and step-down subsidiary companies and business segments.
3. Performance of manufacturing units and functioning of key executives.
4. Performance on Quality Standards
5. Minutes of meetings of audit committee and other committees of the board, and also resolutions passed by circulation.
6. The information on recruitment and remuneration of senior officials just below the Board level, including appointment or removal of the Chief Financial Officer and Company Secretary.
7. Details of joint venture or collaboration agreements entered into.
8. Borrowings, term Loans and Investment of surplus funds as and when happened.
9. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
10. Notices like show cause, demand, penalty, prosecution which are material, and material default in financial obligations to and by the company and also non-receipt of payments for goods sold by the Company.
11. Significant labor problems and their proposed solutions, significant developments in Human Resources/Industrial Relations front like signing of Wage Agreements etc.
12. Investments in subsidiaries, foreign exchange exposures and steps taken to manage exchange rate movement and adverse exchange ratio etc.
13. Sale of material nature, of investment/subsidiaries/assets, which is not in normal course of business.
14. Fulfillment of various regulatory and statutory compliances/listing requirements. All other matters required to be placed before the Board for its review / information / approval under the statutes, including SEBI Listing Regulations or as may be directed by the Board are placed before it.

#### Post-meeting follow-up system

The Governance processes in the Company include an effective post-meeting follow-up, review and reporting process for decisions taken / pending decisions of the Board and Committees. The draft minutes of the Board and its Committees are circulated to the members for their comments and then the minutes are entered in the minutes book within 30 days of the conclusion of the meeting. Action-taken report on decisions / minutes of the previous meeting(s) is placed at the succeeding meeting of the Board for noting.

#### Disclosure of Appointment/Re-appointment of Directors at the Annual General Meeting

In terms of Articles of Association of the Company, one-third of the Directors liable to retire by rotation shall retire by rotation and, if eligible, seek re-appointment at each Annual General Meeting of Shareholders. Mr. Amrit Agrawal will retire at the ensuing Annual General Meeting and being eligible seeks re-appointment.

During the year, Mr. Samir Kumar Nath has been appointed as Nominee Director as nominated by State Bank of India, Lender on the Board of the Company w.e.f 17th September, 2015.

The Board has recommended the re-appointment of Mr. Amrit Agrawal. As per Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the brief details of the aforesaid director are indicated herein below:

- a) **Mr. Amrit Agrawal (48)** is a Director of the Company since 28th April, 2007. He is having about 27 years of active front-end professional experience with documented success in the areas of strategic planning, business development, corporate affairs, implementation under areas of finance, coupled with supervising commercial function, budgeting, secretarial & legal compliance, treasury management, accounts & taxation matters at corporate levels. He possesses ample experience of raising money from equity and debt markets not only in India but also in International market for growth and expansion. He has specialty in merger & acquisition, takeovers and restructuring activities. He has handled front end acquisition encompassing intense negotiations, restructuring financial plans and instruments, transfer of business, HR, procurement, CDR, one time settlement, debt restructuring and settlement.

In last 17 years with the group, he is steering the Group's collective efforts to expand group's foot-print in international arena. Handled active front end acquisition encompassing intense negotiations, restructuring financial plans and instruments, transfer of business, HR, procurement, CDR, one time settlement, debt restructuring and settlement with lenders in India and abroad.

He is a Fellow member of the ICAI – New Delhi and ICSI – New Delhi and was awarded merit rank in recognition of the academic distinction by the ICAI – New Delhi. He is Director in Himalayan Crest Power Pvt. Ltd, CLC Power Limited, Jatalia Global Ventures Limited, Jatalia Finance Company Limited, JDS Finance Company Limited and Harshee Hotels LLP. Mr. Agrawal holds 71 equity shares of the Company in his name as on 31st March, 2016.

Mr. Amrit Agrawal is member of the Audit Committee, Banking Committee, Fund Management Committee and Risk Management Committee of the Company. He is also a member of Audit Committee of Jatalia Global Ventures Limited. He is a Member of the Banking & Finance and the Corporate Affairs Committee of the PHD Chamber of Commerce and Industry.

He is a prolific writer. His articles have been published in various professional journals

- b) **Mr. Samir Kumar Nath(69)** has been appointed as Nominee Director on behalf of State Bank of India w.e.f 17th September, 2015. He has done B.Sc (Honours) and CAIIB. Mr. S K Nath retired as a Chief General Manager from State Bank of India.

#### **Independent Directors' Meeting**

In compliance with Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the year under review, the Independent Directors met on 29th May, 2015 and 10th February, 2016, inter alia to discuss:

1. The performance of non-independent directors and the Board as a whole taking into account the views of independent directors.
2. To review the roles played by the promoter directors and other key managerial personnel on the Board in the functioning of the Company.
3. To assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their dues.

All the independent directors attended the above meetings except Ms. Kamal Kapur, who was granted leave of absence for attending the meeting held on 29th May, 2015.

#### **Code of Conduct for Independent Directors**

Pursuant to the provisions of Sub section (6) of Section 149 read with schedule IV of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a "Code of Conduct" has been approved for Independent Directors reflecting underlying core values, commitment of personal integrity, respect for the individual, transparency, fairness, accountability, etc being some of the pursuits for achieving desired excellence in Corporate governance of the Company. The code is available on the website of the Company [www.spentex.net](http://www.spentex.net)

#### **Familiarisation Programme for Independent Directors**

Pursuant to Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has in place a system to familiarise the Independent Directors about the Company, their roles, rights, responsibilities in the company, nature of the business and the on-going events relating to the Company. The Company has formulated a policy on familiarisation programme for Independent Directors. The Policy has been uploaded on the website of the Company [www.spentex.net](http://www.spentex.net).

The Company sends a formal invitation to new appointees to join the Board of the Company, on receipt of acceptance from the appointee, detailed information is provided along with letter of appointment i.e. functions of the Board, duties and responsibilities of director and compliances to be fulfilled under Companies Act, SEBI Listing Regulations and other relevant regulations.

#### **3. Audit Committee**

The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of operations,
- safeguarding of assets and adequacy of provisions for all liabilities;
- reliability of financial and other management information and adequacy of disclosures;
- compliance with all relevant statutes.

The Audit Committee consisted of two Non-Executive Independent Directors and one Professional Director.

During the year under review, Mr. Prem Malik, Independent Director and member of Audit Committee resigned as member of

Audit Committee on conclusion of business hours of 13th August, 2015. The Board of Directors at their Meeting held on November 7, 2015, re-constituted the Audit Committee and appointed Mr. D P Singh, Independent Director, who was a alternative member of the Audit Committee, and who became member of the Committee, accordingly Mr. Shyamal Ghosh, an Independent Director was appointed as alternate member of Audit Committee.

Mr. Ram Kumar Thapliyal has, vide his letter dated 31st March, 2016, resigned from the Chairmanship/membership of the Audit Committee of the Board of Directors of the Company. Consequently, the Company, at its Board Meeting held on May 27, 2016, has re-constituted the Audit Committee consisting of two Non-Executive Independent Directors namely Mr. D P Singh (Chairman), Mr. Shyamal Ghosh and one Executive Director namely Mr. Amrit Agrawal, along with Mr. Deepak Diwan Independent Director as an alternate member of the Audit Committee, who shall attend the Audit Committee Meeting in absence of either Mr. D. P Singh or Mr. Shyamal Ghosh to meet the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Audit Committee members have the requisite accounting and financial management expertise. Statutory Auditors and Internal Auditor are invitees at the meetings of Audit Committee. The Company Secretary acts as Secretary to the Audit Committee.

The terms of reference / powers of the Audit Committee include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Review and recommend the Revenue budgets and Capital budgets followed by updates from time to time.
3. Recommending to the Board, the appointment/re-appointment, remuneration and terms of appointment of the Statutory Auditors, Cost Auditor and the fixation of audit fees.
4. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
5. Reviewing the efficiency and effectiveness of internal audit function, adequacy of the internal control systems and other services rendered by the statutory auditors.
6. Reviewing the functioning and weaknesses, if any, observed by the internal auditors, management opinion on such weaknesses and solutions from time to time.
7. Reviewing, with the management, the annual financial statements i.e. directors responsibility statement under Section 134 of the Companies Act, 2013, accounting policies and practices, compliances with listing and other legal requirements, disclosure of related party transactions, implementation of the Accounting Standards as notified u/s 133 of the Companies Act, 2013 and Draft Audit Report before submission to the Board for approval.
8. Reviewing, with the management, the quarterly financial results before submitting it to the Board for approval.
9. To look into the reasons for any default/delay, if any, in the payment to the Lenders/Bankers/Financial Institutions, Debenture holder, Creditors and Shareholders (in case of dividend declaration).
10. Reviewing the functioning of the Whistle Blower mechanism;
11. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

During the year under review, 4 Audit Committee Meetings were held on 29th May, 2015, 13th August, 2015, 7th November, 2015, and 10th February, 2016.

The details of attendance of each member at the Audit Committee Meetings during the year 2015-16 are as follows:

Name of the Director	No. of Audit Committee Meetings Attended
Mr. Ram Kumar Thapliyal (Chairman)	4
Mr. Prem Malik*	2
Mr. Amrit Agrawal	4
Mr. Dhananjaya Prasad Singh (Alternate Member)	2

\*Mr. Prem Malik has resigned as member of the Committee as well as from the Board of the Company on closing of business hours of 13th August, 2015.

#### Related Party Transactions

Pursuant to Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a policy on materiality of Related Party Transactions. The Policy is available on the website of the Company [www.spentex.net](http://www.spentex.net).

Pursuant to Regulation 23 of SEBI (LODR) Regulations, 2015 read with Section 188 of the Companies Act, 2013, all material Related Party Transactions are placed before the Audit Committee on quarterly basis and as per nature of the transactions there was no need to seek approval of the shareholders of the Company as such related party transactions are under the limit/exempted from such approval(s). The Audit Committee has granted omnibus approval for Related Party Transactions on yearly basis as per the particulars placed before the Committee.

**4. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee of the Board, inter alia, reviews/recommends to the Board, the appointment and remuneration package of Executive Directors and the senior most personnel i.e. one level below the Directors on the basis of performance and defined criteria/HR Policies.

During the year, one Nomination and Remuneration Committee Meeting was held on 13th August, 2015. Mr. Prem Malik, Chairman of said committee resigned on conclusion of business hours of 13th August, 2015. The Board of Directors at its Meeting held on 7th November, 2015, had reconstituted the committee and appointed Mr. D P Singh an Independent Director as member of Committee and Mr. Shyamal Ghosh, an Independent Director was appointed as an alternate member of the Committee. The Committee comprising of all Non – Executive/Independent Directors viz. Mr. Deepak Diwan as Chairman, Mr. DP Singh and Mr. R K Thapliyal as Members of the Committee.

The Composition of Nomination and Remuneration Committee meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The terms of reference of the Committee include the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. Devising a policy on diversity of board of directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

The Remuneration of Chairman, Managing Director, Deputy Managing Director and Director-Finance are in accordance with Schedule V of the Companies Act, 2013 and approved by members of the Company.

Details of remuneration/sitting fees paid to Directors for the financial year 2015-16 are as under:

(` in lacs)

Name of Director	Sitting Fee for Board Meeting(s)	Sitting Fee for Nomination & Remuneration Committee Meeting(s)	Sitting Fee for Audit Committee Meeting(s)	Salaries and Perquisites p.a.**	Total
<b>Executive Directors</b>					
Mr. Ajay Kumar Choudhary	-	-	-	67.29	67.29
Mr. Mukund Choudhary	-	-	-	67.29	67.29
Mr. Kapil Choudhary	-	-	-	67.29	67.29
Mr. Sitaram Parthasarathy#	-	-	-	38.00	38.00
Mr. Amrit Agrawal	-	-	-	63.58	63.58
<b>Non Executive/ Independent Directors</b>					
Mr. Deepak Diwan	0.80	0.15	-	-	0.95
Mr. Prem Malik#	0.40	0.15	0.30	-	0.85
Mr. Ram Kumar Thapliyal	0.80	0.15	0.60	-	1.55
Mr. Shyamal Ghosh	0.80	-	-	-	0.80
Mr. D P Singh	0.80	-	0.30	-	1.10
<b>Independent Woman Director:</b>					
Ms. Kamal Kapur	0.60	-	-	-	0.60
<b>Nominee Director:</b>					
Mr. Samir Kumar Nath##	0.40	-	-	-	0.40
Mr. Rajeev Kalra *#	-	-	-	-	-

\* VCIGPM Ltd. is not claiming any sitting fee for attending any Board or Committee meetings by their nominees, accordingly the Company has not paid any sitting fee to its nominee.

\*\* Remuneration of Executive Directors includes EPF & other perquisites

# Mr. Prem Malik and Mr. Sitaram Parthasarathy resigned from the Board of the Company w.e.f 13th August, 2015 and 7th November, 2015 respectively.

## Mr. Samir Kumar Nath was appointed as Nominee Director on behalf of State Bank of India on the Board of the Company w.e.f. 17th September, 2015

## Performance Evaluation

In terms of the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of Board Committees. As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a policy on Appointment and Evaluation of Board of Directors, Key Managerial Personnel, as defined under the Companies Act 2013 & Senior Management Personnel. The criteria for performance evaluation of directors has been laid down in the aforesaid policies and approved by Nomination and Remuneration Committee. The policies are available on the website of the Company [www.spentex.net](http://www.spentex.net).

### 5. Stakeholders Relationship Committee:

The Stakeholders Relationship Committee comprises of three members viz. Mr. Deepak Diwan (Chairman) a Non-executive and Independent Director, Mr. Mukund Choudhary and Mr. Kapil Choudhary Directors of the Company.

The Committee members meet from time to time, inter alia, to look into redressal of shareholders' grievances such as transfer, transmission, dematerialization of shares, issue of duplicate share certificates besides supervising the mechanism of investor grievance redressal to ensure cordial investor relations.

During the year under review, 4 committee meetings were held on 6th April, 2015, 6th July, 2015, 5th October, 2015 and 5th January, 2016. All the members of the Committee attended the meetings.

The details of attendance of each member at the Stakeholders Relationship Committee Meetings during the year 2015-16 are as follows:

Name of the Director	No. of Stakeholders Relationship Committee Meetings Attended
Mr. Deepak Diwan (Chairman)	3
Mr. Mukund Choudhary	4
Mr. Kapil Choudhary	4

During the year under review, the Company has received 2 complaints from the investors including one complaint received through SEBI SCORE Platform and has responded to the fullest satisfaction of investors. There was no complaint pending as on 31st March 2016.

Mr. B V R Murthy, Sr. Manager-Secretarial is the compliance officer of the Company for ensuring the compliances with the requirements of Securities Law, SEBI Guidelines/Regulations.

### 6. Banking Committee

The Banking Committee of the Board, inter alia, authorizes company officials to execute/sign various documents/cheques for availing various credit facilities/term loan provided by the Banks from time to time. The Board of Directors review the various credit facilities sanctioned/restructured by Banks from time to time and confirm the minutes approved by the Banking Committee in the succeeding Board Meeting.

The Committee comprises of Mr. Mukund Choudhary, Managing Director, Mr. Kapil Choudhary, Deputy Managing Director, Mr. Amrit Agrawal, Director-Finance, Executive Directors and Mr. Deepak Diwan, Non-executive and Independent Director. During the year, 8 Committee meetings were held on 30th April, 2015, 19th June, 2015, 29th June, 2015, 5th September, 2015, 12th October, 2015, 27th November, 2015, 6th February, 2016, 18th February, 2016. Except Mr. Deepak Diwan, all the members of the Committee attended all the meetings.

### 7. Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee of the Board has been constituted on 28th May, 2014 as per provisions of Section 135 read with schedule VII of the Companies Act, 2013 and applicable rules made there under, inter alia, to formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company and monitoring of the same from time to time. The committee comprises three members viz. Mr. Deepak Diwan, an Independent Director as Chairman of the Committee, Mr. Mukund Choudhary, Managing Director and Mr. Kapil Choudhary, Dy. Managing Director as members of the Committee.

As required under Section 135 of the Companies Act, 2013, the Company has formulated a policy on Corporate Social Responsibility. The Policy is available on the website of the Company [www.spentex.net](http://www.spentex.net)

### 8. Risk Management Committee

The Board of Directors has constituted a Risk Management Committee and defined its roles and responsibilities on 14th February, 2015. Due to resignation of Mr. Sitaram Parthasarathy as member of the Committee on 7th November, 2015, the Board of Directors at its Meeting held on 27th May, 2016, has re-constituted the Risk Management Committee comprising Mr. Mukund Choudhary (Chairman), Mr. Kapil Choudhary and Mr. Amrit Agrawal (members) all Executive Directors of the Company. No Risk Management Committee meeting was held during the year.

The Company has framed Risk Management Policy including inter alia Risk Management and Risk Mitigation Procedures to relating to various aspects of the operations of the company.. Policy is disclosed on the website of the Company at [www.spentex.net](http://www.spentex.net)

### 9. Fund Management Committee

The Board of Directors have re-constituted Fund Management Committee on 27th May, 2016 due to resignation of Mr. Sitaram



Parthasarathy as member of the Committee on 7th November, 2015. The Fund Management Committee comprises of Mr. Mukund Choudhary (Chairman), Mr. Kapil Choudhary and Mr. Amrit Agrawal (members) all Executive Directors of the Company. Every day the Fund Management Committee is meeting with senior executives of the Company and reviewing day to day fund positions and its utilization.

###### 10. Subsidiary Companies

Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 defines a "material subsidiary" as a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed company and its subsidiaries in the immediately preceding accounting year. Under this definition, the Company does not have a 'material subsidiary'. However as required under the aforesaid Regulation, the Company has formulated a policy for determining "Material Subsidiary" policy which is placed on the website of the Company. [www.spentex.net](http://www.spentex.net).

###### 11. Vigil Mechanism/Whistle Blower Policy :

Pursuant to Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has formulated a Whistle Blower Policy for vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. Dr. Sunil Kumar Gupta, Head of Internal Audit Team is assisting the Chairman of Audit Committee to resolve the queries/complaints received under said policy. The Company has received three complaints till date and the same were duly redressed.

This mechanism provides for adequate safeguards against victimization of director(s)/ employee(s), if any, who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. No person has been denied access to the Audit Committee. The policy is uploaded on the website of the Company at [www.spentex.net](http://www.spentex.net).

###### 12. Code for prevention of insider-trading practices

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the company has made a comprehensive code of conduct with a view to regulate trading in the equity shares of the Company by its Directors, management and other designated employees. The code lays down guidelines, which guides them on procedures to be followed and disclosures to be made, while dealing with shares of company, and cautioning them of the consequences of violation(s), if any. The code clearly specifies, among other matters, that Directors and designated employees of the company can trade in the shares of the company only during 'Trading Window Open Period'. The trading window is closed during the time of declaration of results, dividend and material events from time to time pursuant to listing provisions.

###### 13. General Body Meetings

###### (A) Annual General Meetings:

Details of last three Annual General Meetings (AGM) of the Company alongwith Special Resolutions passed thereat are as under:

AGM	LOCATION	DATE & TIME	SPECIAL RESOLUTIONS PASSED
21st AGM	Bipin Chandra Pal Memorial Trust Auditorium, A-81, Chittaranjan Park, New Delhi 110 019	30th September, 2013 at 2:30 P.M	1. To approve the Re-appointment of Mr. Mukund Choudhary as Managing Director and Mr. Amrit Agrawal as Director - Finance of the Company for a period of 5 years and revision in their monthly remuneration.
22nd AGM	Bipin Chandra Pal Memorial Trust Auditorium, A-81, Chittaranjan Park, New Delhi 110019	11th September, 2014 at 10:30 A.M.	1. To approve the ratification of resolution authorizing Board of Directors to borrow upto a limit of Rs. 2500 Crores . 2. To approve the ratification of resolution authorizing Board of Directors to mortgage/ charge/ lease/ sell/dispose off the immovable/ movable properties of the Company for an amount not exceeding Rs. 2000 Crores. 3. To approve the ratification of resolution authorizing Board of Directors to make loans/investment and/or to give Guarantees/ Securities for an amount not exceeding Rs. 1000 crores. 4. To approve the Re-appointment of Mr. Ajay Kumar Choudhary as Chairman of the Company for a period of 4 years and fixation of his monthly remuneration. 5. To approve the Re-appointment of Mr. Kapil Choudhary as Dy. Managing Director of the Company for a period of 5 years and fixation of his monthly remuneration. 6. To approve the Re-appointment of Mr. Sitaram

AGM	LOCATION	DATE & TIME	SPECIAL RESOLUTIONS PASSED
			Parthasarathy as Director-Works of the Company for a period of 5 years and fixation of his monthly remuneration. 7. To approve and adopt the substitution/alteration and the entire exclusion of the regulations in the existing Articles of Association of the company.
23rd AGM	Bipin Chandra Pal Memorial Trust Auditorium, A-81, Chittaranjan Park, New Delhi 110019	30th September, 2015 3:30 P.M.	1. To seek approval from Central Government in respect of payment of remuneration to Mr. Ajay Kumar Choudhary, Chairman. 2. To Seek approval from Central Government in respect of payment of remuneration to Mr. Kapil Choudhary, Deputy Managing Director. 3. To Seek Central Government approval in respect of payment of remuneration to Mr. Sitaram Parthasarathy, Director - Works. 4. To Issue 1,10,95,000 equity shares/convertible securities/share warrants convertible within 18 months in one or more tranches from the date of allotment of such warrants at a price of Rs. 10/- each to promoters/promoter group on Preferential Basis subject to requisite approval from concerned authorities.

**(B) Postal Ballot**

No special resolution was passed through Postal Ballot during 2015-16.

**14. Means of Communication**

- The quarterly/half yearly/annual financial results and press releases on significant developments in the Company are submitted to the Stock Exchanges immediately after approval of the Board to enable the stock exchanges to put the information on their websites and communicate to their members. The Company is also posting/uploading the requisite information on its website.
- The quarterly/half-yearly/annual financial results are published in Financial Express (English) & Jansatta (Hindi) language newspapers and the same are also displayed on the Company's website www.spentex.net. The Company's website also displays all official news releases.
- All periodical compliance filings, inter alia, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others are filed electronically through NEAPS and BSE Listing Centre.
- The Management Discussions and Analysis is included in Directors' Report.

**15. Code of Conduct**

In accordance with the requirement under 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted the Code of Conduct and ethics for Directors, Senior Management and the designated employees of the Company who have affirmed the compliance with the Code. The Code has also been posted on the company's website www.spentex.net. The declaration in respect of compliance with Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below:

To,  
The Shareholders of Spentex Industries Limited

**Sub : Declaration on Compliance with Code of Conduct as required under Schedule V (Part D) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015**

Dear Sirs,

I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the code of conduct as adopted by the Board of Directors for the year ended 31st March, 2016 in terms of Schedule V (Part D) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Sd/-

Place: New Delhi  
Date: August 11, 2016

**Mukund Choudhary**  
Managing Director

**16. Compliance****a. Mandatory Requirements:**

The Company is fully compliant with the applicable mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**b. Adoption of Non-Mandatory Requirements:**

Further, the Company has also complied with the non-mandatory requirement. Although it is not mandatory for the Company, yet three Committees of Board, namely Risk Management Committee, Fund Management Committee & Banking Committee are in place, to expedite, focused decision making, in the related areas. Details of all the above mentioned committees have been provided in this report.

**17. Disclosures**

- The disclosures relating to transactions of material nature with the related parties are made in the financial statements.
- Company has fulfilled all Statutory Compliances and there are no instances of any non-compliance by the Company and hence, there are no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to Capital Markets, during the last three years.
- Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has designated E-mail ID [secretarial@clciindia.com](mailto:secretarial@clciindia.com) exclusively for the purpose of registering complaints/queries by investors. Pursuant to circular no CIR/OIAE/2/2011 dated June 3, 2011 issued by SEBI, the investors' complaints are processed in a centralized web based complaints redress system 'SCORES'
- As per Green Initiative introduced by the Ministry of Corporate Affairs vide its circular No. 18/2011 dated 29th April, 2011, members are requested to intimate their e-mail address to the Company to facilitate the Company to send Annual Reports and other reports/notices through e-mail.

**18. General Shareholder information**

- The 24th Annual General Meeting will be held at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi - 110019 on 27th September, 2016 at 11.00 A.M.
- Financial Calendar (Tentative) :
 

Financial Year	: 1st April, 2016 to 31st March, 2017
Financial reporting for the Quarter ending June 30, 2016	: 11th August, 2016
Financial reporting for the Quarter ending September 30, 2016	: on or before 15th November, 2016
Financial reporting for the Quarter ending December 31, 2016	: on or before 15th February, 2017
Annual Results for the Year ending March 31, 2017	: on or before 30th May, 2017
- Date of Book closure : Friday, the 23rd September, 2016 to Tuesday the 27th September, 2016 (both days inclusive)
- Dividend Payment Date : Not Applicable
- Listing of Equity Shares on Stock Exchanges: The BSE Ltd., Mumbai (scrip code = 521082) and National Stock Exchange of India Ltd. Mumbai (scrip code = SPENTEX). Annual Listing Fee has been paid to BSE & NSE for the year 2016-17.
- ISIN No. INE376C01020
- Annual Custody Fee has been paid to NSDL & CDSL for the year 2016-17.
- Market Price Data : High/Low during each month in last financial year 2015-16 at BSE & NSE:

Month	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
<b>BSE</b>												
High	4.43	4.50	4.65	3.17	2.94	2.29	2.90	2.24	4.15	4.66	4.10	3.30
Low	3.05	3.51	2.63	2.43	1.69	1.70	1.58	1.61	1.77	3.20	2.45	2.56
<b>NSE</b>												
High	4.35	4.40	4.65	3.15	3.05	2.10	2.95	2.30	4.00	4.65	4.15	3.35
Low	3.25	3.40	2.70	2.35	1.70	1.65	1.60	1.30	1.75	3.30	2.45	2.45

- Registrars and Transfer Agents: M/s RCMC Share Registry Pvt. Ltd., B-25/1, First Floor, Okhla Industrial Area Phase 2, New Delhi-110020. Ph. No: 011-26387320, 26387321 and Fax No: 011-26387322; Email id: [mdnair@rcmcdelhi.com](mailto:mdnair@rcmcdelhi.com); [rdua@rcmcdelhi.com](mailto:rdua@rcmcdelhi.com)
- Share Transfer System: The Company's shares are compulsorily traded in dematerialised mode. Share in physical mode lodged for transfer are processed and returned to the shareholders within the stipulated time subject to documents being valid and complete in all respects.

**19. Distribution of shareholding as on 31st March 2016:**

No. of Shares	No. of Shareholders	Percentage	No. of Shares	Percentage
1 to 5,000	32,986	88.29	29,98,684	3.34
5,001 to 10,000	1,809	4.84	15,49,157	1.73
10,001 to 20,000	985	2.64	15,68,330	1.75
20,001 to 30,000	439	1.17	11,34,960	1.26
30,001 to 40,000	201	0.54	7,34,458	0.82
40,001 to 50,000	236	0.63	11,35,679	1.27
50,001 to 1,00,000	343	0.92	26,19,319	2.92
1,00,001 and above	363	0.97	7,80,31,448	86.92
<b>Total</b>	<b>37,362</b>	<b>100.00</b>	<b>8,97,72,035</b>	<b>100.00</b>
<b>Physical Mode</b>			<b>11,42,620</b>	<b>1.28</b>
<b>Electronic Mode</b>			<b>8,86,29,415</b>	<b>98.72</b>

**20. Shareholding Pattern as on 31st March 2016:**

Sl. No.	Particulars	No. of shares	%
1	Promoter & Promoter Group	3,77,97,226	42.10
2	Bodies Corporate	84,08,074	9.37
3	Mutual Funds	21,207	0.02
4	Banks/Financial Institutions/UTI	4,858	0.01
5	Foreign Institutional Investors	1,92,52,650	21.45
6	Foreign Banks	1,505	0.00
7	Directors Other Than Promoters	71	0.00
8	NRIs	3,49,629	0.39
9	Trust	28,095	0.03
10	Indian Public & Others	2,39,08,720	26.63
	<b>Total</b>	<b>89,772,035</b>	<b>100.00</b>

## ➤ Plant Location(s):

1. D-48, MIDC, Baramati, District. Pune, Maharashtra 413 133
2. B-1, MIDC, Chincholi – Kondi, Distt. Solapur, Maharashtra 413 255
3. 31-A, MIDC Industrial Area, Butibori, Nagpur, Maharashtra 441 122
4. 51-A, Industrial Area, Sector III, Pithampur, Madhya Pradesh 454 774

## ➤ Address for Correspondence :

1. Registered Office Address : A-60, Okhla Industrial Area, Phase II, New Delhi 110 020  
Ph. 011 - 2638 7738, 4161 4999, Fax: 011 – 2638 5181.  
Email: [secretarial@clcindia.com](mailto:secretarial@clcindia.com)
2. Registrars & Transfer Agents : RCMC Share Registry Pvt. Ltd.,  
B-25/1, First Floor, Okhla Industrial Area Phase 2, New Delhi-110020.  
Contact Person Mr. Rakesh Kumar, Manager Secretarial;  
E-mail : [mdnair@rcmcdelhi.com](mailto:mdnair@rcmcdelhi.com); [rdua@rcmcdelhi.com](mailto:rdua@rcmcdelhi.com)  
Phone No: 011-26387320, 26387321. Fax: 011-26387322.
3. Compliance Officer : Mr. B V R Murthy, Sr. Manager  
Ph. 011 - 26387738, 46598900, Fax: 011 – 26385181  
Email: [murthy@clcindia.com](mailto:murthy@clcindia.com); [secretarial@clcindia.com](mailto:secretarial@clcindia.com)

**CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**  
**{Pursuant to Regulation 17(8) of SEBI (LODR) Regulations, 2015}**

To,  
The Board of Directors  
Spentex Industries Limited

**Sub. : CEO / CFO Certificate**

We, Mukund Choudhary, Managing Director and Sharat Gupta, Chief Financial Officer, to the best of our knowledge and belief, certify that:

- (A) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2016 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (2) these statements together present a true and fair view of the Company's affairs, and are in compliance with the existing accounting standards, applicable laws and regulations.
- (B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditor and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (D) We have indicated to the auditors and the Audit Committee;
- (1) significant changes in internal control over financial reporting during the year.
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) instances of significant fraud of which we have become aware, if any, and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: New Delhi  
Date: May 27, 2016

Sd/-  
**Mukund Choudhary**  
Managing Director

Sd/-  
**Sharat Kumar Gupta**  
Chief Financial Officer

**CERTIFICATE ON CORPORATE GOVERNANCE**

(Pursuant to Clause E of Schedule V of Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members of **Spentex Industries Limited**

We have examined the compliance of conditions of Corporate Governance by Spentex Industries Limited ('the Company'), for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges for the period 1st April, 2015 to 30th November, 2015 and as per Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period 1st December, 2015 to 31st March, 2016.

- The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
- In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the year ended March 31, 2016.

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

**For Loveneet Handa & Associates**  
(Practicing Company Secretary)

Place: New Delhi  
Dated: August 11, 2016

Sd/-  
**Loveneet Handa**  
**ACS NO: 25973**  
**C.P No: 10753**

## INDEPENDENT AUDITOR'S REPORT

**To the Members of Spentex Industries Limited**  
**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Spentex Industries Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the 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 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and 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 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**

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 thereunder.

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 financial statements are free from material misstatement.

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 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. 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.

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

**Basis for qualified opinion**

We draw attention to:

- a. **Note No. 39 of the standalone financial statements, wherein, we are unable to determine the extent of provision that may be required for diminution in the value of long term investment amounting to Rs.204,469,921/- in Amit Spinning Industries Limited, subsidiary of the company. Significant uncertainties exist in relation to the recoverability of loans amounting to Rs.320,128,019/-, interest accrued thereon Rs.95,950,582/- and other outstanding amounting to Rs.316,160,592/- due from above subsidiary. Further, we are unable to determine the amount of liability that may arise on account of corporate guarantee mentioned in Note No. 29 the standalone financial statements on behalf of above subsidiary.**
- b. **Note No. 40 of the standalone financial statements, wherein, we are unable to determine the extent of provision that may be required for diminution in the value of long term investment amounting to Rs.561,011,339/- and Rs.9,323,779/- in Spentex Netherland B.V. and Spentex Tashkent Toytpa LLC respectively, subsidiary/step down subsidiary of the company. Uncertainties exist in relation to the recoverability of Rs.95,070,902/- due from above subsidiary. Further, we are unable to determine the amount of liability that may arise on account of corporate guarantee mentioned in Note No. 29 of the standalone financial statements on behalf of above subsidiary.**
- c. **Note No. 40 of the standalone financial statements wherein, the company has not charged to the statement of profit & loss Rs.70,012,404, due from its step down subsidiary, Spentex Tashkant Toytpa LLC, shown as trade receivable under the head "Other Non Current Assets" in the standalone financial statements.**
- d. **Note No. 42 of the standalone financial statements, wherein, the company has not charged to statement of profit & loss Rs.10,135,376/- and Rs.2,695,093/- shown as claim receivables and export incentive respectively under the head "Other Non Current Assets" in the standalone financial statements.**
- e. **Note No. 43 of the standalone financial statements wherein, we are unable to comment on the recoverability of amounts relating to certain parties aggregating to Rs.44,489,435/- and Rs.11,493,145/- shown as advance against expenses and advance to trade payable respectively under the head "Long Term Loan & Advances" for which no provision has been made in the books of amounts.**



- f. **Note No. 49 of the standalone financial statements wherein, the company has not charged to statement of profit & loss penal interest and other charges, if any, in respect of delay in repayment of borrowings from banks. Therefore, we are unable to comment on the adequacy of interest and other charges provided for in the statement of profit & loss.**

We further report that, without considering the impact of paragraph (a), (b) and (f) above the effect of which could not be determined, had the observation made by us in paragraph (c), (d) and (e) above been considered, the loss before tax for the year would have been Rs.947,937,323/- (as against the reported figure of Rs.809,111,870/-), Reserves and Surplus would have been negative Rs.3,126,702,780/- (as against negative reported figure Rs.2,987,877,827/-), Trade Receivable under the head "Other Non Current Assets" would have been Rs. Nil (as against the reported figure of Rs.70,012,404/-), Export Incentive under the head "Other Non Current Assets" would have been Rs. Nil (as against the reported figure of Rs.26,95,093/-), Claim Receivable under the head "Other Non Current Assets" would have been Rs.1,902,810/- (as against the reported figure of Rs.12,038,186/-), Advance against expenses under the head "Long Term Loans and Advances" would have been Rs.53,038,267/- (as against the reported figure of Rs.97,527,702/-) and Advance to trade payable under the head "Long Term Loans and Advances" would have been Rs.23,678,849/- (as against the reported figure of Rs.35,171,994/-).

#### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, **except for the possible effects of the matter described in the basis for qualified opinion paragraph**, 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 March 31, 2016 and its loss and its cash flows for the year ended on that date.

#### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to:

- a. **Note No. 41 of the standalone financial statements which indicates that the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net cash loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date. Further majority of the banks have categorized borrowing of the company as Non performing Assets (NPA) during the year and have sent recall notices u/s 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI), 2002 to the company. These conditions, along with other matters set forth in Note No. 41, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.**
- b. **Note No. 42 of the standalone financial statements regarding balance recoverable of Rs.18,410,722/- shown as advance to trade payable under the head " Long Term Loans & Advances " of the standalone financial statements which has been considered good by the management in view of the reasons stated therein. We have relied upon the assertions given by the management as to the recoverability of the said amounts.**
- c. **Note No. 4 of the standalone financial statement, wherein, the Company has not allotted shares against the share application amount of Rs.110,950,000/- which was brought in by the promoters in more than one installments under restructuring scheme approved by the Bankers. However, the company has not complied with the provisions of Section 42 of the Companies Act, 2013 for the reasons stated in the said Note.**
- d. **Note No. 44 of the standalone financial statements requiring deposit/invest a sum of at least 15% of the amount of its debentures maturing during the financial year 2016-17 in one or more of the prescribed methods vide circular no. 04/2013 dated February 11, 2013 issued by Ministry of Corporate Affairs. However, the company has not complied with the requirement of the said circular.**
- e. **Note No. 45 of the standalone financial statements regarding balances of parties under the head trade receivables, trade payables and loans & advances which are subject to confirmation, reconciliation and consequential adjustments, if any.**

Our opinion is not modified in respect of these matters.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("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 the paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, 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, the statement of profit and loss and the cash flow statement dealt with in this report are in agreement with the books of account;
  - d. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, 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. The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f. On the basis of written representations received from the directors as on March 31, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of section 164(2) of the Act;
- g. With respect to the adequacy of the internal financial controls over financial reporting of the company and operating effectiveness of such controls, refer to our separate report in Annexure 2 to this report.
- h. 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 litigation on its financial position in its financial statements. Refer Note No. 29 of the financial statements;
  - ii. The Company did 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.

**For J.C. Bhalla & Company**  
**Chartered Accountants**  
**Firm Regn. No. 001111-N**  
 Sd/-  
**(Akhil Bhalla)**  
**Partner**  
**Membership No.505002**

Place : New Delhi  
 Dated : May 27, 2016

### Annexure 1 to Independent Auditor's Report of even date of the Standalone Financial Statements of Spentex Industries Limited

**Referred to in paragraph 1 of the Independent Auditors' Report of even date under the heading "Report on Other Legal and Regulatory Requirements" to the members of Spentex Industries Limited on the standalone financial statements as of and for the year ended March 31, 2016.**

We report that:

1. (a) The Company has generally 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 according to a phased programmed designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such verification as compare to the book records.
- (c) According to the information and explanation given to us and on the basis of examination of title deeds, other relevant records provided to us evidencing the title, confirmation from the lenders with whom title deeds have been deposited as security in respect of funding facilities availed, we are of the opinion that the title deeds of immovable properties, as disclosed in Note No. 12 on fixed assets to the financial statements, are held in the name of the company as at the balance sheet date except the following:

Particulars of Land & Building	Gross Block as on 31.03.2016	Net Block as on 31.03.2016	Remarks
Leasehold Land & Building thereon	490,047,029	240,278,431	The title deeds are in the name of the erstwhile Company that merged with the Company under section 391 to 394 of the Companies Act, 1956 pursuant to Schemes of Amalgamation as approved by the Honorable High Court.

2. (a) Inventories other than inventory lying with third party have been physically verified by the Management to extent practicable at reasonable intervals during the year. In our opinion the frequency of verification is reasonable. The discrepancies noticed on physical verification as compared to the books records were not material having regard to the size and nature of the operations of the company and have been properly adjusted in the books of account.
3. According to the information and explanation given to us, the Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Act. Accordingly paragraphs 3(iii)(a) and 3(iii)(b) & 3(iii)(c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

4. According to the information and explanations given to us and in our opinion the company has not advanced any loan, investment, guarantee or security to any person as specified under section 185 of the Companies Act, 2013. The company has not advanced any loan, guarantee or security to any person within the meaning of section 186 of the Companies Act, 2013. The company has complied with provision of section 186 of the Companies Act, 2013 with regards to investment made.
5. According to the information and explanation given to us, the Company has not accepted any deposits from the public under the provisions of Sections 73 to 76 of the Act or other relevant provisions of the Act and rules framed there under during the year.
6. We have broadly reviewed the books of account, maintained by the Company in respect of products where pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
7. (a) The Company is not regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and there have been serious delays in a large no of cases. According to the information and explanations given to us, undisputed amounts payable in respect of aforesaid dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates (F.Y.)	Due Date	Date of Payment
Provident Fund Act	Provident Fund	1,868,650	August 2015	15th September 2015	5th April 2016
Income Tax	TDS&TCS	1,076,823	July 2015	7th August 2015	Rs.462,000/- on 5th April 2016 and Rs.614,823/- on 21st April 2016
Income Tax	TDS&TCS	616,622	August 2015	7th September 2015	21st April 2016
Finance Act 1994	Service Tax	87,296	June 2015	6th July 2015	Unpaid Till date
Finance Act 1994	Service Tax	1,870,792	July 2015	6th August 2015	Rs.11,99,271/- paid on 4th May 2016 & Rs.671,521/- still unpaid
Finance Act 1994	Service Tax	1,628,056	August 2015	6th September 2015	Rs 1,202,790/- paid on 4th May 2016 & Rs.425,266/- still unpaid

- (b) According to the information and explanations given to us and the records of the company examined by us, the particulars of dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of matters pending before appropriate authorities are as under:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates (F.Y.)	Forum where the dispute is pending
Income Tax				
The Income Tax Act, 1961	Disallowance of goodwill amortisation & other expenses	10,875,657 (including amount paid Rs.3,981,354)	AY 2001-02 AY 2003-04	Income Tax Tribunal Delhi Bench - Rs.3,981,354/- High Court - Rs.6,894,303/-
The Income Tax Act, 1961	Disallowances of various expenses viz. sales tax subsidy, etc.	27,095,747 (including amount paid Rs.2,000,000)	AY 2003-04 AY 2005-06 AY 2006-07	High Court, New Delhi
The Income Tax Act, 1961	Addition on account of arm's length price of compensation for corporate guarantee to Associated Enterprises	36,403,835	AY 2008-09	Income Tax Appellate Tribunal Delhi Branch
Sales Tax				
The M.P. Commercial Tax Act, 1994	Penalty - Purchase Tax demand	164,195 (including amount paid Rs. 128,195)	1996-97	First Appellate Authority
The M.P. Commercial Tax Act, 1994	Sales Tax Demand	815,157 (including amount paid Rs.815,157)	2009-10	First Appellate Authority
The M.P. Commercial Tax Act, 1994	Sales Tax demand on sale of DEPB licenses	1,970,233	2001-03 2009-10	Assessing Authority, Indore

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates (F.Y.)	Forum where the dispute is pending
The M.P. Commercial Tax Act, 1994	Sales Tax Demand	455,160 (including amount Paid Rs.45520)	2013-14	First Appellate Authority
The M.P. Commercial Tax Act, 1994	Sales Tax Demand	375,803 (including amount paid Rs. 105,250)	2010-11	First Appellate Authority
Entry Tax Act, 1976	Entry Tax demand	1,538,453 (including amount paid Rs.414,844)	1992-97	Assessing Authority, Indore
Maharashtra Value Added Tax Act, 2002	Sales Tax Demand	532,870 (including amount paid Rs.200,000)	2004-05	Deputy Commissioner, Nagpur
Central Sales Tax, 1956	Sales Tax Demand	2,999,290 (including amount paid Rs.1,000,000)	2004-05	Deputy Commissioner, Nagpur
Finance Act				
Finance Act, 1994	Refund against export services	4,381,611	2006-16	Assistant Commissioner of Central Excise, Nagpur
Finance Act, 1994	Service Tax on GTA paid including penalty	280,282	Apr-05 to Sept-06	Customs, Excise & Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Service Tax on Foreign Commission paid to overseas agents	1,079,549 (including amount paid Rs. 107,955)	2009-10 to 2010-11	Customs, Excise & Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Suo Moto credit taken from Additional Excise Duty	145,531 (including amount paid Rs. 10,915)	Aug- 12	Commissioner (Appeals), Central Excise, Bhopal
Finance Act, 1994	Service Tax credit taken on invoices not having Serial No. & Registration No.	3,744,510 (including amount paid Rs. 140,419)	Apr-09 to Oct- 13	Commissioner (Appeals), Central Excise, Bhopal
Finance Act, 1994	Service Tax credit taken on photocopied copies of Bill of Entry and foreign commission	426,338 (including amount paid Rs 21,317)	Apr-09 to Oct- 13	Customs, Excise & Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Service Tax credit taken on tour operator services bill	490,872	Apr-09 to Apr-13	Commissioner (Appeals), Central Excise, Bhopal
Finance Act, 1994	Service Tax credit taken on foreign commission	375,464 (including amount paid Rs. 13,705)	Apr-11 to Mar-12	Commissioner (Appeals), Central Excise, Bhopal
Central Excise Act				
The Central Excise Act, 1944	Excise duty demands (Baramati unit)	10,806,176	Jun-99 to Dec-01	Customs, Excise & Service Tax Appellate Tribunal, Mumbai
The Central Excise Act, 1944	Excise duty – demand of duty on clearance of goods under notification 30/2004 without payment of duty (Butibori unit)	75,185,214 (including amount paid Rs.2,314,143)	Aug-04 to Apr-07	Deputy Commissioner of Central Excise, Nagpur – Rs.77,371/-
				Commissioner, Central Excise Nagpur – Rs.72,693,700/-
				Customs, Excise & Service Tax Appellate Tribunal, New Delhi – Rs.2,414,143/-
The Central Excise Act, 1944	Cenvat demand for packing material including penalty (Pithampur unit)	168,812	Apr-00 to Mar-04	Commissioner (Appeals), Central Excise, Indore
The Central Excise Act, 1944	Cenvat demand on packing material / scrap (Butibori unit)	920,697	Apr-03 to July 2015	Customs, Excise & Service Tax Appellate Tribunal, New Delhi -Rs.81,195/-

				Commissioner (Appeals), Rs.786,496/- Deputy Commissioner /Assistant Commissioner, Rs 53,006/-
The Central Excise Act, 1944	Cenvat on samples used in quality control (Butibori unit)	333,101 (including amount paid Rs.67,597)	Apr-03 to Oct-13	Customs, Excise & Service Tax Appellate Tribunal, Nagpur – Rs.117,762/- Deputy Commissioner, Central Excise, Nagpur – Rs.215,339/-
The Central Excise Act, 1944	Excise duty – demand of duty on clearance of goods under notification 30/2004 without payment of duty (Pithampur unit)	53,291,002 (including amount paid Rs.13,322,751)	Mar-04 to Feb-07	High Court , Indore
The Central Excise Act, 1944	Demand under section Rule 6(3)(i)	121,563,064	2012-13	Customs, Excise & Service Tax Appellate Tribunal, New Delhi
The Central Excise Act, 1944	Cenvat on Capital Goods	5,332,642 (including amount paid Rs. 673,329)	2002-2003 to 2010-11	Customs, Excise & Service Tax Appellate Tribunal, Nagpur – Rs. 2,565,854/- Additional Commissioner of Central Excise, Nagpur Rs.2,551,564/- Commissioner (appeals) central excise Rs 63,026/- Deputy Commissioner of Central Excise, Nagpur- Rs.152,198/-

8. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that company has defaulted in repayment of dues to the banks or government during the year. The Company has outstanding dues in respect of financial institutions, government or debenture holders are as follows:

S. No.	Name of Bank	Type of loan	Amount of default as at balance sheet (includes Interest)	Period of Default
1	Axis Bank Ltd	Non Convertible Debentures	16,892,900	1-90
2	Axis Bank Ltd	Term Loan	8,345,029	1-90
3	Bank of Baroda	Term Loan	82,523,860	Non Performing asset (NPA) as on 31.03.2016.
4	Canara Bank	Term Loan	43,086,793	Non Performing asset (NPA) as on 31.03.2016.
5	ICICI Bank Ltd	Term Loan	660,796,727	Non Performing asset (NPA) as on 31.03.2016.
6	IDBI Bank Ltd	Term Loan	41,418,826	Non Performing asset (NPA) as on 31.03.2016.
7	Indian Bank	Term Loan	193,716,328	Non Performing asset (NPA) as on 31.03.2016.
8	IndusInd Bank Ltd	Term Loan	5,759,957	Non Performing asset (NPA) as on 31.03.2016.
9	ING Vysya Bank Ltd	Term Loan	172,479,747	Non Performing asset (NPA) as on 31.03.2016.
10	Oriental Bank of Commerce	Term Loan	359,295,528	Non Performing asset (NPA) as on 31.03.2016.
11	State Bank of India	Term Loan	973,995,302	Non Performing asset (NPA) as on 31.03.2016.
12	State Bank of India	Short Term Borrowings	1,826,424,955	Non Performing asset (NPA) as on 31.03.2016.
13	Oriental Bank of Commerce	Short Term Borrowings	674,347,445	Non Performing asset (NPA) as on 31.03.2016.
14	ING Vysya Bank Ltd	Short Term Borrowings	182,106,227	Non Performing asset (NPA) as on 31.03.2016.
15	Indian Bank	Short Term Borrowings	244,660,096	Non Performing asset (NPA) as on 31.03.2016.
16	Axis Bank Ltd	Short term Borrowings	128,820,288	1-90
	<b>Total</b>		<b>5,614,670,008</b>	

9. In our opinion and according to information and explanation given by the management, the term loans obtained by the company have been applied for the purpose for which they were raised. According to the information and explanation given to us, there was no money raised by the way of initial public offer or further public offer by the company during the year.
10. During the course of our examination of the books of accounts and records carried out in accordance with the generally accepted auditing practices and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
11. According to the information and explanation given to us, the company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, clause 3(xii) of the Companies (Auditors Report) Order, 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(xiv) of the Companies (Auditors Report) Order, 2016 is not applicable.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Companies (Auditors Report) Order, 2016 is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For J.C. Bhalla & Company**  
**Chartered Accountants**  
**Firm Regn. No. 001111-N**  
 Sd/-  
**(Akhil Bhalla)**  
**Partner**  
**Membership No.505002**

Place : New Delhi  
 Dated : May 27, 2016

## Annexure 2 to Independent Auditors' Report of even date on standalone Financial Statement of Spentex Industries Limited

**Referred to in paragraph 2 (g) of the Independent Auditors' Report of even date under the heading "Report on Other Legal and Regulatory Requirements" to the members of Spentex Industries Limited on the standalone financial statements as of and for the year ended March 31, 2016.**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Spentex Industries Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 its 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 Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by The Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting 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 internal financial control over financial reporting 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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**

Because of the inherent limitations of internal financial controls over financial reporting, 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 internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2016.

**The company did not have an appropriate internal control system for obtaining confirmation from certain parties included under the head trade receivables, trade payables, loans & advances and other current liabilities and its reconciliation/consequential adjustments, if any. Further, the company's internal financial controls over recovery of certain long outstanding trade receivable, claim receivables and advance balances are not adequate.**

**The company's internal financial controls were not operating effectively in respect of the above which may potentially impact the results of the company.**

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, **except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria**, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 standalone financial statements of the Company, and these material weaknesses have affected our opinion on the standalone financial statements of the Company and we have accordingly issued a qualified opinion on the standalone financial statements.

**For J.C. Bhalla & Company**  
**Chartered Accountants**  
**Firm Regn. No. 001111-N**  
Sd/-  
**(Akhil Bhalla)**  
**Partner**  
**Membership No.505002**

Place : New Delhi  
Dated : May 27, 2016

## BALANCE SHEET AS AT 31ST MARCH, 2016

(Figure in `)

	Note No.	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
a) Share capital	2	89,77,20,350	89,77,20,350
b) Reserves & surplus	3	(2,98,78,77,327)	(2,17,87,65,457)
		<b>(2,09,01,56,977)</b>	<b>(1,28,10,45,107)</b>
<b>(2) Share application money pending allotment</b>	<b>4</b>	<b>11,09,50,000</b>	<b>11,09,50,000</b>
<b>(3) Non-current liabilities</b>			
a) Long-term borrowings	5	25,57,36,213	1,70,94,72,017
b) Other long term liabilities	6	64,01,740	43,21,806
c) Long-term provisions	7	8,07,66,886	7,69,90,959
		<b>34,29,04,839</b>	<b>1,79,07,84,782</b>
<b>(4) Current liabilities</b>			
a) Short-term borrowings	8	2,91,25,13,105	1,67,99,48,727
b) Trade payables	9	58,10,36,622	1,50,62,75,709
c) Other current liabilities	10	3,36,55,92,361	1,59,83,53,059
d) Short-term provisions	11	1,80,53,059	1,63,95,903
		<b>6,87,71,95,147</b>	<b>4,80,09,73,398</b>
<b>Total</b>		<b>5,24,08,93,009</b>	<b>5,42,16,63,073</b>
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
a) Fixed assets	12		
(i) Tangible assets		1,83,39,67,438	1,92,81,74,597
(ii) Intangible assets		-	-
(iii) Capital work in progress		14,02,897	17,46,595
b) Non-current investment	13	77,48,93,379	77,48,93,379
c) Deferred tax assets (net)	47	-	-
d) Long-term loans and advances	14	72,90,23,323	81,69,73,658
e) Other non-current assets	15	18,06,96,265	23,85,48,192
		<b>3,51,99,83,302</b>	<b>3,76,03,36,421</b>
<b>(2) Current Assets</b>			
a) Inventories	16	45,22,46,981	62,73,37,351
b) Trade receivables	17	45,41,20,903	32,25,15,239
c) Cash and bank balances	18	5,06,43,929	3,05,34,315
d) Short-term loans and advances	19	58,11,52,444	45,32,76,265
e) Other current assets	20	18,27,45,449	22,76,63,481
		<b>1,72,09,09,706</b>	<b>1,66,13,26,651</b>
<b>Total</b>		<b>5,24,08,93,009</b>	<b>5,42,16,63,073</b>

Significant accounting policies and notes (1 to 51) form an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date.

For **J.C. Bhalla & Company**  
Firm Reg. No. 001111N  
Chartered Accountants

**Akhil Bhalla**  
Partner  
Membership No : 505002

On behalf of the Board  
Mukund Choudhary      Managing Director  
Kapil Choudhary      Deputy Managing Director  
Amrit Agrawal      Director  
Dr. Sunil Kumar Gupta      Company Secretary  
Sharat Gupta      CFO

Place : New Delhi  
Date : May 27, 2016



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016** (Figure in `)

<b>PARTICULARS</b>	<b>Note No.</b>	<b>Year Ended 31st March, 2016</b>	<b>Year Ended 31st March, 2015</b>
<b>INCOME</b>			
I. Revenue from operations (Gross)	21	8,01,08,92,295	8,94,72,34,016
Less: Excise duty		2,01,32,760	3,57,96,984
Revenue from operations (Net)		<b>7,99,07,59,535</b>	<b>8,91,14,37,032</b>
II. Other income	22	9,15,29,658	16,65,77,352
<b>III. Total revenue (I+ II)</b>		<b>8,08,22,89,193</b>	<b>9,07,80,14,384</b>
<b>IV. EXPENSES</b>			
Cost of materials consumed	23	5,33,68,14,738	5,68,42,18,639
Purchases of stock-in-trade	24	5,12,47,419	14,46,52,618
Changes in inventories of finished goods, Stock-in-trade and work-in-progress	25	7,43,20,023	46,36,42,038
Employee benefits expenses	26	83,90,20,028	80,11,15,199
Finance costs	27	77,00,97,849	79,37,07,176
Depreciation and amortization expense	12	11,24,63,236	11,68,68,685
Other expenses	28	1,70,74,37,770	1,70,94,38,206
<b>Total expenses</b>		<b>8,89,14,01,063</b>	<b>9,71,36,42,561</b>
<b>V. Profit/(loss) before exceptional, extraordinary, prior period items and tax (III-IV)</b>		<b>(80,91,11,870)</b>	<b>(63,56,28,177)</b>
VI. Extraordinary items & prior period items Extraordinary items (Net)	48	-	1,37,17,503
<b>VII. Profit/(loss) before tax (V-VI)</b>		<b>(80,91,11,870)</b>	<b>(62,19,10,674)</b>
<b>VIII Tax expenses</b>		-	-
Deferred tax		-	60,17,653
<b>IX Profit/(loss) for the year (VII- VIII)</b>		<b>(80,91,11,870)</b>	<b>(62,79,28,327)</b>
<b>X Earnings per equity share of Rs. 10 each before and after extraordinary items:</b>	33		
(a) Before extraordinary items:			
- Basic		(9.01)	(7.15)
- Diluted		(9.01)	(7.15)
(b) After extraordinary items:			
- Basic		(9.01)	(6.99)
- Diluted		(9.01)	(6.99)

Significant accounting policies and notes (1 to 51) form an integral part of the financial statements.

This is the Statement of Profit and Loss referred to in our report of even date

For **J.C. Bhalla & Company**

Firm Reg. No. 001111N

Chartered Accountants

**Akhil Bhalla**

Partner

Membership No : 505002

On behalf of the Board

Mukund Choudhary

Kapil Choudhary

Amrit Agrawal

Dr. Sunil Kumar Gupta

Sharat Gupta

Managing Director

Deputy Managing Director

Director

Company Secretary

CFO

Place : New Delhi

Date : May 27, 2016

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(Figure in `)

	Year ended 31st March, 2016	Year ended 31st March, 2015
Profit/(loss) Before Tax	(80,91,11,870)	(62,19,10,674)
<b>Add:</b>		
Depreciation / Amortisation	11,24,63,236	11,68,68,685
Provision for Wealth Tax	-	36,030
Unrealised Exchange Fluctuation (net)	(30,84,577)	(19,24,045)
Liabilities no longer required written back	(2,85,41,251)	(80,00,635)
Extraordinary items (Net)	-	(1,37,17,503)
Loss/(Profit) on sale of assets held for sale	(5,812)	54,66,785
Dividend Income	(3,580)	(3,380)
Interest Income	(1,33,01,032)	(89,34,020)
Interest Expense	77,00,97,849	79,37,07,176
<b>Operating Profit Before Working Capital Changes</b>	<b>2,85,12,964</b>	<b>26,15,88,419</b>
<b>Adjustments for changes in working capital :</b>		
- (Increase)/Decrease in Trade Receivable	(11,77,82,712)	2,07,07,654
- (Increase)/Decrease in Other Bank Balance, Short Term Loans and Advances and other current assets	(9,32,09,051)	7,65,50,312
- (Increase)/Decrease in Long Term Loans and Advances	8,79,50,335	10,77,354
- (Increase)/Decrease in Other Non Current Assets	4,71,13,553	(45,74,002)
- (Increase)/Decrease in Inventories	17,50,90,370	41,58,30,557
- Increase/(Decrease) in Trade Payable	(17,37,90,901)	34,29,73,826
- Increase/(Decrease) in Other Non Current Liabilities	20,79,934	26,50,479
- Increase/(Decrease) in Other Current Liabilities	11,20,26,417	(7,97,39,653)
- Increase/(Decrease) in Long Term Provisions	37,75,927	87,28,285
- Increase/(Decrease) in Short Term Provisions	16,93,186	(13,43,482)
Wealth Tax Paid	(36,030)	(46,239)
<b>A. Cash Flow From Operating Activities</b>	<b>7,34,23,991</b>	<b>1,04,44,03,510</b>
Purchase of Fixed Assets	(1,84,86,599)	(1,63,00,628)
Sale proceeds of Fixed Assets	5,74,220	47,87,442
Dividend Received	3,580	3,380
Interest Received	1,30,25,739	92,38,496
<b>B. Cash Flow From Investing Activities</b>	<b>(48,83,060)</b>	<b>(22,71,310)</b>
Proceeds from Share Application money	-	11,09,50,000
Proceeds from Long Term Borrowings	14,76,51,614	15,94,00,000
Repayment of Non-convertible Debenture	(5,62,25,977)	(4,99,09,255)
Repayment of Long Term Borrowings	(14,57,87,662)	(72,59,50,569)
(Repayment)/proceed of short term Borrowings (net)	48,11,16,192	23,20,21,715
Vehicle Loans	(18,74,875)	(27,69,011)
Interest Paid	(48,38,42,617)	(77,86,95,429)
<b>C. Cash Flow From Financing Activities</b>	<b>(5,89,63,325)</b>	<b>(1,05,49,52,548)</b>
Increase/(Decrease) in Cash Equivalents {A+B+C}	95,77,605	(1,28,20,349)
Cash and Cash Equivalents at the Beginning of the Year	1,10,74,025	2,38,94,374
Cash and Cash Equivalents at the End of the Year	2,06,51,629	1,10,74,025
Increase / (Decrease) in Cash/Cash Equivalents	95,77,604	(1,28,20,349)
Notes :-		
Cash and cash equivalents comprise		
Cash in hand	17,91,472	46,34,886
In Current Accounts	1,88,60,158	64,39,139
	<b>2,06,51,629</b>	<b>1,10,74,025</b>

1. The above Cash flow statement has been prepared under the Companies (Accounting Standards) Rules, 2006 (as amended) in accordance with section 133 of the Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014
2. Figures in brackets indicate cash outgo.

This is the Cash flow statement referred to in our report of even date

For **J.C. Bhalla & Company**

Firm Reg. No. 001111N

Chartered Accountants

**Akhil Bhalla**

Partner

Membership No : 505002

On behalf of the Board

Mukund Choudhary

Kapil Choudhary

Amrit Agrawal

Dr. Sunil Kumar Gupta

Sharat Gupta

Managing Director

Deputy Managing Director

Director

Company Secretary

CFO

Place : New Delhi

Date : May 27, 2016

**NOTE 1 :SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of preparation of Financial Statement**

These financial statements are prepared on accrual basis under the historical cost convention to comply in all material aspects with all the applicable accounting principles in India, the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) in accordance with section 133 of the Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India.

**(b) Use of Estimates**

The preparation of the financial statements in conformity with Indian generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful receivables, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets and intangible assets.

**(c) Fixed Assets**

Fixed assets are stated at their original cost less accumulated depreciation including freight, duties (net of CENVAT), taxes and other incidental expenses relating to acquisition and installation.

**(d) Depreciation / Amortization**

Depreciation on all fixed assets situated at manufacturing locations is provided on the straight line method on a pro-rata basis at the rates determined on the basis of useful lives of the respective assets as provided by Schedule II to the Companies Act, 2013. The useful lives for the various fixed assets situated at manufacturing locations are as follows:

Description – Manufacturing locations	Useful lives (in years)
Factory Building	30
Building (Other than factory building) RCC frame structure	60
Building (Other than factory building) other than RCC frame structure	30
Plant and Machinery	25
Office Equipments	5
Computers	3
Furniture and Fixtures	10
Vehicles	8

Depreciation for all fixed assets at locations other than at manufacturing locations is provided on the written down value method at the rates determined on the basis of useful lives of the respective assets as provided by Schedule II to the Companies Act, 2013

Leasehold land is amortized over the lease period on a straight line basis.

Capitalised enterprise resource planning software (SAP) is amortised over a period of five years on straight line basis.

Acquired goodwill is amortized using the straight-line method over a period of 10 years.

**(e) Inventories**

Inventories have been valued at lower of cost and net realizable value.

The cost in respect of raw materials is determined under the specific identification of cost method.

Cost includes customs duty, wherever paid, and are net of credit under CENVAT scheme, wherever applicable.

The cost in respect of work-in-progress, finished goods and stores and spares is determined using the weighted average cost method and includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, where applicable.

Waste is valued at estimated net realizable value.

**(f) Revenue Recognition**

**Sale of goods:** Revenue on sale of goods is recognized on transfer of significant risk and rewards of ownership to the buyer and on reasonable certainty of the ultimate collection. Sales are inclusive of excise duty and net off sales tax, trade discounts and sales returns.

**Interest:** Income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rates.

**Commission and insurance claim:** Income is recognized when no significant uncertainty as to measurability or recoverability exists.

**(g) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments (non-current investment). Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

**(h) Foreign Currency Transactions**

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transaction. All monetary items denominated in foreign currency are translated at year end rates. Exchange differences arising on such transactions and also exchange differences arising on the settlement of such transactions are adjusted in the statement of profit and loss.

In case of forward contracts, the premium or discount on all such contracts arising at the inception of each contract is recognized / amortized as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of such contracts is recognized as income or expense for the period.

In respect of foreign branch, all revenues, expenses, monetary assets/liabilities and fixed assets are accounted at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities are restated at the year end rates and resultant gains or losses are recognized in the statement of profit and loss.

**(i) Employee Benefits**

The Company's contributions to recognized provident funds are charged to revenue on an accrual basis.

The Company has defined benefit plans namely leave encashment and gratuity for all employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year. Gratuity Fund (for other than Synthetic division) is administered through Life Insurance Corporation of India. Short term compensated absences are recognized at the undiscounted amount of benefit for services rendered during the year.

Termination benefits are recognized as an expense immediately. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the statement of profit and loss as income or expense.

**(j) Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of that asset. Other borrowing costs are recognised as an expenses in the period in which they are incurred.

**(k) Taxation**

Tax expenses for the year, comprising current tax and deferred tax is included in determining the net profit/(loss) for the year. A provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws. Deferred tax assets are recognised for all deductible timing differences and carried forward to the extent it is reasonably / virtually certain that future taxable profit will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date.

**(l) Leases**

Assets acquired under long term finance lease are capitalised and depreciated in accordance with company's policy for assets situated at manufacturing and other locations. The associated obligations are included in other loans under "Long Term Borrowings".

The company has taken premises on lease. Lease rental in respect of operating lease arrangement are charged to statement of profit and loss.

**(m) Impairment of Assets**

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If such indication exists, the company estimates the recoverable amount and where carrying amount of the asset exceeds such recoverable amount, an impairment loss is recognized in the statement of profit and loss to the extent the carrying amount exceeds recoverable amount. Where there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased, the company books a reversal of the impairment loss not exceeding the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior accounting periods.

**(n) Government Grants****Recognition**

Government grants are recognized where:

- i) There is reasonable assurance of complying with the conditions attached to the grant.
- ii) Such grant / benefit has been earned and it is reasonably certain that the ultimate collection will be made.

**Presentation in Financial Statement:**

- i) Government grants relating to specific fixed assets are adjusted with the value of the fixed assets.

- ii) Government grants in the nature of promoters' contribution, i.e. which have reference to the total investment in an undertaking or by way of contribution towards total capital outlay, are credited to capital reserve.
- iii) Government grants related to revenue items are either adjusted with the related expenditure / revenue or shown under "Other Income", in case direct linkage with cost /income is not determinable.

**(o) Provisions and contingencies**

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

		(Amount in `)	
		As at March 31, 2016	As at March 31, 2015
<b>NOTE 2 : SHARE CAPITAL</b>			
<b>Authorised</b>			
11,40,00,000	Equity shares of ` 10/- each (previous year 11,40,00,000 Equity shares)	1,14,00,00,000	1,14,00,00,000
70,00,000	Redeemable preference shares of ` 10/- each (previous year 70,00,000 Redeemable preference shares )	7,00,00,000	7,00,00,000
		<b>1,21,00,00,000</b>	<b>1,21,00,00,000</b>
<b>Issued, Subscribed and Paid up</b>			
8,97,72,035	Equity shares of ` 10 each, fully paid up (previous year 8,97,72,035 Equity shares )	89,77,20,350	89,77,20,350
		<b>89,77,20,350</b>	<b>89,77,20,350</b>

**Sub Note:- 2 (a)** The company has only one class of equity share having a par value of ` 10/- per share. Each Shareholder is eligible for one vote per share. The dividend proposed, if any, by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

**Sub Note:- 2 (b)** Reconciliation of number of shares outstanding at the beginning and at the end of the year.

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	Amount ( ` )	No. of Shares	Amount ( ` )
Equity shares outstanding at the beginning of the year	8,97,72,035	89,77,20,350	8,97,72,035	89,77,20,350
Add: Equity shares issued during the year	-	-	-	-
Equity shares outstanding at the end of the year	8,97,72,035	89,77,20,350	8,97,72,035	89,77,20,350

**Sub Note:- 2 (c) : List of shareholders holding more than 5% of the aggregate share in the company**

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Citigroup Venture Capital Inter. Growth Partnership Mauritius Ltd (VCIGPM LTD.)	1,92,52,650	21.45	1,92,52,650	21.45
CLC Technologies Private Limited	1,83,00,000	20.38	1,83,00,000	20.38
Mukund Choudhary	52,73,083	5.87	85,35,946	9.51
Kapil Choudhary	52,28,530	5.82	84,74,869	9.44
Ajay Kumar Choudhary	44,60,292	4.97	80,66,052	8.99

**NOTE 3: RESERVES AND SURPLUS**

(Amount in `)

	As at March 31, 2016	As at March 31, 2015
<b>Capital Reserve :</b>		
Capital reserve	13,82,31,706	13,82,31,706
Share forfeiture reserve	71,79,250	71,79,250
Profit on restructure	23,58,587	23,58,587
	<b>14,77,69,543</b>	<b>14,77,69,543</b>
<b>Securities Premium Account</b>	<b>1,02,82,73,822</b>	<b>1,02,82,73,822</b>
<b>Debenture Redemption Reserve</b>	<b>17,03,60,578</b>	<b>17,03,60,578</b>
<b>General Reserve</b>		
Opening balance	2,81,86,801	4,03,69,710
Less : Impact of change in useful life pursuant to Schedule II to the Companies Act 2013	-	1,21,82,909
	<b>2,81,86,801</b>	<b>2,81,86,801</b>
<b>Surplus/(Deficit) in the statement of profit and loss</b>		
Opening balance	(3,55,33,56,201)	(2,92,54,27,875)
Profit /(Loss) for the year	(80,91,11,870)	(62,79,28,327)
Closing balance	<b>(4,36,24,68,071)</b>	<b>(3,55,33,56,201)</b>
	<b>(2,98,78,77,327)</b>	<b>(2,17,87,65,457)</b>

**NOTE 4 : SHARE APPLICATION MONEY PENDING ALLOTMENT**

Share Application Money	11,09,50,000	11,09,50,000
	<b>11,09,50,000</b>	<b>11,09,50,000</b>

The Company has not allotted shares against this amount which was brought in by the promoters in more than one installments under restructuring scheme approved by the Bankers. Due to pending necessary approvals and directions for allotment of shares, the Company has not complied with the provisions of Section 42 of the Companies Act, 2013 .

**NOTE 5 : LONG-TERM BORROWINGS****Secured**

(a) Debentures		
Redeemable Non-Convertible Debentures	15,58,88,356	21,21,14,334
(b) Term Loans from bank		
(i) Term loan (Refer Note no. 49)	2,47,26,96,238	2,52,07,32,289
(ii) Vehicle Loans	3,98,169	22,73,044

**Unsecured**

From related parties (Refer Note no. 32)*	4,99,00,003	-
	<b>2,67,88,82,766</b>	<b>2,73,51,19,666</b>
Less-Amount disclosed under the head "other current liabilities" (Note-10)	2,42,31,46,553	1,02,56,47,649
	<b>25,57,36,213</b>	<b>1,70,94,72,017</b>

\*Includes invocation of pledge by ICICI bank over 12,533,334 equity shares held by the promoters of the company.

**Nature of security****Debentures****Non convertible debentures**

Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Mr. Mukund Choudhary and Mr. Kapil Choudhary. These Debentures are further secured by second pari-passu charge on entire current assets of the Company. These debentures are also secured by pledge of

**Repayment terms, amount and period of default**

Amounting to ` 155,888,356 (previous year ` 212,114,334) repayable in 24 quarterly installments commencing from June, 2012. An amount of ` 14,556,866 (previous year ` 12,477,314/-) was due for payment as on 31.03.2016 is yet to be paid. For repayment schedule refer table below.



24,575,918 shares of the company held by promoters and further secured by collateral security of property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

**a. Term loans from bank**

- i) Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Mr. Ajay Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary and third party guarantee of Mrs. Jyoti Choudhary. These loans are further secured by second pari-passu charge on entire current assets of the Company. These loan are also secured by pledge of 24,575,918 shares of the company held by promoters and further secured by collateral security of property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi. 8,113,806 (P.Y. 20,647,140) shares of promoters have also been pledged on exclusive basis for an amount of ₹ 242,830,905 (₹ 258,007,836), Further secured by third charge on all the movable and immovable assets of the Company.

Amounting to ₹ 792,890,900 (previous year ₹ 817,029,503) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 748,747,430 (previous year ₹ 50,529,038) existed on 31.03.2016, which ranges from 1 to 699 days till 31.03.2016, is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to ₹ 211,677,452 (previous year ₹ 221,025,127) repayable in 20 quarterly installments commencing from June, 2012. An amount of ₹ 169,347,003 (previous year ₹ 20,645,000) existed on 31.03.2016, which ranges from 1 to 699 days till 31.03.2016, is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ₹ Nil (previous year ₹ 7,240,975) repayable in 12 quarterly installments commencing from June, 2012. An amount of ₹ Nil (previous year ₹ 7,240,975) was due for payment on 31.03.2016 is yet to be paid. For repayment schedule refer table no. 3 below.

Amounting to ₹ 242,830,905 (previous year ₹ 258,007,836) repayable in 23 quarterly installments commencing from June, 2012. An amount of ₹ 242,830,905 (previous year ₹ 15,176,932) existed on 31.03.2016, which ranges from 1 to 699 days till 31.03.2016, is yet to be paid. For repayment schedule refer table no. 1 below.

**Term Loan Repayment schedule Table No. 1**

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

**Term Loan Repayment schedule Table No. 2**

	FY 13	FY 14	FY 15	FY 16	FY 17
Principal (%)	14	16	20	20	30
ROI (%)	10	12	13	14	14

**Term Loan Repayment schedule Table No. 3**

	FY 13	FY 14	FY 15
Principal (%)	32.4	42	25.6
ROI (%)	12	13	15

**b. Funded Interest Term Loan**

- i) Secured by first pari-passu charge on all the fixed assets of the Company, both present and future. The loan is further secured by second pari-passu charge on entire on entire current assets of the Company and additionally secured by personal guarantee of Mr. Ajay Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary. The loan is

Amounting to ₹ 15,378,904 (previous year ₹ 15,378,904) repayable in 2018. There is no default in repayment of loan existing as on 31.03.2016.

Amounting to ₹ 64,119,519 (previous year ₹ 85,215,810) repayable in 16 quarterly installments commencing from June, 2012. An amount of ₹ 62,487,206 (previous year ₹ 15,264,030)

also secured by pledge 24,575,918 shares of the Company on pari-passu basis. Loan amounting to ` 64,119,519 (` 85,215,810) is further secured by collateral security of property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

existed on 31.03.2016, which ranges from 1 to 699 days till 31.03.2016, is yet to be paid. For repayment schedule refer table no.1 below.

**Funded Interest Term Loan Repayment schedule Table No. 1**

	FY 13	FY 14	FY 15	FY 16
Principal (%)	15	25	25	35
ROI (%)	10	10	10	10

**c. Working Capital Term Loan**

Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Mr. Ajay Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary and third party guarantee of Mrs. Jyoti Choudhary. These loans are further secured by second pari-passu charge on entire current assets of the Company. These loans are also secured by pledge of 24,575,918 shares of the Company and further secured by collateral security on the property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

Amounting to ` 154,793,686 (previous year ` 162,447,805) repayable in 24 quarterly installments commencing from June, 2012. An amount of ` 154,793,686 (previous year ` 9,562,800) existed on 31.03.2016, which ranges from 1 to 699 days till 31.03.2016, is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to ` 285,454,059 (previous year ` 294,716,614) repayable in 24 quarterly installments commencing from June, 2012. An amount of ` 261,425,120 (previous year ` 20,703,750) existed on 31.03.2016, which ranges from 1 to 699 days till 31.03.2016, is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ` 315,767,320 (previous year ` 319,269,714) repayable in 24 quarterly installments commencing from June, 2012. An amount of ` 290,050,602 (previous year ` 22,290,000) existed on 31.03.2016, which ranges from 1 to 699 days till 31.03.2016, is yet to be paid. For repayment schedule refer table no. 3 below.

**Repayment schedule Table No. 1**

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

**Repayment schedule Table No. 2**

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	10	11	11	11	12

**Repayment schedule Table No. 3**

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	20	20	20
ROI (%)	14.5	18	18	18	18	18.25

**d. Corporate Loan**

Secured by first pari-passu charge on the entire current assets of the Company including receivables. Additionally secured by personal guarantees of Mr. Ajay Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary and third party guarantee of Mrs. Jyoti Choudhary. These loans are further secured by collateral security on entire fixed assets of the Company, also secured by pledge of 24,575,918 shares of the Company and collateral security on the property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

Amounting to ` 264,468,515 (previous year ` 312,500,000) repayable in 18 quarterly installments commencing from June, 2015. An amount of ` 200,312,514 (previous year ` 24,722,222) existed on 31.03.2016, which ranges from 1 to 699 days till 31.03.2016, is yet to be paid. For repayment schedule refer table no.1 below.

Amounting to ` 27,563,366 (previous year ` 27,900,000) repayable in 18 quarterly installments commencing from September, 2015. An amount of ` 27,563,366 (previous year ` 1,550,000) existed on 31.03.2016, which ranges from 1 to 699

days till 31.03.2016, is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ` 97,751,611 (previous year ` Nil) repayable in 09 monthly installments commencing from May, 2016. For repayment schedule refer table no. 3 below.

**Repayment schedule Table No. 1**

	<b>FY 15</b>	<b>FY 16</b>	<b>FY 17</b>	<b>FY 18</b>	<b>FY19</b>
Principal (%)	22.22	22.22	22.22	22.22	11.12
ROI (%)	13.5	13.5	13.5	13.5	13.5

**Repayment schedule Table No. 2**

	<b>FY 15</b>	<b>FY 16</b>	<b>FY 17</b>	<b>FY 18</b>	<b>FY19</b>	<b>FY20</b>
Principal (%)	5.56	22.24	22.24	22.24	22.24	5.56
ROI (%)	13.5	13.5	13.5	13.5	13.5	13.5

**Repayment schedule Table No. 3**

	<b>FY 17</b>
Principal (%)	100
ROI (%)	12.5

**e. Vehicle Loans**

Secured by hypothecation of motor cars.

Interest rate on vehicle loans between 8.96 % to 11.50 %. There is no default in repayment of installment existing as on 31.03.2016. For repayment schedule refer table below

**Repayment schedule Table**

	<b>FY 14</b>	<b>FY 15</b>	<b>FY 16</b>	<b>FY 17</b>	<b>FY 18</b>
Principal (in `)	2,730,211	2,769,203	1,874,682	265,990	132,179

**NOTE 6 : OTHER LONG TERM LIABILITIES**

Security Deposit

**As at  
March 31, 2016**

(Amount in `)  
**As at  
March 31, 2015**

64,01,740	43,21,806
<b>64,01,740</b>	<b>43,21,806</b>

**NOTE 7 : LONG-TERM PROVISION**

**Provision for Employee Benefits:**

- Gratuity	6,52,91,541	5,91,62,304
- Leave encashment	1,54,75,345	1,78,28,655
	<b>8,07,66,886</b>	<b>7,69,90,959</b>

**NOTE 8 : SHORT - TERM BORROWINGS**

**From banks (Secured)**

- Repayable on demand (Refer Note no. 49)*	2,89,46,13,105	1,64,24,48,727
- Other loans	-	3,75,00,000

**From Others (Unsecured)**

- Inter corporate deposits (repayable on demand)	1,79,00,000	-
	<b>2,91,25,13,105</b>	<b>1,67,99,48,727</b>

**Nature of Security**

Working Capital Loans from Banks are secured by first pari-passu charge on entire current assets, long term loan and advances and other non current assets of the Company. These loans are further secured by second pari-passu charge on entire fixed assets, both present and future and personal guarantee of the promoters. These loans, are also secured by pledge of promoters' shares (24,575,918 nos.) on pari-passu basis.

\* The short term borrowing from banks have generally remained overdue during the substantial part of the financial year. The overdue amount as 31st March 2016 was ` 1,124,330,891 (` 203,189,847).

(Amount in `)

**NOTE 9 : TRADE PAYABLES****Trade payable\***

	<u>As at March 31, 2016</u>	<u>As at March 31, 2015</u>
- Total outstanding dues of micro enterprises and small enterprises	-	51,08,628
- Total outstanding dues of creditors other than micro enterprises and small enterprises	58,10,36,622	1,50,11,67,081
	<u>58,10,36,622</u>	<u>1,50,62,75,709</u>

\* Includes ` Nil (previous year ` 751,448,186) outstanding on account of letters of credit honoured by banks on behalf of the Company.

**Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006**

Based on intimation received by the Company from its supplier regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 the relevant information is provided below:-

1. The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year, as at the end of the		
a. Principal amount remaining unpaid	-	5,108,628
b. Interest due on above	-	-
2. The amount of interest paid by the buyer in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
3. The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
4. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
5. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

**NOTE 10 : OTHER CURRENT LIABILITIES****Secured****Current Maturities of Long-Term Debts\* :**

- Debentures	7,27,84,330	7,07,04,778
- Term loan from banks	2,34,99,64,054	95,32,10,384
- Vehicle loans	3,98,169	17,32,487

**Unsecured**

Interest accrued and due on borrowings (Refer Note no. 49)**	38,43,25,583	9,80,70,351
Advance from customers	8,40,89,558	12,31,79,694
Book Overdraft	1,68,71,161	26,65,577
Employee Benefits Payables	8,59,90,181	6,35,03,215
Statutory dues payable	5,89,48,279	1,88,91,774
Other payables	31,22,21,045	26,63,94,799
	<u>3,36,55,92,361</u>	<u>1,59,83,53,059</u>

\* For security details and other terms and conditions, refer note no. 5 of financial statement.

\*\* There is a default of ` 384,325,583/- (previous year ` 98,070,351) existing as on 31.03.2016, which ranges from 1 to 699 days, is yet to be paid.

**NOTE 11 : SHORT -TERM PROVISION****Provision for Employee Benefits:**

- Gratuity	28,91,884	-
- Leave encashment	35,97,171	31,03,995
Provision for wealth tax	-	36,030
Provision for excise duty on closing stock	1,15,64,004	1,32,55,878
	<u>1,80,53,059</u>	<u>1,63,95,903</u>

# SPENTEX INDUSTRIES LIMITED

## NOTE - 12 TANGIBLE ASSETS

(Amount in `)

Particulars	Tangible Assets							Intangible Assets		Total
	Freehold Land	Leasehold Land	Buildings	Plant & Machinery	Office Equipments	Furniture & Fixtures	Vehicle	Goodwill	Software	
Gross block										
At 1 April 2014	38,90,357	5,42,99,243	1,19,23,55,106	4,96,54,36,123	9,23,59,408	3,89,40,522	3,72,70,238	10,89,10,417	3,40,83,867	6,52,75,45,281
Additions	-	-	4,83,324	1,39,41,378	7,74,814	-	-	-	-	1,51,99,516
Disposals	-	-	-	1,30,57,744	11,78,524	-	-	-	-	1,42,36,268
At 31 March 2015	38,90,357	5,42,99,243	1,19,28,38,430	4,96,63,19,757	9,19,55,698	3,89,40,522	3,72,70,238	10,89,10,417	3,40,83,867	6,52,85,08,529
Additions	-	-	-	1,82,95,696	5,34,600	-	-	-	-	1,88,30,296
Disposals	-	-	-	-	1,76,152	95,000	21,32,484	-	-	24,03,636
At 31 March 2016	38,90,357	5,42,99,243	1,19,28,38,430	4,98,46,15,453	9,23,14,146	3,88,45,522	3,51,37,754	10,89,10,417	3,40,83,867	6,54,49,35,189
Depreciation										
At 1 April 2014	-	2,27,23,476	45,15,33,276	3,73,24,06,816	6,75,08,694	3,26,01,462	2,49,45,507	10,89,10,417	3,40,83,867	4,47,47,13,515
Charge for the year	-	25,82,766	4,12,62,416	5,98,48,958	59,54,410	29,90,927	42,29,208	-	-	11,68,68,684
Disposals	-	-	-	83,12,228	11,36,598	-	-	-	-	94,48,826
Transferred to General reserve	-	-	1,10,56,742	77,139	66,50,572	2,11,338	2,04,769	-	-	1,82,00,560
At 31 March 2015	-	2,53,06,242	50,38,52,434	3,78,40,20,685	7,89,77,077	3,58,03,727	2,93,79,484	10,89,10,417	3,40,83,867	4,60,03,33,933
Charge for the year	-	26,55,800	4,11,93,193	5,90,64,955	45,79,595	25,22,155	24,47,538	-	-	11,24,63,236
Disposals	-	-	-	-	1,08,422	30,717	16,90,277	-	-	18,29,416
At 31 March 2016	-	2,79,62,042	54,50,45,627	3,84,30,85,640	8,34,48,250	3,82,95,165	3,01,36,745	10,89,10,417	3,40,83,867	4,71,09,67,753
Net Block										
At 31.03.2015	38,90,357	2,89,93,001	68,89,85,996	1,18,22,99,072	1,29,78,621	31,36,795	78,90,754	-	-	1,92,81,74,596
At 31.03.2016	38,90,357	2,63,37,201	64,77,92,803	1,14,15,29,813	88,65,896	5,50,357	50,01,009	-	-	1,83,39,67,436

## NOTE 13 : NON CURRENT INVESTMENTS (AT COST)

(Amount in `)

### (Long Term Investments)

	Nos.	As at March 31, 2016	Nos.	As at March 31, 2015
<b>1. Investment in Equity Instruments</b>				
<b>(a) In subsidiaries (Trade &amp; Quoted )</b>				
Amit Spinning Industries Limited (Equity Shares of ` 5/- each, fully paid up)	2,09,81,077	20,44,69,921	2,09,81,077	20,44,69,921
<b>(b) In subsidiaries (Trade &amp; Unquoted)</b>				
Spentex Netherlands B .V. (Face value Euro 1/- each, fully paid)	18,200	56,10,11,339	18,200	56,10,11,339
Spentex Mauritius P Ltd (Face value US Dollar 1/- each, fully paid)	2	90	2	90
Less: Provision for Long term investment		(90)		(90)
Spentex Tashkent Toytepa LLC#		93,23,779		93,23,779
<b>(c) In others ( Trade &amp; Quoted )</b>				
In Fully Paid equity Shares of ` 10/- each :				
Sentinel Tea and Exports Limited	100	4,777	100	4,777
Summit Securities Limited	10	-	10	-
<b>(d) In others (Non Trade &amp; Unquoted )</b>				
Equity Shares of ` 20/- each fully paid up of The Baramati Co-operative Bank Limited	1,300	26,000	1,300	26,000
Equity Shares of ` 50/- each fully paid up of The Sadguru Jangli Maharaj Co-operative Bank Ltd.	1,000	50,000	1,000	50,000
Equity Shares of ` 10/-each fully paid up of Spencer & Co. Limited	200	7,563	200	7,563
		<b>77,48,93,379</b>		<b>77,48,93,379</b>

### Aggregate book value of :

Quoted investments	20,44,74,698	20,44,74,698
Unquoted investments	57,04,18,681	57,04,18,681
Aggregate market value of quoted investment	1,69,97,222	1,99,34,368
Aggregate provision on Non Current Investment	90	90

# The Company has participating interest of 0.82% in Charter Capital of Spentex Tashkent Toytepa, LLC

(Amount in `)

		As at March 31, 2016	As at March 31, 2015
<b>NOTE 14 : LONG - TERM LOANS AND ADVANCES</b>			
<b>Unsecured, Considered Good Unless Otherwise Stated</b>			
Security deposit		5,57,97,312	5,66,71,285
<b>Loans and advances to subsidiaries</b>			
Amit Spinning Industries Limited	32,01,28,019		32,01,28,019
Spentex (Netherlands) B.V.	9,50,70,902	41,51,98,921	9,50,70,902
Balance with Customs , Excise, Govt Authorities, etc.			
- Considered good	11,68,68,282		16,94,79,580
- Considered doubtful	50,00,000		50,00,000
Less: Provision for doubtful advances	50,00,000	11,68,68,282	50,00,000
Advance to employees of the company		9,07,120	7,53,147
Advance against expenses		9,75,27,702	11,86,95,219
{Includes advance to subsidiary ` 4,34,75,354 /- (Previous Year ` 4,34,75,354/-)}			
Advance to trade payable			
-Considered good	3,51,71,994		3,78,35,698
-Considered doubtful	16,73,95,327		16,73,95,327
Less: Provision for doubtful advance	16,73,95,327	3,51,71,994	16,73,95,327
Advance tax/ tax deducted at source		75,51,992	1,83,39,808
		<b>72,90,23,323</b>	<b>81,69,73,658</b>

**NOTE 15 : OTHER NON- CURRENT ASSETS****Unsecured, Considered Good Unless Otherwise Stated**

Trade receivables			
- Considered good	7,00,12,404		8,07,50,778
- Considered doubtful	38,56,028		11,27,245
Less:- Provision for doubtful trade receivables	38,56,028	7,00,12,404	11,27,245
Export incentives		26,95,093	2,17,26,062
Claims receivables		1,20,38,186	3,99,14,817
Interest accrued on loan to others		9,59,50,582	9,59,50,582
Unamortised upfront fees		-	2,05,953
		<b>18,06,96,265</b>	<b>23,85,48,192</b>

**NOTE 16 : INVENTORIES\*****Raw materials**

{Includes Goods in Transit ` 6,090,278 (Previous Year ` 5,153,897/-)}

Work-in-process		13,12,01,115	11,68,10,245
Finished goods			
- Manufactured	21,53,29,223		30,75,89,470
- Stock in Trade	23,23,960	21,76,53,183	27,09,741
Stores, spares & packing materials		2,52,84,911	31,02,99,210
Cotton Waste		1,01,85,290	2,74,01,231
		<b>45,22,46,981</b>	<b>62,73,37,351</b>

\*Refer accounting policy for mode of valuation.

**NOTE 17 : TRADE RECEIVABLE****Unsecured, Considered Good Unless Otherwise Stated**

Outstanding for a period exceeding six months from the date they are due for payments		2,59,10,575	1,23,20,325
Others		42,82,10,327	31,01,94,914
		<b>45,41,20,903</b>	<b>32,25,15,239</b>



	(Amount in `)
	As at
	March 31, 2016
NOTE 18 : CASH AND BANK BALANCES	March 31, 2015
<b>Cash &amp; Cash Equivalent</b>	
Cash in hand	17,91,472
Balance with banks	46,34,886
	1,88,60,158
<b>Others Bank Balances</b>	64,39,139
Fixed deposit with more than 3 month maturity from the original date	2,99,92,300
	<u>5,06,43,929</u>
	<u>3,05,34,315</u>

**NOTE 19 : SHORT- TERM LOANS AND ADVANCES**
**Unsecured, Considered Good Unless Otherwise Stated**

Margin Money with Others	-	1,94,839
Prepaid expenses	69,48,087	2,12,55,006
Balance with Customs, Excise, Govt Authorities, etc.	7,10,71,998	9,02,32,293
Advance to employees of the company	72,23,423	45,66,362
Advance to trade payables (Includes advance to subsidiary ` 271,593,911 /- (Previous Year ` 181,911,640-))	48,17,79,155	32,69,31,264
Advance against expenses	1,41,29,781	1,00,96,502
	<u>58,11,52,444</u>	<u>45,32,76,265</u>

**NOTE 20 : OTHER CURRENT ASSETS**

Fixed Assets held for sale	25,81,970	25,81,970
Export incentives	5,11,63,831	9,67,12,143
Claims receivables	12,69,25,664	11,74,66,850
Unamortised upfront fees	-	91,03,827
Interest accrued on deposit	20,73,984	17,98,691
	<u>18,27,45,449</u>	<u>22,76,63,481</u>

**NOTE 21 : REVENUE FROM OPERATION ( Gross)**
**From Sale of Manufactured Goods**

- Man made fibre yarn	79,96,71,506	90,24,32,336	
- Polyester cotton yarn	4,24,38,52,401	4,44,15,50,635	
- Cotton yarn	2,06,52,55,189	2,63,77,12,998	
- Others	18,32,84,676	7,29,20,63,772	15,90,90,435
			8,14,07,86,404

**From Sale of Traded Goods**

- Cotton yarn	19,64,92,564	1,93,29,226	
- Clothes (Fabrics)	6,64,76,834	26,29,69,398	18,44,96,536
Waste sale		34,96,79,668	20,38,25,762
			38,94,07,343

**Other operating income**

- Export Incentive	10,61,79,457	21,32,14,507	
	<u>8,01,08,92,295</u>	<u>8,94,72,34,016</u>	

(Amount in `)

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
<b>NOTE 22 : OTHER INCOME</b>		
Commission income	79,788	2,68,508
Interest income	1,33,01,032	89,34,020
Profit on sale of Fixed Assets (net)	5,812	-
Dividend Income from non-current investment	3,580	3,380
Rent income	72,000	84,000
Liabilities / Provisions no longer required written back	2,85,41,251	80,00,635
Net gain on foreign currency transactions	2,63,60,519	6,88,40,033
Miscellaneous income	2,31,65,676	8,04,46,775
	<b>9,15,29,658</b>	<b>16,65,77,351</b>
<b>NOTE 23 : COST OF MATERIAL CONSUMED</b>		
Opening inventory	16,48,84,634	10,90,33,567
Purchases	5,23,98,52,586	5,74,00,69,706
Closing inventory	6,79,22,482	16,48,84,634
	<b>5,33,68,14,738</b>	<b>5,68,42,18,639</b>
<b>Additional disclosures regarding cost of material consumed:</b>		
Cotton	3,34,92,58,563	3,53,52,56,790
Polyester staple fiber	1,26,09,59,464	1,64,36,71,059
Viscose staple fiber	26,62,58,648	39,29,17,318
Others 46,03,38,063	11,23,73,472	
	<b>5,33,68,14,738</b>	<b>5,68,42,18,639</b>
<b>Additional disclosures regarding closing inventory of Raw Material:</b>		
Cotton	3,81,00,767	14,23,39,786
Polyester staple fiber	1,86,78,571	82,23,808
Viscose staple fiber	30,56,794	83,98,830
Others 80,86,350	59,22,210	
	<b>6,79,22,482</b>	<b>16,48,84,634</b>
<b>NOTE 24 : PURCHASE OF STOCK- IN -TRADE</b>		
Cotton yarn	68,99,271	37,08,516
Clothes	4,43,48,147	14,09,44,102
	<b>5,12,47,419</b>	<b>14,46,52,618</b>
<b>NOTE 25 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK- IN- TRADE &amp; WORK- IN -PROGRESS</b>		
<b>Opening inventory</b>		
Finished goods:		
(a) Manufactured	30,75,89,470	74,11,13,508
(b) Traded	27,09,741	1,10,70,994
Work in progress	11,68,10,245	13,19,31,977
Cotton waste	79,42,030	1,50,14,278
	<b>43,50,51,485</b>	<b>89,91,30,757</b>
<b>Less: Closing inventory</b>		
Finished goods:		
(a) Manufactured	21,53,29,223	30,75,89,470
(b) Traded	23,23,960	27,09,741
Work in progress	13,12,01,115	11,68,10,245
Cotton waste	1,01,85,290	79,42,030
	<b>35,90,39,588</b>	<b>43,50,51,485</b>
<b>Sub Total</b>	<b>7,60,11,897</b>	<b>46,40,79,272</b>
Excise duty on increase / (decrease) in inventories	(16,91,874)	(4,37,234)
(Increase) /decrease in inventory	<b>7,43,20,023</b>	<b>46,36,42,038</b>

(Amount in `)

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
<b>NOTE 26 : EMPLOYEES BENEFIT EXPENSE</b>		
Salaries, wages and bonus	69,79,76,487	67,23,52,819
Contribution to provident funds & other funds	5,91,04,450	5,75,25,916
Staff welfare expenses	8,19,39,091	7,12,36,463
	<b>83,90,20,028</b>	<b>80,11,15,199</b>
<b>NOTE 27 : FINANCE COST</b>		
<b>Interest expenses from Bank:</b>		
- On Non convertible debentures	2,80,97,738	3,47,37,498
- On borrowings	60,36,73,834	52,32,24,130
- On other than borrowings	5,67,41,539	14,60,48,479
Interest expenses from others	4,12,38,133	2,46,35,812
Other borrowing cost	4,03,46,604	6,50,61,257
	<b>77,00,97,849</b>	<b>79,37,07,176</b>
<b>NOTE 28 : OTHER EXPENSES</b>		
Store, spares and packing materials consumed	24,22,61,505	25,89,53,287
Sub contracting charges	2,37,06,083	8,16,12,439
Power & fuel	93,29,79,669	86,90,67,256
Rent	41,41,128	35,03,223
Rates & taxes	67,91,588	58,42,728
<b>Repair &amp; maintenance :</b>		
- Plant & machinery	1,42,48,188	1,30,47,897
- Building	14,92,903	16,76,892
- Others	81,88,978	66,13,832
<b>Insurance expenses-</b>		
- Buildings	1,27,236	1,57,375
- Plant & machinery	8,98,033	10,15,760
- Inventory	1,04,495	4,12,050
- Others	49,77,565	59,24,671
Communication expenses	73,80,623	79,91,719
Travelling & conveyance expenses	5,92,67,946	4,85,29,578
Legal & Professional charges	12,80,18,558	5,50,64,435
Commission on sales	3,32,25,877	7,08,03,591
Freight outward and clearing charges (net of recoveries)	13,25,00,855	15,81,56,066
Director sitting fees	6,54,644	5,07,932
Loss on sale of assets held for sale (Net)	-	54,66,785
Selling & distribution expenses	5,57,27,877	6,62,32,238
Bad debts/Amount written off	1,35,49,558	61,30,428
Service tax cenvat reversal	68,23,563	1,44,84,084
Miscellaneous expenses	2,83,64,309	2,63,09,565
<b>Payment to auditors (excluding service tax):</b>		
- Audit fees	18,00,000	18,00,000
- For other services	25,811	63,518
- For reimbursement of expenses	1,80,780	70,857
	<b>1,70,74,37,770</b>	<b>1,70,94,38,206</b>

**NOTE 29 : CONTINGENT LIABILITIES :**

(i) Contingent Liabilities Not Provided for in respect of :

(Amount in `)

Description	Year ended March 31, 2016	Year ended March 31, 2015
<b>Contingent Liabilities Not Provided For:</b>		
a) Demands from income tax authorities under appeal	7,43,75,239	7,43,75,239
b) Demands from sales tax authorities under appeal	94,81,297	90,26,137
c) Show cause notices/demands raised by excise / customs department (including applicable penalties), not acknowledged as debts	27,86,70,396	38,36,35,192
d) Show cause notices/demands raised by MP Government / MPEB department , not acknowledged as debts	12,50,56,000	12,50,56,000
e) Claims against the company not acknowledged as debts	73,11,86,818	70,57,49,210
f) Guarantees and letters of credit issued on behalf of the company, outstanding at the year end	7,07,79,455	17,83,21,269
g) Bills Discounted with banks on behalf of the company, outstanding at the year end	6,87,78,805	25,19,93,458
h) Corporate Guarantee given to IREDA for loan to M/s Himalayan Crest Power Private Limited	15,33,82,019	17,05,37,398
i) Corporate Guarantee given to AXIS Bank Ltd.& UCO Bank for loan to M/s Amit Spinning Industries Limited	33,99,49,639	32,88,56,741
j) Corporate Guarantee given to Tashkent Toytepa Textile (TTL) for deferred payment of purchase consideration on behalf of Spentex Tashkent Toytepa LLC Current Year USD Nil (previous year USD Nil)*	-	-
k) Corporate Guarantee given to CVCI for investment in Spentex (Netherlands) B.V.Current Year USD 2,000,000 (previous year USD 2,000,000)	13,25,00,000	12,49,90,000
l) Corporate Guarantee given to SBI - Tokyo Branch for loan to Spentex (Netherlands) B.V Current Year USD 21,427,318 (previous year USD 20,944,501)**	1,41,95,59,818	1,30,89,26,590

\* The Company believes that the corporate guarantee issued on behalf of its Step down subsidiary namely Spentex Tashkent Toytepa LLC (STTL) for deferred payment to TTL stands extinguished as all the assets and liabilities of STTL have been taken over by National Bank of Uzbekistan (NBU) and existence of STTL has been liquidated as per bankruptcy laws. Accordingly, the figure of current year does not include the portion of the guarantee relating to the deferred liability of TTL.

\*\* The Company believes that the corporate guarantee given to Lehman Brothers is no longer valid as Lehman Brothers did not comply with the terms and conditions of the loan agreement based on which the guarantee was given. Accordingly, the figure for the current year and previous year do not include the portion of the guarantee relating to the loan from Lehman Brothers.

The amount shown in the items (a) to (e) represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interest and has been advised that it has strong legal positions against such disputes. The amount shown in items (f) to (l) represent guarantees given and bills discounted in the normal course of the Company's operations and are not expected to result in any loss to the Company on the basis of beneficiaries fulfilling their ordinary commercial obligations.

(Amount in `)

(ii) Description	Year ended 31st March, 2016	Year ended 31st March, 2015
Estimated value of contracts remaining to be executed on capital account	-	-

**NOTE 30 : EMPLOYEE BENEFIT PLAN**
**(i) Post Retirement Employee Benefits**
**(a) Defined Contribution Plans:**

The Company has defined contribution plans for post retirement employment benefits' namely Provident Fund and Employee State Insurance Scheme. Expenses for the same is being charged to statement of profit and loss for the year.

**(b) Defined Benefit Plans:**

The liability for gratuity is determined on the basis of an actuarial valuation, using the projected unit credit (PUC) method at the end of the year. Gains and losses arising out of actuarial valuations are recognised in the statement of profit and loss for the year. Liabilities for compensated absences which is a defined benefit plan are determined based on independent year end actuarial valuation and the resulting charge is being accounted in statement of profit and loss.

**(ii) Other Employee Benefits**

Other employee benefits are accounted for on accrual basis.

**A. Components of Employer expenses**

(Amount in `)

	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Unfunded	Funded	Unfunded
Current service cost	84,62,865	31,38,661	82,44,076	34,91,548
Interest cost	70,84,554	16,74,613	62,24,333	18,27,285
Curtailment cost/(credit)	-	-	-	-
Settlement cost/(credit)	-	-	-	-
Return on plan assets	(23,32,642)	-	(18,85,681)	-
Past service cost	-	-	-	-
Actuarial losses/(gains)	11,78,268	(37,97,479)	14,00,612	(39,46,816)
<b>Total expense recognized in the statement of profit and loss</b>	<b>1,43,93,045</b>	<b>10,15,795</b>	<b>1,39,83,340</b>	<b>13,72,017</b>

The Gratuity and Leave encashment expenses have been recognized in "salaries, wages and bonus" under note no. 26 of financial statement.

**B. Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2016**

(Amount in `)

	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Unfunded	Funded	Unfunded
Present Value of DBO at the beginning of year	8,85,56,917	2,09,32,648	7,78,04,172	2,28,41,055
Current service cost	84,62,865	31,38,661	82,44,076	34,91,548
Interest cost	70,84,554	16,74,613	62,24,333	18,27,285
Actuarial (gains)/losses	12,92,151	(37,97,479)	14,00,612	(39,46,816)
Benefits paid	(83,83,967)	(28,75,927)	(51,16,276)	(32,80,422)
<b>Present value of DBO at the end of year</b>	<b>9,70,12,520</b>	<b>1,90,72,516</b>	<b>8,85,56,917</b>	<b>2,09,32,650</b>

**C. Net Asset / (Liability) recognized in Balance Sheet as at March 31, 2016**

(Amount in `)

	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Unfunded	Funded	Unfunded
Present value of defined benefit obligation	9,70,12,520	1,90,72,516	8,85,56,917	2,09,32,650
Fair value on plan assets	2,88,29,095	-	2,93,94,613	-
Status [surplus/(deficit)]	(6,81,83,425)	(1,90,72,516)	(5,91,62,304)	(2,09,32,650)
Unrecognized past service cost	-	-	-	-
<b>Net Asset/(Liability) recognized in Balance Sheet</b>	<b>(6,81,83,425)</b>	<b>(1,90,72,516)</b>	<b>(5,91,62,304)</b>	<b>(2,09,32,650)</b>

**D. Experience Adjustment**

(Amount in ` )

	2015-16		2014-15		2013-14		2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined benefit obligation	9,70,12,520	1,90,72,516	8,85,56,917	2,09,32,650	7,78,04,171	2,28,41,057	7,78,41,815	1,96,32,858	7,15,91,961	1,93,64,575
Fair value on plan assets	2,88,29,095	-	2,93,94,613	-	2,83,72,311	-	2,46,50,274	-	2,40,80,286	-
Status [surplus/(deficit)]	(6,81,83,425)	(1,90,72,516)	(5,91,62,304)	(2,09,32,650)	(4,94,31,860)	(2,28,41,057)	(5,31,91,541)	(1,96,32,858)	(4,75,11,675)	(1,93,64,575)
Experience adjustment on plan liabilities loss / (gain)	2,23,585	(37,97,479)	81,708	(26,54,391)	1,23,58,049	48,57,835	59,01,901	17,24,092	38,16,718	45,21,290
Experience adjustment on plan assets (loss)/gain	74,909	-	(5,31,948)	-	(1,36,618)	-	68,577	-	1,00,099	-

**E. Change in Fair Value of Assets During the Year Ended March 31, 2016.**

(Amount in ` )

	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Plan assets at the beginning of year	2,93,94,613	-	2,71,59,359	-
Acquisition adjustment for plan assets	92,340	-	-	-
Expected return on plan assets	23,32,642	-	18,85,681	-
Actuarial gains/(losses)	1,13,883	-	-	-
Actual company contribution	5,23,904	-	30,21,790	-
Benefits paid	(36,28,287)	-	(26,72,217)	-
<b>Plan Assets at the end of year</b>	<b>2,88,29,095</b>	<b>-</b>	<b>2,93,94,613</b>	<b>-</b>

**F. Current & Non current liabilities as at March 31, 2016**

(Amount in ` )

Current liabilities	28,91,884	35,97,171	-	31,03,995
Non-current liabilities	6,52,91,541	1,54,75,345	5,91,62,304	1,78,28,655
	<b>6,81,83,425</b>	<b>1,90,72,516</b>	<b>5,91,62,304</b>	<b>2,09,32,650</b>

**G. Actuarial Assumptions**

	2015-16		2014-15	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Discount Rate (%)	8.00%	8.00%	8.00%	8.00%
Expected Return on Plan Assets (%)	8.00%	N.A.	8.75%	N.A.
Annual increase in salary cost (%)	2.50%	2.50%	2.50%	2.50%

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

**H. Basis used to determine the Expected Rate of Return on Plan Assets**

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

**NOTE 31 : SEGMENT REPORTING :**

In accordance with Accounting Standard - 17 on Segment Reporting issued by the Institute of Chartered Accountants of India, the Company has identified three business segments viz. Textile Manufacturing, Textile Trading and Other Trading. Further, two geographical segments by location of customers have been considered as secondary segments viz, within India

and outside India . The segment wise disclosure are as follows:

**A. Business Segment Reporting**

(Amount in `)

DESCRIPTION	TEXTILE- MANUFACTURING	TEXTILE- TRADING	TOTAL
<b>Segment Revenue</b>			
Total Revenue	7,72,77,90,137	45,66,01,988	8,18,43,92,125
	(8,70,91,18,440)	(67,95,71,128)	(9,38,86,89,569)
Inter - segment sales	-	19,36,32,590	19,36,32,590
	(-)	(47,72,52,537)	(47,72,52,537)
<b>External Sales</b>	7,72,77,90,137	26,29,69,398	7,99,07,59,535
	(8,70,91,18,440)	(20,23,18,592)	(8,91,14,37,032)
<b>Segment Results</b>	8,27,39,628	18,42,55,630	26,69,95,258
	(26,11,78,122)	(2,20,99,254)	(28,32,77,377)
Unallocated corporate expense (Net)	-	-	31,93,13,891
	(-)	(-)	(13,41,35,779)
Operating Profit	-	-	(5,23,18,633)
	(-)	(-)	(14,91,41,598)
Finance charges	-	-	77,00,97,849
	(-)	(-)	(79,37,07,176)
Interest income	-	-	1,33,01,032
	(-)	(-)	(89,34,020)
Dividend income	-	-	3,580
	(-)	(-)	(3,380)
<b>Profit/(loss) before exceptional, extraordinary, prior period items and tax</b>	-	-	-80,91,11,870
	(-)	(-)	(-635,628,178)
Extraordinary Items	-	-	-
	(-)	(-)	(1,37,17,504)
Tax expenses	-	-	-
	(-)	(-)	(60,17,651)
Profit/(Loss) after tax	-	-	-80,91,11,870
	(-)	(-)	(-627,928,327)
<b>OTHER INFORMATION</b>			
<b>Segment Assets</b>	23,77,73,677	9,58,88,353	33,36,62,030
	(19,23,92,755)	(5,16,31,526)	(24,40,24,281)
<b>Unallocated corporate assets</b>	-	-	4,90,72,30,979
	(-)	(-)	(5,17,76,38,792)
<b>Total Assets</b>	-	-	5,24,08,93,009
	(-)	(-)	(5,42,16,63,073)
Segment liabilities	2,18,83,73,034	1,75,95,900	2,20,59,68,934
	(1,93,52,75,631)	(6,96,83,547)	(2,00,49,59,178)
Unallocated corporate liabilities	-	-	5,01,41,31,051
	(-)	(-)	(4,58,67,99,002)
<b>Total Liabilities</b>	-	-	7,22,00,99,985
	(-)	(-)	(6,59,17,58,180)
Capital expenditure incurred during the year	-	-	1,84,86,599
	(-)	(-)	(1,63,00,628)
Depreciation and amortization for the year	-	-	(11,24,63,236)
	(-)	(-)	(11,68,68,685)



**B) GEOGRAPHICAL SEGMENT REPORTING:**

(Amount in ` )

DESCRIPTION	REVENUE	ASSETS
Domestic	5,39,01,12,401	4,97,76,40,686
	(3,65,38,78,798)	(5,27,81,45,512)
Outside India	2,60,06,47,134	26,32,52,323
	(5,25,75,58,233)	(14,35,17,561)
<b>Current Year</b>	<b>7,99,07,59,535</b>	<b>5,24,08,93,009</b>
<b>Previous Year</b>	<b>(8,91,14,37,031)</b>	<b>(5,42,16,63,073)</b>

Note : Figures in bracket pertain to the previous year.

**NOTE 32 : RELATED PARTY DISCLOSURES :**

In accordance with the requirements of Accounting Standard (AS) - 18 on Related Party Disclosures, the names of the related parties where control exists and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management, are :

**Enterprises Under Significant Influence:**

- i) Himalayan Crest Power Pvt. Limited
- ii) CLC & Sons (Pvt.) Limited
- iii) CLC Technologies Private Limited

**Key Management Personnel and their relatives :**

- |  |                                 |
|--|---------------------------------|
| i) Mr. Ajay Kumar Choudhary  | Chairman & Whole time Director  |
| ii) Mr. Mukund Choudhary   | Managing Director               |
| iii) Mr. Kapil Choudhary   | Deputy Managing Director        |
| iv) Mr. Amrit Agrawal  | Director                        |
| v) Mr. Sitaram Parthasarathy (Ceased to be a director on 07th Nov. 2015) | Director                        |
| vi) Mr. Madhav Choudhary   | Son of Deputy Managing Director |
| vii) Mr. Akash Agrawal   | Son of Mr. Amrit Agrawal        |

**Subsidiaries / Step-down Subsidiaries :**

- |  |                                      |
|--|--------------------------------------|
| i) M/s Amit Spinning Industries Limited    | ii) M/s Spentex Tashkent Toytepa LLC |
| iii) M/s Spentex Netherlands B.V           | iv) M/s. Schoeller Litvinov k.s.     |
| v) M/s. Schoeller Textile Netherlands B.V. | vi) M/s. Botekos Plus s.r.o.         |

(Amount in ` )

Particulars	2015-16	2014-15
<b>1. Remuneration to Key Management Personnel*</b>		
i) Mr. Ajay Kumar Choudhary	67,29,351	79,55,751
ii) Mr. Mukund Choudhary	67,29,351	79,55,751
iii) Mr. Kapil Choudhary	67,29,351	79,55,751
iv) Mr. Amrit Agrawal	63,58,189	75,54,305
v) Mr. Sitaram Parthasarathy	37,99,703	75,54,305
<b>Total</b>	<b>3,03,45,945</b>	<b>3,89,75,862</b>
<b>2. Directors' sitting fees</b>		
i) Mr. D.P. Singh	1,15,546	96,234
ii) Mr. Deepak Diwan	99,800	40,000
iii) Mr. Kamal Kapur	62,088	41,234
iv) Mr. Prem Malik	89,117	1,07,115
v) Mr. R.K. Thapliyal	1,60,907	1,42,115
vi) Mr. Samir Kumar Nath	42,088	-
vii) Mr. Shyamal Ghosh	85,098	81,234
<b>Total</b>	<b>6,54,644</b>	<b>5,07,932</b>

(Amount in `)

Particulars	2015-16	2014-15
<b>3. Scholarship to relatives of Key Management Personnel</b>		
i) Mr. Madhav Choudhary	6,000	-
ii) Mr. Aakash Agrawal	6,000	5,000
<b>Total</b>	<b>12,000</b>	<b>5,000</b>
<b>4. Sale to Subsidiaries / Step down Subsidiaries</b>		
M/s Amit Spinning Industries Limited	-	1,81,46,363
<b>Total</b>	<b>-</b>	<b>1,81,46,363</b>
<b>5. Purchases from Subsidiaries / Step down Subsidiaries</b>		
M/s Amit Spinning Industries Limited	35,58,837	8,10,83,074
<b>Total</b>	<b>35,58,837</b>	<b>8,10,83,074</b>
<b>6. Job Work Charges</b>		
M/s Amit Spinning Industries Limited	1,02,470	96,66,228
<b>Total</b>	<b>1,02,470</b>	<b>96,66,228</b>
<b>7. Sale of Fixed Assets / Spare Parts</b>		
M/s Amit Spinning Industries Limited	-	12,59,533
<b>Total</b>	<b>-</b>	<b>12,59,533</b>
<b>8. Purchase of Stores and Packing Materials</b>		
M/s Amit Spinning Industries Limited	13,67,638	34,50,459
<b>Total</b>	<b>13,67,638</b>	<b>34,50,459</b>
<b>9. Sale of Stores and Packing Materials</b>		
M/s Amit Spinning Industries Limited	42,156	8,96,381
<b>Total</b>	<b>42,156</b>	<b>8,96,381</b>
<b>10. Reimbursement of Expenses</b>		
M/s Amit Spinning Industries Limited	12,08,645	79,73,176
<b>Total</b>	<b>12,08,645</b>	<b>79,73,176</b>
<b>11. Share application money received</b>		
CLC Technologies Private Limited	-	4,50,50,000
CLC & Sons Private Limited	-	6,59,00,000
<b>Total</b>	<b>-</b>	<b>11,09,50,000</b>
<b>12. Unsecured loan taken**</b>		
i) Mr. Ajay Kumar Choudhary	1,35,21,600	-
ii) Mr. Mukund Choudhary	1,87,70,184	-
iii) Mr. Kapil Choudhary	1,76,08,219	-
<b>Total</b>	<b>4,99,00,003</b>	<b>-</b>
<b>13. Guarantees outstanding at year end</b>		
M/s Amit Spinning Industries Limited	33,99,49,639	32,88,56,741
M/s Himalayan Crest Power Limited	15,33,82,019	17,05,37,398
M/s Spentex Netherlands B.V	1,55,20,59,818	1,43,39,16,590
<b>Total</b>	<b>2,04,53,91,476</b>	<b>1,93,33,10,729</b>
<b>14. Year end receivable from</b>		
M/s Amit Spinning Industries Limited	73,22,39,193	64,22,44,069
M/s Spentex Tashkent Toytepa LLC	7,00,12,404	7,00,12,404
M/s Spentex Netherlands B.V	9,50,70,902	9,50,70,902
<b>Total</b>	<b>89,73,22,499</b>	<b>80,73,27,375</b>

(Amount in `)

<b>15. Year end payable to</b>		
Mr. Ajay Kumar Choudhary	1,35,21,600	-
Mr. Mukund Choudhary	1,87,70,184	-
Mr. Kapil Choudhary	1,76,08,219	-
<b>Total</b>	<b>4,99,00,003</b>	<b>-</b>

\* In addition to it leave encashment is paid as per the rules of the company. Also, it includes employer's contribution to provident fund.

\*\* Includes invocation of pledge by ICICI bank over 12,533,334 equity shares held by the promoters of the company.

**NOTE 33 : EARNING PER SHARE**

(Amount in `)

The following table reconciles the numerators and denominators used to calculate basic and diluted EPS for the year

	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
Net profit/(loss) attributable to equity shareholders	(80,91,11,870)	(62,79,28,327)
<b>Weighted Average Shares Outstanding</b>		
Weighted average shares outstanding	8,97,72,035	8,97,72,035
Diluted weighted average shares outstanding	8,97,72,035	8,97,72,035
Nominal value of equity shares (`)	10	10
Extraordinary items	-	1,37,17,503
Profit/(loss) before extraordinary items attributable to equity shareholders	(80,91,11,870)	(64,16,45,830)
Before extraordinary items		
Basic earnings per shares (`)	(9.01)	(7.15)
Diluted earnings per shares (`)	(9.01)	(7.15)
Profit/(loss) after extraordinary items attributable to equity shareholders	(80,91,11,870)	(62,79,28,327)
After extraordinary items		
Basic earnings per shares (`)	(9.01)	(6.99)
Diluted earnings per shares (`)	(9.01)	(6.99)

**NOTE 34 : EARNINGS IN FOREIGN EXCHANGE DURING THE YEAR (ON ACCRUAL BASIS):**

<b>Description</b>	<b>Current Year (`)</b>	<b>Previous Year (`)</b>
F.O.B. value of goods exported	2,44,43,14,778	4,63,12,74,223
	<b>2,44,43,14,778</b>	<b>4,63,12,74,223</b>

**NOTE 35 : EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

<b>Description</b>	<b>Current Year (`)</b>	<b>Previous Year (`)</b>
Travelling	94,74,543	9,89,984
Commission	2,34,77,406	5,61,03,536
Claim paid on export sales	40,56,282	1,52,38,736
Legal & professional	10,36,66,622	2,95,75,806
Other expenses	31,83,128	39,51,721
	<b>14,38,57,981</b>	<b>10,58,59,783</b>

**NOTE 36 : VALUE OF RAW MATERIALS CONSUMED**

<b>Description</b>	<b>Current Year</b>		<b>Previous Year</b>	
	%	`	%	`
Imported	0.06%	34,33,038	2.14%	12,14,20,063
Indigenous	99.94%	5,33,33,81,700	97.86%	5,56,27,98,576
	<b>100.00%</b>	<b>5,33,68,14,738</b>	<b>100.00%</b>	<b>5,68,42,18,639</b>

**NOTE 37: VALUE OF STORE, SPARES AND PACKING MATERIAL CONSUMED**

Description	Current Year		Previous Year	
	%		%	
Imported	6.87%	1,66,33,352	14.87%	3,85,13,453
Indigenous	93.13%	22,56,28,152	85.13%	22,04,39,834
	<b>100.00%</b>	<b>24,22,61,504</b>	<b>100.00%</b>	<b>25,89,53,287</b>

**NOTE 38: CIF VALUE OF IMPORTS:**

Description	Current Year ( ` )	Previous Year ( ` )
Raw materials	31,77,383	8,67,81,395
Stores and spares & components	1,70,62,285	3,28,25,473
	<b>2,02,39,668</b>	<b>11,96,06,868</b>

**NOTE 39**

The company has an investment of ` 204,469,921/- in and has amount recoverable amounting to ` 732,239,193/- to Amit Spinning Industries Limited (ASIL), a subsidiary, as on March 31, 2016. The accumulated losses of ASIL, at the year end exceeded its net worth. There is also reduction in market value of the investment at the year end by ` 187,475,249. In the opinion of the management, diminution in this long term investment is due to adverse business conditions in the past. Management believes that diminution in the value of investment is of temporary nature and that outstanding would be realised within a reasonable period of time. Accordingly no provision considered necessary in the value of investment held and amount due from ASIL.

**NOTE 40:**

The Company has an investment of ` 561,011,339 and ` 9,323,779 in its subsidiary Spentex Netherlands B. V. (SNBV) and its step down subsidiary Spentex Tashkent Toytepa LLC (STTL) respectively. Further it has ` 70,012,404 as export receivable from STTL and advances recoverable of ` 95,070,902 in SNBV as on March 31st, 2016. During the period of investment, Government of Uzbekistan (GOU) changed certain laws and policies breaching the investment agreement and rendered operation of STTL not only unviable, but also expropriated its investment. All the assets and liabilities of STTL have been taken over by National Bank of Uzbekistan (NBU) and existence of STTL has been liquidated as per bankruptcy laws. In view of this corporate guarantee given by company in respect of STTL liability for deferred payment to Tashkent Toytepa Textile (TTL) stand extinguished. SNBV, which had made around 99% investment in the equity of STTL, had filed request for Arbitration against GOU for Claim through its lawyer before International Center for Settlement Investment Dispute (ICSID). Based on the claim lodged with ICSID, Board of Directors have decided not to make any provision for the aforesaid amounts. In addition to above claim, the company has sent notice to the GOU for indemnify the further losses caused to company directly or indirectly on account of investment made in Uzbekistan.

**NOTE 41:**

The accumulated losses of the Company had exceeded its net worth during the year 2011-12. Accordingly company in compliance with the provisions of section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 filed a reference with Board for Industrial and Financial Restructuring (BIFR). The company's operations were adversely affected in earlier financial years due to sluggish market demand, greater decline in cotton prices globally as compared to India, higher power cost in Maharashtra, certain policies of the Government and shortage of working capital. In spite of unfavorable market scenario and financial constraints, the units of the company continue to operate at satisfactory capacity utilization levels and are generating positive Earning Before Interest Depreciation Tax and Amortisation (EBIDTA). The Company's account have become Non Performing Assets (NPA) with majority of the dealing banks and the company is also in receipt of NPA cum recall notice. The company has submitted / in process of submitting restructuring proposal proposing various alternative to the banks which is currently under discussion. With strong management focus on strategic initiatives on cost rationalization, optimum product mix and efficient plant operations, the management believes that accumulated losses would reasonably be paired in due course. The financial statements, as such have been prepared on a going concern basis.

**NOTE 42:**

Advance balance of ` 18,410,722 from a party where payments are not forthcoming. Against the above, the Company has filed a suit for recovery. In addition to above for ` 12,830,469 ( ` 12,830,469) dues from Government Authorities company filed an application for release with concerned authorities. The Company is making effort to recover the same and expects to reduce the outstanding dues significantly. Based on outcome of the legal suit coupled with further negotiations with these parties, the management is of the opinion that ultimately there would be no losses against these old balances and hence no provision is considered necessary at this stage.

**NOTE 43:**

Advance balances aggregating to ` 55,982,580 are due from certain parties where payments are not forthcoming. The company is making appropriate concerted efforts including negotiations with these parties to recover the same and expect to reduce the outstanding dues significantly. The management is of the view that ultimately there would be no losses against these outstanding balances and hence no provision is considered necessary at this stage.

**NOTE 44:**

The company has applied to Securities & Exchange Board of India (SEBI) seeking exemption for maintaining at least 15% of the amount of its debenture maturing during the financial year 2016-17 vide circular no 04/2013 dated 11-Feb-2013 issued by Ministry of Corporate Affairs, which is still awaited.

**NOTE 45:**

The outstanding balance as on 31st March, 2016 in respect of certain trade receivables, trade payables and loans & advances are

subject to confirmation/reconciliation and consequential adjustment if any, from the respective parties. The management, however, does not expect any material variations.

**NOTE 46:**

Pursuant to compliance of clause 34(3) of the Listing Agreement, on disclosure of Loans / Advances in the nature of loans, the relevant information is provided hereunder: (Amount in `)

Particulars	As on 31.03.2016	Maximum amount due during the Year
<b>Loans &amp; Advances to a Subsidiary</b> - Amit Spinning Industries Limited	73,22,39,193	73,30,82,833

There are no repayment schedule for the loans and advances to subsidiary as mentioned above.

Loans to employees as per Company's policy are not considered.

**NOTE 47: Taxation : Deferred Tax****Break-up of Deferred Tax Assets and Liabilities.**

	Current Year ( ` )	Previous Year ( ` )
<b>Deferred tax liability recognised on account of timing difference :</b>		
Tax impact of difference in net book value of fixed assets as per Accounts and Tax	28,32,45,516	28,75,06,579
<b>Total Deferred Tax liability [A]</b>	<b>28,32,45,516</b>	<b>28,75,06,579</b>
<b>Deferred tax asset recognised on account of timing difference :</b>		
Tax Impact of brought forward losses	88,08,54,302	64,82,61,313
Tax Impact of unabsorbed depreciation	47,43,59,475	44,17,33,100
Tax impact of provision for doubtful debts and advances	6,00,51,225	5,73,71,798
Tax impact of disallowances under section 43B of the Income tax Act, 1961	6,08,98,211	6,32,18,245
<b>Total Deferred Tax Asset [B]</b>	<b>1,47,61,63,213</b>	<b>1,21,05,84,456</b>
<b>Net Deferred Tax Asset/ (Deferred Tax Liability) [B-A]</b>	<b>1,19,29,17,697</b>	<b>92,30,77,876</b>
<b>Charge to Statement of Profit and Loss</b>	-	-
<b>Net Deferred Tax Asset/ (Deferred Tax Liability)</b>	<b>1,19,29,17,697</b>	<b>92,30,77,876</b>

Note: The company has not recognized above Deferred Tax assets on account of prudence.

**NOTE 48:**

Extraordinary items represents write back of ` Nil (P.Y. ` 13,717,503) due to loan waiver from lender.

**NOTE 49:**

The company's accounts have become Non performing assets (NPA) with majority of the dealing banks. The company has submitted restructuring proposal proposing various alternatives to the banks which is under discussions. None of the banks has initiated action in any legal forum. The company has provided interest on such loans, however penal interest, if any, has not been provided.

**NOTE 50:**

For the year ended March 31, 2016, the Company has initiated the process of compliance with the transfer pricing regulations for which the prescribed certificate of the accountant will be obtained. The management is of the opinion that the transactions are arms length price. Hence the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and the provision for taxation.

**NOTE 51:**

Previous year figures have been regrouped and reclassified wherever necessary to make them comparable.

Notes referred to above form an integral part of financial Statements.

For **J.C. Bhalla & Company**

Firm Reg. No. 001111N

Chartered Accountants

**Akhil Bhalla**

Partner

Membership No : 505002

On behalf of the Board  
Mukund Choudhary Managing Director  
Kapil Choudhary Deputy Managing Director  
Amrit Agrawal Director  
Dr. Sunil Kumar Gupta Company Secretary  
Sharat Gupta CFO

Place : New Delhi

Date : May 27, 2016

**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF SPENTEX INDUSTRIES LIMITED****Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Spentex Industries Limited (hereinafter referred to as "the Holding Company" or "the company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

**Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

**Basis for Qualified Opinion**

We draw attention to:

- (a) Note No. 30(b) of the consolidated financial statements, wherein, the company has not considered the financial statements of a step down subsidiary Schoeller Litvino k. s. in preparing the consolidated financial statements for the reason stated therein. This is in contrary to the Accounting Standard 21 "Consolidated Financial Statements" in respect of Section 133 of the Companies Act, 2013 Further we are unable to determine the extent of provision that may be required for diminution in the value of long term investment amounting to Rs.216,024,025/- in above subsidiary.
- (b) Note No. 43 of the consolidated financial statements, wherein, we are unable to determine the extent of provision that may be required for diminution in the value of long term investment amounting to Rs.2,383,796,543/- in Spentex Tashkent Toytepa LLC, step down subsidiary of the company. Uncertainties exist in relation to the recoverability of Rs.439,953,729/- due from above subsidiary.
- (c) Note No. 43 of the consolidated financial statements wherein, the company has not charged to consolidated statement of profit & loss Rs.70,012,404/- due from its step down subsidiary, Spentex Tashkant Toyetpa LLC, shown as trade receivable under the head "Other Non Current Assets" in the consolidated financial statements.
- (d) Note No. 42 of the consolidated financial statements wherein, the company has not charged to consolidated statement of profit & loss Rs.15,276,144/- in respect of dues receivable from MSEB shown as claim receivable under the head "Other Non Current Assets" in the consolidated financial statements.
- (e) Note No. 44 of the consolidated financial statements, wherein, the company has not charged to statement of profit and loss Rs. 10,135,376 and Rs. 2,695,093 shown as claim receivable and export incentive respectively under the head "Other Non Current Assets" in the consolidated financial statements.
- (f) Note No. 45 of the consolidated financial statements wherein, we are unable to comment on the recoverability of amounts relating to certain parties aggregating to Rs.44,489,435/- and Rs.11,493,145/- shown as advance against expenses and advance to trade payable respectively under the head " Long Term Loan & Advances" for which no



provision has been made in the books of amounts.

- (g) Note No. 47 of the consolidated financial statements wherein, the company has not charged to statement of profit & loss penal interest and other charges, if any, in respect of delay in repayment of borrowings from banks. Therefore, we are unable to comment on the adequacy of interest and other charges provided for in the statement of profit & loss.

We further report that, without considering the impact of paragraph (a), (b) and (g) above the effect of which could not be determined, had the observation made by us in paragraph (c), (d), (e) and (f) above been considered, the loss before tax for the year would have been Rs.1,201,822,955/- (as against the reported figure of Rs.1,047,721,358/-), Reserves and Surplus would have been negative Rs.6,021,124,019/- (as against negative reported figure Rs.5,867,022,422/-), Trade Receivable under the head "Other Non Current Assets" would have been Rs. Nil (as against the reported figure of Rs.70,012,404/-), Export Incentive under the head "Other Non Current Assets" would have been Rs. Nil (as against the reported figure of Rs. 26,95,093/-), Claim Receivable under the head "Other Non Current Assets" would have been Rs.1,902,810/- (as against the reported figure of Rs.27,314,330/-), Advance against expenses under the head "Long Term Loans and Advances" would have been Rs.9,558,811/- (as against the reported figure of Rs.54,048,246/-) and Advance to trade payable under the head "Long Term Loans and Advances" would have been Rs.23,678,849/- (as against the reported figure of Rs.35,171,994/-).

#### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated 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 consolidated state of affairs of the Group as at 31st March, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

#### Emphasis of Matter

Without qualifying our opinion, we draw attention to:

- Note No. 4 of the consolidated financial statement, wherein, the Company has not allotted shares against the share application amount of Rs. 110,950,000/- which was brought in by the promoters in more than one installments under restructuring scheme approved by the Bankers. However, the company has not complied with the provisions of Section 42 of the Companies Act, 2013 for the reasons stated in the said Note.
- Note No. 46 of the consolidated financial statements which indicates that the Group has accumulated losses and its net worth has been fully eroded, the Group has incurred a net cash loss during the current and previous year(s) and, the Group's current liabilities exceeded its current assets as at the balance sheet date. Further majority of the banks have categorized borrowing of the company as Non performing Assets (NPA) during the year. These conditions, along with other matters set forth in Note No. 45, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. However, the financial statements of the Group have been prepared on a going concern basis for the reasons stated in the said Note.
- Note No. 44 of the standalone financial statements regarding balance recoverable of Rs.18,410,722/- included under the head "Long Term Loans & Advance" of the standalone financial statements which has been considered good by the management in view of the reasons stated therein. We have relied upon the assertions given by the management as to the recoverability of the said amounts.
- Note No. 49 of the consolidated financial statements requiring deposit/invest a sum of at least 15% of the amount of its debentures maturing during the financial year 2016-17 in one or more of the prescribed methods vide circular no. 04/2013 dated February 11, 2013 issued by Ministry of Corporate Affairs. However, the company has not complied with the requirement of the said circular.
- Note No. 50 of the consolidated financial statements regarding balances of parties under the head trade receivables, trade payables and loans & advances which are subject to confirmation, reconciliation and consequential adjustments, if any.

Our opinion is not modified in respect of the above matters.

#### Other Matters

- We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs.710,406,638/- as at 31st March, 2016, total revenues of Rs.4,061,411/- and net cash flows amounting to Rs.453,950/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor.

#### Report on Other Legal and Regulatory Requirements

- As required by Section 143(3) of the Act, based on our audit and on the consideration of report of other auditor on separate financial statements of a subsidiary as mentioned in sub-paragraph (a) of the Other Matters paragraph, we report, to the extent applicable, that:
  - We have sought and except for the possible effect of the matter described in the Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been



kept so far as it appears from our examination of those books and the report of the other auditor.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated 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) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
- (f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) The qualification relating to the maintenance of accounts and other matters connected there with are as stated in the Basis for Qualified Opinion paragraph above.
- (h) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure 1 to this report.
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditor on separate financial statements of a subsidiary as mentioned in sub-paragraph (a) of the Other Matters paragraph:
  - i) Except for the possible effect of the matter described in the Basis of Qualified Opinion above, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, Refer Note 29 to the consolidated financial statements.
  - ii) Except for the possible effect of the matter described in the Basis of Qualified Opinion above, the Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company, incorporated in India.

**For J.C. Bhalla & Company**  
**Chartered Accountants**  
**Firm Regn. No. 001111-N**  
Sd/-  
**(Akhil Bhalla)**  
**Partner**  
**Membership No.505002**

Place : New Delhi  
Dated : May 27, 2016

## **ANNEXURE 1 TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SPENTEX INDUSTRIES LIMITED**

**Referred to in paragraph 1 (h) of the Independent Auditors' Report of even date under the heading "Report on Other Legal and Regulatory Requirements" to the members of Spentex Industries Limited on the consolidated financial statements as of and for the year ended March 31, 2016**

### **Report on the Internal Financial Controls under Clauses (i) of Sub-section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Spentex Industries Limited (herein after referred to as "the Holding Company") and its subsidiary company incorporated in India, as of that date

#### **Management's Responsibility for Internal Financial controls**

The respective board of directors of the Holding company and its subsidiary company, which is company incorporated in India, are responsible for establishing and maintaining internal financial controls based on, "the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". 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 its business, including adherence to the respective 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**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 internal financial controls over financial reporting was established and maintained and if such controls

operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial controls Over Financial Reporting**

A company's internal financial control over financial reporting 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 internal financial control over financial reporting 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 authorizations 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**

Because of the inherent limitations of internal financial controls over financial reporting, 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 internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2016.

**The company did not have an appropriate internal control system for obtaining confirmation from certain parties included under the head trade receivables, trade payables, loans & advances and other current liabilities and its reconciliation/consequential adjustments, if any. Further, the company's internal financial controls over recovery of certain long outstanding trade receivable, claim receivables and advance balances are not adequate.**

**The company's internal financial controls were not operating effectively in respect of the above which may potentially impact the results of the company.**

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, **except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria**, the Holding Company and its subsidiary company, which is company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial controls Over Financial Reporting issued by the Institute of Chartered Accountants of India" as it appears from our examination of the books and records of the Holding Company and the report of the other auditors in respect of entities audited by them.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 and based on the report of other auditors, and these material weaknesses have affected our opinion on the consolidated financial statements of the Company and we have accordingly issued a qualified opinion on the consolidated financial statements.

#### **Other Matters**

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to audited subsidiary company incorporated in India, is based on the report of the auditors of such company incorporated in India. Our opinion is not qualified in respect of this matter.

**For J.C. Bhalla & Company**  
**Chartered Accountants**  
**Firm Regn. No. 001111-N**  
 Sd/-  
**(Akhil Bhalla)**  
**Partner**  
**Membership No.505002**

Place : New Delhi  
 Dated : May 27, 2016

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016**

(Figure in `)

	Note No.	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
a) Share capital	2	89,77,20,350	89,77,20,350
b) Reserves and surplus	3	(5,86,70,22,422)	(4,76,00,43,191)
		<b>(4,96,93,02,072)</b>	<b>(3,86,23,22,841)</b>
<b>(2) Share application money pending allotment</b>	<b>4</b>	<b>1,10,47,00,000</b>	<b>1,04,83,75,000</b>
<b>(3) Non-Current Liabilities</b>			
a) Long-term borrowings	5	1,06,91,55,219	2,85,89,66,081
b) Other long term liabilities	6	64,01,740	43,21,806
c) Long-term provisions	7	9,26,22,184	9,27,66,846
		<b>1,16,81,79,143</b>	<b>2,95,60,54,733</b>
<b>(4) Current Liabilities</b>			
a) Short-term borrowings	8	3,26,19,16,119	2,00,34,25,431
b) Trade payables	9	87,22,49,881	1,82,34,14,750
c) Other current liabilities	10	5,95,48,51,001	3,58,55,12,799
d) Short-term provisions	11	1,87,64,020	1,71,14,114
		<b>10,10,77,81,021</b>	<b>7,42,94,67,094</b>
		<b>11,27,59,60,163</b>	<b>10,38,55,21,827</b>
<b>Total Liabilities</b>		<b>7,41,13,58,091</b>	<b>7,57,15,73,986</b>
<b>ASSETS</b>			
<b>(1) Non-Current Assets</b>			
a) Fixed Assets	12		
(i) Tangible assets		2,21,65,51,939	2,34,54,19,705
(ii) Intangible assets		-	-
(iii) Capital Work- in- Progress		14,02,897	17,46,594
b) Non-current investment	13	2,59,99,32,139	2,44,16,45,341
c) Deferred tax assets (net)	41	-	-
d) Long-term loans and advances	14	71,53,53,458	80,23,82,550
e) Other non-current assets	15	17,42,11,756	23,32,53,616
		<b>5,70,74,52,189</b>	<b>5,82,44,47,806</b>
<b>(2) Current Assets</b>			
a) Inventories	16	45,50,75,205	63,74,02,777
b) Trade receivables	17	46,13,82,511	32,97,90,129
c) Cash and bank balances	18	5,28,19,405	3,28,89,415
d) Short-term loans and advances	19	53,43,68,487	50,25,31,959
e) Other current assets	20	20,02,60,293	24,45,11,900
		<b>1,70,39,05,901</b>	<b>1,74,71,26,180</b>
<b>Total Assets</b>		<b>7,41,13,58,091</b>	<b>7,57,15,73,986</b>

Significant accounting policies and notes (1 to 52) form an integral part of the financial statements.

This is the Consolidated Balance Sheet referred to in our report of even date

 For **J.C. Bhalla & Company**  
 Firm Reg. No. 001111N  
 Chartered Accountants

**Akhil Bhalla**  
 Partner  
 Membership No: 505002

 On behalf of the Board  
 Mukund Choudhary      Managing Director  
 Kapil Choudhary      Deputy Managing Director  
 Amrit Agrawal      Director  
 Dr. Sunil Kumar Gupta      Company Secretary  
 Sharat Gupta      CFO

 Place : New Delhi  
 Date : May 27, 2016

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(Figure in `)

PARTICULARS	Note No.	Year Ended 31st March, 2016	Year Ended 31st March, 2015
<b>INCOME</b>			
I. Revenue from operations (Gross)	21	8,01,08,54,341	9,14,65,12,979
Less: Excise Duty		2,01,32,760	3,57,96,984
Revenue from operations (Net)		<b>7,99,07,21,581</b>	<b>9,11,07,15,995</b>
II. Other Income	22	9,19,67,717	17,93,60,663
III. <b>Total Revenue (I+ II)</b>		<b>8,08,26,89,298</b>	<b>9,29,00,76,658</b>
<b>IV. EXPENSES</b>			
Cost of material consumed	23	5,33,68,93,963	5,77,34,48,523
Purchase of stock-in-trade	24	5,12,47,419	14,46,49,361
Changes in inventories of finished goods, Stock-in-trade and work-in-progress	25	7,74,91,278	46,15,72,986
Employee benefits expenses	26	89,59,91,940	90,15,82,894
Finance costs	27	88,93,28,557	90,34,69,649
Depreciation and amortization expense	12	14,71,23,842	15,12,27,442
Other expenses	28	1,73,23,33,657	1,81,98,95,308
<b>Total Expenses</b>		<b>9,13,04,10,656</b>	<b>10,15,58,46,163</b>
V. <b>Profit/(loss) before exceptional, extraordinary, prior period items and tax (III-IV)</b>		<b>(1,04,77,21,358)</b>	<b>(86,57,69,505)</b>
VI. Extraordinary Items (Net)	29	-	1,37,17,503
VII. <b>Profit/(loss) before tax (V-VI)</b>		<b>(1,04,77,21,358)</b>	<b>(85,20,52,002)</b>
VIII. <b>Tax Expenses</b>			
Deferred tax		-	60,17,657
IX. <b>Profit/(loss) for the year (VII-VIII)</b>		<b>(1,04,77,21,358)</b>	<b>(85,80,69,659)</b>
X. <b>Earnings per equity share of ` 10/- each before and after Extraordinary items:</b>	35		
<b>(a) Before Extraordinary items:</b>			
- Basic		(11.67)	(9.71)
- Diluted		(11.67)	(9.71)
<b>(b) After Extraordinary items:</b>			
- Basic		(11.67)	(9.56)
- Diluted		(11.67)	(9.56)

Significant accounting policies and notes (1 to 52) form an integral part of the financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date

For <b>J.C. Bhalla &amp; Company</b>	On behalf of the Board
Firm Reg. No. 001111N	Mukund Choudhary Managing Director
Chartered Accountants	Kapil Choudhary Deputy Managing Director
	Amrit Agrawal Director
	Dr. Sunil Kumar Gupta Company Secretary
	Sharat Gupta CFO
<b>Akhil Bhalla</b>	
Partner	
Membership No : 505002	

Place : New Delhi

Date : May 27, 2016

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016** (Figure in `)

	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>Profit/(loss) before Tax</b>	<b>(1,04,77,21,358)</b>	<b>(85,20,52,002)</b>
<b>Add:</b>		
Depreciation / Amortisation	14,71,23,842	15,12,27,442
Provision for Wealth Tax	-	36,030
Loss/(Profit) on sale of assets held for sale	(5,812)	54,66,785
Unrealised Exchange Fluctuation (net)	(31,13,612)	(19,76,013)
Export Incentives written off	1,71,22,820	-
Liabilities no longer required written back	(2,85,41,251)	(90,94,389)
Extraordinary items (Net)	-	(1,37,17,503)
Provision for Leave Encashment	(7,19,963)	5,64,812
Provision/ (Reversal) for Gratuity	(31,05,331)	(26,95,864)
VAT Set-Off Reduction	-	9,817
Dividend Income	(3,580)	(5,660)
Interest Income	(1,34,35,305)	(92,85,817)
Interest Expense	88,93,28,556	90,34,69,649
<b>Operating Profit Before Working Capital Changes</b>	<b>(4,30,70,994)</b>	<b>17,19,47,286</b>
<b>Adjustments for changes in working capital :</b>		
- (Increase)/Decrease in Trade Receivable	(11,83,87,365)	1,71,65,570
- (Increase)/Decrease in Other Bank Balances, Short Term Loans and Advances and Other Current Assets.	(18,66,81,687)	(8,00,18,140)
- (Increase)/Decrease in Long Term Loans and Advances	6,91,63,018	(10,53,38,135)
- (Increase)/Decrease in Other Non Current Assets	6,21,84,419	9,11,27,644
- (Increase)/Decrease in Inventories	18,23,30,828	41,16,65,249
- Increase/(Decrease) in Trade Payables	(78,63,353)	62,37,01,446
- Increase/(Decrease) in Long Term Provisions	37,75,927	87,28,285
- Increase/(Decrease) in Short Term Provisions	16,93,186	(13,43,482)
- Increase/(Decrease) in Other Non Current Liabilities	20,79,934	1,50,479
- Increase/(Decrease) in Other Current Liabilities	11,20,49,231	(7,63,66,609)
Wealth Tax Paid	(36,030)	(46,239)
Direct Taxes Paid ( Net)	1,06,084	24,44,201
<b>A. Cash Flow From Operating Activities</b>	<b>7,73,43,197</b>	<b>1,06,38,17,555</b>
Purchase of Fixed Assets	(1,84,86,599)	(2,38,70,696)
Sale proceeds of Fixed Assets	5,74,220	47,87,442
Dividend Received	3,580	5,660
Interest Received/(Paid)	1,31,60,012	95,90,293
<b>B. Cash Flow From Investing Activities</b>	<b>(47,48,787)</b>	<b>(94,87,302)</b>
Proceeds from Share Application money	-	11,09,50,000
Proceeds from Long Term Borrowings	14,76,51,614	15,94,00,000
Repayment of Non-convertible Debenture	(5,62,25,977)	(4,99,09,255)
Repayment of Long Term Borrowings	(16,13,41,958)	(76,23,90,023)
Proceeds/(Repayment) of Short Term Borrowings (net)	50,44,64,724	25,45,06,630
Vehicle Loans	(18,74,875)	(27,69,011)
Interest Paid	(50,25,71,934)	(80,36,43,723)
<b>C. Cash Flow From Financing Activities</b>	<b>(6,98,98,406)</b>	<b>(1,09,38,55,381)</b>
Increase/(Decrease) in Cash Equivalents {A+B+C}	26,96,004	(3,95,25,128)
Cash and Cash Equivalents at the Beginning of the Year	1,16,41,328	2,40,94,635
Add: Exchange difference loss (gain) on translation of foreign currency	68,13,996	2,70,71,821
Cash and Cash Equivalents at the End of the Year	2,11,51,328	1,16,41,328
<b>Increase / (Decrease) in Cash/Cash Equivalents</b>	<b>26,96,004</b>	<b>(3,95,25,128)</b>
<b>Notes :-</b>		
<b>Cash and cash equivalents comprise</b>		
Cash in hand	18,60,695	51,35,726
Balance in Current Accounts	1,92,90,633	65,05,602
	<b>2,11,51,328</b>	<b>1,16,41,328</b>

- The above Cash flow statement has been prepared under the Companies (Accounting Standards) Rules, 2006 (as amended) in accordance with section 133 of the Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014
- Figures in brackets indicate cash outgo.

This is the Consolidated Cash Flow Statement referred to in our Report of even date

For **J.C. Bhalla & Company**  
Firm Reg. No. 001111N  
Chartered Accountants

**Akhil Bhalla**  
Partner  
Membership No : 505002

Place : New Delhi  
Date : May 27, 2016

On behalf of the Board  
Mukund Choudhary Managing Director  
Kapil Choudhary Deputy Managing Director  
Amrit Agrawal Director  
Dr. Sunil Kumar Gupta Company Secretary  
Sharat Gupta CFO

**NOTE 1 :SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of preparation of Financial Statement**

The consolidated financial statements of the group are prepared on accrual basis under the historical cost convention to comply in all material aspects with all the applicable accounting principles in India, the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) in accordance with section 133 of the Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014.

The financial statement of the Parent Company and the subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions as per Accounting Standard 21 on Consolidated Financial Statements.

**(b) Use of Estimates**

The preparation of the consolidated financial statements in conformity with Indian generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the consolidated financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets and intangible assets.

**(c) Fixed Assets**

Fixed assets are stated at their original cost less accumulated depreciation. Cost of fixed assets includes freight, duties (net of CENVAT), taxes and other incidental expenses relating to acquisition and installation.

**(d) Depreciation / Amortization**

Depreciation on all fixed assets situated at manufacturing locations is provided on the straight line method on a pro-rata basis at the rates determined on the basis of useful lives of the respective assets as provided by Schedule II to the Companies Act, 2013. The useful lives for the various fixed assets situated at manufacturing locations are as

Description – Manufacturing locations	Useful lives (in years)
Factory Building	30
Building (Other than factory building) RCC frame structure	60
Building (Other than factory building) other than RCC frame structure	30
Plant and Machinery	25
Office Equipments	5
Computers	3
Furniture and Fixtures	10
Vehicles	8

Depreciation for all fixed assets at locations other than at manufacturing locations is provided on the written down value method at the rates determined on the basis of useful lives of the respective assets as provided by Schedule II to the Companies Act, 2013

Leasehold land is amortized over the lease period on a straight line basis.

Capitalised enterprise resource planning software (SAP) is amortised over a period of five years on straight line basis.

Acquired goodwill is amortized using the straight-line method over a period of 10 years.

Goodwill on Consolidation is stated at cost, and where applicable, impairment is recognized.

In case of Amit Spinning Industries Limited Depreciation has been provided on written down value method in accordance with the rates prescribed under Schedule II to the Companies Act, 2013. On the basis of technical advice, the Company has treated its spinning Process Plant as a Continuous Process Plant and has provided depreciation

**(e) Inventories**

Inventories have been valued at lower of cost and net realizable value.

The cost in respect of raw materials is determined under the specific identification of cost method in India and weighted average method for outside India.

Cost includes customs duty, wherever paid, and are net of credit under CENVAT scheme, wherever applicable.

The cost in respect of work-in-progress, finished goods and stores and spares is determined using the weighted average cost method and includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, where applicable.

Waste is valued at estimated net realizable value.

**(f) Revenue Recognition**

**Sale of goods:** Revenue on sale of goods is recognized on transfer of significant risk and rewards of ownership to the buyer and on reasonable certainty of the ultimate collection. Sales are inclusive of excise duty and net off sales tax, trade discounts



and sales returns.

**Interest:** Income is recognized on a time proportion basis taking into account the amount outstanding and the applicable rates.

**Commission and insurance claim:** Income is recognized when no significant uncertainty as to measurability or recoverability exists.

**(g) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

**(h) Foreign Currency Transactions**

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transaction. All monetary items denominated in foreign currency are translated at year end rates. Exchange differences arising on such transactions and also exchange differences arising on the settlement of such transactions are adjusted in the consolidated statement of profit and loss.

In case of forward contracts, the premium or discount on all such contracts arising at the inception of each contract is recognized / amortized as income or expenses over the life of the contract. Any profit or loss arising on the cancellation or renewal of such contracts is recognized as income or expenses for the year.

In respect of foreign branches, all revenues, expenses, monetary assets/liabilities and fixed assets are accounted at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities are restated at the year end rates and resultant gains or losses are recognized in the consolidated statement of profit and loss.

In respect of foreign operations identified as non-integral to the operations of the Company, the translation of functional currency into reporting currency is performed for balance sheet accounts using the exchange rates in effect at the balance sheet date and for revenue and expenses accounts using an appropriate weighted average exchange rate. The gain or loss resulting from such translations is accumulated in a foreign currency translation reserve.

**(i) Employee Benefits**

**In case of Parent Company and its Indian subsidiary**

The Company's contributions to recognized provident funds are charged to revenue on an accrual basis.

The Company has defined benefit plans namely leave encashment and gratuity for all employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year. Gratuity fund (for other than synthetic division) is administered through Life Insurance Corporation of India. Short term compensated absences are recognized at the undiscounted amount of benefit for services rendered during the year.

Termination benefits are recognized as an expense immediately. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the consolidated statement of profit and loss as income or expenses.

**In case of a foreign subsidiary in Uzbekistan**

Pension arrangements are as per the Pension scheme of the Republic of Uzbekistan, which requires contributions by the employer calculated as a percentage of current gross salaries. The subsidiary's State Pension scheme contribution amounts to 24 percent of employees' gross salaries and 0.7 percent of turnover, and is expensed as incurred.

**(j) Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**(k) Taxation**

Tax expenses for the year, comprising current tax and deferred tax is included in determining the net profit/(loss) for the year.

A provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws. Deferred tax assets are recognised for all deductible timing differences and carried forward to the extent it is reasonably / virtually certain that future taxable profit will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date.

**(l) Leases**

Assets acquired under long term finance lease are capitalised and depreciated in accordance with company's policy for assets situated at manufacturing and other locations. The associated obligations are included in other loans under "Long Term Borrowings".

The Group has taken premises on lease. Lease rental in respect of operating lease arrangement are charged to consolidated statement of profit and loss.

**(m) Impairment of Assets**

At each balance sheet date, the Group assesses whether there is any indication that an asset may be impaired. If such



indication exists, the company estimates the recoverable amount and where carrying amount of the asset exceeds such recoverable amount, an impairment loss is recognized in the consolidated statement of profit and loss to the extent the carrying amount exceeds recoverable amount. Where there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased, the company books a reversal of the impairment loss not exceeding the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior accounting periods.

**(n) Provisions and contingencies**

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

(Amount in `)

		As at March 31, 2016	As at March 31, 2015
<b>NOTE 2 : SHARE CAPITAL</b>			
<b>Authorised</b>			
11,40,00,000	Equity shares of ` 10/- each (previous year 11,40,00,000 Equity shares)	1,14,00,00,000	1,14,00,00,000
70,00,000	Redeemable preference shares of ` 10/- each (previous year 70,00,000 Redeemable preference shares )	7,00,00,000	7,00,00,000
		<b>1,21,00,00,000</b>	<b>1,21,00,00,000</b>
<b>Issued, Subscribed and Paid up</b>			
8,97,72,035	Equity shares of ` 10 each, fully paid up (previous year 8,97,72,035 Equity shares )	89,77,20,350	89,77,20,350
		<b>89,77,20,350</b>	<b>89,77,20,350</b>

**Sub Note:- 2 (a)** The company has only one class of equity share having a par value of ` 10 per share. Each shareholder is eligible for one vote per share. The dividend proposed, if any, by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

**Sub Note:- 2 (b)** **Reconciliation of number of shares outstanding at the beginning and at the end of the year.**

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	Amount ( ` )	No. of Shares	Amount ( ` )
Equity shares outstanding at the beginning of the year	8,97,72,035	89,77,20,350	8,97,72,035	89,77,20,350
Add: Equity shares issued during the year	-	-	-	-
Equity shares outstanding at the end of the year	8,97,72,035	89,77,20,350	8,97,72,035	89,77,20,350

**Sub Note:- 2 (c):** **List of shareholders holding more than 5% of the aggregate share in the company**

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Citigroup Venture Capital Inter. Growth Partnership Mauritius Ltd. (VCIGPM LTD.)	1,92,52,650	21.45	1,92,52,650	21.45
CLC Technologies Private Limited	1,83,00,000	20.38	1,83,00,000	20.38
Mukund Choudhary	52,73,083	5.87	85,35,946	9.51
Kapil Choudhary	52,28,530	5.82	84,74,869	9.44
Ajay Kumar Choudhary	44,60,292	4.97	80,66,052	8.99

**NOTE 3: RESERVES AND SURPLUS**

(Amount in `)

		As at March 31, 2016		As at March 31, 2015
<b>Capital Reserve :</b>				
Opening balance	18,71,75,289		18,71,66,936	
(+) Exchange fluctuation on restatement	(4,512)	18,71,70,777	8,353	18,71,75,289
Share forfeiture reserve		71,79,250		71,79,250
Profit on restructure		23,58,587		23,58,587
		<b>19,67,08,614</b>		<b>19,67,13,126</b>
<b>Securities Premium Account</b>		<b>1,02,82,73,822</b>		<b>1,02,82,73,822</b>
<b>Debenture Redemption Reserve</b>		<b>17,03,60,578</b>		<b>17,03,60,578</b>
<b>Foreign Currency Translation Reserve (FCTR)</b>				
Opening balance	20,29,60,605		22,99,78,125	
Add: Addition /(Deletion) during the year\	5,39,85,668	25,69,46,273	(2,70,17,520)	20,29,60,605
<b>General Reserve</b>				
At Commencement of year	21,51,62,077		4,03,69,710	
Add : Impact of change in accounting policy on depreciation in Amit Spinning Industries Limited	-		18,69,75,276	
Less : Impact of change in useful life pursuant to Schedule II to the Companies Act 2013	-	21,51,62,077	1,21,82,909	21,51,62,077
<b>Surplus in the consolidated statement of profit and loss</b>				
Opening balance	(6,57,35,13,399)		(5,64,80,76,796)	
Profit /(Loss) for the year	(1,04,77,21,358)		(85,80,69,659)	
Foreign currency translation reserve on opening balance of consolidated statement of profit & loss	(11,32,39,029)	(7,73,44,73,786)	(6,73,66,944)	(6,57,35,13,399)
		<b>(5,86,70,22,422)</b>		<b>(4,76,00,43,191)</b>

**NOTE 4: SHARE APPLICATION MONEY PENDING ALLOTMENT**

Share Application Money	1,10,47,00,000	1,04,83,75,000
	<b>1,10,47,00,000</b>	<b>1,04,83,75,000</b>

- a) The Company has not allotted shares against this amount which was brought in by the promoters in more than one installments under restructuring scheme approved by the Bankers. Due to pending necessary approvals for allotment of shares, the Company has not complied with the provisions of Section 42 of the Companies Act, 2013.
- b) During the year 2006-07, Spentex (Netherlands) B.V received USD 15,000,000 (Equivalent to Rs. 937,425,000 as on 31.03.2015 & previous year Rs.898,200,000 ) from Citigroup Venture Capital International Growth Partnership Mauritius Ltd. (CVC) for issue of Preference Share Capital which is still pending allotment at the year end.

**NOTE 5: LONG-TERM BORROWINGS**
**Secured**
**a) Debentures**

Redeemable Non-Convertible Debentures	15,58,88,356	21,21,14,334
---------------------------------------	--------------	--------------

**(b) Term Loans from bank**

(i) Term loan		
- From banks #	3,89,31,05,526	3,87,77,41,532
- From others	1,40,78,12,500	1,32,80,18,750
(ii) Vehicle loans from banks	3,98,169	22,73,044
	<b>5,45,72,04,552</b>	<b>5,42,01,47,660</b>

**Unsecured**

From related parties (Refer Note no. 34)*	4,99,00,003	-
Less : Amount disclosed under the head 'other current liabilities'. (Note-11) #	4,43,79,49,335	2,56,11,81,579
	<b>1,06,91,55,219</b>	<b>2,85,89,66,081</b>

\*Includes invocation of pledge by ICICI bank over 12,533,334 equity shares held by the promoters of the company.

**Nature of security****Debentures****Non convertible debentures**

Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Mr. Mukund Choudhary and Mr. Kapil Choudhary. These Debentures are further secured by second pari-passu charge on entire current assets of the Company. These debentures are also secured by pledge of 24,575,918 shares of the company held by promoters and further secured by collateral security of property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

**Repayment terms, amount and period of default**

Amounting to ₹ 155,888,356 (previous year ₹ 212,114,334) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 14,556,866 (previous year ₹ 12,477,314/-) was due for payment as on 31.03.2016 is yet to be paid. For repayment schedule refer table below.

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

**Term loans from bank**

- a. i) Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Mr. Ajay Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary and third party guarantee of Mrs. Jyoti Choudhary. These loans are further secured by second pari-passu charge on entire current assets of the Company. These loan are also secured by pledge of 24,575,918 shares of the company held by promoters and further secured by collateral security of property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi. 8,113,806 shares of promoters have also been pledged on exclusive basis for an amount of ₹ 242,830,905 /-. Further secured by third charge on all the movable and immovable assets of the Company.

Amounting to ₹ 792,890,900 (previous year ₹ 817,029,503) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 748,747,430 (previous year ₹ 50,529,038) existed on 31.03.2016, which ranges from 1 to 699 days till 31.03.2016, is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to ₹ 211,677,452 (previous year ₹ 221,025,127) repayable in 20 quarterly installments commencing from June, 2012. An amount of ₹ 169,347,003 (previous year ₹ 20,645,000) existed on 31.03.2016, which ranges from 1 to 699 days till 31.03.2016, is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ₹ Nil (previous year ₹ 7,240,975) repayable in 12 quarterly installments commencing from June, 2012. An amount of ₹ Nil (previous year ₹ 7,240,975) was due for payment on 31.03.2016 is yet to be paid. For repayment schedule refer table no. 3 below.

Amounting to ₹ 242,830,905 (previous year ₹ 258,007,836) repayable in 23 quarterly installments commencing from June, 2012. An amount of ₹ 242,830,905 (previous year ₹ 15,176,932) existed on 31.03.2016, which ranges from 1 to 699 days till 31.03.2016, is yet to be paid. For repayment schedule refer table no. 1 below.

- a. ii) Secured by first pari-passu charge on all the fixed assets of the company.

Amounting to ₹ 111,952,183 (previous year ₹ 124,988,574) repayable in 20 quarterly installments. There is a default of ₹ 30,552,183 (Previous year ₹ 8,988,574) existing as on 31.03.2016 in payment of installments which ranges from 1-365 days. For repayment schedule refer table no. 5 below.

- b. Foreign Currency Term Loan from Lehman Brothers Commercial Corporation Asia Limited and SBI Tokyo is secured by pledge of Interest Reserve Bank Account maintained with Deutsche Bank AG, Amsterdam, assignment of SPV Credit Agreement (between Schoeller Textile Netherlands B.V. (STNBV) and Spentex Netherlands B.V. (SNBV)), assignment of intergroup Credit agreement (between SNBV and Spentex Tashkent Toytepa LLC (STTL)), pledge of 18200 nos. SNBV's shares and pledge of 180 nos. of STNBV's shares. The loan is further secured by all Plant and Machinery of relating to the Tashkent Spinning Plant of STTL.

Loan from State Bank of India, Tokyo branch (SBI Tokyo) and Lehman Brothers amounting to ₹ 2,674,842,756 (previous year ₹ 2,523,234,688) repayable in 7 annual installments till June 2017. There is a default of ₹ 1,548,592,756 (previous year ₹ 1,195,215,938) existing as on 31.03.2016 in payment of Installment of loan. For repayment schedule refer table no. 6 below:

**Term Loan Repayment schedule Table No. 1**

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

**Term Loan Repayment schedule Table No. 2**

	FY 13	FY 14	FY 15	FY 16	FY 17
Principal (%)	14	16	20	20	30
ROI (%)	10	12	13	14	14

**Term Loan Repayment schedule Table No. 3**

	FY 13	FY 14	FY 15
Principal (%)	32.40	42	25.6
ROI (%)	12	13	15

**Term Loan Repayment schedule Table No. 4**

	FY 13	FY 14
Principal (%)	25	75
ROI (%)	13	14.5

**Term Loan Repayment schedule Table No. 5**

	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (₹)	81,38,574	3,60,00,000	3,87,00,000	4,27,00,000	3,46,00,000
ROI (%)	10	10	10	10	10

**Term Loan Repayment schedule Table No. 6**

	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (₹)	13,28,01,875	26,56,02,813	26,56,03,750	26,56,03,750	26,56,03,750	26,56,03,750	39,83,43,130	66,40,71,870
ROI (%)			3 Month BBA Libor + 1.7					

**c. Funded Interest Term Loan**

- i) Secured by first pari-passu charge on all the fixed assets of the Company, both present and future. The loan is further secured by second pari-passu charge on entire on entire current assets of the Company and additionally secured by personal guarantee of Mr. Ajay Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary. The loan is also secured by pledge 24,575,918 shares of the Company on pari-passu basis. Loan amounting to ₹ 14,09,88,471/- is further secured by collateral security of property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

Amounting to ₹ 15,378,904 (previous year ₹ 15,378,904) repayable in 2018. There is no default in repayment of loan existing as on 31.03.2016.

Amounting to ₹ 64,119,519 (previous year ₹ 85,215,810) repayable in 16 quarterly installments commencing from June, 2012. An amount of ₹ 62,487,206 (previous year ₹ 15,264,030) existed on 31.03.2016, which ranges from 1 to 699 days till 31.03.2016, is yet to be paid. For repayment schedule refer table no.1 below.

- ii) Secured by first pari-passu charge on all the fixed assets of the company.

Amounting to ₹ 561,748 (previous year ₹ 6,267,500) repayable in 20 quarterly installments. There is a default of ₹ 1,537,448 (Previous year ₹ 447,499) existing as on 31.03.2016 in payment of installments which ranges from 1-365 days. For repayment schedule refer table no. 2 below.

Foreign Currency Term Loan from Lehman Brothers Commercial Corporation Asia Limited and SBI Tokyo is secured by pledge of Interest Reserve Bank Account maintained with Deutsche Bank AG, Amsterdam, assignment of SPV Credit Agreement (between Schoeller Textile Netherlands B.V. (STNBV) and Spentex Netherlands B.V.(SNBV)), assignment of intergroup Credit agreement (between SNBV and Spentex Tashkent Toytepa LLC (STTL)), pledge of 18200 nos. SNBV's shares and pledge of 180 nos. of STNBV's shares. The loan is further secured by all Plant and Machinery of relating to the Tashkent Spinning Plant of STTL.

Funded interest term loan (FITL) amounting to ₹ 21,447,709 (previous year ₹ 20,232,069) repayable in 3 annual installments till June 2013. There is a default of ₹ 21,447,709 (previous year ₹ 20,232,069) existing as on 31.03.2016 in payment of Installment which ranges from 1 to 1735 days till 31.03.2016 which is yet to be paid. For repayment schedule refer table no. 3 below:

**Funded Interest Term Loan Repayment schedule Table No. 1**

	FY 13	FY 14	FY 15	FY 16
Principal (%)	15	25	25	35
ROI (%)	10	10	10	10

**Funded Interest Term Loan Repayment schedule Table No. 2**

	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (₹)	4,05,499	17,92,000	19,40,000	21,40,000	17,40,000
ROI (%)	10	10	10	10	10

**Funded Interest Term Loan Repayment schedule Table No. 3**

	FY 12	FY 13	FY 14
Principal (₹)	1,03,42,354	7,63,001	1,03,42,354
ROI (%)	3 Month BBA Libor + 1.7		

**d. Working Capital Term Loan**

- i) Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Mr. Ajay Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary and third party guarantee of Mrs. Jyoti Choudhary. These loans are further secured by second pari-passu charge on entire current assets of the Company. These loans are also secured by pledge of 24,575,918 shares of the Company and further secured by collateral security on the property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

Amounting to ₹ 154,793,686 (previous year ₹ 162,447,805) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 154,793,686 (previous year ₹ 9,562,800) existed on 31.03.2016, which ranges from 1 to 699 days till 31.03.2016, is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to ₹ 285,454,059 (previous year ₹ 294,716,614) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 261,425,120 (previous year ₹ 20,703,750) existed on 31.03.2016, which ranges from 1 to 699 days till 31.03.2016, is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ₹ 315,767,320 (previous year ₹ 319,269,714) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 290,050,602 (previous year ₹ 22,290,000) existed on 31.03.2016, which ranges from 1 to 699 days till 31.03.2016, is yet to be paid. For repayment schedule refer table no. 3 below.

- ii) Secured by first pari-passu charge on all the fixed assets of the company.

Amounting to ₹ 4,901,529 (previous year ₹ 5,480,000) repayable in 20 quarterly installments. The loan is secured by first pari-passu charge on all the fixed assets of the Company. There is a default of ₹ 1,301,529 (previous year ₹ 380,000) existing as on 31.03.2016 in payment of installments which ranges from 1-365 days. For repayment schedule refer table no. 4 below.

Amounting to ₹ 9,460,163 (previous year ₹ 4,825,163) repayable in 20 quarterly installments. The loan is secured by first pari-passu charge on all the fixed assets of the Company. There is a default of ₹ 6,960,163 (previous year ₹ 3,739,000) existing as on 31.03.2016 in payment of installment which ranges from 1-730 days till 31.03.2016 is yet to be paid. For repayment schedule refer table no. 5 below.

**WCTL Repayment schedule Table No. 1**

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

**WCTL Repayment schedule Table No. 2**

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	10	11	11	11	12

**WCTL Repayment schedule Table No. 3**

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	20	20	20
ROI (%)	14.5	18	18	18	18	18.25

**WCTL Repayment schedule Table No. 4**

	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (₹)	3,30,000	16,00,000	17,00,000	19,00,000	15,00,000
ROI (%)	10	10	10	10	10

**WCTL Repayment schedule Table No. 5**

	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (₹)	37,39,000	12,50,000	12,50,000	12,50,000	12,50,000
ROI (%)	10	10	10	10	10

**e. Corporate Loan**

Secured by first pari-passu charge on the entire current assets of the Company including receivables. Additionally secured by personal guarantees of Mr. Ajay Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary and third party guarantee of Mrs. Jyoti Choudhary. These loans are further secured by collateral security on entire fixed assets of the Company, also secured by pledge of 18,075,918 shares of the Company and collateral security on the property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

Amounting to ₹ 264,468,515 (previous year ₹ 312,500,000) repayable in 18 quarterly installments commencing from June, 2015. An amount of ₹ 200,312,514 (previous year ₹ 24,722,222) existed on 31.03.2016, which ranges from 1 to 699 days till 31.03.2016, is yet to be paid. For repayment schedule refer table no.1 below.

Amounting to ₹ 27,563,366 (previous year ₹ 27,900,000) repayable in 18 quarterly installments commencing from September, 2015. An amount of ₹ 27,563,366 (previous year ₹ 1,550,000) existed on 31.03.2016, which ranges from 1 to 699 days till 31.03.2016, is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ₹ 97,751,611 (previous year ₹ Nil) repayable in 09 monthly installments commencing from May, 2016. For repayment schedule refer table no. 3 below.

**Repayment schedule Table No. 1**

	FY 15	FY 16	FY 17	FY 18	FY 19
Principal (₹)	22.22	22.22	22.22	22.22	11.12
ROI (%)	13.50%				

**Repayment schedule Table No. 2**

	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
Principal (₹)	5.56	22.24	22.24	22.46	22.24	5.56
ROI (%)	13.50%					

**f. Vehicle Loans**

Secured by hypothecation of motor cars.

Interest rate on vehicle loans between 8.96 % to 11.50 %. There is no default in repayment of installment existing as on 31.03.2016. For repayment schedule refer table below

	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (₹)	27,30,211	27,69,203	18,74,682	2,65,990	1,32,179

# Refer note no. 30(b) of the consolidated financials statements.

	As at March 31, 2016	(Amount in `) As at March 31, 2015
<b>NOTE 6 : OTHER LONG TERM LIABILITIES</b>		
Security deposit	64,01,740	43,21,806
	<b>64,01,740</b>	<b>43,21,806</b>
<b>NOTE 7 : LONG-TERM PROVISIONS</b>		
<b>Provision for Employee Benefits:</b>		
- Gratuity	7,65,87,133	7,36,75,167
- Leave encashment	1,60,35,051	1,90,91,679
	<b>9,26,22,184</b>	<b>9,27,66,846</b>
<b>NOTE 8 : SHORT -TERM BORROWINGS</b>		
<b>From Banks (Secured)</b>		
- Repayable on demand*	3,01,03,00,536	1,75,71,10,969
- Other Loans**	4,82,77,044	7,23,63,880
<b>Unsecured</b>		
- From Others	18,54,38,539	17,39,50,582
- Inter corporate deposits	1,79,00,000	-
	<b>3,26,19,16,119</b>	<b>2,00,34,25,431</b>

**Nature of Security**

Working Capital Loans from Banks are secured by first pari-passu charge on entire current assets, long term loan and advances and other non current assets of the Company. These loans are further secured by second pari-passu charge on entire fixed assets, both present and future and personal guarantee of the promoters. These loans, are also secured by pledge of promoters' shares (24,575,918 nos.) on pari-passu basis.

\* The short term borrowings of the company have generally remained overdue during the substantial part of the financial year. The overdue amount as 31st March 2016 was ` 1,203,055,220.

\*\* Repayable within 6 months from the date of balance sheet.

**NOTE 9 : TRADE PAYABLES****Trade payables\***

- Total outstanding dues of micro enterprises and small enterprises	3,26,317	54,34,945
- Total outstanding dues of creditors other than micro enterprises and small enterprises	87,19,23,564	1,81,79,79,805
	<b>87,22,49,881</b>	<b>1,82,34,14,750</b>

**Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006**

Based on intimation received by the Company from its supplier regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 the relevant information is provided below:-

- The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year, as at the end of the year:
 

a. Principal amount	3,26,317	54,34,945
b. Interest due on above	-	-
- The amount of interest paid by the buyer in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.
 

	-	-
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- The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006
 

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(Amount in `)

	As at March 31, 2016	As at March 31, 2015
4. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
5. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

**NOTE 10 : OTHER CURRENT LIABILITIES**

Current maturities of long-term debts:

**Secured\***

- Debentures	7,27,84,330	7,07,04,778
- Term loan from banks #	3,37,92,98,086	1,69,19,33,064
- Term loan from other party	98,54,68,750	79,68,11,250
- Vehicle loans from bank	3,98,169	17,32,487
	4,43,79,49,335	2,56,11,81,579

**Unsecured**

Interest accrued and due on borrowings**	90,33,20,043	50,98,55,621
Advance from customers	8,49,54,758	12,40,44,894
Security deposits	3,60,411	3,64,478
Book Overdraft	1,68,71,161	32,84,026
Employee benefits payable	8,87,29,761	7,95,52,053
Statutory dues payable	7,01,61,906	2,24,53,851
Other payables	35,25,03,625	28,47,76,297
	<b>5,95,48,51,001</b>	<b>3,58,55,12,799</b>

\* For security details and other terms and conditions, refer note no. 6 of financial statement.

\*\* There is a default of ` 903,320,043 (Previous Year ` 509,855,621) existed as on 31.03.2016 which ranges from 2 to 2592 days.

# Refer note no. 30(b) of the consolidated financial statements.

**NOTE 11 : SHORT -TERM PROVISIONS**
**Provision for Employee Benefits:**

- Gratuity	34,99,850	5,98,571
- Leave encashment	37,00,166	32,23,635
Provision for wealth tax	-	36,030
Provision for excise duty on closing stock	1,15,64,004	1,32,55,878
	<b>1,87,64,020</b>	<b>1,71,14,114</b>

**NOTE - 12 FIXED ASSETS**

(Amount in ` )

Particulars	TANGIBLE ASSETS							INTANGIBLE ASSETS		
	Freehold Land	Leasehold Land	Buildings	Plant & Machinery	Office Equipments	Furniture & Fixtures	Vehicle	Goodwill	Software	Total
<b>GROSS BLOCK</b>										
At 1 April 2014	89,07,656	5,42,99,243	1,34,82,73,981	5,77,14,82,179	11,75,06,419	4,69,67,138	3,89,97,410	10,89,10,417	3,40,83,867	7,52,94,28,310
Additions	-	-	40,76,169	1,79,18,068	7,74,814	-	-	-	-	2,27,69,051
Disposals	-	-	-	1,30,57,744	11,78,524	-	-	-	-	1,42,36,268
At 31 March 2015	89,07,656	5,42,99,243	1,35,23,50,150	5,77,63,42,503	11,71,02,709	4,69,67,138	3,89,97,410	10,89,10,417	3,40,83,867	7,53,79,61,093
Additions	-	-	-	1,82,95,696	5,34,600	-	-	-	-	1,88,30,296
Disposals	-	-	-	-	1,76,152	95,000	21,32,484	-	-	24,03,636
At 31 March 2016	89,07,656	5,42,99,243	1,35,23,50,150	5,79,46,38,199	11,74,61,157	4,68,72,138	3,68,64,926	10,89,10,417	3,40,83,867	7,55,43,87,753
<b>Depreciation</b>										
At 1 April 2014	-	2,27,23,476	50,49,19,381	4,39,20,83,915	9,03,08,152	3,95,13,087	2,69,94,664	10,89,10,417	3,40,83,867	5,21,95,36,959
Charge for the year	-	25,82,766	4,44,32,751	9,06,98,438	62,76,152	30,08,127	42,29,208	-	-	15,12,27,442
Disposals	-	-	-	83,12,228	11,36,069	-	-	-	-	94,48,297
Transferred to General reserve	-	-	92,89,254	(18,59,50,517)	67,47,311	10,20,577	1,18,659	-	-	(16,87,74,716)
At 31 March 2015	-	2,53,06,242	55,86,41,386	4,28,85,19,608	10,21,95,547	4,35,41,791	3,13,42,531	10,89,10,417	3,40,83,867	5,19,25,41,388
Charge for the year	-	26,55,800	4,44,77,613	8,97,91,418	52,16,718	25,34,755	24,47,538	-	-	14,71,23,842
Disposals	-	-	-	-	1,08,422	30,717	16,90,277	-	-	18,29,416
At 31 March 2016	-	2,79,62,042	60,31,18,999	4,37,83,11,026	10,73,03,843	4,60,45,829	3,20,99,792	10,89,10,417	3,40,83,867	5,33,78,35,814
<b>Net Block</b>										
At 31.03.2015	89,07,656	2,89,93,001	79,37,08,764	1,48,78,22,895	1,49,07,162	34,25,347	76,54,879	-	-	2,34,54,19,705
At 31.03.2016	89,07,656	2,63,37,201	74,92,31,151	1,41,63,27,173	1,01,57,314	8,26,309	47,65,134	-	-	2,21,65,51,939

	(Amount in `)	
	As at March 31, 2016	As at March 31, 2015
<b>NOTE 13 : NON CURRENT INVESTMENTS (AT COST)</b>		
<b>1. Investment in Equity Instruments</b>		
<b>(a) In subsidiaries (Trade &amp; Unquoted)</b>		
Spentex Tashkent Toytepa LLC	2,38,37,96,543	2,24,92,13,219
Schoeller Litvino KS	21,60,24,025	19,23,20,551
<b>(b) In others (Non Trade &amp; quoted)</b>		
Equity Shares of ` 10/- each, fully paid up of Sentinel Tea and Exports Limited	100 4,777	100 4,777
Equity Shares of ` 10/- each, fully paid up of Summit Securities Limited	10 -	10 -
<b>(c) In others (Non Trade &amp; unquoted)</b>		
Equity Shares of ` 20/- each, fully paid up of The Baramati Co-operative Bank Limited	1300 26,000	1,300 26,000
Equity Shares of ` 50/- each, fully paid up of The Sadguru Jangli Maharaj Co-operative Bank Ltd.	1000 50,000	1,000 50,000
Equity Shares of ` 10 each, fully paid up of Saraswat Co-op Bank Ltd.	1420 14,200	1420 14,200
Equity Shares of ` 10/- each, fully paid up of Shamrao Vitthal Co-Op Bank	250 2,500	250 2,500
Equity Shares of ` 31/- each, fully paid up of United Yarn	1 31	1 31
Equity Shares of ` 1500/- each, fully paid up of Lotus House Prem Co-op Society.	1 1,500	1 1,500
Equity Shares of ` 10/- each, fully paid up of Datta Nagari Patsanstha	500 5,000	500 5,000
Equity Shares of ` 10/-each, fully paid up of Spencer & Co. Limited	200 7,563	200 7,563
	<b>2,59,99,32,139</b>	<b>2,44,16,45,341</b>
<b>Aggregate book value of :</b>		
Quoted investments	4,777	4,777
Unquoted investments	2,59,99,27,362	2,44,16,40,564
Aggregate market value of quoted investment	4,599	4,599
<b>NOTE 14 : LONG -TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered Good unless otherwise stated</b>		
Capital advances	6,04,06,745	6,04,06,745
Loans and Advances to subsidiary		
- Spentex Tashkent Toytepa Llc	37,06,28,934	34,96,21,966
Security deposits	5,61,91,168	8,42,56,773
Balance with Customs , Excise, Govt Authorities, etc.		
- Considered good	13,04,35,794	17,77,07,126
- Considered doubtful	50,00,000	50,00,000
Less: Provision for doubtful advances	50,00,000	50,00,000
Advance against expenses	5,40,48,246	7,52,19,865
Loan and Advance to employees	9,07,120	7,53,147
Advance to trade payable:		
- Considered good	3,51,71,994	3,60,77,120
- Considered doubtful	16,73,95,327	16,73,95,417
	<b>20,25,67,321</b>	<b>20,34,72,537</b>
Less: Provision for doubtful advances	16,73,95,327	3,60,77,120
Advance tax/ tax deducted at source	75,63,458	1,83,39,808
<b>Other loan and advances:</b>		
- Considered good	-	-
- Considered doubtful	92,35,000	92,35,000
	<b>92,35,000</b>	<b>92,35,000</b>
Less : Provision for doubtful advances	92,35,000	-
	<b>71,53,53,458</b>	<b>80,23,82,550</b>

(Amount in `)

**NOTE 15 : OTHER NON- CURRENT ASSETS****Unsecured, Considered Good unless otherwise stated**

	As at March 31, 2016	As at March 31, 2015
Trade receivables		
- Considered good	7,00,12,404	8,25,09,356
- Considered doubtful	38,56,028	11,27,245
	<b>7,38,68,432</b>	<b>8,36,36,601</b>
Less:- Provision for doubtful trade receivables	38,56,028	11,27,245
Export incentives	7,00,12,404	8,25,09,356
Claims receivables	26,95,093	4,25,93,751
Interest accrued on Fixed Deposit	2,73,14,330	1,86,83,762
Interest accrued on loan to subsidiary	-	-
Unamortised Upfront Fee	6,93,24,795	6,53,95,518
	48,65,135	2,40,71,231
	<b>17,42,11,756</b>	<b>23,32,53,617</b>

**NOTE 16 : INVENTORIES\***

Raw materials	6,79,22,482	16,83,94,654
(Includes Goods in Transit ` 5,153,897 (Previous Year ` 13,034,081/-)		
Work-in-process	13,12,01,115	11,68,10,245
Finished goods		
- Manufactured	21,53,29,223	31,06,94,392
- Stock in trade	23,23,960	27,09,741
Stores, spares & packing materials	21,76,53,183	31,34,04,132
Waste	2,81,13,135	3,07,85,383
	1,01,85,289	80,08,363
	<b>45,50,75,205</b>	<b>63,74,02,777</b>

\*Refer accounting policy for mode of valuation.

**NOTE 17 : TRADE RECEIVABLE****Unsecured, Considered Good**

Outstanding for a period exceeding six months from the date they are due for payments	3,42,24,341	1,47,93,677
Others	42,71,58,170	31,49,96,452
	<b>46,13,82,511</b>	<b>32,97,90,129</b>

**NOTE 18 : CASH AND BANK BALANCES****Cash & Cash Equivalent**

Cash in hand	18,60,695	47,26,009
Balance with banks	1,92,90,633	69,15,319

**Others Bank Balances**

Fixed deposit with more than 3 month maturity from original date	2,99,92,300	1,94,60,290
Margin money with bank	16,75,777	15,63,940
Restricted Cash (Interest reserve account)	-	2,23,857
	<b>5,28,19,405</b>	<b>3,28,89,415</b>

**NOTE 19 : SHORT- TERM LOANS AND ADVANCES****Unsecured, Considered Good**

Security Deposits	24,09,981	19,53,951
Intercompany Deposits	21,75,66,863	21,75,66,863
Margin Money with Others	-	1,94,839
Advance to Trade Payables	21,07,86,274	14,49,69,823
Advance against expenses	1,69,59,330	1,00,96,502
Prepaid expenses	76,97,322	2,24,38,617
Balance with Customs, Excise, Govt Authorities, etc.	7,15,76,049	9,87,44,141
Advance income tax/tax deducted at source	-	1,17,550
Advance to employees of the company	73,72,668	45,66,362
Loans & advances to others	-	18,83,312
	<b>53,43,68,487</b>	<b>50,25,31,959</b>

(Amount in `)

**NOTE 20 : OTHER CURRENT ASSETS**

	As at March 31, 2016	As at March 31, 2015
Claims receivables	12,69,25,664	12,69,68,850
Fixed assets held for sale	25,81,970	25,85,227
Export incentives	5,11,63,831	9,67,12,143
Unamortised Upfront Fees	1,75,14,844	1,64,46,990
Interest accrued on deposit	20,73,984	17,98,691
	<b>20,02,60,293</b>	<b>24,45,11,900</b>

**NOTE 21 : REVENUE FROM OPERATION (GROSS)**
**From Sale of Manufactured Goods**

From Sale of Manufactured Goods		
- Yarn	7,29,15,01,995	8,34,00,65,367

**Sale of Traded Goods**

- Cotton Yarn	19,64,92,564	1,93,29,226
- Clothes (Fabrics)	6,69,49,822	18,44,96,536
Waste sale	34,97,30,503	38,94,07,343

**Other operating income**

- Export Incentive	10,61,79,457	21,32,14,507
	<b>8,01,08,54,341</b>	<b>9,14,65,12,979</b>

**NOTE 22 : OTHER INCOME**

Commission Income	79,788	2,68,508
Interest Income	1,34,35,305	92,85,817
Dividend Income from non-current investment	3,580	5,660
Rent Income	72,000	84,000
Profit on sale of fixed assets(Net)	5,812	-
Liabilities/provision no longer required written back	2,85,41,251	80,00,635
Net gain on foreign currency transactions	2,63,89,554	6,88,92,001
Misc Income	2,34,40,427	9,28,24,042
	<b>9,19,67,717</b>	<b>17,93,60,663</b>

**NOTE 23 : COST OF MATERIAL CONSUMED**

Opening stock	16,83,94,653	10,92,71,187
Purchases	5,23,64,21,793	5,83,25,71,990
Closing stock	6,79,22,482	16,83,94,653
	<b>5,33,68,93,963</b>	<b>5,77,34,48,523</b>

**NOTE 24 : PURCHASE OF STOCK- IN -TRADE**

Cotton yarn	68,99,271	37,05,259
Clothes	4,43,48,147	14,09,44,102
	<b>5,12,47,419</b>	<b>14,46,49,361</b>

**NOTE 25 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE & WORK IN PROGRESS**
**Opening inventories**

Finished Goods:		
(a) Manufactured	31,06,94,392	74,11,13,508
(b) Traded Goods	27,09,741	1,10,70,994
Work in progress	11,68,10,245	13,27,40,377
Cotton waste	80,08,363	1,53,08,080
	<b>43,82,22,740</b>	<b>90,02,32,959</b>

Closing Inventories		
Finished Goods:		
(a) Manufactured	21,53,29,223	31,06,94,391

	(Amount in `)	
	Year Ended March 31, 2016	Year Ended March 31, 2015
(b) Traded Goods	23,23,960	27,09,741
Work in progress	13,12,01,115	11,68,10,245
Cotton waste	1,01,85,290	80,08,362
	<b>35,90,39,588</b>	<b>43,82,22,739</b>
Sub total	<b>7,91,83,152</b>	<b>46,20,10,220</b>
Excise duty on (Increase) / Decrease in inventories	(16,91,874)	(4,37,234)
<b>(Increase) /Decrease in inventories</b>	<b>7,74,91,278</b>	<b>46,15,72,986</b>
<b>NOTE 26 : EMPLOYEES BENEFIT EXPENSE</b>		
Salaries, wages and bonus	74,67,44,534	75,85,10,466
Contribution to provident funds & other funds	6,30,90,386	6,73,46,604
Staff welfare expenses	8,61,57,020	7,57,25,825
	<b>89,59,91,940</b>	<b>90,15,82,894</b>
<b>NOTE 27 : FINANCE COST</b>		
<b>Interest expenses from bank</b>		
- On Non convertible debentures	2,80,97,738	3,47,37,498
- On Borrowings	65,41,04,990	59,15,65,215
- On other than Borrowings	5,67,41,539	14,60,48,479
Interest expenses from others	9,86,37,852	6,55,71,165
Other borrowing cost	5,17,46,437	6,55,47,292
	<b>88,93,28,557</b>	<b>90,34,69,649</b>
<b>NOTE 28 : OTHER EXPENSES</b>		
Store, spares and packing materials consumed	24,30,88,802	27,16,49,593
Sub contracting charges	2,49,65,893	8,16,40,511
Power, fuel & water	93,33,67,684	95,14,01,618
Rent	48,86,117	37,47,163
Rate & taxes	70,57,323	62,18,377
Repair & maintenance-		
- Plant & machinery	1,44,23,151	1,42,32,120
- Building	15,08,935	18,31,327
- Others	82,17,071	67,17,019
Insurance expenses-		
- Buildings	1,27,236	1,57,375
- Plant & machinery	8,98,033	17,50,062
- Stock	1,04,495	4,12,050
- Others	56,14,936	59,24,671
Communication expenses	79,74,085	85,53,203
Travelling & conveyance expenses	6,00,27,366	4,99,33,592
Legal & professional charge	12,84,61,130	5,87,49,846
Payment to auditors (excluding service tax):		
- Audit Fees	20,74,800	20,69,664
- For other services	25,811	63,518
- For reimbursement of expenses	1,80,780	70,857
Commission on sales	3,32,25,877	7,19,68,155
Freight outward and clearing charges (net of recoveries)	13,25,00,855	15,88,60,490
Director sitting fees	7,00,130	5,52,876
Loss on sale of assets held for sale (Net)	-	54,66,785
Selling & distribution Expenses	5,57,71,216	6,90,51,518
Bad debts/ Receivables written off	3,06,72,379	61,30,428
Loss on sale of raw material	-	-
Service tax cenvat reversal	68,23,563	1,44,84,084
Miscellaneous expenses	2,96,35,991	2,82,58,406
	<b>1,73,23,33,657</b>	<b>1,81,98,95,308</b>

**NOTE 29: EXTRAORDINARY ITEMS**

Extraordinary items in consolidated financial statements represent write back of ` Nil (Previous year ` 13,717,503) due to loan waiver from lender.

**NOTE 30 : GROUP COMPANIES**

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard notified under the Companies (Accounting Standards) Rules, 2006 (as amended) in accordance with section 133 of the Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014

(a) The Financial Statements of the following subsidiaries, drawn upto March 31, 2016, along with Spentex Industries Limited (the Company), the Parent, constituting the group, are considered in preparation of the consolidated financial statements :-

Name of Company	Relationship	Country of Incorporation	Percentage of ownership interest as on March 31, 2016	Percentage of ownership interest as on March 31, 2015
Spentex (Netherlands), B.V.(100 % held by the Company and its nominees)	Subsidiary	Netherlands	100.00%	100.00%
Schoeller Textile (Netherland), B.V.(a 100% subsidiary of Spentex (Netherlands), B.V.)	Subsidiary	Netherlands	100.00%	100.00%
M/s. Botekos Plus s.r.o.(90% of Schoeller Textile (Netherlands), B.V and 10% Spentex (Netherlands), B.V.)	Subsidiary	Czech Republic	100.00%	100.00%
Amit Spinning Industries Limited (ASIL)	Subsidiary	India	50.96%	50.96%

The financial statements of the above subsidiaries along with the Company constituting the "group", considered in the consolidated financial statements, is drawn up to March 31, 2016.

(b) The company has not consolidated the Financial Statements of its subsidiaries namely Spentex Tashkent Toytepa LLC (STTL) and Schoeller Litvinov K.S since these are de-facto under the control of Bankers/Secured Creditors and their Financial Statements are not available, therefore the closing balances of current year and previous year do not include the figures of the above stated subsidiaries.

**NOTE 31 : CONTINGENT LIABILITIES :****1. Contingent Liabilities not provided for in respect of :**

(Amount in ` )

Description	Year ended March 31, 2016	Year ended March 31, 2015
(a) Demands from income tax authorities under appeal	7,43,75,239	7,43,75,239
(b) Demands from sales tax authorities under appeal	1,33,80,301	1,29,25,141
(c) Show cause notices/demands raised by excise / customs department (including applicable penalties), not acknowledged as debts	27,86,70,396	38,36,35,192
(d) Show cause notices/demands raised by MP Government / MPEB department, not acknowledged as debts	23,27,26,290	21,84,26,566
(e) Claims against the company not acknowledged as debts	67,35,86,818	64,81,49,210
(f) Guarantees and letters of credit issued on behalf of the company, outstanding at the year end	7,07,79,455	17,83,21,269
(g) Bills discounted with banks on behalf of the company, outstanding at the year end	6,87,78,805	25,19,93,458
(h) Corporate guarantee given to IREDA for loan to M/s Himalayan Crest Power Private Limited	15,33,82,019	17,05,37,398
(j) Corporate guarantee given to Tashkent Toytepa Textile for deferred payment of purchase consideration on behalf of Spentex Tashkent Toytepa LLC Current Year USD Nil (previous year USD 43,250,000)*	-	-

\*The Company believes that the corporate guarantee issued on behalf of its Step down subsidiary namely Spentex Tashkent Toytepa LLC (STTL) for deferred payment to TTL stand extinguished as all the assets and liabilities of STTL have been taken over by National Bank of Uzbekistan (NBU) and existence of STTL has been liquidated as per bankruptcy laws. Accordingly, the figure of current year does not include the portion of the guarantee relating to the deferred liability of TTL.

The Company believes that the corporate guarantee given to Lehman Brothers is no longer valid as Lehman Brothers did not comply with the terms and conditions of the loan agreement based on which the guarantee was given. Accordingly, the figure for the current year and previous year do not include the portion of the guarantee relating to the loan from Lehman Brothers.



The amount shown in the items (a) to (e) represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interest and has been advised that it has strong legal positions against such disputes. The amount shown in items (f) to (h) represent guarantees given and bills discounted in the normal course of the Company's operations and are not expected to result in any loss to the Company on the basis of beneficiaries fulfilling their ordinary commercial obligations.

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(Amount in ` )

Description	Year ended 31st March, 2016	Year ended 31st March, 2015
Estimated value of contracts remaining to be executed on capital account	-	-

**NOTE 32 : DEFINED BENEFIT PLAN :****(i) Post Retirement Employee Benefits****(a) Defined Contribution Plans:**

The Company has defined contribution plans for post retirement employment benefits' namely Provident Fund and Employee State Insurance Scheme. Expenses for the same is being charged to statement of profit and loss for the year.

**(b) Defined Benefit Plans:**

The liability for gratuity is determined on the basis of an actuarial valuation , using the Projected Unit Credit (PUC) method at the end of the year. Gains and losses arising out of actuarial valuations are recognised in the statement of profit and loss for the year. Liabilities for compensated absences which is a defined benefit plan are determined based on independent year end actuarial valuation and the resulting charge is being accounted in statement of profit and loss.

**(ii) Other Employee Benefits**

Other employee benefits are accounted for on accrual basis.

(Amount in ` )

	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
A. Components of Employer expenses	Funded	Unfunded	Funded	Unfunded
Current service cost	91,54,317	32,19,757	93,45,067	37,02,958
Interest cost	83,00,882	17,85,226	72,83,645	19,83,083
Curtailment cost/(credit)	-	-	-	-
Settlement cost/(credit)	-	-	-	-
Return on plan assets	(23,32,642)	-	(19,17,739)	-
Past service cost	-	-	-	-
Actuarial losses/(gains)	28,19,041	(38,31,643)	20,60,316	(48,78,836)
<b>Total expenses recognised in the consolidated statement of profit and loss</b>	<b>1,79,41,598</b>	<b>11,73,340</b>	<b>1,67,71,289</b>	<b>8,07,205</b>

The gratuity and leave encashment expenses have been recognised in "salaries, wages and bonus" under note 27 of financial statement.

**B. Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2016.**

(Amount in ` )

Present value of DBO at the beginning of year	10,37,61,011	2,23,15,312	9,10,45,578	2,47,88,531
Current service cost	91,54,317	32,19,757	93,45,067	37,02,958
Interest cost	83,00,882	17,85,226	72,83,645	19,83,083
Curtailment cost/(credit)	-	-	-	-
Settlement cost/(credit)	-	-	-	-
Plan amendments	-	-	-	-
Acquisitions	-	-	-	-
Actuarial (gains)/losses	29,32,924	(38,31,643)	20,60,316	(48,78,836)
Benefits paid	(1,52,33,053)	(37,53,435)	(59,73,594)	(32,80,424)
<b>Present value of DBO at the end of year</b>	<b>10,89,16,081</b>	<b>1,97,35,217</b>	<b>10,37,61,012</b>	<b>2,23,15,312</b>

**C. Net Asset / (Liability) recognised in balance sheet as at March 31, 2016.**

(Amount in `)

Present value of defined benefit obligation	10,89,16,078	1,97,35,217	10,37,61,011	2,23,15,314
Fair value on plan assets	2,88,29,095	-	2,94,87,273	-
Status [surplus/(deficit)]	(8,00,86,983)	(1,97,35,217)	(7,42,73,738)	(2,23,15,314)
Unrecognised past service cost	-	-	-	-
<b>Net Asset/(Liability) recognised in balance sheet</b>	<b>(8,00,86,983)</b>	<b>(1,97,35,217)</b>	<b>(7,42,73,738)</b>	<b>(2,23,15,314)</b>

**D. Experience Adjustment**

(Amount in `)

	2015-16		2014-15		2013-14		2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined benefit obligation	9,70,12,520	1,90,72,516	10,37,61,011	2,23,15,314	7,78,04,171	2,28,41,057	8,35,36,229	2,28,41,057	8,44,89,477	2,08,46,742
Fair value on plan assets	2,88,29,095	-	2,94,87,273	-	2,83,72,311	-	2,70,12,793	-	2,78,33,951	-
Status [surplus/(deficit)]	(6,81,83,425)	(1,90,72,516)	(7,42,73,738)	(2,23,15,314)	(4,94,31,860)	(2,28,41,057)	(6,27,73,290)	(2,12,42,038)	(5,76,80,657)	(2,08,46,742)
Experience adjustment on plan liabilities loss / (gain)	18,64,358	(38,31,643)	(2,82,394)	(36,75,873)	1,42,13,517	60,64,886	71,08,952	17,86,912	56,37,402	48,25,702
Experience adjustment on plan assets (loss) / gain	74,909	-	(5,30,246)	-	(1,87,999)	11,994	80,571	-	1,13,733	-

**E. Change in Fair Value of Assets During the Year Ended March 31, 2016.**

(Amount in `)

	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Plan assets at the beginning of year	2,94,87,273	-	2,91,98,147	-
Acquisition adjustment for plan assets	92,340	-	-	-
Expected return on plan assets	23,32,642	-	19,17,639	-
Actuarial gains/(losses)	1,13,883	-	-	-
Actual company contribution	5,23,904	-	31,13,875	-
Benefits paid	(37,20,947)	-	(35,29,536)	-
<b>Plan Assets at the end of year</b>	<b>2,88,29,095</b>	<b>-</b>	<b>3,07,00,125</b>	<b>-</b>

**F. Current & Non current liabilities as at March 31, 2016.**

Current liabilities	34,99,850	37,00,166	5,98,571	32,23,635
Non-current liabilities	7,65,87,133	1,60,35,051	7,36,75,167	1,90,91,679
	<b>8,00,86,983</b>	<b>1,97,35,217</b>	<b>7,42,73,738</b>	<b>2,23,15,314</b>

**G. Actuarial Assumptions**

	2015-16		2014-15	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Discount rate (%)	8.00%	8.00%	8.00%	8.00%
Expected return on plan assets (%)	8.00%	N.A.	8.75%	N.A.
Annual increase in salary cost (%)	2.50%	2.50%	2.50%	2.50%

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

**H. Basis used to determine the Expected Rate of Return on Plan Assets**

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

**NOTE 33 : SEGMENT REPORTING :**

In accordance with Accounting Standard - 17 on Segment Reporting issued by the Institute of Chartered Accountants of India, the Company has identified two business segments viz. Textile Manufacturing and Textile Trading. Further, two geographical segments by location of customers have been considered as secondary segments viz, within India and outside India .The segment wise disclosure are as follows:

**A. Business Segment Reporting**

(Amount in `)

DESCRIPTION	TEXTILE- MANUFACTURING	TEXTILE- TRADING	TOTAL
<b>Segment Revenue</b>			
Total Revenue	7,73,14,13,490	26,29,69,398	7,99,43,82,888
	(9,01,72,93,069)	(20,23,18,592)	(9,21,96,11,661)
Inter - segment sales	-	36,61,307	36,61,307
	-	(10,88,95,666)	(10,88,95,666)
<b>External Sales</b>	7,73,14,13,490	25,93,08,091	7,99,07,21,581
	(9,01,72,93,069)	(9,34,22,926)	(9,11,07,15,995)
<b>Segment Results</b>	(1,53,92,314)	18,42,55,629	16,88,63,318
	(14,46,19,277)	(2,20,99,254)	(16,67,18,532)
Unallocated corporate expenses (Net)	-	-	34,06,95,003
	(-)	(-)	(13,83,09,867)
<b>Operating Profit</b>	-	-	(17,18,31,685)
	(-)	(-)	(2,84,08,665)
Finance charges	-	-	88,93,28,558
	(-)	(-)	(90,34,69,648)
Interest income	-	-	1,34,35,305
	(-)	(-)	(92,85,817)
Dividend income	-	-	3,580
	(-)	(-)	(5,660)
<b>Profit/(Loss) before Prior period items, exceptional items and Tax</b>	-	-	<b>-1,047,721,358</b>
	(-)	(-)	<b>(-865,769,506)</b>
Extra Ordinary Income (Net)	-	-	-
	(-)	(-)	(1,37,17,504)
Prior Period Expenses (Net)	-	-	-
	(-)	(-)	(-)
Tax Expenses	-	-	-
	(-)	(-)	(60,17,657)
<b>Profit/(Loss) after tax</b>	-	-	<b>-1,047,721,358</b>
	(-)	(-)	<b>(-858,069,659)</b>
<b>OTHER INFORMATION</b>			
Segment Assets	66,48,81,342	9,58,88,353	76,07,69,695
	(3,56,19,42,734)	(5,29,83,887)	(3,61,49,26,621)
Unallocated corporate assets	-	-	6,65,05,88,397
	(-)	(-)	(3,95,66,47,365)
<b>Total Assets</b>	-	-	7,41,13,58,091
	(-)	(-)	(7,57,15,73,986)
Segment liabilities	2,82,56,78,674	1,75,95,900	2,84,32,74,574
	(2,63,07,88,224)	(6,96,83,547)	(2,70,04,71,771)
Unallocated corporate liabilities	-	-	8,43,26,85,588
	(-)	(-)	(7,68,50,50,058)
<b>Total Liabilities</b>	-	-	11,27,59,60,162
	(-)	(-)	(10,38,55,21,829)
Capital expenditure incurred during the year	-	-	1,84,86,599
	(-)	(-)	(2,38,70,696)
Depreciation and amortisation for the year	-	-	14,71,23,842
	(-)	(-)	(15,12,27,442)

**B) GEOGRAPHICAL SEGMENT REPORTING:**

DESCRIPTION	REVENUE ( ` )	ASSETS ( ` )
Domestic	5,39,00,74,447	4,09,39,22,910
	(3,85,31,57,762)	(4,54,76,34,576)
Outside India	2,60,06,47,134	3,31,74,35,182
	(5,25,75,58,233)	(3,02,39,39,410)
<b>Current Year</b>	<b>7,99,07,21,581</b>	<b>7,41,13,58,091</b>
<b>Previous Year</b>	<b>(9,11,07,15,995)</b>	<b>(7,57,15,73,986)</b>

**NOTE 34 : RELATED PARTY DISCLOSURES :**

In accordance with the requirements of Accounting Standard (AS) - 18 on Related Party Disclosures, the names of the related parties where control exists and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management, are :

**Enterprises Under Significant Influence:**

M/s Himalayan Crest Power Private Limited.

M/s CLC & Sons (P) Limited

M/s CLC Technologies Private Limited

**Subsidiaries / Step-down subsidiaries**

M/s Spentex Tashkent Toytepa LLC

M/s Schoeller Litvinov k.s.

**Key Management Personnel**

i) Mr. Ajay Kumar Choudhary	Chairman & Whole Time Director
ii) Mr. Mukund Choudhary	Managing Director
iii) Mr. Kapil Choudhary	Deputy Managing Director
iv) Mr. Amrit Agrawal	Director
v) Mr. Sitaram Parthasarathy (Ceased to be a director on 07th Nov. 2015)	Director
vi) Mr. Madhav Choudhary	Son of Deputy Managing Director
vii) Mr. Akash Agrawal	Son of Mr. Amrit Agrawal

(Amount in ` )

1. Remuneration to Key Management Personnel	Current Year	Previous Year
i) Mr. Ajay Kumar Choudhary	67,29,351	79,55,751
ii) Mr. Mukund Choudhary	67,29,351	79,55,751
iii) Mr. Kapil Choudhary	67,29,351	79,55,751
iv) Mr. Amrit Agrawal	63,58,189	75,54,305
v) Mr. Sitaram Parthasarathy	37,99,703	75,54,305
<b>Total</b>	<b>3,03,45,945</b>	<b>3,89,75,863</b>
2. Directors' sitting fees		
i) Mr. D.P. Singh	1,15,546	96,234
ii) Mr. Deepak Diwan	99,800	40,000
iii) Mr. Kamal Kapur	62,088	41,234
iv) Mr. Prem Malik	89,117	1,07,115
v) Mr. R.K. Thapliyal	1,60,907	1,42,115
vi) Mr. Samir Kumar Nath	42,088	-
vii) Mr. Shyamal Ghosh	85,098	81,234
viii) Mr. S.P. Sethia	45,486	44,944
<b>Total</b>	<b>7,00,130</b>	<b>5,52,876</b>
3. Scholarship to relatives of Key Management Personnel		
i) Mr. Madhav Choudhary	6,000	-
ii) Mr. Aakash Agrawal	6,000	5,000
<b>Total</b>	<b>12,000</b>	<b>5,000</b>

(Amount in `)

<b>4. Share application money received</b>		
CLC Technologies Private Limited	-	4,50,50,000
CLC & Sons Private Limited	-	6,59,00,000
<b>Total</b>	<b>-</b>	<b>11,09,50,000</b>
<b>5. Unsecured loan taken**</b>		
i) Mr. Ajay Kumar Choudhary	1,35,21,600	-
ii) Mr. Mukund Choudhary	1,87,70,184	-
iii) Mr. Kapil Choudhary	1,76,08,219	-
<b>Total</b>	<b>4,99,00,003</b>	<b>-</b>
<b>6. Guarantees outstanding at year end.</b>		
M/s Himalayan Crest Power Limited	15,33,82,019	17,05,37,398
M/s Spentex Tashkent Toytepa LLC	-	-
<b>Total</b>	<b>15,33,82,019</b>	<b>17,05,37,398</b>
<b>7. Year end receivable from</b>		
M/s Spentex Tashkent Toytepa LLC	50,99,66,133	48,50,29,888
<b>Total</b>	<b>50,99,66,133</b>	<b>48,50,29,888</b>
<b>8. Year end payable to</b>		
Mr. Ajay Kumar Choudhary	1,35,21,600	-
Mr. Mukund Choudhary	1,87,70,184	-
Mr. Kapil Choudhary	1,76,08,219	-
<b>Total</b>	<b>4,99,00,003</b>	<b>-</b>

\* In addition to it leave encashment is paid as per the rules of the company. Also, it includes employer's contribution to provident fund.

\*\* Includes invocation of pledge by ICICI bank over 12,533,334 equity shares held by the promoters of the company.

#### NOTE 35 : EARNING PER SHARE

The following table reconciles the numerators and denominators used to calculate basic and diluted EPS for the year:

(Amount in `)

Description	Current Year	Previous Year
Net profit/(loss) attributable to equity shareholders	(1,04,77,21,358)	(85,80,69,659)
<b>Weighted Average Shares Outstanding</b>		
Weighted average shares outstanding	8,97,72,035	8,97,72,035
Effect of dilutive securities	-	-
Diluted weighted average shares outstanding	8,97,72,035	8,97,72,035
Nominal value of equity shares (`)	10	10
Extraordinary items	-	1,37,17,503
Profit/(loss) before extraordinary items attributable to equity shareholders	(1,04,77,21,358)	(87,17,87,162)
<b>Before extraordinary items</b>		
Basic earnings per shares (`)	(11.67)	(9.71)
Diluted earnings per shares (`)	(11.67)	(9.71)
Profit/(loss) after extraordinary items attributable to equity shareholders	(1,04,77,21,358)	(85,80,69,659)
<b>After extraordinary items:</b>		
Basic earnings per shares (`)	(11.67)	(9.56)
Diluted earnings per shares (`)	(11.67)	(9.56)

#### NOTE 36 : EARNINGS IN FOREIGN EXCHANGE DURING THE YEAR (ON ACCRUAL BASIS):

(Amount in `)

Description	Current Year	Previous Year
F.O.B. value of goods exported	2,44,43,14,778	4,63,12,74,223

**NOTE 37 : EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

(Amount in `)

Description	Current Year	Previous Year
Travelling	94,74,543	10,43,043
Commission	2,34,77,406	5,61,03,536
Claim paid on export sales	40,56,282	1,52,38,736
Legal & professional	10,36,66,622	2,95,75,806
Other expenses	31,83,128	39,51,721
	<b>14,38,57,981</b>	<b>10,59,12,842</b>

**NOTE 38 : VALUE OF RAW MATERIALS CONSUMED**

(Amount in `)

Description	Current Year		Previous Year	
	%	`	%	`
Imported	0.06%	34,33,038	2.10%	12,14,20,063
Indigenous	99.94%	5,33,12,42,848	97.90%	5,65,20,28,461
	<b>100.00%</b>	<b>5,33,46,75,886</b>	<b>100.00%</b>	<b>5,77,34,48,524</b>

**NOTE 39: VALUE OF STORE, SPARES AND PACKING MATERIAL CONSUMED**

(Amount in `)

Description	Current Year		Previous Year	
	%	`	%	`
Imported	6.84%	1,66,33,352	14.28%	3,87,83,003
Indigenous	93.16%	22,64,55,450	85.72%	23,28,66,590
	<b>100.00%</b>	<b>24,30,88,802</b>	<b>100.00%</b>	<b>27,16,49,593</b>

**NOTE 40: CIF VALUE OF IMPORTS**

(Amount in `)

Description	Current Year	Previous Year
Raw materials	31,77,383	8,67,81,395
Stores and spares & components	1,70,62,285	3,30,95,023
	<b>2,02,39,668</b>	<b>11,98,76,418</b>

**NOTE 41 : TAXATION**
**Deferred Tax\***
**Break-up of Deferred Tax Assets and Liabilities.**

(Amount in `)

Description	Current Year	Previous Year
<b>Deferred tax liability recognised on account of timing difference:</b>		
Tax impact of difference in net book value of fixed assets as per Accounts & Tax	37,95,96,115	39,16,80,324
<b>Total Deferred Tax liabilities [A]</b>	<b>37,95,96,115</b>	<b>39,16,80,324</b>
<b>Deferred tax asset recognised on account of timing difference:</b>		
Tax impact of provision for doubtful debts and advances	9,49,09,416	9,21,55,829
Tax impact of disallowances under section 43B of the Income Tax Act, 1961	8,62,17,695	8,07,76,293
Tax Impact on amount disallowances under section 40 (a) of the Income Tax Act, 1961	-	-
Tax Impact of brought forward losses	1,04,65,31,261	68,21,29,418
Tax Impact of unabsorbed depreciation	65,61,25,230	57,02,72,813
<b>Total Deferred Tax Asset [B]</b>	<b>1,88,37,83,602</b>	<b>1,42,53,34,353</b>
<b>Deferred Tax Asset/ (Deferred Tax Liability)</b>	<b>1,50,41,87,487</b>	<b>1,03,36,54,029</b>
<b>Charge to consolidated Statement of Profit and Loss</b>	-	-
<b>Net Deferred Tax Asset/ (Deferred Tax Liability)</b>	<b>1,50,41,87,487</b>	<b>1,03,36,54,029</b>

\* Includes only Tax impact on assets and liabilities of Spentex Industries Limited and Amit Spinning Industries Limited.

**Note:** The Group has not recognised above Deferred Tax assets on account of prudence.

**NOTE 42 :**

The Other Non Current Assets of the Company include a sum of ` 1,52,76,144, being an amount receivable from MSEB. The Company is making effort to recover the same and expects to reduce the outstanding dues significantly and the management is of the opinion that ultimately there would be no losses against these old balances and hence no provision is considered necessary at this stage.

**NOTE 43 :**

The company has an investment of ` 2,383,796,543 and recoverable ` 509,966,133 in step down subsidiary Spentex Tashkent Toytepa, LLC (STTL) respectively. During the period of investment, Government of Uzbekistan (GOU) changed certain laws and policies breaching the investment agreement and rendered operation of STTL not only unviable, but also expropriated its investment. All the assets and liabilities of STTL have been taken over by National Bank of Uzbekistan (NBU) and existence of STTL has been liquidated as per bankruptcy laws. In view of this corporate guarantee given by company in respect of STTL liability for deferred payment to Tashkent Toytepa Textile (TTL) stand extinguished. SNBV, which had made around 99% investment in the equity of STTL, had filed request for Arbitration against GOU for Claim through its lawyer before International Center for Settlement Investment Dispute (ICSID). Based on the claim lodged with ICSID, Board of Directors have decided not to make any provision for the aforesaid amounts. In addition to above claim, the company has sent notice to the GOU for indemnify the further losses caused to company directly or indirectly on account of investment made in Uzbekistan.

**NOTE 44:**

Advance balance of ` 18,410,722 due from a party where payments are not forthcoming. Against the above, the Company has filed a suit for recovery. In addition to above for ` 12,830,469 ( ` 12,830,469) dues from Government Authorities company filed an application for release with concerned authorities. The Company is making effort to recover the same and expects to reduce the outstanding dues significantly. Based on outcome of the legal suit coupled with further negotiations with these parties, the management is of the opinion that ultimately there would be no losses against these old balances and hence no provision is considered necessary at this stage.

**NOTE 45:**

Advance balances aggregating to ` 55,982,580 are due from certain parties where payments are not forthcoming. The company is making appropriate concerted efforts including negotiations with these parties to recover the same and expect to reduce the outstanding dues significantly. The management is of the view that ultimately there would be no losses against these outstanding balances and hence no provision is considered necessary at this stage.

**NOTE 46:**

The accumulated losses of the Group had exceeded its net worth during the year 2011-12. Accordingly company in compliance with the provisions of section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 filed a reference with Board for Industrial and Financial Restructuring (BIFR). The company's operations were adversely affected in earlier financial years due to sluggish market demand, greater decline in cotton prices globally as compared to India, higher power cost in Maharashtra, certain policies of the Government and shortage of working capital. In spite of unfavorable market scenario and financial constraints, the units of the company continue to operate at satisfactory capacity utilization levels and are generating positive Earning Before Interest Depreciation Tax and Amortisation (EBIDTA). The Company's account have become Non Performing Assets (NPA) with majority of the dealing banks and the company is also in receipt of NPA cum recall notice. The company has submitted / in process of submitting restructuring proposal proposing various alternative to the banks which is currently under discussion. With strong management focus on strategic initiatives on cost rationalization, optimum product mix and efficient plant operations, the management believes that accumulated losses would reasonably be paired in due course. The financial statements, as such have been prepared on a going concern basis.

**NOTE 47:**

The company's accounts have become Non performing assets (NPA) with majority of the dealing banks. The company has submitted restructuring proposal proposing various alternatives to the banks which is under discussions. None of the banks has initiated action in any legal forum. The company has provided interest on such loans, however penal interest, if any, has not been provided.

**NOTE 48:**

For the year ended March 31, 2016, the Company has initiated the process of compliance with the transfer pricing regulations for which the prescribed certificate of the accountant will be obtained. The management is of the opinion that the transactions are arms length price. Hence the aforesaid legislation will not have any impact on the consolidated financial statements, particularly on the amount of tax expense and the provision for taxation.

**NOTE 49:**

The company has applied to Securities & Exchange Board of India (SEBI) seeking exemption for maintaining at least 15% of the amount of its debenture maturing during the financial year 2016-17 vide circular no 04/2013 dated 11-Feb-2013 issued by Ministry



of Corporate Affair, which is still awaited.

**NOTE 50:**

The outstanding balance as on 31st March, 2016 in respect of certain trade receivables, trade payables and loans & advances are subject to confirmation/reconciliation and consequential adjustment if any from the respective parties. The management, however, does not expect any material variations.

**NOTE 51 :**

The financial information as required under Schedule III of the Companies Act 2013 is shown below:

Name of the entity in the	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
<b>Parent</b>				
Spentex Industries Limited	74.11	(3,68,29,29,028)	77.23	(80,91,11,869)
<b>Subsidiaries</b>				
<b>Indian</b>				
Amit Spinning Industries Limited	(11.50)	57,13,66,429	14.35	(15,03,16,938)
<b>Foreign</b>				
Spentex Netherlands B.V.	37.38	(1,85,77,39,473)	8.43	(8,82,92,551)
<b>Total</b>	<b>100.00</b>	<b>(4,96,93,02,072)</b>	<b>100.00</b>	<b>(1,04,77,21,358)</b>

**NOTE 52:**

Previous year figures have been regrouped and reclassified wherever necessary to make them comparable.

Notes referred to above form an integral part of Consolidated Financial Statements.

For **J.C. Bhalla & Company**

Firm Reg. No. 001111N

Chartered Accountants

**Akhil Bhalla**

Partner

Membership No : 505002

On behalf of the Board

Mukund Choudhary

Kapil Choudhary

Amrit Agrawal

Dr. Sunil Kumar Gupta

Sharat Gupta

Managing Director

Deputy Managing Director

Director

Company Secretary

CFO

Place : New Delhi

Date : May 27, 2016

Pursuant to first proviso to Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014

AOC - 1

Sl. No.	Name of Subsidiary	Amit Spinning Industries Ltd.	Spentex (Netherlands) B.V.		Schoeller Textile (Netherlands) B.V.	
	Reporting Currency	INR	USD	INR	EURO	INR
	Exchange Closing Rate (31.03.2016)		66.25		67.13	
	Date since when subsidiary acquired/incorporated	25.08.2006	24.07.2006		13.06.2007	
1.	Share Capital (including share application money)	20,58,48,335	1,50,23,050	99,52,77,063	18,000	13,57,020
		(20,58,48,335)	(1,50,21,898)	(93,87,93,516)	(18,000)	(12,08,266)
2	Reserves and Surplus	-92,48,07,659	-25,61,876	-16,97,24,285	-1,48,80,987	(1,12,18,77,610)
		(-77,44,90,720)	(-12,11,304)	(-7,57,00,443)	(-1,48,71,605)	(-99,88,99,407)
3	Total Assets (excluding investments)	71,03,83,407	2,93,70,700	1,94,58,08,875	-	-
		(77,35,95,121)	(2,95,41,499)	(1,84,61,95,980)	(-)	(-)
4	Total Liabilities	1,42,93,65,962	5,27,82,480	3,49,68,39,300	1,77,35,443	1,33,70,75,048
		(1,34,22,60,737)	(5,16,03,860)	(3,22,49,83,231)	(1,77,35,443)	(1,19,05,07,210)
5	Investment	23,231	3,58,72,955	2,37,65,83,269	28,72,456	21,65,54,458
		(23,231)	(3,58,72,955)	(2,24,18,80,323)	(28,72,456)	(19,28,27,971)
6	Turnover	38,98,103	-	-	-	-
		(32,05,51,896)	(-)	(-)	(-)	(-)
7	Profit/(loss) before Taxation	-15,03,16,939	-13,49,420	-8,82,92,551	-	-
		(-15,33,45,978)	(-12,44,107)	(-7,60,67,937)	(-9,382)	(-7,27,433)
8	Provision for Taxation ( Deferred Tax)	-	-	-	-	-
		(-8,78,24,766)	(-)	(-)	(-)	(-)
9	Profit/(loss) after Taxation	-15,03,16,939	-13,49,420	-8,82,92,551	-	-
		(-24,11,70,744)	(-12,44,107)	(-7,60,67,937)	(-9,382)	(-7,27,433)
10	Proposed Dividend	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)
11	% of Shareholding	50.96%	91%		100% of SNBV	

\*Figures shown in brackets represents previous year figures.

Exchange rate used in case of foreign subsidiaries are given below:

Ex Rates (Closing Rate)	USD/INR	EURO/USD	EURO/INR
31.03.2016	66.25	1.138	75.39
31.03.2015	62.50	1.0741	67.13
Ex Rates (Average Rate)	USD/INR	EURO/USD	EURO/INR
31.03.2016	65.43	1.1044	72.26
31.03.2015	61.14	1.2681	77.53

**SPENTEX INDUSTRIES LIMITED**

Regd. Office: A-60, Okhla Industrial Area, Phase II, New Delhi 110 020

**ATTENDANCE SLIP**

DP ID .....

Regd. Folio No. ....

Client ID .....

No. of Shares held .....

I hereby record my presence at the Annual General Meeting of the Company held on Tuesday the 27th day of September, 2016 at 11:00 A.M at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110 019

Name of the Member/Proxy ( in BLOCK LETTERS)

Signature of Member/Proxy

Note: Please complete this attendance slip and hand it over at the Entrance of the Meeting Hall

**PROXY FORM**

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

CIN : L74899DL1991PLC138153

Name of the Company : **SPENTEX INDUSTRIES LIMITED**

Registered office : A-60, OKHLA INDUSTRIAL AREA, PHASE II, NEW DELHI - 110020

Name of the Member (s) :  
Registered address :  
E-mail Id :  
Folio No. :  
DP ID - Client Id :

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

- |                   |                   |
|-------------------|-------------------|
| 1. Name : .....   | Address : .....   |
| E-mail Id : ..... | Signature : ..... |
| 2. Name : .....   | Address : .....   |
| E-mail Id : ..... | Signature : ..... |
| 3. Name : .....   | Address : .....   |
| E-mail Id : ..... | Signature : ..... |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **24th Annual General Meeting** of the company, to be held on **Tuesday the 27th day of September, 2016 at 11.00 A.M at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110 019** and at any adjournment thereof in respect of such resolutions as are indicated below:

Res No.	Resolutions
	Ordinary Business :
1.	Adoption of Financial Statements, Reports of Directors and Auditors of the Company for the financial year ended 31st March, 2016.
2.	Re-appointment of Mr. Amrit Agrawal as a Director, who retires by rotation.
3.	Ratification of the appointment of Statutory auditors of the Company for the financial year 2016-17 and to fix their remuneration.
	Special Business :
4.	Ratification of Remuneration of Cost Auditor.
5.	Payment of Remuneration of Mr. Mukund Choudhary as Managing Director of the Company.
6.	Payment of Remuneration of Mr. Amrit Agrawal as Director of the Company.
7.	Providing Service of Documents to the Members

Signed this ..... day of ..... 2016

Signature of shareholder

Signature of Proxy holder(s)

Affix  
Rupee One  
Revenue  
Stamp

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

**CIMMCO SPINNERS. SOLAPUR**



**AMIT SPINNING INDUSTRIES LTD.-KOLHAPUR**



**SPENTEX INDUSTRIES LTD.-BARAMATI**



**SPENTEX INDUSTRIES LTD.-BUTIBORI**



**SPENTEX INDUSTRIES LTD.-PITHAMPUR**

