

# SPENTEX INDUSTRIES LIMITED

Manufacturer of Yarns



September 27, 2017

**BSE Limited**

Corporate Realationship Deptt.

1<sup>st</sup> Floor, New Trading Ring, Rotunda Bldg.

P J Towers, Dalal Street

Mumbai 400 001

Stock Code. 521082

**National Stock Exchange of India Ltd.**

Exchange Plaza

Bandra Kurla Complex

Bandar (E), Mumbai-400051

Stock Code: SPENTEX

Dear Sir/Madam,

**Sub: Submission of Annual Report for the financial year 2016-2017**

**Ref: Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report of the Company for the financial year 2016-17 duly approved and adopted by the members as per the provisions of the Companies Act, 2013 at the 25<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> September, 2017.

Please take the above on record.

Thanking you,

Yours truly,

**FOR SPENTEX INDUSTRIES LIMITED.**

**PRAKASH CHANDRA THAKUR**  
**COMPANY SECRETARY**

Encl : as above.

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

2016 - 2017

*Going Beyond Tomorrow...*  
**SPENTEX INDUSTRIES LIMITED**



**BOARD OF DIRECTORS**

|                      |                              |
|----------------------|------------------------------|
| Ajay Kumar Choudhary | - Chairman                   |
| Mukund Choudhary     | - Managing Director          |
| Kapil Choudhary      | - Deputy Managing Director   |
| Deepak Diwan         | - 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

**COMPANY SECRETARY**

Prakash Chandra Thakur

**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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## BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 25th Annual Report on the business and operation of the Company along with the Audited Financial Statements for the financial year ended March 31, 2017.

## Financial Results

The highlights of the financial results for the year ended 31st March, 2017 are as under:

(₹ in Crores)

| Particulars   | 2016-2017    |            | 2015-2016    |            |
|---|--------------|------------|--------------|------------|
|   | Consolidated | Standalone | Consolidated | Standalone |
| Net Sales (Turnover)  | 781.60       | 781.44     | 799.07       | 799.08     |
| Other Income  | 10.53        | 10.52      | 9.20         | 9.15       |
| EBIDTA  | (53.80)      | (39.15)    | (1.13)       | 7.35       |
| Financial charges   | 26.43        | 14.81      | 88.93        | 77.01      |
| Depreciation  | 13.78        | 10.81      | 14.71        | 11.25      |
| Profit/(Loss) before Exceptional items, Extraordinary items and tax (PBT) | (94.00)      | (64.77)    | (104.77)     | (80.91)    |
| Extra ordinary items (income)/ Impairment loss @ Fixed Assets             | 209.57       | (1.97)     | -            | -          |
| Exceptional Items   | 5.67         | 5.67       | -            | -          |
| Net Profit from Operations  | (309.24)     | (68.47)    | (104.77)     | (80.91)    |
| Tax expenses  | -            | -          | -            | -          |
| Net Profit/(Loss)   | (309.24)     | (68.47)    | (104.77)     | (80.91)    |
| EPS   | (34.45)      | (7.63)     | (11.67)      | (9.01)     |

## Management Discussion and Analysis Report :

The Indian Textile Industry occupies a vital position in the Indian Economy. India is the second largest exporter of Textile in the world and contributes exports approximately \$ 45 billion. It contributes greatly in foreign exchange earnings and GDP growth and textiles sector has 14% share in total India's exports. The Textile Industry has a great potential for generation of employment. This growth and turnaround of this sector has a direct bearing on the sustained and progressive growth of the Economy.

Spentex has integrated Cotton, Polyester & blended Yarn manufacturing facilities in India with a capacity of 2,14,416 spindles and 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 (a) shortage of working capital, (b) gap in demand/supply of yarn and sudden fall of yarn prices, (c) piling up of inventory and steep fall in sales volumes, (d) Poor domestic demand due to three successive poor monsoons and overall subdued sentiments in the business world, (e) Steep fluctuation in Foreign Currency & Fuel, (f) increase in power cost. In addition to the above, the International Center for Settlement of Investment Dispute (ICSID) dismissed all claims and counter claims filed by Spentex Netherlands B.V. a subsidiary of the Company according to bankruptcy laws of Republic of Uzbekistan, which is a major jolt to the Company and this award has also impacted Company's profitability as the entire investment made by the Company in the said subsidiary is now null and void.

The operations of Amit Spinning Industries Ltd., (ASIL) (a subsidiary of the Company) remained suspended due to lack of working capital facility. Further Subsidiary closed the unit of Yarn Manufacturing Unit situated in Kolhapur, Maharashtra with effect from 1st July, 2017, complying the applicable provisions. Since ASIL was declared as a Sick Company under Section 3(1)(o) of SICA 1985, and before the approval of any Debt restructuring Scheme by BIFR, SICA was repealed w.e.f 1/12/2016 and BIFR became inoperative, the Company filed its petition before NCLT for resolution of its debts. NCLT was pleased to admit its petition and commence resolution process, in respect of the Company vide its order dated 1st August, 2017 and Mr. Parveen Bansal, has been appointed as Interim Resolution Professional, who shall be exercising management powers of the Company, in accordance with applicable regulations under Insolvency and Bankruptcy Code, 2016.

The Company's Exports have failed to cheer us up due to lack of demand and competition from neighboring countries and also due to huge disparity between spot cotton prices and yarn prices. The more disturbing fact is that no yarn buyer is hassled or is rushing to buy yarn because the cotton prices have moved by 30% and yarn prices by just 15%. 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 cost cutting, close monitoring of operations by management and other administrative and operational initiatives taken by the company, and 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

With a strong export base built over the years, Spentex will continue to offer market driven quality product mix for progressively improving its operational profile and outcomes. The Indian textile sector is also facing the challenges of technology backwardness especially in weaving and processing segments, lower productivity and high power cost which has an adverse cascading effect on the industry as a whole.

The Textile Ministry has introduced a new textile policy to promote value additions which sets a target of doubling textile exports in 10 years and also in process to introduce revised Textile Up-gradation Fund Scheme (TUFS). Accordingly Spentex is expected to showcase a stable growth in FY

## SPENTEX INDUSTRIES LIMITED

2017-18, supported by stable input prices, healthy capacity utilization and steady domestic demand.

Due to fluctuating cotton and yarn prices and uncertainties in the foreign exchange market, increase in power cost, introduction of GST and lack of adequate working capital, the EBITDA levels may remain stagnant during the year. Still the Company is in process of reviewing its strategy and tools to find a ways to increase its turnover, reduce its costs and achieve a higher value addition so that it could come out with the positive result in the near future. 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.

Another key challenge presently is the Fiber/Raw Material cost, which is increasing 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 EBITDA levels in coming quarters.

Quarter 4 of the financial year 2016-17 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 material 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 ended 31st March, 2017 the Company's operations were adversely impacted due to gap in demand/supply of yarn, falling market price of yarn, increase in Fiber/Ram Material cost, 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 44,969.66 MT of yarn as compared to 46,939.32 MT of yarn produced during the previous year.

#### Subsidiaries

The Company has following three subsidiaries/step down subsidiaries as on March 31, 2017.

- (a) M/s Amit Spinning Industries Limited.
- (b) M/s Spentex Netherlands B.V.
- (c) M/s. Schoeller Textile Netherlands B.V. (SNBV)

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 subsidiary - Amit Spinning Industries Ltd has its manufacturing facilities at Kolhapur, Maharashtra with capacity of 30,672 spindles. During the year under review, the subsidiary's operations remain suspended since 11th August, 2015 due to lack of working capital facility. Further the manufacturing unit situated at Kolhapur, Maharashtra Stand closed w.e.f. 1st July, 2017 after completion of applicable legal formalities.

As members are aware that the said subsidiary was declared as a Sick Company under Section 3(1)(o) of SICA 1985, SICA has been repealed w.e.f 1st December, 2016, and such companies were allowed to approach National Company Law Tribunal (NCLT) within 180 days. Accordingly, the subsidiary has filed a petition before NCLT for resolution of its debts and approval of resolution plan and (NCLT) as by its order dated 1st August, 2017 has appointed Mr. Parveen Bansal as Interim Resolution Professional, who shall be exercising management powers of the Company, in accordance with applicable regulations under Insolvency and Bankruptcy Code, 2016.

#### Spentex Tashkent Toytepa LLC, Uzbekistan (STTL) & Spentex Netherlands B.V, Netherlands (SNBV):

During the year under review, Arbitration case filed by Spentex Netherland(s) B.V. (SNBV), a subsidiary of the Company, before the International Center for Settlement of Investment Dispute (ICSID), was dismissed, in respect of its claims relating to expropriation of its Investment in Company's step down Subsidiary- Spentex Tashkent Toytepa Ltd (STTL), against the Republic of Uzbekistan. Accordingly, Company has made necessary provisions in its books of accounts towards its investment and receivables, in terms of applicable accounting standards. Additionally, Company and its Subsidiary SNBV, are examining other options, as well, exploring the possibilities of recovery of their investment.

#### Consolidated Financial Statements

There are no associate companies or joint venture companies within the meaning of section 2(6) of the Companies Act, 2013 ("Act"). 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 Annual 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, 2017, 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. 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 lakh 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.

As members of the Company are aware that the consent of the Company had been obtained for issuance of 1,10,95,000 equity shares of Rs. 10/- each to Promoters/Promoter Group on preferential basis under CDR/JLM guidelines. The Lead Bank i.e. State Bank of India is yet to provide the certificate of non-disposal undertaking under Regulation 78 of SEBI (ICDR) Regulations, 2009. The funds infused by the management as per instructions of Joint Lender Meeting, have been utilized as working capital and Company is not in position to re-pay the entire allotment to promoters/its group as per applicable provisions of Companies Act, 2013. The management is still requesting the lead bank to provide such disclosure to facilitate to obtain In-Principle approval of respective stock exchanges.

#### **Directors**

##### **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. The Board approved the resignations tendered by Shri Ram Kumar Thapliyal, Independent Director, Shri Amrit Agrawal, Director - Finance, Shri D P Singh, Independent Director and Shri Shyamal Ghosh, Independent Director who have resigned from the Board of Directors of the Company w.e.f 11th November, 2016, 12th January, 2017, 14th February, 2017 and 27th March, 2017 respectively.
2. Mr. Prakash Chandra Thakur has been appointed as Company Secretary of the Company w.e.f 29th March, 2017 in place of Dr. Sunil Kumar Gupta who has tendered resignation w.e.f 28th March, 2017.
3. Mr. Sharat Kumar Gupta, CFO has resigned from the Company w.e.f 23rd January, 2017 and Krishan Gopal Goel was appointed as Chief Financial Officer of the Company w.e.f 30th January, 2017 and he has resigned from the said position w.e.f 30th June, 2017.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Kapil Choudhary, Deputy Managing Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

None of the Directors are disqualified under Section 164(2) of the Companies Act, 2013. 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 laid down criteria.

A separate meeting of the Independent Directors held on 14th February, 2017 reviewed the performance of non-independent directors and Key Managerial Personnel. 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 seven 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 and Fund Management Committee.

**Audit Committee**

During the year under review, the Audit Committee consisted of two Non-Executive Independent Directors and one Executive Director and hence, the composition of the Committee fulfills the requirements as prescribed under Section 177 of the Companies Act, 2013 and Regulations 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**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 of the Company.

**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, 2017, 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, 2017 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 year ended 31st March, 2017 and for transactions proposed to be entered into with related parties for the financial year 2017-18 were placed before the said committee and consent of the said 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 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 terms of J C Bhalla & Co., Chartered Accountants, Statutory Auditors will expire at the ensuing Annual General Meeting and they have expressed their unwillingness to be re-appointed.

The Audit Committee and Board of Directors have recommended the appointment of M/s. R N Marwah & Co. LLP, Chartered Accountants, (Firm Registration No. 001211N) as Statutory Auditors of the Company in place of the retiring auditor, to hold office from the conclusion of 25th Annual General Meeting till the conclusion of 28th Annual General Meeting to be held in the calendar year 2020.

The Company has received a confirmation from M/s. R N Marwah & Co. LLP, Chartered Accountants (Firm Registration No. 001211N) 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. The matter is being placed for consideration of members in Annual General Meeting.

#### 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. 42 of the Financial Statement qualified by Auditors

The Company has accumulated losses and its net worth has been fully eroded. Additionally, 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 had categorized borrowings of the company as Non Performing Assets (NPA) during the previous year(s) 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. 42, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The company's ability to continue, as a going concern is dependent upon successful settlement with its secured creditors. In case the going concern concept is vitiated, necessary adjustment will be required in the carrying amount of assets and liabilities which are not ascertainable. However, the financial statements of the Company have been prepared on a going concern basis.

The company is in advanced discussion with its secured creditors to settle the dues and the management believes that the accumulated losses would reasonably be paired in due course and the financial statements as such have been prepared on a going concern basis.

#### Note No. 43 Of the Financial Statement qualified by Auditors

The Company has long term Investment amounting to ₹ 204,469,921/- in Amit Spinning Industries Limited, subsidiary of the Company. Significant uncertainties exist in relation to the recoverability of loans amounting to ₹ 320,128,019/- interest accrued thereon ₹ 95,950,582/- and other outstanding amounting to ₹ 340,714,388/- due from above subsidiary. Further, Auditors are unable to determine the amount of liability that may arise on account of corporate guarantee given on behalf of above subsidiary.

The management believes that the diminution in value of investment is temporary in nature considering the strength of management's plan of revival and reorganization of business and losses incurred in the past would reasonably be made good which will also place the subsidiary in a position to repay the liabilities in due course and hence no adjustment is required in the books of accounts.

#### Note No. 44 of the Financial Statement qualified by Auditors

Auditors are unable to determine the amount of liability that may arise on account of corporate guarantee given on behalf of Spentex Netherland B.V., subsidiary of the company.

The company has given corporate guarantee on behalf of its subsidiary Spentex Netherland B V (SNBV) toward loan taken by SNBV is subsisting. The amount has been shown as contingent liability.

#### Note No. 45 of the Financial Statement qualified by Auditors

The Company has not charged to statement of profit & loss ₹ 10,135,376/- shown as claim receivables under the head "Other Non Current Assets" in the standalone financial statements.

₹ 10,135,376/- is due from Government Authorities against which the company has 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. 46 of the Financial Statement qualified by Auditors

Auditors are unable to comment on the recoverability of amounts relating to certain parties aggregating to ₹ 106,562,649/- included under the head "Long Term Loans & Advances" and "Other Non Current Assets" for which no provision has been made in the books of accounts.

The management is making 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. 51 of the Financial Statement qualified by Auditors

The company has not charged to statement of profit & loss interest expenses of ₹ 600,718,984/- related penal interest and other charges, if any, in respect of delay in repayment of borrowings from banks. Further, interest expenses recognized till 31st March, 2016 of ₹ 360,348,271/- has been reversed during the quarter and shown as extraordinary item in the standalone financial results. Therefore, Auditors are unable to comment on the adequacy of interest and other charges provided for in the statement of profit & loss.

The Company's accounts had become Non performing assets (NPA) with majority of the banks and due to this reason, the majority of lenders stopped charging interest from the Company on their outstanding debts amount from the dates on which their accounts become NPA. The company is in advance discussions with its lenders to settle their dues through sale to Assets Reconstruction Companies by the lenders or otherwise. In view of the above, the company has not charged to statement of profit and loss interest expenses of ₹ 600,718,984/- and related penal interest and other charges, if any, in respect of delay in repayment of borrowings from the banks. Further, interest expenses recognized till 31st March, 2016 of ₹ 360,348,271/- has been reversed during the quarter and disclosed under extra ordinary items.

#### Note No. 53 of the Financial Statement qualified by Auditors

The company has not provided requisite disclosures in the standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and Auditors have been further informed that the collation of information



is under process.

The company is under process of collation of details as required under notification No. G.S.R. 308(E) dated 30th March, 2017 issued by Ministry of Corporate Affairs relating to the disclosure of the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

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

Advance balances aggregating to ₹ 18,410,722/- included 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. Auditors have relied upon the assertion given by the management as to recoverability of the said amounts.

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. 4 of the Financial Statement without qualifying by Auditors, have drawn attention:**

The Company has not allotted shares against the share application amount of ₹ 110,950,000/- which was brought in by the promoters in more than one installment under restructuring scheme approved by the Bankers. Due to non receipt of necessary undertakings/approvals, 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. 47 of the Financial Statement without qualifying, the Auditors, have drawn attention:**

The outstanding balance as on 31st March, 2017 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 No. 48 of the Financial Statement without qualifying, the Auditors, have drawn attention:**

The Company is required to deposit/invest a sum of at least 15% of the amount of its debentures maturing during the financial year 2017-18 in one or more of the prescribed methods vide circular no 04/2013 dated February 11, 2013 issued Ministry of Corporate Affairs. The company has applied to Securities & Exchange Board of India (SEBI) seeking exemption for maintaining at least 15% of the amount of its debenture, which is still awaited.

**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 2017-18.

**Directors' view on Secretarial Auditor's observations**

The Board has appointed M/s. Loveneet Handa & Associate, Practicing Company Secretary (having CP No. 10753 & Membership No. F9055) as Secretarial Auditor to conduct secretarial audit for the financial year 2016-2017. The Secretarial Audit Report for the financial year ended March 31, 2017 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 qualifications/observations/remarks made by the Secretarial Auditors and management's view thereon are given in their Report attached hereto.

**Internal Auditors**

Pursuant to section 138 of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014, Mr. Prakash Chandra Thakur has been appointed as Internal Auditor of the Company in place of Dr. Sunil Kumar Gupta w.e.f 27th March, 2017.

**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, methods 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, 2017.

**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, 2017.

**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 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 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), due to financial crises the company yet to pay the Annual Listing Fee for the year 2017-18 and Company is giving priority to clear these dues on availability of funds in due course.

**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, however continue to explore the opportunities to make investments and progress 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 commitment and contributions.

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

Sd/-

**Place: New Delhi**

**Ajay Kumar Choudhary**

**Dated: 10th August, 2017**

**Chairman**

**Annexure - 1 to the Directors' Report****Form No. MR-3****SECRETARIAL AUDIT REPORT****For The Financial Year Ended On 31st March, 2017**

(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, 2017, 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, 2017 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; (N.A.)
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (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) Regulations, 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 and Non-Executive Directors. However, the Composition of the Board of Directors of the Company in respect of Independent Directors was duly constituted till March 26, 2017, but due to the resignation of Mr. Shaymal Ghosh, Independent Director, on March 27, 2017, the Composition of Independent Directors is not fulfilled in conformity with the requirements as stipulated under SEBI (LODR) Regulations, 2015. As on date, the Company has 2 Independent Directors and the Company is in search of right candidate to fill the vacant position of one Independent Director. However, the Composition of the Board

of Directors of the Company in respect of Executive Directors, Non Executive Directors and Independent Directors is duly fulfilled in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder.

2. As per provisions of Companies Act, 2013 and Company Rules 2014 read with various Regulations of 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.
3. All the said Committees are duly constituted as per the SEBI (LODR) Regulations, 2015 and the provisions of Companies Act, 2013 and the rules made thereunder, however, the Composition of Nomination and Remuneration Committee of the Company is not fulfilled after March 26, 2017 due to the resignation of Mr. Shyamal Ghosh, Non Executive & Independent Director of the Company and it was informed by the Company Management that the vacant position will be filled within the stipulated time period as stated under Companies Act, 2013 and SEBI (LODR) Regulations, 2015.
4. 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.
5. 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 except the intimation of Resignation of Mr. Ram Kumar Thapliyal, Independent Director of the Company, to the Stock Exchanges; NSE & BSE. The same has been reported in the Corporate Governance Report of the Company for the Quarter ended on December, 2016.
6. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
7. 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.
8. The Company is not regular in the payment of Statutory Dues such as EPF (Employee Provident Fund) Dues, ESI (Employee State Insurance) Dues, TDS (Tax Deducted at Source) and TCS (Tax Collected at Source) on Scrap. The Service Tax and Sales Tax has not been paid off in respect of Butibori, Pithampur, Solapur Plants and Butibori, Pithampur Plants, respectively. The Statutory Returns in respect of aforesaid has also not been filed regularly and it is informed by the Company Management that all the said dues will be paid as and when funds are available with the Company.
9. The Board of Directors of the Company has appointed Mr. Prakash Chandra Thakur as Whole Time Company Secretary (Key Managerial Personnel) and Internal Auditor of the Company, on March 29, 2017 by passing of Resolution by Circulation under Section 203 of the Companies Act, 2013 and the same has been noted in the Board Minutes of the Company.
10. The Company has published its Audited Annual Financial Results for the year ended March 31, 2017 on Standalone Basis while the annual financial results of the Company has been prepared both on Standalone and Consolidate basis and as per Regulation 47 of the SEBI (LODR) Regulations, 2015, the Company which has prepared its financial results on Standalone and Consolidate basis, need to publish its Consolidated Financial Results too along with Standalone Financial Results.
11. During the year 2015-2016, the 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 the non issuance of Non Objection Certificate (NOC) / Undertaking by the Lead Bank of the Company; State Bank of India, the conditions prescribed under Regulation 78 of SEBI (ICDR) Regulations, 2009 has not been fulfilled, therefore, the in-principal approval was not accorded and the Company has since withdrawn the application filed before stock exchanges on 25th July, 2016 and the same was approved by the NSE. The Company is unable to refund the Subscription Money (received in tranches) because of financial constraints and as per CDR/JLM/Sanction Letter of various Banks, the entire subscription money has been utilized as Working Capital of the Company.
12. The Company is required to deposit/ invest a sum of at least 15% of the amount of the Debentures maturing during the year 2016-2017 in one or more prescribed methods as detailed vide Ministry of Corporate Affairs (MCA) Circular no. 04/2013 dated February 11, 2013. However, the Company has made application to the Securities and Exchange Board of India (SEBI) to provide exemption in this matter.
13. During the year under review, Arbitration case filed by Spentex Netherland(s) B.V. (SNBV), a subsidiary of the Company, before the International Center for Settlement of Investment Dispute (ICSID), was dismissed, in respect of its claims relating to expropriation of its Investment in Company's step down Subsidiary- Spentex Tashkent Toytepa Ltd (STTL), against the Republic of Uzbekistan. Accordingly, the Company has made necessary provisions in its books of accounts towards its investment and receivables, in terms of applicable accounting standards. Additionally, Company and its Subsidiary SNBV, are examining other options, as well, exploring the possibilities of recovery of their investment.
14. The Company has maintained Minutes of the Board Meetings and Annual General Meeting of the Company, held during the Financial Year 2016-2017, 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.
15. The Company had filed its reference under Section 15(1) of the Sick Industrial Companies Act, 1985 with the Board for Industrial and Financial Reconstruction (BIFR). BIFR accordingly had registered the matter as case No. 33/2013 dated 23rd May, 2015. However, the Sick Industrial Companies Act (SICA) has since been repealed w.e.f December 01, 2016 and the BIFR has been dissolved accordingly. Subsequently Company has taken up issue of restructuring of its debts directly with lenders, which remains pending with them for the time being.

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

Sd/-

**Loveneet Handa**

**FCS NO: 9055**

**C.P No: 10753**

**New Delhi**

**August 10, 2017**

## SPENTEX INDUSTRIES LIMITED

### 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/s138 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.

**Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.**

#### ANNEXURE A'

To,

The Members,

#### SPENTEX INDUSTRIES LIMITED

A-60 Okhla Industrial Area,

Phase II, New Delhi-110020

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the company with respect to secretarial compliances.
8. We believe that audit evidence and information obtained from the company's management is adequate and appropriate for us to provide a basis for our opinion.
9. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

**NOTE: It is stated that compliance of all the applicable provisions of the Companies Act 2013, is the responsibility of the management our examination of test check basis was limited to the procedures followed by the company for ensuring the compliance with the provision. We state that such compliance is neither an assurance as to the viability of the company nor the efficiency of effectiveness with which the management has conducted its affairs.**

For Loveneet Handa & Associates  
(Practicing Company Secretary)

Sd/-

New Delhi

August 10, 2017

Loveneet Handa

FCS NO: 9055

C.P No: 10753

## Annexure - 2 to the Directors' Report

FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017

{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: 011-46598900; Fax : 011-26385181; Web.: www.spentex.net; Email: secretarial@clcindia.com   |
| 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; Fax: 011-26387322<br>Email: mdnair@rcmcdelhi.com<br>Website: www.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 |
|---------|--|----------------------------------|---------------------|
| 1.      | Cotton Yarn/Synthetic Yarn Cotton & Synthetic & Blended Yarn | 131                              | 100%                |

## III. PARTICULARS OF HOLDING, SUBSIDIARY &amp; ASSOCIATE COMPANIES

| Sr. No. | NAME AND ADDRESS OF THE COMPANY   | CIN/GLN               | HOLDING/ SUBSIDIARY/ ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|---------|---|-----------------------|--------------------------------|------------------|--------------------|
| 1       | Amit Spinning Industries Limited<br>A - 60, Okhla Industrial Area, Phase - II, New Delhi - 110020 | L17100DL1991PLC171468 | Subsidiary                     | 50.96%           | 2 (87)             |
| 2       | Spentex Netherlands B.V (SNBV)<br>Startbaan 8, 1185XR Amstelveen<br>The Netherlands               | Foreign Subsidiary    | Subsidiary                     | 91.00%           | 2 (87)             |
| 3       | Schoeller Textile Netherlands B.V.<br>Startbaan 8, 1185XR Amstelveen<br>The Netherlands           | Foreign Subsidiary    | Step Down Subsidiary           | 100.00 % by SNBV | 2 (87)             |

**SPENTEX INDUSTRIES LIMITED**
**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 i.e. 01.04.2016 |                  |                   |                   | No. of shares held at the end of the year i.e. 31.03.2017 |                  |                   |                   | % change during the year |
|--|---|------------------|-------------------|-------------------|---|------------------|-------------------|-------------------|--------------------------|
|  | Demat   | Physical         | Total             | % of Total Shares | Demat   | Physical         | Total             | % of Total Shares |                          |
| <b>A. Promoters</b>  |   |                  |                   |                   |   |                  |                   |                   |                          |
| <b>(1) Indian</b>  |   |                  |                   |                   |   |                  |                   |                   |                          |
| a) Individual/HUF  | 18,433,168  | -                | 18,433,168        | 20.53             | 18,433,168  | -                | 18,433,168        | 20.53             | 0.00                     |
| 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>37,797,226</b>   | <b>-</b>         | <b>37,797,226</b> | <b>42.10</b>      | <b>37,797,226</b>   | <b>-</b>         | <b>37,797,226</b> | <b>42.10</b>      | <b>0.00</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>37,797,226</b>   | <b>-</b>         | <b>37,797,226</b> | <b>42.10</b>      | <b>37,797,226</b>   | <b>-</b>         | <b>37,797,226</b> | <b>42.10</b>      | <b>0.00</b>              |
| <b>B. PUBLIC SHAREHOLDING</b>  |   |                  |                   |                   |   |                  |                   |                   |                          |
| <b>(1) Institutions</b>  |   |                  |                   |                   |   |                  |                   |                   |                          |
| a) Mutual Funds  | 10,306  | 10,901           | 21,207            | 0.03              | 10,306  | 10,901           | 21,207            | 0.03              | 0.00                     |
| b) Banks/Financial Institutions  | 1,938   | 2,920            | 4,858             | 0.01              | 2,804   | 437              | 3,241             | 0.00              | -0.01                    |
| c) Central Govt  | -   | -                | -                 | -                 | -   | -                | -                 | -                 | 0.00                     |
| d) State Govt.   | -   | -                | -                 | -                 | -   | -                | -                 | -                 | 0.00                     |
| e) Venture Capital Fund  | -   | -                | -                 | -                 | -   | -                | -                 | -                 | 0.00                     |
| f) Insurance Companies   | -   | -                | -                 | -                 | -   | -                | -                 | -                 | 0.00                     |
| g) Foreign Institutional Investors   | -   | -                | -                 | -                 | 234   | 2,483            | 2,717             | 0.00              | 0.00                     |
| h) Foreign Venture Capital Funds   | -   | -                | -                 | -                 | -   | -                | -                 | -                 | 0.00                     |
| i) Others (specify) Foreign Bank   | -   | -                | -                 | -                 | -   | -                | -                 | -                 | 0.00                     |
| <b>SUB TOTAL (B)(1):</b>   | <b>12,244</b>   | <b>13,821</b>    | <b>26,065</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  | 8,350,076   | 57,998           | 8,408,074         | 9.37              | 6,992,460   | 57,836           | 7,050,296         | 7.85              | -1.51                    |
| ii) Overseas   | 19,252,650  | -                | 19,252,650        | 21.45             | 19,252,650  | -                | 19,252,650        | 21.45             | 0.00                     |
| b) Individuals   |   |                  |                   |                   |   |                  |                   |                   |                          |
| i) Individual shareholders holding nominal share capital upto ₹1 lakhs           | 11,864,683  | 1,012,143        | 12,876,826        | 14.34             | 11,995,055  | 1,003,605        | 12,998,660        | 14.48             | 0.14                     |
| ii) Individuals shareholders holding nominal share capital in excess of ₹1 lakhs | 10,751,587  | -                | 10,751,587        | 11.98             | 11,511,525  | -                | 11,511,525        | 12.82             | 0.85                     |
| c) Others (specify)  |   |                  |                   |                   |   |                  |                   |                   |                          |
| i) Directors other than Promoters  | 71  | -                | 71                | 0.00              | -   | -                | -                 | -                 | 0.00                     |
| ii) Trust  | 28,095  | -                | 28,095            | 0.03              | 38,095  | -                | 38,095            | 0.04              | 0.01                     |
| iii) Clearing Member   | 281,812   | -                | 281,812           | 0.31              | 736,024   | -                | 736,024           | 0.82              | 0.51                     |
| iv) NRI  | 290,971   | 58,658           | 349,629           | 0.39              | 301,736   | 58,658           | 360,394           | 0.40              | 0.01                     |
| <b>SUB TOTAL (B)(2):</b>   | <b>50,819,945</b>   | <b>1,128,799</b> | <b>51,948,744</b> | <b>57.87</b>      | <b>50,828,645</b>   | <b>1,120,099</b> | <b>51,947,644</b> | <b>57.87</b>      | <b>0.00</b>              |
| <b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>                              | <b>50,832,189</b>   | <b>1,142,620</b> | <b>51,974,809</b> | <b>57.90</b>      | <b>50,840,889</b>   | <b>1,133,920</b> | <b>51,973,709</b> | <b>57.90</b>      | <b>0.00</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>88,629,415</b>   | <b>1,142,620</b> | <b>89,772,035</b> | <b>100.00</b>     | <b>88,638,115</b>   | <b>1,133,920</b> | <b>89,772,035</b> | <b>100.00</b>     | <b>0.00</b>              |



## ii) Share Holding Of Promoters

| Sl. No. | Name of Shareholder              | Shareholding at the beginning of the year (01.04.2016) |                                  |  | Shareholding at the end of the year (01.04.2016) |                                  |  | % 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                 | 5,273,083  | 5.87                             | 5.87   | 5,273,083  | 5.87                             | 5.87   | -   |
| 2       | Kapil Choudhary                  | 5,228,530  | 5.82                             | 5.82   | 5,228,530  | 5.82                             | 5.82   | -   |
| 3       | Ajay Kumar Choudhary             | 4,460,292  | 4.97                             | 4.97   | 4,460,292  | 4.97                             | 4.97   | -   |
| 4       | Jyoti Choudhary                  | 1,771,039  | 1.97                             | 1.97   | 1,771,039  | 1.97                             | 1.97   | -   |
| 5       | Ritu Choudhary                   | 1,561,188  | 1.74                             | 1.74   | 1,561,188  | 1.74                             | 1.74   | -   |
| 6       | CLC Technologies Private Limited | 18,300,000   | 20.38                            | 20.38  | 18,300,000                                       | 20.38                            | 20.38  | -   |
| 7       | CLC & Sons Private Limited       | 1,064,058  | 1.19                             | 1.19   | 1,064,058  | 1.19                             | 1.19   | -   |
| 8       | Lekha Devi Choudhary             | 96,035   | 0.11                             | 0.11   | 96,035   | 0.11                             | 0.11   | -   |
| 9       | Chiranjilal Choudhary            | 43,001   | 0.05                             | 0.05   | 43,001   | 0.05                             | 0.05   | -   |
|         | <b>Total</b>                     | <b>37,797,226</b>                                      | <b>42.10</b>                     | <b>42.10</b>                                   | <b>37,797,226</b>                                | <b>42.10</b>                     | <b>42.10</b>                                   |   |

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

There has been no change in shareholding of Promoter during the year.

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

| Sl. No. | Top Ten Shareholders at the beginning of the year (01.04.2016) |               |                                  | Top Ten Shareholders at the end of the year (31.03.2017) |               |                                  |
|---------|--|---------------|----------------------------------|--|---------------|----------------------------------|
|         | Name of Shareholder  | No. of shares | % of total shares of the company | Name of Shareholder                                      | No. of shares | % of total shares of the company |
| 1       | VCIGPM LIMITED   | 19,252,650    | 21.45                            | VCIGPM LIMITED   | 19,252,650    | 21.45                            |
| 2       | Soyuz Trading Company Limited                                  | 3,920,658     | 4.37                             | Soyuz Trading Company Limited                            | 3,920,658     | 4.37                             |
| 3       | Rammohan Rao   | 840,700       | 0.94                             | Rammohan Rao   | 896,590       | 1.00                             |
| 4       | Ashish Choudhary   | 606,923       | 0.68                             | Durga Prasad   | 492,000       | 0.55                             |
| 5       | Siddharath Bindra  | 515,280       | 0.57                             | LSC Securities Limited                                   | 390,166       | 0.43                             |
| 6       | PKC Stock Broking Pvt. Ltd.                                    | 460,234       | 0.51                             | Jagdish Amritlal Shah                                    | 369,967       | 0.41                             |
| 7       | Chandrakant Namdeo Mindhe                                      | 421,483       | 0.47                             | Vinit Sethi  | 362,186       | 0.40                             |
| 8       | L.S.E. Securities Ltd.   | 413,362       | 0.46                             | Kalpna Mukesh Mehta                                      | 333,500       | 0.37                             |
| 9       | Joindre Capital Services Ltd.                                  | 402,640       | 0.45                             | Chandrakant Namdeo Mindhe                                | 311,341       | 0.35                             |
| 10      | C Umasankar  | 375,000       | 0.42                             | Jayati Finance & Investments Private Limited             | 300,000       | 0.33                             |

## v) Shareholding of Directors &amp; Key Managerial Personnel

| Sl. No. | Name of Shareholder                            | Shareholding at the beginning of the year (as on 01.04.2016) |                                  | Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease |                           |                   | Shareholding at the end of the year (as on 31.03.2017) |                                  |
|---------|--|--|----------------------------------|---|---------------------------|-------------------|--|----------------------------------|
|         |  | No. of shares  | % of total shares of the company | Date  | Reason                    | Increase/Decrease | No. of shares  | % of total shares of the company |
| 1       | Mr. Ajay Kumar Choudhary - Chairman            | 4,460,292  | 4.97                             |   | No change during the year |                   | 4,460,292  | 4.97                             |
| 2       | Mr. Mukund Choudhary - Managing Director       | 5,273,083  | 5.87                             |   | No change during the year |                   | 5,273,083  | 5.87                             |
| 3       | Mr. Kapil Choudhary - Deputy Managing Director | 5,228,530  | 5.82                             |   | No change during the year |                   | 5,228,530  | 5.82                             |
| 4       | Mr. Amrit Agrawal - (Director Finance)*        | 71   | 0.00                             |   | No change during the year |                   | 71   | 0.00                             |
| 5       | Mr. D.P. Singh - Independent Director *        | -  | -                                |   | No change during the year |                   | -  | -                                |

## SPENTEX INDUSTRIES LIMITED

| Sl. No. | Name of Shareholder                                       | Shareholding at the beginning of the year (as on 01.04.2016) |                                  | Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease |                           |                   | Shareholding at the end of the year (as on 31.03.2017) |                                  |
|---------|---|--|----------------------------------|---|---------------------------|-------------------|--|----------------------------------|
|         |   | No. of shares  | % of total shares of the company | Date  | Reason                    | Increase/Decrease | No. of shares  | % of total shares of the company |
| 6       | Mr. Deepak Diwan - Independent Director                   | -  | -                                |   | No change during the year |                   | -  | -                                |
| 7       | Mr. Shyamal Ghosh - Independent Director *                | -  | -                                |   | No change during the year |                   | -  | -                                |
| 8       | Mr. Ram Kumar Thapliyal- Independent Director *           | -  | -                                |   | No change during the year |                   | -  | -                                |
| 9       | Ms. Kamal Kapur- Independent Director                     | -  | -                                |   | No change during the year |                   | -  | -                                |
| 10      | Mr. Samir Kumar Nath- Nominee Director (On behalf of SBI) | -  | -                                |   | No change during the year |                   | -  | -                                |
| 11      | Mr. Prakash Chandra Thakur **                             | -  | -                                |   | No change during the year |                   | -  | -                                |
| 12      | Dr. Sunil Kumar Gupta - Company Secretary **              | -  | -                                |   | No change during the year |                   | -  | -                                |
| 13      | Mr. Sharat Kumar Gupta - CFO **                           | -  | -                                |   | No change during the year |                   | -  | -                                |
| 14      | Mr. Krishan Gopal Goel #                                  | -  | -                                |   | No change during the year |                   | -  | -                                |

\*1. Mr. Ram Kumar Thapliyal, Independent Director, Mr. Amrit Agrawal, Director - Finance, Mr. D P Singh, Independent Director and Mr. Shyamal Ghosh, Independent Director have resigned from the Board of Directors of the Company w.e.f 10th October, 2016, 12th January, 2017, 14th February, 2017 and 27th March, 2017 respectively.

\*\*2. Mr. Prakash Chandra Thakur has been appointed as Company Secretary of the Company w.e.f 29th March, 2017 in place of Dr. Sunil Kumar Gupta who has resigned from the closing hours of 28th March, 2017. Mr. Sharat Kumar Gupta, CFO has resigned from the Company w.e.f 23rd January, 2017.

# 3. Mr. Krishan Gopal Goel was appointed as Chief Financial Officer of the Company w.e.f 30th January, 2017 and he has resigned from the position of Chief Financial Officer w.e.f 30th June, 2017.

### v) Indebtedness

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

(Amount in ₹)

|   | Secured Loans excluding deposits | Unsecured Loans    | Deposits           | Total Indebtedness   |
|---|----------------------------------|--------------------|--------------------|----------------------|
| <b>Indebtedness at the beginning of the financial year (01.04.2016)</b> |                                  |                    |                    |                      |
| i) Principal Amount   | 5,523,595,868                    | 122,800,003        | 6,401,740          | 5,652,797,611        |
| ii) Interest due but not paid   | 384,325,583                      | -                  | -                  | 384,325,583          |
| iii) Interest accrued but not due                                       | -                                | -                  | -                  | -                    |
| <b>Total (i+ii+iii)</b>   | <b>5,907,921,451</b>             | <b>122,800,003</b> | <b>6,401,740</b>   | <b>6,037,123,194</b> |
| <b>Change in Indebtedness during the financial year</b>                 |                                  |                    |                    |                      |
| Additions   | 354,100,000                      | -                  | -                  | 354,100,000          |
| Reduction   | (1,154,563,773)                  | (4,976,521)        | (4,236,110)        | (1,163,776,404)      |
| <b>Net Change</b>   | <b>(800,463,773)</b>             | <b>(4,976,521)</b> | <b>(4,236,110)</b> | <b>(809,676,404)</b> |
| <b>Indebtedness at the end of the financial year (31.03.2017)</b>       |                                  |                    |                    |                      |
| i) Principal Amount   | 5,096,932,909                    | 117,823,482        | 2,165,630          | 5,216,922,021        |
| ii) Interest due but not paid   | 10,524,769                       | -                  | -                  | 10,524,769           |
| iii) Interest accrued but not due                                       | -                                | -                  | -                  | -                    |
| <b>Total (i+ii+iii)</b>   | <b>5,107,457,678</b>             | <b>117,823,482</b> | <b>2,165,630</b>   | <b>5,227,446,790</b> |

## vi) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## A. Remuneration to Managing Director, Whole time director and/or Manager:

(Amount in ₹)

| Sl. No. | Particulars of Remuneration  | Name of the MD/MTD/Manager |                      |                     |                     | Total Amount      |
|---------|--|----------------------------|----------------------|---------------------|---------------------|-------------------|
|         |  | Mr. Ajay Kumar Choudhary   | Mr. Mukund Choudhary | Mr. Kapil Choudhary | Mr. Amrit Agrawal * |                   |
| 1       | <b>Gross salary</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           | 6,588,861           | 26,748,861        |
|         | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961                   |                            |                      |                     | 12,177              | 12,177            |
|         | (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>6,720,000</b>           | <b>6,720,000</b>     | <b>6,720,000</b>    | <b>6,601,038</b>    | <b>26,761,038</b> |
|         | Ceiling as per the Act   |                            |                      |                     |                     | 23,500,000 **     |

\*Mr. Amrit Agrawal has resigned from the Board of the Company w.e.f 12th January, 2017

#Remuneration paid to Managing Director, Whole Time Director includes EPF &amp; Other perquisites.

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

\*\* Ceiling amount is excluding of perquisites as per Schedule V of Companies Act, 2013.

## B. Remuneration to other directors:

(Amount in ₹)

| Sl. No. | Particulars of Remuneration                     | Name of the Directors   |                     |                 |                           |                | Total Amount      |
|---------|---|---|---------------------|-----------------|---------------------------|----------------|-------------------|
|         |   | Mr. Deepak Diwan  | Mr. Shyamal Ghosh * | Mr. D.P. Singh* | Mr. Ram Kumar Thapliyal * | Ms Kamal Kapur |                   |
| 1       | <b>Independent Directors</b>                    |   |                     |                 |                           |                |                   |
|         | (a) Fee for attending board/ committee meetings | 105,000   | 140,000             | 85,000          | 35,000                    | 80,000         | 445,000           |
|         | (b) Commission                                  | -   | -                   | -               | -                         | -              | -                 |
|         | (c) Others, please specify                      | 3,000   | 4,000               | 2,000           | 1,000                     | 4,000          | 14,000            |
|         | <b>Total (1)</b>                                | <b>108,000</b>  | <b>144,000</b>      | <b>87,000</b>   | <b>36,000</b>             | <b>84,000</b>  | <b>459,000</b>    |
| 2       | <b>Other Non Executive Directors</b>            |   |                     |                 |                           |                |                   |
|         |   | Mr. Samir Kumar Nath<br>(Nominee Director on behalf of SBI)   |                     |                 |                           |                |                   |
|         | (a) Fee for attending board committee meetings  | 80,000  |                     |                 |                           | 80,000         |                   |
|         | (b) Commission                                  | -   |                     |                 |                           | -              |                   |
|         | (c) Others, please specify                      | 4,000   |                     |                 |                           | 4,000          |                   |
|         | <b>Total (2)</b>                                | <b>84,000</b>   |                     |                 |                           | <b>84,000</b>  |                   |
|         | <b>Total (B)=(1+2)</b>                          | <b>192,000</b>  | <b>144,000</b>      | <b>87,000</b>   | <b>36,000</b>             | <b>84,000</b>  | <b>543,000</b>    |
|         | <b>Total Managerial Remuneration</b>            |   |                     |                 |                           |                | <b>27,304,038</b> |
|         | <b>Overall Ceiling as per the Act.</b>          | Rupees One Lac per meeting of the Board or Committee thereof, as per Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 |                     |                 |                           |                |                   |

\*Mr. Ram Kumar Thapliyal, Mr. D P Singh and Mr. Shyamal Ghosh have resigned from the Board of Directors of the Company w.e.f

10th October, 2016, 14th February, 2017 and 27th March, 2017 respectively.

## SPENTEX INDUSTRIES LIMITED

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTB

(Amount in ₹)

| Sl. No. | Particulars of Remuneration  | Key Managerial Personnel |   |                          |                               |  |                  |
|---------|--|--------------------------|---|--------------------------|-------------------------------|--|------------------|
| 1       | Gross Salary   | CEO                      | Mr. Sunil Kumar Gupta (Company Secretary)** | Mr. Sharat Gupta (CFO)** | Mr. Krishan Gopal Goel (CFO)# | Mr. Prakash Chandra Thakur (Company Secretary)** | Total            |
|         | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. | N.A.                     | 2,865,000                                   | 327,668                  | 328,083                       | 50,613   | 3,571,364        |
|         | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961                       | N.A.                     | 627,000                                     | 121,668                  | 126,583                       | 7,452  | 882,703          |
|         | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961        | N.A.                     | -   | -                        | -                             | -  | -                |
| 2       | Stock Option   | N.A.                     | -   | -                        | -                             | -  | -                |
| 3       | Sweat Equity   | N.A.                     | -   | -                        | -                             | -  | -                |
| 4       | Commission   | N.A.                     | -   | -                        | -                             | -  | -                |
|         | as % of profit   | N.A.                     | -   | -                        | -                             | -  | -                |
|         | others, specify  | N.A.                     | -   | -                        | -                             | -  | -                |
| 5       | Others, please specify   | N.A.                     | -   | -                        | 165,333                       | -  | 165,333          |
|         | <b>Total</b>   |                          | <b>3,492,000</b>                            | <b>449,336</b>           | <b>620,000</b>                | <b>58,065</b>                                    | <b>4,619,401</b> |

\*\*Mr. Prakash Chandra Thakur has been appointed as Company Secretary of the Company w.e.f 29th March, 2017 in place of Dr. Sunil Kumar Gupta who has resigned from the closing of business hours of 28th March, 2017. Mr. Sharat Kumar Gupta, CFO has resigned from the Company w.e.f 23rd January, 2017.

# 3. Mr. Krishan Gopal Goel was appointed as Chief Financial Officer of the Company w.e.f 30th January, 2017 and he has resigned from the position of Chief Financial Officer w.e.f 30th June, 2017.

### VII) Penalties/Punishment/Compounding Of Offences

There were no penalties, punishment or compounding of offences during the year ended March 31, 2017.

### Annexure 3 to the Directors' 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) Rule, 2014 and forming part of the Directors' Report for the year ended March 31, 2017.

#### 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. Energy conservation measures taken

The Company is continuously taking steps in energy conservation by installing and developing fuel efficient equipment and accessories such as installation of electronic chokes in place of copper chokes resulting in lower consumption of power. Some energy efficient water pumps etc, humidification plant & energy efficient spindles, were installed. The Butibori unit took steps to reduce energy cost by negotiating strongly resulting in significant reduction in energy rates from Rs 6.31 per unit to Rs 5.76 per unit.

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

|  | Current Year<br>2016-17 | Previous Year<br>2015-16 |
|--|-------------------------|--------------------------|
| A. Power and Fuel Consumption                                    |                         |                          |
| Electricity  |                         |                          |
| i). Purchased  |                         |                          |
| - Total Units consumed (KWH)                                     | 147,779,062             | 152,180,696              |
| - Total Amount (₹ in Lakh)                                       | 8,981.80                | 9,092.22                 |
| Rate/unit (₹.)   | 6.08                    | 5.97                     |
| ii). Own Generation (Through Genset)                             |                         |                          |
| - Units (KWH)  | Nil                     | Nil                      |
| - Units per litre of Diesel/Furnace Oil                          | Nil                     | Nil                      |
| - Cost/Unit (₹)  | Nil                     | Nil                      |
| B. Electricity Consumption (Units) Per Kg. of Production of yarn | 3.29                    | 3.24                     |

**B. TECHNOLOGY ABSORPTION:****RESEARCH & DEVELOPMENT (R&D):**

- Specific areas in which R&D has been carried out by the Company:

Continuing to identify improvements to processes through property documented systems to strengthen yarn quality, improve productivity and effective maintenance. 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

The Company has been continuously improving the quality of its existing products and entered into new products and also been able to reduce the cost of production for meeting customer requirements and effective resource utilization,

- 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.

- Expenditure on R & D.

|  |             |
|--|-------------|
| a. Capital   | Rs. Nil     |
| b. Revenue   | ₹ 2.24 Lakh |
| c. Total   | ₹ 2.24 Lakh |
| d. Total R & D Expenditure as percentage of total turnover | 0.003%      |

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

- Efforts: upgrading machines with technologically advanced accessories and spares.
- Benefits:, Higher output and improved quality of product
- Technology imported during the last 5 years: None

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

- Efforts: Significant exports to various countries round the globe on very competitive prices have brought in foreign exchange to the National Ex-chequer.
- Earnings and Outgo : Particulars with regard to foreign exchange earnings and outgo appear in Schedule XXI Notes to accounts.

For and on behalf of Board of Directors

Sd/-

Place: New Delhi

Ajay Kumar Choudhary

Dated: 10th August, 2017

Chairman

**CORPORATE GOVERNANCE REPORT FOR THE YEAR 2016-17**

(Pursuant to Regulation 34 read with Schedule V of 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 6 Directors, with an Executive Chairman. Out of the 6 Directors, three directors are Executive Directors (i.e.50.%) and remaining three directors are Non Executive Directors constituting 50% of the Board Strength. Out of three non executive directors, two directors are Independent directors including a Woman Director and one director is Nominee Director (nominated by State Bank of India) .

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 27th May, 2016, 11th August, 2016, 11th November, 2016, and 14th February, 2017.

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 31.03.2017 |          |                | 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 | 2                              | 1   | -        | -              | No                     |
| 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                        | 2                              | 2   | -        | -              | Yes                    |
| Mr. Amrit Agrawal (Director - Finance) #       | No inter-se relation with any director                 | 3                              | 2   | -        | -              | Yes                    |
| <b>Non Executive/Independent Directors:</b>    |  |                                |   |          |                |                        |
| Mr. Deepak Diwan                               | No inter-se relation with any director                 | 3                              | -   | -        | -              | Yes                    |
| Mr. Ram Kumar Thapliyal #                      | No inter-se relation with any director                 | 1                              | -   | -        | -              | No                     |
| Mr. Shyamal Ghosh #                            | No inter-se relation with any director                 | 4                              | 2   | -        | -              | No                     |

| 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 31.03.2017 |                 |                       | Attendance at Last AGM |
|---|--|--------------------------------|---|-----------------|-----------------------|------------------------|
| <b>Non Executive/Independent Directors:</b> |  |                                | <b>Directorship*</b>  | <b>Member**</b> | <b>Chairperson **</b> | <b>Yes/No</b>          |
| Mr. D P Singh #                             | No inter-se relation with any director | 2                              | -   | -               | -                     | Yes                    |
| <b>Independent Directors:</b>               |  |                                |   |                 |                       |                        |
| Ms. Kamal Kapur                             | No inter-se relation with any director | 4                              | -   | -               | -                     | No                     |
| <b>Nominee Director</b>                     |  |                                |   |                 |                       |                        |
| Mr. Samir Kumar Nath                        | No inter-se relation with any director | 4                              | -   | -               | -                     | 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, disclosure includes memberships/chairmanship of only Audit Committees and Stakeholders Relationship Committees of all Indian Public Limited Companies (excluding Spentex Industries Limited) have been considered.

**# Note:**

1. Mr. Ram Kumar Thapliyal, Independent Director, Mr. Amrit Agrawal, Director - Finance, Mr. D P Singh, Independent Director and Mr. Shyamal Ghosh, Independent Director have resigned from the Board of Directors of the Company w.e.f 10th October, 2016, 12th January, 2017, 14th February, 2017 and 27th March, 2017 respectively.

**Details of shares held by the Non-Executive Directors as on 31st March 2017**

| Name                 | No. of shares held | Name            | No. of shares held |
|----------------------|--------------------|-----------------|--------------------|
| Mr. Deepak Diwan     | Nil                | Ms. Kamal Kapur | 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.



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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 mechanism

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. Kapil Choudhary will retire at the ensuing Annual General Meeting and being eligible seeks for re-appointment. The Board has recommended the re-appointment of Mr. Kapil Choudhary.

The current term of Mr. Ajay Kumar Choudhary would expire on 1st December, 2017 and also he will attain the age of 70 years on 30th October, 2017. The Board of Directors, subject to the approval of the members, approved the re-appointment of Mr. Ajay Kumar Choudhary as Chairman for a further period of three years with effect from 2nd December, 2017 to 1st December, 2020.

As per Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the brief details of the aforesaid directors are indicated herein below:

- a) **Mr. Kapil Choudhary** (44) is a Director of the Company since 5th May, 2004. He is a Commerce Graduate and having rich experience in operations and marketing aspects. He has developed a very strong marketing network all over the world. He is Managing Director of Schoeller Textile Netherlands B.V., a foreign step down subsidiary of the Company. He is director in CLC & Sons Private Limited, Himalayan Crest Power Private Limited, Rudolf Exim Private Limited, CLC Technologies Private Limited, CLC Enterprises Limited and CLC Power Limited.

Mr. Kapil Choudhary holds 52,28,530 equity shares of the Company in his name as on 31st March, 2017.

Mr. Kapil Choudhary is member of the Audit Committee, Nomination & Remuneration Committee, Banking Committee, Stakeholders Relationship Committee, Fund Management Committee, Risk Management Committee and Corporate Social Responsibility Committee(s) of the Company.

- b) **Mr. Ajay Kumar Choudhary** (69) is chairman of the Company since May 5, 2004. He is a Commerce Graduate and having rich and varied experience in textile industry and has been involved in the operations of the Company over a long period of time. He holds 44,60,292 equity shares of the Company in his name as on 31st March, 2017. He is director in Shivani Farms Private Limited and CLC Enterprises Limited.

### 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 14th February, 2017, inter alia to discuss:

1. The performance of non-independent directors and the Board as a whole;
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 duties.

All the independent directors attended the above meetings except Mr. D.P. Singh, who was granted leave of absence for attending the meeting held on 14th February, 2017.

### 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 familiarize 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 familiarization 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 consists of two Non-Executive Independent Directors and one Executive Director.

During the year under review, due to resignation of Mr. Amrit Agrawal (Executive Director) and Mr. D. P. Singh (Independent Director) - members of the committee, Board of Directors, at their Board Meeting held on 14th February, 2017, re-constituted Audit Committee comprising of Mr. Deepak Diwan (Chairman), Mr. Shyamal Ghosh and Mr. Kapil Choudhary members and Ms. Kamal Kapur, an Independent Director was appointed as an alternate member of Audit Committee.

Subsequently, Mr. Shyamal Ghosh has, vide his email dated 27th March, 2017, resigned from the Board of Directors of the Company. Consequently, the Company, at its Board Meeting held on May 29, 2017, has re-constituted the Audit Committee consisting of two Non-Executive Independent Directors namely Mr. Deepak Diwan (Chairman), Ms. Kamal Kapur and one Executive Director namely Mr. Kapil Choudhary.

The composition of the committee fulfills the requirements as prescribed under Section 177 of the Companies Act, 2013 and Regulations 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. Recommendation for the appointment/re-appointment, remuneration and terms of appointment of the Statutory Auditors, Cost Auditor and the fixation of audit fees.
4. Reviewing the efficiency and effectiveness of internal audit function, adequacy of the internal control systems and other services rendered by the statutory auditors.
5. Reviewing the functioning and weaknesses, if any, observed by the internal auditors, management opinion on such weaknesses and solutions from time to time.
6. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to (a) matters required to be included in directors responsibility statement under Section 134 of the Companies Act, 2013, (b) changes in accounting policies and practices, (c) major accounting entries involving estimates based on the exercise of judgment by management, (d) significant adjustment made in the financial statements arising out of audit findings, (e) compliances with listing and other legal requirements relating to financial statements; (f) disclosure of related party transactions and (g) modified opinion(s) in the draft audit report.
7. Reviewing, with the management, the quarterly financial results before submitting it to the Board for approval.
8. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
9. approval or any subsequent modification of transactions of the listed entity with related parties;
10. scrutiny of inter-corporate loans and investments;
11. valuation of undertakings or assets of the company, wherever it is necessary;
12. evaluation of internal financial controls and risk management systems;
13. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
14. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
15. discussion with internal auditors of any significant findings and follow up there on;
16. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

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17. 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.
18. 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).
19. Reviewing the functioning of the Whistle Blower mechanism;
20. 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 27th May, 2016, 11th August, 2016, 11th November, 2016, and 14th February, 2017.

The details of attendance of each member at the Audit Committee Meetings during the year 2016-17 are as follows:

| Name of the Member            | No. of Audit Committee Meetings Attended |
|-------------------------------|--|
| Mr. Deepak Diwan (Chairman)   | 2  |
| Mr. Dhananjaya Prasad Singh * | 2  |
| Mr. Shyamal Ghosh*            | 4  |
| Mr. Amrit Agrawal *           | 3  |

\* Mr. Amrit Agrawal, Director - Finance, Mr. D P Singh, Independent Director and Mr. Shyamal Ghosh, Independent Director have resigned from the Board of Directors of the Company w.e.f 12th January, 2017, 14th February, 2017 and 27th March, 2017 respectively.

### 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 11th August, 2016. All the members of the Committee attended the meeting.

The Committee comprised of Mr. Deepak Diwan (Chairman), Mr. D P Singh and Mr. Ram Kumar Thapliyal as members of the Company. Due to resignation of Mr. Ram Kumar Thapliyal, and Mr. D.P. Singh during the year, the Committee was re-constituted by the Board on 11th November, 2016 and 14th February, 2017. Accordingly, the Committee comprised of Mr. Deepak Diwan (Chairman), Mr. Shyamal Ghosh and Ms. Kamal Kapur as members of the Committee. Shri Shyamal Ghosh has also tendered his resignation vide his email dated 27th March, 2017 and the Committee was re-constituted accordingly.

Hence, 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 Executive Directors is 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 2016-17 are as under:

(₹ In Lakh)

| Name of Director                            | Sitting Fee for Board Meeting(s) | Sitting Fee for Nomination and 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                    | -                                | -  | -  | 67.20                           | 67.20 |
| Mr. Mukund Choudhary                        | -                                | -  | -  | 67.20                           | 67.20 |
| Mr. Kapil Choudhary                         | -                                | -  | -  | 67.20                           | 67.20 |
| Mr. Amrit Agrawal *                         | -                                | -  | -  | 66.01                           | 66.01 |
| <b>Non Executive/ Independent Directors</b> |                                  |  |  |                                 |       |
| Mr. Deepak Diwan                            | 0.60                             | 0.15   | 0.30                                       | -                               | 1.05  |
| Mr. Ram Kumar Thapliyal *                   | 0.20                             | 0.15   | -  | -                               | 0.35  |
| Mr. Shyamal Ghosh *                         | 0.80                             | -  | 0.60                                       | -                               | 1.40  |
| Mr. D P Singh *                             | 0.40                             | 0.15   | 0.30                                       | -                               | 0.85  |
| <b>Independent Woman Director:</b>          |                                  |  |  |                                 |       |
| Ms. Kamal Kapur                             | 0.80                             | -  | -  | -                               | 0.80  |
| <b>Nominee Director:</b>                    |                                  |  |  |                                 |       |
| Mr. Samir Kumar Nath                        | 0.80                             | -  | -  | -                               | 0.80  |

# Remuneration excludes employer's contribution to EPF.

\* Mr. Ram Kumar Thapliyal, Independent Director, Mr. Amrit Agrawal, Director - Finance, Mr. D P Singh, Independent Director and Mr. Shyamal Ghosh, Independent Director have resigned from the Board of Directors of the Company w.e.f 10th October, 2016, 12th January, 2017, 14th February, 2017 and 27th March, 2017 respectively.

#### 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), Non-executive and Independent Director, Mr. Mukund Choudhary and Mr. Kapil Choudhary, Executive 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 5th April, 2016, 5th July, 2016, 5th October, 2016 and 5th January, 2017. 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 2016-17 are as follows:

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

During the year under review, the Company has received 2 complaints from the investors through SEBI SCORE Platform and has responded to the fullest satisfaction of investors. There was no complaint pending as on 31st March 2017.

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.

Due to resignation of Mr. Amrit Agrawal, Executive Director, the Board of Directors, at their meeting held on 14th February, 2017, re-constituted the Committee comprising of Mr. Deepak Diwan (Chairman), Mr. Mukund Choudhary and Mr. Kapil Choudhary, Executive Directors as members of the Committee. Ms. Kamal Kapur, Independent Woman Director is appointed as an alternate member of the Committee who shall attend the committee meeting to fulfill the quorum in case of absence of any member(s) of said committee.

During the year, 8 Committee meetings were held on 27th May, 2016, 16th June, 2016, 5th July, 2016, 15th July, 2016, 20th October, 2016, 26th December, 2016, 20th February, 2017 and 28th February, 2017.

The details of attendance of each member at the Banking Committee Meetings during the year 2016-17 are as follows:

| <b>Name of the Director</b> | <b>No. of Banking Committee Meetings Attended</b> |
|-----------------------------|---|
| Mr. Mukund Choudhary        | 8   |
| Mr. Kapil Choudhary         | 8   |
| Mr. Amrit Agrawal *         | 6   |
| Mr. Deepak Diwan            | 6   |

\* Mr. Amrit Agrawal, Director - Finance has resigned from the Board of Directors of the Company w.e.f 12th January, 2017.

**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. During the year, no meeting of the committee is held.

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. Amrit Agrawal w.e.f 12th January, 2017, the Board of Directors at its Meeting held on 14th February, 2017, has re-constituted the Risk Management Committee comprising Mr. Mukund Choudhary (Chairman), Mr. Kapil Choudhary, Executive Directors and Mr. Krishan Gopal Goel, CFO 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**

Due to resignation of Mr. Amrit Agrawal w.e.f 12th January, 2017, the Board of Directors at its Meeting held on 14th February, 2017, has re-constituted the Fund Management Committee comprising Mr. Mukund Choudhary (Chairman), Mr. Kapil Choudhary, Executive Directors and Mr. Krishan Gopal Goel, CFO 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 behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. Head of Internal Audit Team assists the Chairman of Audit Committee to resolve the queries/complaints received under said policy. During the year under review, the Company has received one anonymous complaint which is closed after investigation.

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 RESOLUTION PASSED  |
|----------|---|------------------------------------|--|
| 22nd AGM | Bipin Chandra Pal Memorial Trust Auditorium, A-81, Chittaranjan Park, New Delhi 110 019 | 11th September, 2014<br>10:30 A.M. | <ol style="list-style-type: none"> <li>To approve the ratification of resolution authorizing Board of Directors to borrow upto a limit of Rs. 2500 Crores .</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>To approve the Re-appointment of Mr. Sitaram Parthasarathy as Director-Works of the Company for a period of 5 years and fixation of his monthly remuneration.</li> <li>To approve and adopt the substitution/alteration and the entire exclusion of the regulations in the existing Articles of Association of the company.</li> </ol> |
| 23rd AGM | Bipin Chandra Pal Memorial Trust Auditorium, A-81, Chittaranjan Park, New Delhi 110 019 | 30th September, 2015<br>3:30 P.M.  | <ol style="list-style-type: none"> <li>To seek approval from Central Government in respect of payment of remuneration to Shri Ajay Kumar Choudhary, Chairman.</li> <li>To Seek approval from Central Government in respect of payment of remuneration to Shri Kapil Choudhary, Deputy Managing Director.</li> <li>To Seek Central Government approval in respect of payment of remuneration to Shri Sitaram Parthasarathy, Director - Works.</li> <li>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 ₹ 10/- each to promoters/promoter group on Preferential Basis subject to requisite approval from concerned authorities.</li> </ol>   |
| 24th AGM | Bipin Chandra Pal Memorial Trust Auditorium, A-81, Chittaranjan Park, New Delhi 110 019 | 27th September, 2016<br>11:00 A.M. | <ol style="list-style-type: none"> <li>To approve the payment of remuneration to Shri Mukund Choudhary, Managing Director for a period of 3 years w.e.f 1st April, 2016.</li> <li>To approve the payment of remuneration to Shri Amrit Agrawal, Director Finance effective from 1st April, 2016 till the completion of his term.</li> </ol>  |

**(B) Postal Ballot**

No special resolution was passed through Postal Ballot during 2016-17.

**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](http://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](http://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, 2017 in terms of Schedule V (Part D) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Place: New Delhi

Date: August 10, 2017

Sd/-

**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 and 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. However, due to computer related problems, the un-audited financial result for the quarter ended 31st December, 2014 have not submitted within stipulated time, NSE has imposed penalty for late submission. In view of financial difficulties, the Company had requested to waive off the fine imposed by NSE.
- Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has designated E-mail ID [secretarial@clcindia.com](mailto:secretarial@clcindia.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 25th Annual General Meeting will be held at Bipin Chandra Pal Memorial Bhavan, A - 81, Chittaranjan Park, New Delhi - 110019 on 25th September, 2017 at 10.30 A.M.
- Financial Calendar (Tentative) :

|   |   |                                     |
|---|---|-------------------------------------|
| Financial Year  | : | 1st April, 2017 to 31st March, 2018 |
| Financial reporting for the Quarter ending June 30, 2017      | : | on or before 14th September, 2017*  |
| Financial reporting for the Quarter ending September 30, 2017 | : | on or before 14th December, 2017*   |
| Financial reporting for the Quarter ending December 31, 2017  | : | on or before 15th February, 2018    |
| Annual Results for the Year ending March 31, 2018             | : | on or before 30th May, 2018         |

- SEBI has given extension for one month in view of implementation of IND-AS
  - Date of Book closure : Friday, the 22nd September, 2017 to Monday the 25th September, 2017 (both days inclusive)
  - Dividend Payment Date : Not Applicable
  - Listing of Equity Shares on Stock Exchanges: BSE Ltd., Mumbai (scrip code = 521082) and National Stock Exchange of India Ltd. Mumbai (scrip code = SPENTEX). Due to financial crises, the Company is yet to pay the Annual Listing Fee to BSE & NSE for the year 2017-18 and management is in process to pay the same in due course.
  - ISIN No. INE376C01020
  - Annual Custody Fee has been paid to CDSL for the year 2017-18 and in process to pay the same to NSDL in due course.
  - Market Price Data : High/Low during each month in last financial year 2016-17 at BSE & NSE:

| Month       | Apr  | May  | Jun  | Jul  | Aug  | Sep  | Oct  | Nov  | Dec  | Jan  | Feb  | Mar  |
|-------------|------|------|------|------|------|------|------|------|------|------|------|------|
| <b>BSE</b>  |      |      |      |      |      |      |      |      |      |      |      |      |
| <b>High</b> | 3.77 | 3.84 | 4.55 | 5.55 | 4.99 | 7.23 | 8.39 | 7.59 | 6.60 | 4.70 | 4.27 | 3.90 |
| <b>Low</b>  | 2.71 | 2.83 | 2.80 | 3.92 | 4.10 | 4.26 | 6.80 | 4.43 | 4.81 | 3.60 | 3.33 | 3.11 |
| <b>NSE</b>  |      |      |      |      |      |      |      |      |      |      |      |      |
| <b>High</b> | 3.80 | 3.85 | 4.45 | 5.60 | 5.00 | 7.10 | 8.20 | 7.45 | 6.60 | 4.95 | 4.25 | 3.95 |
| <b>Low</b>  | 2.80 | 2.60 | 2.80 | 3.80 | 4.10 | 4.30 | 6.70 | 4.35 | 4.80 | 3.50 | 3.35 | 3.20 |

- 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
- 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 completion of documents in all respects.

#### 19. Distribution of shareholding as on 31st March 2017:

| Shareholding of nominal value of Rs. | No. of shareholders | Percentage    | No. of shares      | Percentage    |
|--------------------------------------|---------------------|---------------|--------------------|---------------|
| 1 to 5,000                           | 32,418              | 88.17         | 29,21,793          | 3.25          |
| 5,001 to 10,000                      | 1,797               | 4.89          | 15,41,479          | 1.72          |
| 10,001 to 20,000                     | 974                 | 2.65          | 15,40,707          | 1.72          |
| 20,001 to 30,000                     | 412                 | 1.12          | 10,64,829          | 1.19          |
| 30,001 to 40,000                     | 186                 | 0.51          | 6,79,186           | 0.76          |
| 40,001 to 50,000                     | 249                 | 0.68          | 12,02,107          | 1.34          |
| 50,001 to 1,00,000                   | 352                 | 0.96          | 27,11,029          | 3.02          |
| 1,00,001 and above                   | 379                 | 1.02          | 7,81,10,905        | 87.00         |
| <b>Total</b>                         | <b>36,767</b>       | <b>100.00</b> | <b>8,97,72,035</b> | <b>100.00</b> |
| <b>Physical Mode</b>                 |                     |               | <b>11,33,920</b>   | <b>1.26</b>   |
| <b>Electronic Mode</b>               |                     |               | <b>8,86,38,115</b> | <b>98.74</b>  |

**21. Shareholding Pattern as on 31st March 2017:**

| Sl. No. | Particulars                      | No. of shares      | %             |
|---------|----------------------------------|--------------------|---------------|
| 1       | Promoter & Promoter Group        | 3,77,97,226        | 42.10         |
| 2       | Bodies Corporate                 | 70,50,296          | 7.85          |
| 3       | Mutual Funds                     | 21,207             | 0.02          |
| 4       | Banks/Financial Institutions/UTI | 3,241              | 0.01          |
| 5       | Foreign Company                  | 1,92,52,650        | 21.45         |
| 6       | Foreign Institutional Investors  | 2,717              | 0.01          |
| 7       | NRIs                             | 3,60,394           | 0.40          |
| 8       | Trust                            | 38,095             | 0.04          |
| 9       | Indian Public & Others           | 2,52,46,209        | 28.12         |
|         | <b>Total</b>                     | <b>8,97,72,035</b> | <b>100.00</b> |

## ➤ Plant Location(s):

1. D-48, MIDC, Baramati, District. Pune, Maharashtra 413133
2. B-1, MIDC, Chincholi - Kondi, Dist. Solapur, Maharashtra 413255
3. 31-A, MIDC Industrial Area, Butibori, Nagpur, Maharashtra 441122
4. 51-A, Industrial Area, Sector III, Pithampur, Madhya Pradesh 454774

## ➤ Address for Correspondence :

1. Registered Office Address : A-60, Okhla Industrial Area, Phase II, New Delhi 110 020  
Ph. 011 - 26387738, 41614999, Fax: 011 - 2638 5181.  
Email: 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  
E-mail : mdnair@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; 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 Krishan Gopal Goel, 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, 2017 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;
  - (i) significant changes in internal control over financial reporting during the year.
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) 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 29, 2017

Sd/-  
**Mukund Choudhary**  
 Managing Director

Sd/-  
**Krishan Gopal Goel**  
 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 financial year ended March 31, 2017, as stipulated in Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- 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 per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the year ended March 31, 2017.

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)

Sd/-

**Loveneet Handa**  
**FCS NO: 9055**  
**C.P No: 10753**

**New Delhi**  
**August 10, 2017**

**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, 2017, 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 relevant rules issued thereunder. 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. 42 of the standalone financial statements** which indicates that the Company has accumulated losses and its net worth has been fully eroded. Additionally, 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. 42, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue, as a going concern is dependent upon successful settlement with its secured creditors. In case the going concern concept is vitiated, necessary adjustment will be required in the carrying amount of assets and liabilities which are not ascertainable. However, the financial statements of the Company has been prepared on a going concern basis for the reasons stated in the said Note.
- b. **Note No. 43 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 ₹ 204,469,921/- in Amit Spinning Industries Limited, subsidiary of the Company. Significant uncertainties exist in relation to the recoverability of loans amounting to ₹ 320,128,019/-, interest accrued thereon ₹ 95,950,582/- and other outstanding amounting to ₹ 340,714,388/- 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. 32 the standalone financial statements on behalf of above subsidiary.
- c. **Note No. 45 of the standalone financial statements**, wherein, the Company has not charged to statement of profit & loss ₹ 10,135,376/- shown as claim receivables under the head " Other Non Current Assets" in the standalone financial statements.
- d. **Note No. 46 of the standalone financial statements** wherein, we are unable to comment on the recoverability of amounts relating to certain parties aggregating to ₹ 106,562,649/- included under the head " Long Term Loan & Advances" and "Other Non Current Assets" for which no provision has been made in the books of accounts.
- e. **Note No. 51 of the standalone financial statements** wherein, The Company has not charged to statement of profit & loss interest expenses of ₹ 600,718,984/-, related penal interest and other charges, if any in respect of delay in repayment of borrowings from banks. Further, interest expenses recognized till March 31, 2016 of ₹ 360,348,271/- has been reversed during the year and shown as extraordinary item in the standalone financial statements. Therefore, we are unable to comment on the adequacy of interest and other charges provided for in the statement of profit & loss.
- f. **Note No. 44 of the standalone financial statements**, wherein, we are unable to determine the amount of liability that may arise on account of corporate guarantee mentioned in Note No. 32 of the standalone financial statements on behalf of Spentex Netherland B.V., subsidiary of the Company.
- g. **Note No. 53 of the standalone financial statements** wherein, The Company has not provided requisite disclosures in the standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and we have been further informed that the collation of information is under process.

We further report that, without considering the impact of paragraph (a), (b), (f) and (g) 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 ₹ 1,762,451,991/- (as against the reported figure of ₹ 684,686,711/-), Reserves and Surplus would have been negative ₹ 4,750,329,318/- (as against negative reported figure ₹ 3,672,564,038/-), Finance Costs would have been ₹ 748,808,485/- (as against the reported figure of ₹ 148,089,501/-), Extraordinary expenses(net) would have been ₹ 340,666,771/- (as against the negative reported figure of ₹ 19,681,500/-), Other Non Current Assets would have been ₹ 97,072,392/- (as against the reported figure of ₹ 109,049,187/-), Long Term Loans and Advances would have been ₹ 564,641,765/- (as against the reported figure of ₹ 669,362,995/-), Other Current Liabilities would have been ₹ 3,629,205,255/- (as against the reported figure of ₹ 2,668,138,000/-).

#### 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, 2017 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. 45 of the standalone financial statements regarding balance recoverable of ₹18,410,722/- shown as advance to trade creditors 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.
- b. Note No. 4 of the standalone financial statement, wherein, the Company has not allotted shares against the share application amount of ₹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.
- c. Note No. 47 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.
- d. Note No. 48 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 2017-18 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.

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 relevant rule issued thereunder;
  - 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, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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. 32 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.
    - iv. The Company has not provided requisite disclosures in the standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and we have been further informed that the collation of information is under process. Refer Note No. 53 to the standalone financial statements.

**For J.C. Bhalla and Co.**

Chartered Accountants

Firm Regn. No.001111N

Sd/-

**(Akhil Bhalla)**

Partner

Membership No.505002

Place : New Delhi

Date : May 29, 2017

**SPENTEX INDUSTRIES LIMITED**

**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, 2017.

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 not been physically verified by the management during the year.
- (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 31.03.2017 | Net Block as on 31.03.2017 | Remarks  |
|-----------------------------------|------------------------------|----------------------------|--|
| Leasehold Land & Building thereon | ₹ 490,047,029                | ₹ 222,437,817              | 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 the 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), 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, 2017 for a period of more than six months from the date they became payable, are as follows:

| Name of the Statute            | Nature of the Dues             | Amount (₹) | Period to which the amount relates | Due Date                                       | Date of Payment  |
|--------------------------------|--------------------------------|------------|------------------------------------|--|------------------|
| Provident Fund Act             | Provident Fund                 | 21,541,361 | January 2016 to August 2016        | 15th of the next month to which amount relates | Unpaid Till date |
|                                | Interest payable               | 406,298    |                                    |  |                  |
| Employees' State Insurance Act | Employees' State Insurance Act | 2,816,821  | May 2016 to August 2016            | 21st of the next month to which amount relates | Unpaid Till date |
|                                | Interest payable               | 48,442     |                                    |  |                  |

| Name of the Statute     | Nature of the Dues | Amount (₹) | Period to which the amount relates | Due Date                                       | Date of Payment  |
|-------------------------|--------------------|------------|------------------------------------|--|------------------|
| Income Tax              | TDS&TCS            | 7,272,902  | April 2016 to August 2016          | 7th of the next month to which amount relates  | Unpaid Till date |
|                         | Interest payable   | 378,620    |                                    |  |                  |
| Finance Act 1994        | Service Tax        | 6,638,372  | May 2016 to August 2016            | 6th of the next month to which amount relates  | Unpaid Till date |
|                         | Interest payable   | 213,144    |                                    |  |                  |
| Profession Tax Act 1975 | Professional Tax   | 2,216,425  | June 2015 to August 2016           | 30th of the next month to which amount relates | Unpaid Till date |
|                         | Interest payable   | 26,486     |                                    |  |                  |

(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 (₹)                                     | Period to which the amount relates (F.Y.) | Forum where the dispute is pending   |
|---------------------------------------|--|--|---|--|
| <b>Income Tax</b>                     |  |  |   |  |
| The Income Tax Act, 1961              | Disallowance of goodwill amortisation & other expenses         | 10,875,657 (including amount paid ₹ 3,981,354) | AY 2001-02<br>AY 2003-04                  | Income Tax Tribunal Delhi Bench - ₹3,981,354/-<br>High Court - ₹ 6,894,303/- |
| The Income Tax Act, 1961              | Disallowances of various expenses viz. sales tax subsidy, etc. | 27,095,747 (including amount paid ₹ 2,000,000) | AY 2003-04<br>AY 2005-06<br>AY 2006-07    | High Court, New Delhi  |
| <b>Sales Tax</b>                      |  |  |   |  |
| The M.P. Commercial Tax Act, 1994     | Penalty - Purchase Tax demand                                  | 164,195 (including amount paid ₹ 128,195)      | 1996-97                                   | First Appellate Authority  |
| The M.P. Commercial Tax Act, 1994     | Sales Tax Demand   | 815,157 (including amount paid ₹ 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<br>2009-10                        | Assessing Authority, Indore  |
| The M.P. Commercial Tax Act, 1994     | Sales Tax Demand   | 455,160 (including amount Paid ₹ 1,13,795)     | 2013-14                                   | First Appellate Authority  |
| The M.P. Commercial Tax Act, 1994     | Sales Tax Demand   | 375,803 (including amount paid ₹ 105,250)      | 2010-11                                   | First Appellate Authority  |
| Entry Tax Act, 1976                   | Entry Tax demand   | 1,538,453 (including amount paid ₹ 414,844)    | 1992-97                                   | Assessing Authority, Indore  |
| Maharashtra Value Added Tax Act, 2002 | Sales Tax Demand   | 532,870 (including amount paid ₹ 200,000)      | 2004-05                                   | Deputy Commissioner, Nagpur  |
| Central Sales Tax, 1956               | Sales Tax Demand   | 2,999,290 (including amount paid ₹ 1,000,000)  | 2004-05                                   | Deputy Commissioner, Nagpur  |



**SPENTEX INDUSTRIES LIMITED**

|                                       |   |   |                    |  |
|---------------------------------------|---|---|--------------------|--|
| Central Sales Tax, 1956               | Sales Tax Demand  | 5,02,012<br>(including amount paid ₹ 50,250)      | 2014-15            | First Appellate Authority  |
| Central Sales Tax, 1956               | Sales Tax Demand  | 12,17,972<br>(including amount paid ₹ 1,21,800)   | 2014-15            | First Appellate Authority  |
| Central Sales Tax, 1956               | Sales Tax Demand  | 9,94,728<br>(including amount paid ₹ 99,500)      | 2014-15            | First Appellate Authority  |
| Central Sales Tax, 1956               | Sales Tax Demand  | 5,93,703  | 2008-09            | First Appellate Authority  |
| Maharashtra Value Added Tax Act, 2002 | Sales Tax Demand  | 3,60,62,378                                       | 2012-13            | Joint Commissioner Appeal, Pune  |
| Central Sales Tax, 1956               | Sales Tax Demand  | 5,24,37,641                                       | 2012-13            | Joint Commissioner Appeal, Pune  |
| <b>Finance Act</b>                    |   |   |                    |  |
| 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<br>(including amount paid ₹ 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<br>(including amount paid ₹ 10,915)       | Aug- 12            | 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 foreign commission  | 375,464<br>(including amount paid ₹ 13,705)       | Apr-11 to Mar-12   | Commissioner (Appeals), Central Excise, Bhopal                             |
| <b>Central Excise Act</b>             |   |   |                    |  |
| 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<br>(including amount paid ₹ 2,314,143) | Aug-04 to Apr-07   | Deputy Commissioner of Central Excise, Nagpur - ₹77,371/-                  |
|                                       |   |   |                    | Commissioner, Central Excise Nagpur - ₹72,693,700/-                        |
|                                       |   |   |                    | Customs, Excise & Service Tax Appellate Tribunal, New Delhi - ₹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/-<br>Commissioner (Appeals), ₹ 786,496/-<br>DC/AC- Rs 53,006  |
| The Central Excise Act, 1944 | Cenvat on samples used in quality control (Butibori unit)  | 333,101<br>(including amount paid ₹ 67,597)        | Apr-03 to Oct-13     | Customs, Excise & Service Tax Appellate Tribunal, Nagpur - ₹117,762/-<br>Deputy Commissioner, Central Excise, Nagpur - ₹ 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<br>(including amount paid ₹ 13,322,751) | Mar-04 to Feb-07     | High Court , Indore   |
| The Central Excise Act, 1944 | Cenvat on Capital Goods  | 5,332,642<br>(including amount paid ₹ 673,329)     | 2002-2003 to 2010-11 | Customs, Excise & Service Tax Appellate Tribunal, Nagpur - ₹2,565,854/-<br>Additional Commissioner of Central Excise, Nagpur - ₹2,551,564/-<br>Commissioner (Appeals), Central Excise Rs. 63,026<br>Deputy Commissioner of Central Excise, Nagpur- ₹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 | 120,459,431   | 1-90   |
| 2     | Axis Bank Ltd      | Term Loan                  | 75,402,034  | 1-90   |
| 3     | Bank of Baroda     | Term Loan                  | 77,186,000  | Non Performing asset (NPA) as on 31.03.2017. |
| 4     | Canara Bank        | Term Loan                  | 38,270,687  | Non Performing asset (NPA) as on 31.03.2017. |
| 5     | IDBI Bank Ltd      | Term Loan                  | 36,396,217  | Non Performing asset (NPA) as on 31.03.2017. |
| 6     | Indian Bank        | Term Loan                  | 185,165,657   | Non Performing asset (NPA) as on 31.03.2017. |
| 7     | IndusInd Bank Ltd  | Term Loan                  | 2,972,000   | 1-90   |
| 8     | ING Vysya Bank Ltd | Term Loan                  | 147,613,684   | Non Performing asset (NPA) as on 31.03.2017. |

**SPENTEX INDUSTRIES LIMITED**

|    |                           |                       |                      |  |
|----|---------------------------|-----------------------|----------------------|--|
| 9  | Oriental Bank Of Commerce | Term Loan             | 338,079,786          | Non Performing asset (NPA) as on 31.03.2017. |
| 10 | State Bank Of India       | Term Loan             | 876,502,047          | Non Performing asset (NPA) as on 31.03.2017. |
| 11 | State Bank Of India       | Short Term Borrowings | 1,679,819,418        | Non Performing asset (NPA) as on 31.03.2017. |
| 12 | Oriental Bank Of Commerce | Short Term Borrowings | 641,506,294          | Non Performing asset (NPA) as on 31.03.2017. |
| 13 | IndusInd Bank Ltd         | Short Term Borrowings | 24,070,285           | 1-90   |
| 14 | ING Vysya Bank Ltd        | Short Term Borrowings | 157,242,752          | Non Performing asset (NPA) as on 31.03.2017. |
| 15 | Indian Bank               | Short Term Borrowings | 210,897,684          | Non Performing asset (NPA)                   |
| 16 | Axis Bank Ltd.            | Short Term Borrowings | 141,641,526          | 1-90   |
|    | <b>Total</b>              |                       | <b>4,753,225,502</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 and Co.**  
**Chartered Accountants**  
**Firm Regn. No. 001111N**  
 Sd/-  
**(Akhil Bhalla)**  
**Partner**  
**Membership No.505002**

Place : New Delhi  
Date : May 29, 2017

**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, 2017.**

**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, 2017 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, 2017.

**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, 2017, 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, 2017 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 and Co.**  
**Chartered Accountants**  
**Firm Regn. No. 001111N**  
 Sd/-  
**(Akhil Bhalla)**  
**Partner**  
**Membership No.505002**

**Place : New Delhi**  
**Date : May 29, 2017**

**SPENTEX INDUSTRIES LIMITED**
**BALANCE SHEET AS AT 31ST March 2017**
**(Figures in ₹)**

| Particulars  | Note No. | As at<br>31st March, 2017 | As at<br>31st March, 2016 |
|--|----------|---------------------------|---------------------------|
| <b>EQUITY AND LIABILITIES</b>                        |          |                           |                           |
| <b>(1) Shareholder's funds</b>                       |          |                           |                           |
| a) Share capital                                     | 2        | 897,720,350               | 897,720,350               |
| b) Reserves & surplus                                | 3        | (3,672,564,038)           | (2,987,877,327)           |
|  |          | <b>(2,774,843,688)</b>    | <b>(2,090,156,977)</b>    |
| <b>(2) Share application money pending allotment</b> | 4        | <b>110,950,000</b>        | <b>110,950,000</b>        |
| <b>(3) Non-current liabilities</b>                   |          |                           |                           |
| a) Long-term borrowings                              | 5        | 426,693,420               | 255,736,213               |
| b) Other long term liabilities                       | 6        | 2,165,630                 | 6,401,740                 |
| c) Long-term provisions                              | 7        | 93,235,307                | 80,766,886                |
|  |          | <b>522,094,357</b>        | <b>342,904,839</b>        |
| <b>(4) Current liabilities</b>                       |          |                           |                           |
| a) Short-term borrowings                             | 8        | 2,923,101,438             | 2,967,513,105             |
| b) Trade payables                                    | 9        | 841,415,217               | 526,036,622               |
| c) Other current liabilities                         | 10       | 2,668,138,000             | 3,365,592,361             |
| d) Short-term provisions                             | 11       | 21,759,535                | 18,053,059                |
|  |          | <b>6,454,414,190</b>      | <b>6,877,195,147</b>      |
| <b>Total</b>   |          | <b>4,312,614,859</b>      | <b>5,240,893,009</b>      |
| <b>ASSETS</b>  |          |                           |                           |
| <b>(1) Non-current assets</b>                        |          |                           |                           |
| a) Fixed assets                                      |          |                           |                           |
| (i) Tangible assets                                  |          | 1,735,011,977             | 1,833,967,438             |
| (ii) Intangible assets                               |          | -                         | -                         |
| (iii) Capital work in progress                       |          | 2,338,342                 | 1,402,897                 |
| b) Non-current investment                            | 13       | 204,600,601               | 774,893,379               |
| c) Long-term loans and advances                      | 14       | 669,362,995               | 729,023,323               |
| d) Other non-current assets                          | 15       | 109,049,187               | 180,696,265               |
|  |          | <b>2,720,363,102</b>      | <b>3,519,983,302</b>      |
| <b>(2) Current Assets</b>                            |          |                           |                           |
| a) Inventories                                       | 16       | 555,637,669               | 452,246,981               |
| b) Trade receivables                                 | 17       | 415,717,858               | 454,120,903               |
| c) Cash and bank balances                            | 18       | 11,432,391                | 50,643,930                |
| d) Short-term loans and advances                     | 19       | 547,908,884               | 581,152,444               |
| e) Other current assets                              | 20       | 61,554,955                | 182,745,449               |
|  |          | <b>1,592,251,757</b>      | <b>1,720,909,707</b>      |
| <b>Total</b>   |          | <b>4,312,614,859</b>      | <b>5,240,893,009</b>      |

Significant accounting policies and notes (1 to 55) form an integral part of the standalone financial statements.

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

For and on behalf of the Board of Directors

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

Firm Reg. No. 001111N

Chartered Accountants

Sd/-

Akhil Bhalla

Partner

Membership No : 505002

Place : New Delhi

Date : May 29, 2017

Mukund Choudhary

Managing Director

Kapil Choudhary

Deputy Managing Director

Prakash Chandra Thakur

Company Secretary

Krishan Gopal Goel

CFO

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March 2017

|  |          | (Figures in ₹)                  |                                 |
|--|----------|---------------------------------|---------------------------------|
| Particulars  | Note No. | Year Ended<br>31 st March, 2017 | Year Ended<br>31 st March, 2016 |
| <b>INCOME</b>  |          |                                 |                                 |
| I. Revenue from operations (Gross)   | 21       | 7,830,647,388                   | 8,010,892,295                   |
| Less: Excise duty  |          | 16,229,458                      | 20,132,760                      |
| <b>Revenue from operations (Net)</b>   |          | <b>7,814,417,930</b>            | <b>7,990,759,535</b>            |
| II. Other income   | 22       | 105,185,017                     | 91,529,658                      |
| III. <b>Total revenue (I+ II)</b>  |          | <b>7,919,602,947</b>            | <b>8,082,289,193</b>            |
| <b>IV. EXPENSES</b>  |          |                                 |                                 |
| Cost of materials consumed   | 23       | 5,673,281,557                   | 5,336,814,738                   |
| Purchases of stock-in-trade  | 24       | 24,644,512                      | 51,247,419                      |
| Changes in inventories of finished goods,<br>Stock-in-trade and work-in-progress   | 25       | (22,802,891)                    | 74,320,023                      |
| Employee benefits expenses   | 26       | 927,955,150                     | 839,020,028                     |
| Finance costs ( Refer note No 52)  | 27       | 148,089,501                     | 770,097,849                     |
| Depreciation and amortization expense  | 12       | 108,082,304                     | 112,463,236                     |
| Other expenses   | 28       | 1,688,667,841                   | 1,707,437,770                   |
| Prior period items (Net)   | 29       | 19,402,897                      |                                 |
| <b>Total expenses</b>  |          | <b>8,567,320,871</b>            | <b>8,891,401,063</b>            |
| V. <b>Profit/(loss) before exceptional, extraordinary,<br/>and tax (III-IV)</b>  |          | <b>(647,717,924)</b>            | <b>(809,111,870)</b>            |
| VI. Exceptional Items  | 30       | 56,650,287                      | -                               |
| VII. <b>Profit/(loss) before,extraordinary, and tax (V-VI)</b>   |          | <b>(704,368,211)</b>            | <b>(809,111,870)</b>            |
| VIII Extraordinary items (Net)   | 31       | (19,681,500)                    | -                               |
| IX <b>Profit/(loss) before tax (VII-VIII)</b>  |          | <b>(684,686,711)</b>            | <b>(809,111,870)</b>            |
| X Tax expenses   |          |                                 |                                 |
| Deferred tax   |          | -                               | -                               |
| XI <b>Profit/(loss) for the year (IX- X)</b>   |          | <b>(684,686,711)</b>            | <b>(809,111,870)</b>            |
| <b>Earnings /(loss) per equity share of Rs. 10 each<br/>before and after extraordinary items:</b>                            | 36       |                                 |                                 |
| (a) Before extraordinary items:  |          |                                 |                                 |
| - Basic  |          | (7.85)                          | (9.01)                          |
| - Diluted  |          | (7.85)                          | (9.01)                          |
| (b) After extraordinary items:   |          |                                 |                                 |
| - Basic  |          | (7.63)                          | (9.01)                          |
| - Diluted  |          | (7.63)                          | (9.01)                          |
| <b>Significant accounting policies and notes (1 to 55) form<br/>an integral part of the standalone financial statements.</b> |          |                                 |                                 |

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

|                                     |   |                          |
|-------------------------------------|---|--------------------------|
| For <b>J.C.Bhalla &amp; Company</b> | For and on behalf of the Board of Directors<br>Mukund Choudhary | Managing Director        |
| Firm Reg. No. 001111N               | Kapil Choudhary   | Deputy Managing Director |
| Chartered Accountants               | Prakash Chandra Thakur  | Company Secretary        |
| Sd/-                                | Krishan Gopal Goel  | CFO                      |
| Akhil Bhalla                        |   |                          |
| Partner                             |   |                          |
| Membership No : 505002              |   |                          |
| Place : New Delhi                   |   |                          |
| Date : May 29, 2017                 |   |                          |

# SPENTEX INDUSTRIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(Figures in ₹)

| Particulars   | Year ended<br>31st March, 2017 | Year ended<br>31st March, 2016 |
|---|--------------------------------|--------------------------------|
| Profit /(loss) Before Tax   | (684,686,711)                  | (809,111,870)                  |
| Add:  |                                |                                |
| Depreciation with Prior Period Dep  | 108,082,304                    | 112,463,236                    |
| Prior period depreciation   | (5,296,880)                    | -                              |
| Unrealised Exchange Fluctuation (net)   | (12,738,966)                   | (3,084,577)                    |
| Investment written off  | 50,000                         | -                              |
| Liabilities no longer required written back   | (68,485,505)                   | (28,541,251)                   |
| Exceptional Items   | 56,650,287                     | -                              |
| Extraordinary items (Net)   | (19,681,500)                   | -                              |
| Loss/(Profit) on sale of fixed assets   | (626,392)                      | (5,812)                        |
| Dividend Income   | (3,120)                        | (3,580)                        |
| Interest Income   | (8,484,857)                    | (13,301,032)                   |
| Interest Expense  | 148,089,501                    | 770,097,849                    |
| <b>Operating Profit Before Working Capital Changes</b>  | <b>(487,131,839)</b>           | <b>28,512,964</b>              |
| Adjustments for changes in working capital :  |                                |                                |
| - (Increase)/Decrease in Trade Receivable   | (32,408,194)                   | (117,782,712)                  |
| - (Increase)/Decrease in Other Bank Balance, Short Term Loans and Advances and other current assets | 182,879,289                    | (93,209,051)                   |
| - (Increase)/Decrease in Long Term Loans and Advances   | 59,660,329                     | 87,950,335                     |
| - (Increase)/Decrease in Other Non Current Assets   | 3,476,093                      | 47,113,553                     |
| - (Increase)/Decrease in Inventories  | (103,390,688)                  | 175,090,370                    |
| - Increase/(Decrease) in Trade Payable  | 315,378,594                    | (228,790,901)                  |
| - Increase/(Decrease) in Other Non Current Liabilities  | (4,236,110)                    | 2,079,934                      |
| - Increase/(Decrease) in Other Current Liabilities  | 303,016,984                    | 112,026,417                    |
| - Increase/(Decrease) in Long Term Provisions   | 12,468,421                     | 3,775,927                      |
| - Increase/(Decrease) in Short Term Provisions  | 3,706,476                      | 1,693,186                      |
| Wealth Tax Paid   | -                              | (36,030)                       |
| <b>A. Cash Flow From Operating Activities</b>   | <b>253,419,355</b>             | <b>18,423,991</b>              |
| Purchase of Fixed Assets  | (13,102,711)                   | (18,486,599)                   |
| Investment in Equity Shares   | (92,340)                       | -                              |
| Sale proceeds of Fixed Assets   | 8,337,302                      | 574,220                        |
| Dividend Received   | 3,120                          | 3,580                          |
| Interest Received   | 9,946,010                      | 13,025,739                     |
| <b>B. Cash Flow From Investing Activities</b>   | <b>5,091,381</b>               | <b>(4,883,060)</b>             |
| Proceeds from Long Term Borrowings  | -                              | 147,651,614                    |
| Repayment of Non-convertible Debenture  | (43,756,866)                   | (56,225,977)                   |
| Repayment of Long Term Borrowings   | (54,991,806)                   | (145,787,662)                  |
| (Repayment)/proceed of short term Borrowings (net)  | (44,411,667)                   | 536,116,192                    |
| Vehicle Loans   | (265,990)                      | (1,874,875)                    |
| Interest Paid   | (125,015,946)                  | (483,842,617)                  |
| <b>C. Cash Flow From Financing Activities</b>   | <b>(268,442,275)</b>           | <b>(3,963,325)</b>             |
| <b>Increase/(Decrease) in Cash Equivalents {A+B+C}</b>  | <b>(9,931,539)</b>             | <b>9,577,605</b>               |
| Cash and Cash Equivalents at the Beginning of the Year  | 20,651,630                     | 11,074,025                     |
| Cash and Cash Equivalents at the End of the Year  | 10,720,091                     | 20,651,630                     |
| <b>Increase / (Decrease) in Cash/Cash Equivalents</b>   | <b>(9,931,539)</b>             | <b>9,577,605</b>               |
| <b>Notes :-</b>   |                                |                                |
| <b>Cash and cash equivalents comprise</b>   |                                |                                |
| Cash on hand  | 914,698                        | 1,791,472                      |
| In Current Accounts   | 9,805,393                      | 18,860,158                     |
|   | <b>10,720,091</b>              | <b>20,651,630</b>              |

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  
Sd/-  
Akhil Bhalla  
Partner  
Membership No : 505002  
Place : New Delhi  
Date : May 29, 2017

For and on behalf of the Board of Directors  
Mukund Choudhary Managing Director  
Kapil Choudhary Deputy Managing Director  
Prakash Chandra Thakur Company Secretary  
Krishan Gopal Goel CFO

**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.

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|                                       |   | (Amount in ₹)             |                           |
|---------------------------------------|---|---------------------------|---------------------------|
|                                       |   | As at<br>31st March, 2017 | As at<br>31st March, 2016 |
| <b>NOTE 2 : SHARE CAPITAL</b>         |   |                           |                           |
| <b>Authorised</b>                     |   |                           |                           |
| 114,000,000                           | Equity shares of ₹10/- each<br>(Previous Year 114,000,000 Equity shares)                              | 1,140,000,000             | 1,140,000,000             |
| 7,000,000                             | Redeemable Preference shares of ₹10/- each<br>(Previous Year 7,000,000 Redeemable Preference shares ) | 70,000,000                | 70,000,000                |
|                                       |   | <b>1,210,000,000</b>      | <b>1,210,000,000</b>      |
| <b>Issued, Subscribed and Paid up</b> |   |                           |                           |
| 89,772,035                            | Equity shares of ₹10/- each, fully paid up<br>(Previous Year 89,772,035 Equity shares)                | 897,720,350               | 897,720,350               |
|                                       |   | <b>897,720,350</b>        | <b>897,720,350</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 31 st March, 2017 |                    | As at 31st March, 2016 |                    |
|--|-------------------------|--------------------|------------------------|--------------------|
|  | No. of Shares           | Amount ( ₹ )       | No. of Shares          | Amount ( ₹ )       |
| Equity shares outstanding at the beginning of the year | 89,772,035              | 897,720,350        | 89,772,035             | 897,720,350        |
| Add: Equity shares issued during the year              | -                       | -                  | -                      | -                  |
| Equity shares outstanding at the end of the year       | <b>89,772,035</b>       | <b>897,720,350</b> | <b>89,772,035</b>      | <b>897,720,350</b> |

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

| Name of Shareholders   | As at 31 st March, 2017 |              | As at 31st March, 2016 |              |
|--|-------------------------|--------------|------------------------|--------------|
|  | No. of Shares held      | % of Holding | No. of Shares held     | % of Holding |
| Citigroup Venture Capital International Growth Partnership Mauritius Ltd. (VCIGPM LIMITED) | 19,252,650              | 21.45        | 19,252,650             | 21.45        |
| CLC Technologies Private Limited   | 18,300,000              | 20.38        | 18,300,000             | 20.38        |
| Mukund Choudhary   | 5,273,083               | 5.87         | 5,273,083              | 5.87         |
| Kapil Choudhary  | 5,228,530               | 5.82         | 5,228,530              | 5.82         |

|  |  | As at<br>31st March, 2017<br>₹ | As at<br>31st March, 2016<br>₹ |
|--|--|--------------------------------|--------------------------------|
| <b>NOTES 3 : RESERVES AND SURPLUS</b>                        |  |                                |                                |
| <b>Capital Reserve :</b>                                     |  |                                |                                |
| Capital reserve  |  | 138,231,706                    | 138,231,706                    |
| Share forfeiture reserve                                     |  | 7,179,250                      | 7,179,250                      |
| Profit on restructure  |  | 2,358,587                      | 2,358,587                      |
|  |  | <b>147,769,543</b>             | <b>147,769,543</b>             |
| <b>Securities Premium Account</b>                            |  |                                |                                |
|  |  | <b>1,028,273,822</b>           | <b>1,028,273,822</b>           |
| <b>Debenture Redemption Reserve</b>                          |  |                                |                                |
|  |  | <b>170,360,578</b>             | <b>170,360,578</b>             |
| <b>General Reserve</b>                                       |  |                                |                                |
|  |  | 28,186,801                     | 28,186,801                     |
| <b>Surplus/(Deficit) in the statement of profit and loss</b> |  |                                |                                |
| Opening balance  |  | (4,362,468,071)                | (3,553,356,201)                |
| Profit /(Loss) for the year                                  |  | (684,686,711)                  | (809,111,870)                  |
| Closing balance  |  | <b>(5,047,154,782)</b>         | <b>(4,362,468,071)</b>         |
|  |  | <b>(3,672,564,038)</b>         | <b>(2,987,877,327)</b>         |

## SPENTEX INDUSTRIES LIMITED

|  | As at<br>31st March, 2017 | (Amount in ₹)<br>As at<br>31st March, 2016 |
|--|---------------------------|--|
| <b>NOTE 4 : SHARE APPLICATION MONEY PENDING ALLOTMENT</b>  |                           |  |
| Share Application Money  | 110,950,000               | 110,950,000                                |
|  | <b>110,950,000</b>        | <b>110,950,000</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 . |                           |  |
| <b>NOTE 5 : LONG TERM BORROWINGS</b>   |                           |  |
| <b>Secured</b>   |                           |  |
| <b>(a) Debentures</b>  |                           |  |
| Redeemable Non-Convertible Debentures  | 112,131,490               | 155,888,356                                |
| <b>(b) Term Loans</b>  |                           |  |
| (i) Term loan from Banks (Refer Note no. 51)   | 1,775,391,281             | 2,472,696,238                              |
| (ii) Term Loan From Other (Refer Note No. 52)  | 354,100,000               | -  |
| (iii) Vehicle Loans  | 132,179                   | 398,169                                    |
| <b>Unsecured</b>   |                           |  |
| From related parties (Refer Note no. 35)*  | 49,900,003                | 49,900,003                                 |
|  | <b>2,291,654,954</b>      | <b>2,678,882,766</b>                       |
| Less-Amount disclosed under the head "other current liabilities" (Note-10)   | <b>1,864,961,533</b>      | <b>2,423,146,553</b>                       |
|  | <b>426,693,420</b>        | <b>255,736,213</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 debenture

Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Sh. Mukund Choudhary and Sh. 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 ₹ 112,131,490 (previous year ₹ 155,888,356) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 29,113,732 (previous year ₹ 14,556,866) was due for payment as on 31.03.2017 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 loan from bank

- (a) Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. 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 ₹ 527,321,695 (previous year ₹ 792,890,900) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 517,447,404 (previous year ₹ 748,747,430) existed on 31.03.2017, which ranges from 1 to 1064 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to ₹ 208,886,327 (previous year ₹ 211,677,452) repayable in 20 quarterly installments commencing from June, 2012. An amount of ₹ 208,886,327 (previous year ₹ 169,347,003) existed on 31.03.2017, which ranges from 1 to 1064 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to Nil (previous year ₹ 242,830,905) repayable in 23 quarterly installments commencing from June, 2012. An amount of Nil (previous year ₹ 242,830,905).

Amounting to ₹ 332,700,000 (previous year Nil) repayable in 15 quarterly installments commencing from December, 2017. For repayment schedule refer table no. 3 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 17 | FY 18 | FY 19 | FY 20 | FY 21 |
|---------------|-------|-------|-------|-------|-------|
| Principal (%) | 5.26  | 12.02 | 12.02 | 12.02 | 58.68 |
| ROI (%)       | 8.5   | 8.5   | 8.5   | 8.5   | 8.5   |

**(b) Funded Interest Term Loan**

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 current assets of the Company and additionally secured by personal guarantee of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary. The loan is also secured by pledge ₹ 24,575,918 shares of the Company on pari-passu basis. Loan amounting to ₹ 64,119,519 ( ₹ 64,119,519 ) 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 31.03.2017.

Amounting to ₹ 21,400,000 (previous year Nil) repayable in 15 quarterly installments commencing from December, 2017. For repayment schedule refer table no. 1 below.

Amounting to ₹ 44,456,848 (previous year ₹ 64,119,519) repayable in 16 quarterly installments commencing from June, 2012. An amount of ₹ 44,456,848 (previous year ₹ 62,487,206) existed on 31.03.2017, which ranges from 1 to 1064 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no.2 below.

Funded Interest Term Loan Repayment schedule Table No. 1

|               | FY 17 | FY 18 | FY 19 | FY 20 | FY 21 |
|---------------|-------|-------|-------|-------|-------|
| Principal (%) | 5.14  | 11.21 | 11.21 | 11.21 | 61.23 |
| ROI (%)       | 8.5   | 8.5   | 8.5   | 8.5   | 8.5   |

Funded Interest Term Loan Repayment schedule Table No. 2

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

**(c) Working Capital Term Loans**

Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. 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 ₹ 153,729,754 (previous year ₹ 154,793,686) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 153,729,754 (previous year ₹ 154,793,686) existed on 31.03.2017, which ranges from 1 to 1064 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to ₹ 280,198,922 (previous year ₹ 285,454,059 ) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 280,198,922 (previous year ₹ 261,425,120) existed on 31.03.2017, which ranges from 1 to 1064 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ₹ 307,264,355 (previous year ₹ 315,767,320 ) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 307,264,355 (previous year ₹ 290,050,602) existed on 31.03.2017, which ranges from 1 to 1064 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no. 3 below.

## SPENTEX INDUSTRIES LIMITED

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 Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. 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 ₹ 183,674,712 (previous year ₹ 264,468,515) repayable in 18 quarterly installments commencing from June, 2015. An amount of ₹ 155,445,780 (previous year ₹ 200,312,514) existed on 31.03.2017, which ranges from 1 to 1064 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no.1 below.

Amounting to ₹ 26,971,857 (previous year ₹ 27,563,366) repayable in 18 quarterly installments commencing from September, 2015. An amount of ₹ 26,971,857 (previous year ₹ 27,563,366) existed on 31.03.2017, which ranges from 1 to 1064 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ₹ 27,508,010 (previous year ₹ 97,751,611) repayable in 09 monthly installments commencing from May, 2016. An amount of ₹ 27,508,010 (previous year ₹ Nil) existed on 31.03.2017 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% | 13.50% | 13.50% | 13.50% | 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  | 22.24  | 22.24  | 5.56   |
| ROI (%)       | 13.50% | 13.50% | 13.50% | 13.50% | 13.50% | 13.50% |

Repayment schedule Table No. 3

|               | FY 17  |
|---------------|--------|
| Principal (%) | 100    |
| ROI (%)       | 12.50% |

### (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 31.03.2017. For repayment schedule refer table below

Repayment schedule Table

|                    | FY 14     | FY 15     | FY 16     | FY 17   | FY 18   |
|--------------------|-----------|-----------|-----------|---------|---------|
| Principal ( in ₹ ) | 2,730,211 | 2,769,203 | 1,874,682 | 265,990 | 132,179 |

|  | (Amount in ₹)             |                           |
|--|---------------------------|---------------------------|
|  | As at<br>31st March, 2017 | As at<br>31st March, 2016 |
| <b>NOTE 6 : OTHER LONG - TERM LIABILITIES</b>    |                           |                           |
| Security Deposit                                 | 2,165,630                 | 6,401,740                 |
|  | <b>2,165,630</b>          | <b>6,401,740</b>          |
| <b>NOTE 7 : LONG - TERM PROVISIONS</b>           |                           |                           |
| Provision for Employee Benefits:                 |                           |                           |
| - Gratuity                                       | 75,504,818                | 65,291,541                |
| - Leave encashment                               | 17,730,489                | 15,475,345                |
|  | <b>93,235,307</b>         | <b>80,766,886</b>         |
| <b>NOTE 8 : SHORT - TERM BORROWINGS</b>          |                           |                           |
| <b>From banks (Secured)</b>                      |                           |                           |
| - Repayable on demand (Refer Note no. 51)*       | 2,855,177,959             | 2,894,613,105             |
| - Other loans                                    | -                         | -                         |
| <b>From Others (Unsecured)</b>                   |                           |                           |
| - Inter corporate deposits (repayable on demand) | 67,923,479                | 72,900,000                |
|  | <b>2,923,101,438</b>      | <b>2,967,513,105</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 at 31st March 2017 was ₹ 2,713,536,433 ( ₹ 1,124,330,891).

**NOTE 9 : TRADE PAYABLES**

|  |                    |                    |
|--|--------------------|--------------------|
| Trade payables   |                    |                    |
| - Total outstanding dues of micro enterprises and small enterprises                      | -                  | -                  |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 841,415,217        | 526,036,622        |
|  | <b>841,415,217</b> | <b>526,036,622</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:-

|   |   |   |
|---|---|---|
| 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 year:  |   |   |
| a. Principal amount   | - | - |
| 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 | - | - |

# SPENTEX INDUSTRIES LIMITED

|  | As at<br>31st March, 2017 | (Amount in ₹)<br>As at<br>31st March, 2016 |
|--|---------------------------|--|
| <b>NOTE 10 : OTHER CURRENT LIABILITIES</b>                   |                           |  |
| <b>Secured</b>   |                           |  |
| <b>Current Maturities of Long-Term Debts* :</b>              |                           |  |
| - Debentures   | 87,341,196                | 72,784,330                                 |
| - Term loan from banks                                       | 1,758,888,158             | 2,349,964,054                              |
| Term Loan From Other   | 18,600,000                | -  |
| - Vehicle loans  | 132,179                   | 398,169                                    |
| <b>Unsecured</b>   |                           |  |
| Interest accrued and due on borrowings (Refer Note no. 51)** | 10,524,769                | 384,325,583                                |
| Advance from customers                                       | 60,532,962                | 84,792,703                                 |
| Book Overdraft   | 14,095,313                | 16,871,161                                 |
| Employee Benefits Payables                                   | 120,478,085               | 85,990,181                                 |
| Statutory dues payable                                       | 130,618,303               | 57,506,053                                 |
| Other payables   | 466,927,034               | 312,960,127                                |
|  | <b>2,668,138,000</b>      | <b>3,365,592,361</b>                       |

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

\*\* There is a default of 10,524,769/- (previous year 384,325,583) existing as on 31.03.2017, which ranges from 1 to 1064 days, is yet to be paid.

## NOTE 11 : SHORT TERM PROVISIONS

### Provision for Employee Benefits:

|  |                   |                   |
|--|-------------------|-------------------|
| - Gratuity                                 | 7,771,360         | 2,891,884         |
| - Leave encashment                         | 2,234,573         | 3,597,171         |
| Provision for excise duty on closing stock | 11,753,602        | 11,564,004        |
|  | <b>21,759,535</b> | <b>18,053,059</b> |

## NOTE 12 : FIXED ASSETS

Amount in ₹

| Particulars                    | Tangible Assets |                |               |                   |                   |                      |            | Intangible Assets |            | Total         |
|--------------------------------|-----------------|----------------|---------------|-------------------|-------------------|----------------------|------------|-------------------|------------|---------------|
|                                | Freehold Land   | Leasehold Land | Buildings     | Plant & Machinery | Office Equipments | Furniture & Fixtures | Vehicle    | Goodwill          | Software   |               |
| <b>Gross block</b>             |                 |                |               |                   |                   |                      |            |                   |            |               |
| At 1 April 2015                | 3,890,357       | 54,299,243     | 1,192,838,430 | 4,966,319,757     | 91,955,698        | 38,940,522           | 37,270,238 | 108,910,417       | 34,083,867 | 6,528,508,529 |
| Additions                      | -               | -              | -             | 18,295,696        | 534,600           | -                    | -          | -                 | -          | 18,830,296    |
| Disposals                      | -               | -              | -             | -                 | 176,152           | 95,000               | 2,132,484  | -                 | -          | 2,403,636     |
| At 31 March 2016               | 3,890,357       | 54,299,243     | 1,192,838,430 | 4,984,615,453     | 92,314,146        | 38,845,522           | 35,137,754 | 108,910,417       | 34,083,867 | 6,544,935,189 |
| Additions                      | -               | -              | 937,910       | 9,536,737         | 1,031,889         | 576,729              | 84,000     | -                 | -          | 12,167,266    |
| Disposals                      | -               | -              | -             | 15,819,338        | 266,710           | 45,000               | 5,156,674  | -                 | -          | 21,287,722    |
| At 31st March 2017             | 3,890,357       | 54,299,243     | 1,193,776,340 | 4,978,332,853     | 93,079,326        | 39,377,251           | 30,065,080 | 108,910,417       | 34,083,867 | 6,535,814,734 |
| <b>Depreciation</b>            |                 |                |               |                   |                   |                      |            |                   |            |               |
| At 1 April 2015                | -               | 25,306,242     | 503,852,434   | 3,784,020,685     | 78,977,077        | 35,803,727           | 29,379,484 | 108,910,417       | 34,083,867 | 4,600,333,933 |
| Charge for the year            | -               | 2,655,800      | 41,193,193    | 59,064,955        | 4,579,595         | 2,522,155            | 2,447,538  | -                 | -          | 112,463,236   |
| Disposals                      | -               | -              | -             | -                 | 108,422           | 30,717               | 1,690,277  | -                 | -          | 1,829,416     |
| Transferred to General reserve | -               | -              | -             | -                 | -                 | -                    | -          | -                 | -          | -             |
| At 31 March 2016               | -               | 27,962,042     | 545,045,627   | 3,843,085,640     | 83,448,250        | 38,295,165           | 30,136,745 | 108,910,417       | 34,083,867 | 4,710,967,753 |
| Charge for the year            | -               | 632,023        | 41,078,630    | 61,557,947        | 1,274,184         | 2,157,443            | 1,382,077  | -                 | -          | 108,082,304   |
| Disposals                      | -               | -              | -             | 8,041,543         | 140,016           | 25,004               | 4,743,857  | -                 | -          | 12,950,420    |
| Prior Period Depreciation      | -               | -              | -             | (1,354,625)       | (5,910)           | (3,701,548)          | (234,797)  | -                 | -          | (5,296,880)   |
| At 31st March 2017             | -               | 28,594,065     | 586,124,257   | 3,895,247,419     | 84,576,508        | 36,726,056           | 26,540,168 | 108,910,417       | 34,083,867 | 4,800,802,757 |
| <b>Net Block</b>               |                 |                |               |                   |                   |                      |            |                   |            |               |
| At 31.03.2016                  | 3,890,357       | 26,337,201     | 647,792,803   | 1,141,529,813     | 8,865,896         | 550,357              | 5,001,009  | -                 | -          | 1,833,967,438 |
| At 31st March, 2017            | 3,890,357       | 25,705,178     | 607,652,083   | 1,083,085,434     | 8,502,818         | 2,651,195            | 3,524,912  | -                 | -          | 1,735,011,977 |

|  |             | (Amount in ₹)             |                           |
|--|-------------|---------------------------|---------------------------|
|  | Nos.        | As at 31st<br>March, 2017 | As at 31st<br>March, 2016 |
| <b>NOTE 13 : NON CURRENT INVESTMENTS (AT COST)</b>   |             |                           |                           |
| <b>(Long Term Investments)</b>   |             |                           |                           |
| <b>1. Investment in Equity Instruments</b>   |             |                           |                           |
| <b>(a) In subsidiaries (Trade &amp; Quoted)</b>  |             |                           |                           |
| Amit Spinning Industries Limited<br>(Equity Shares of ₹ 5/- each, fully paid up)                         | 20,981,077  | 204,469,921               | 20,981,077 204,469,921    |
| <b>(b) In subsidiaries (Trade &amp; Unquoted)</b>  |             |                           |                           |
| Spentex Netherlands B.V.<br>(Face value Euro 1/- each, fully paid)                                       | 18,200      | 561,011,339               | 18,200 561,011,339        |
| Less: Provision for Long term investment   |             | (561,011,339)             | -                         |
| Spentex Mauritius P Ltd<br>(Face value US Dollar 1/- each, fully paid)                                   | 2           | 90<br>(90)                | 2 90                      |
| Less: Provision for Long term investment   |             | -                         | (90)                      |
| Spentex Tashkent Toytepa LLC#  |             | 9,323,779                 | 9,323,779                 |
| Less: Provision for Long term investment   |             | (9,323,779)               | -                         |
| <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<br>Baramati Co-operative Bank Limited                  | 1,300       | 26,000                    | 1,300 26,000              |
| Equity Shares of ₹ 50/- each fully paid up of The<br>Sadguru Jangli Maharaj Co-operative Bank Ltd.       | 1,000       | -                         | 1,000 50,000              |
| Equity Shares of ₹ 10/-each fully paid up of Spencer<br>& Co. Limited 200                                | 7,563       | 200                       | 7,56                      |
| Equity Shares of ₹ 0.19/-each fully paid up of OPGS<br>Power Gujarat Private Limited                     | 486,000     | 92,340                    | - -                       |
| Less: Provision for Investment STTL & SNBV &<br>Spentex Mauritius  |             |                           |                           |
|  |             | <b>204,600,601</b>        | <b>774,893,379</b>        |
| Aggregate book value of :  |             |                           |                           |
| Quoted investments   |             | 204,474,698               | 204,474,698               |
| Unquoted investments   |             | 125,903                   | 570,418,681               |
| Aggregate market value of quoted investment  |             | 23,085,945                | 16,997,222                |
| Aggregate provision on Non Current Investment  |             | 570,335,118               | 90                        |
| # The Company has participating interest of 0.82% in<br>Charter Capital of Spentex Tashkent Toytepa, LLC |             |                           |                           |
| <b>NOTE 14 : LONG - TERM LOANS AND ADVANCES</b>  |             |                           |                           |
| <b>Unsecured, Considered Good Unless Otherwise Stated</b>  |             |                           |                           |
| Security deposit   |             | 78,268,350                | 55,797,312                |
| <b>Loans and advances to subsidiaries</b>  |             |                           |                           |
| Amit Spinning Industries Limited   | 320,128,019 | 320,128,019               |                           |
| Spentex (Netherlands) B.V.   | 95,070,902  | 95,070,902                | 415,198,921               |
| Less: Provision for doubtful advances  | 95,070,902  | 320,128,019               |                           |
| Balance with Customs , Excise, Govt Authorities, etc.  |             |                           |                           |
| - Considered good  | 102,504,286 | 116,868,282               |                           |
| - Considered doubtful  | 5,000,000   | 5,000,000                 |                           |
| Less: Provision for doubtful advances  | 5,000,000   | 102,504,286               | 116,868,282               |
| Advance to employees of the company  |             | 1,413,291                 | 907,120                   |
| Advance against expenses   |             | 89,169,266                | 97,527,702                |
| {Includes advance to subsidiary ₹ 4,34,75,354 /-<br>(Previous Year ₹ 4,34,75,354/-)}                     |             |                           |                           |
| Advance to trade creditors   |             |                           |                           |
| - Considered good  | 71,463,057  | 35,171,994                |                           |
| - Considered doubtful  | 167,395,327 | 167,395,327               |                           |
| Less: Provision for doubtful advance   | 167,395,327 | 71,463,057                | 35,171,994                |
| Advance tax/ tax deducted at source  |             | 6,416,726                 | 7,551,992                 |
|  |             | <b>669,362,995</b>        | <b>729,023,323</b>        |



# SPENTEX INDUSTRIES LIMITED

|   |             |                           |             | (Amount in ₹)             |
|---|-------------|---------------------------|-------------|---------------------------|
|   |             | As at 31st<br>March, 2017 |             | As at 31st<br>March, 2016 |
| <b>NOTE 15 : OTHER NON CURRENT ASSETS</b>   |             |                           |             |                           |
| <b>Unsecured, Considered Good Unless Otherwise Stated</b>                             |             |                           |             |                           |
| Trade receivables   |             |                           |             |                           |
| - Considered good   | 1,841,419   |                           | 70,012,404  |                           |
| - Considered doubtful   | 56,650,287  |                           | 3,856,028   |                           |
| Less:- Provision for doubtful trade receivables                                       | 56,650,287  | 1,841,419                 | 3,856,028   | 70,012,404                |
| Export incentives   | -           |                           | 2,695,093   |                           |
| Claims receivables  |             | 11,257,186                |             | 12,038,186                |
| Interest accrued on loan to others  |             | 95,950,582                |             | 95,950,582                |
|   |             | <b>109,049,187</b>        |             | <b>180,696,265</b>        |
| <b>NOTE 16 : INVENTORIES*</b>   |             |                           |             |                           |
| Raw materials   |             | 150,999,826               |             | 67,922,482                |
| {Includes Goods in Transit ₹ 15,876,109 (Previous Year ₹ 6,090,278)}                  |             |                           |             |                           |
| Work-in-process   |             | 117,985,877               |             | 131,201,115               |
| <b>Finished goods</b>   |             |                           |             |                           |
| - Manufactured  | 254,240,381 |                           | 215,329,223 |                           |
| - Stock in Trade  | 882,238     | 255,122,619               | 2,323,960   | 217,653,183               |
| Stores, spares & packing materials  |             | 23,331,857                |             | 25,284,911                |
| Cotton Waste  |             | 8,197,490                 |             | 10,185,290                |
|   |             | <b>555,637,669</b>        |             | <b>452,246,981</b>        |
| *Refer accounting policy for mode of valuation.                                       |             |                           |             |                           |
| <b>NOTE 17 : TRADE RECEIVABLE</b>   |             |                           |             |                           |
| <b>Unsecured, Considered Good Unless Otherwise Stated</b>                             |             |                           |             |                           |
| Outstanding for a period exceeding six months from the date they are due for payments |             | 47,370,727                |             | 25,910,575                |
| Others  |             | 368,347,132               |             | 428,210,327               |
|   |             | <b>415,717,859</b>        |             | <b>454,120,903</b>        |
| <b>NOTE 18 : CASH AND BANK BALANCES</b>   |             |                           |             |                           |
| <b>Cash &amp; Cash Equivalent</b>   |             |                           |             |                           |
| Cash on hand  |             | 914,698                   |             | 1,791,472                 |
| Balance with banks  |             | 9,805,393                 |             | 18,860,158                |
| <b>Others Bank Balances</b>   |             |                           |             |                           |
| Fixed deposit with more than 3 month maturity from the original date                  |             | 712,300                   |             | 29,992,300                |
|   |             | <b>11,432,391</b>         |             | <b>50,643,930</b>         |
| *Earmarked against the corresponding liabilities.                                     |             |                           |             |                           |
| <b>NOTE 19 : SHORT TERM LOANS AND ADVANCES</b>  |             |                           |             |                           |
| <b>Unsecured, Considered Good Unless Otherwise Stated</b>                             |             |                           |             |                           |
| Prepaid expenses  |             | 3,340,685                 |             | 6,948,087                 |
| Balance with Customs , Excise, Govt Authorities, etc.                                 |             | 105,844,200               |             | 71,071,998                |
| Advance to employees of the company   |             | 716,170                   |             | 7,223,423                 |
| Advance to trade payables   |             | 427,264,482               |             | 481,779,155               |
| {Includes advance to subsidiary ₹ 29,78,47,006 (Previous Year ₹ 27,15,93,911)}        |             |                           |             |                           |
| Advance against expenses  |             | 10,743,347                |             | 14,129,781                |
|   |             | <b>547,908,884</b>        |             | <b>581,152,444</b>        |
| <b>NOTE 20 : OTHER CURRENT ASSETS</b>   |             |                           |             |                           |
| Fixed Assets held for sale  |             | 1,830,104                 |             | 2,581,970                 |
| Export incentives   |             | 17,407,993                |             | 51,163,831                |
| Claims receivables  |             | 41,704,030                |             | 126,925,664               |
| Interest accrued on deposit   |             | 612,827                   |             | 2,073,984                 |
|   |             | <b>61,554,955</b>         |             | <b>182,745,449</b>        |

|   | (Amount in ₹)                  |                                |
|---|--------------------------------|--------------------------------|
|   | Year Ended<br>31 st March-2017 | Year Ended<br>31 st March,2016 |
| <b>NOTE 21 : REVENUE FROM OPERATIONS ( Gross)</b>   |                                |                                |
| <b>From Sale of Manufactured Goods</b>  |                                |                                |
| - Man made fibre yarn   | 903,979,949                    | 799,671,506                    |
| - Polyester cotton yarn   | 3,195,790,590                  | 4,243,852,401                  |
| - Cotton yarn   | 3,138,629,372                  | 2,065,255,189                  |
| - Others  | 160,959,079                    | 372,188,041                    |
|   | 7,399,358,990                  | 7,480,967,137                  |
| <b>From Sale of Traded Goods</b>  |                                |                                |
| - Cotton yarn   | -                              | 7,589,199                      |
| - Clothes (Fabrics)   | 30,376,060                     | 66,476,834                     |
| Waste sale  | 338,878,174                    | 349,679,668                    |
| <b>Other operating income</b>   |                                |                                |
| - Export Incentive  | 62,034,164                     | 106,179,457                    |
|   | <b>7,830,647,388</b>           | <b>8,010,892,295</b>           |
| <b>NOTE 22 : OTHER INCOME</b>   |                                |                                |
| Commission income   | 101,543                        | 79,788                         |
| Interest income   | 8,484,857                      | 13,301,032                     |
| Profit on sale of Fixed Assets (net)  | 626,392                        | 5,812                          |
| Dividend Income from non-current investment   | 3,120                          | 3,580                          |
| Rent income   | 105,000                        | 72,000                         |
| Liabilities / Provisions no longer required written back  | 68,485,505                     | 28,541,251                     |
| Net gain on foreign currency transactions   | 8,076,767                      | 26,360,519                     |
| Miscellaneous income  | 19,301,833                     | 23,165,676                     |
|   | <b>105,185,017</b>             | <b>91,529,658</b>              |
| <b>NOTE 23 : COST OF MATERIAL CONSUMED</b>  |                                |                                |
| Opening inventory   | 67,922,482                     | 164,884,634                    |
| Purchases   | 5,756,358,900                  | 5,239,852,586                  |
| Closing inventory   | 150,999,826                    | 67,922,482                     |
|   | <b>5,673,281,557</b>           | <b>5,336,814,738</b>           |
| <b>Additional disclosures regarding cost of material consumed:</b>                                    |                                |                                |
| Cotton  | 4,075,470,325                  | 3,349,258,563                  |
| Polyester staple fiber  | 1,345,642,705                  | 1,260,959,464                  |
| Viscose staple fiber  | 198,533,019                    | 266,258,648                    |
| Others  | 53,635,507                     | 460,338,063                    |
|   | <b>5,673,281,557</b>           | <b>5,336,814,738</b>           |
| <b>Additional disclosures regarding closing inventory of Raw Material:</b>                            |                                |                                |
| Cotton  | 32,252,047                     | 38,100,767                     |
| Polyester staple fiber  | 28,225,894                     | 18,678,571                     |
| Viscose staple fiber  | 208,728                        | 3,056,794                      |
| Others  | 90,313,156                     | 8,086,350                      |
|   | 150,999,826                    | 67,922,482                     |
| <b>NOTE 24 : PURCHASES OF STOCK - IN - TRADE</b>  |                                |                                |
| Cotton yarn   | -                              | 6,899,271                      |
| Clothes   | 24,644,512                     | 44,348,147                     |
|   | <b>24,644,512</b>              | <b>51,247,419</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  | 215,329,223                    | 307,589,470                    |
| (b) Traded  | 2,323,960                      | 2,709,741                      |
| Work in progress  | 131,201,115                    | 116,810,245                    |
| Cotton waste  | 10,185,290                     | 7,942,030                      |
|   | <b>359,039,588</b>             | <b>435,051,485</b>             |

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|  | Year Ended<br>31 st March-2017 | (Amount in ₹)<br>Year Ended<br>31 st March,2016 |
|--|--------------------------------|---|
| <b>Less: Closing inventory</b>                           |                                |   |
| Finished goods:  |                                |   |
| (a) Manufactured   | 254,240,381                    | 215,329,223                                     |
| (b) Traded   | 882,238                        | 2,323,960                                       |
| Work in progress   | 117,985,877                    | 131,201,115                                     |
| Cotton waste   | 8,197,490                      | 10,185,290                                      |
|  | <b>381,305,986</b>             | <b>359,039,588</b>                              |
| Inventory Written Off                                    | (726,091)                      | -   |
| Sub Total  | <b>(22,992,489)</b>            | <b>76,011,897</b>                               |
| Excise duty on increase / (decrease) in inventories      | 189,598                        | (1,691,874)                                     |
| (Increase) /decrease in inventory                        | <b>(22,802,891)</b>            | <b>74,320,023</b>                               |
| <b>NOTE 26 : EMPLOYEE BENEFITS EXPENSES</b>              |                                |   |
| Salaries, wages and bonus                                | 775,193,066                    | 697,976,487                                     |
| Contribution to provident funds & other funds            | 65,982,388                     | 59,104,450                                      |
| Staff welfare expenses                                   | 86,779,696                     | 81,939,091                                      |
|  | <b>927,955,150</b>             | <b>839,020,028</b>                              |
| <b>NOTE 27 : FINANCE COSTS</b>                           |                                |   |
| Interest expenses from Bank:                             |                                |   |
| - On Non convertible debentures                          | 17,752,010                     | 28,097,738                                      |
| - On borrowings  | 39,363,361                     | 603,673,834                                     |
| - On other than borrowings                               | 15,299,948                     | 56,741,539                                      |
| Interest expenses from others                            | 63,802,039                     | 41,238,133                                      |
| Other borrowing cost                                     | 11,872,142                     | 40,346,604                                      |
|  | <b>148,089,501</b>             | <b>770,097,849</b>                              |
| <b>NOTE 28 : OTHER EXPENSES</b>                          |                                |   |
| Store, spares and packing materials consumed             | 251,156,944                    | 242,261,505                                     |
| Sub contracting charges                                  | 31,765,316                     | 23,706,083                                      |
| Power & fuel   | 915,282,873                    | 932,979,669                                     |
| Rent   | 5,625,652                      | 4,141,128                                       |
| Rates & taxes  | 5,699,075                      | 6,791,588                                       |
| <b>Repair &amp; maintenance-</b>                         |                                |   |
| - Plant & machinery                                      | 16,148,439                     | 14,248,188                                      |
| - Building   | 2,121,891                      | 1,492,903                                       |
| - Others   | 12,312,981                     | 8,188,978                                       |
| <b>Insurance expenses-</b>                               |                                |   |
| - Buildings  | 51,678                         | 127,236   |
| - Plant & machinery                                      | 197,787                        | 898,033   |
| - Inventory  | 25,433                         | 104,495   |
| - Others   | 5,071,970                      | 4,977,565                                       |
| Communication expenses                                   | 7,510,873                      | 7,380,623                                       |
| Travelling & conveyance expenses                         | 58,163,204                     | 59,267,946                                      |
| Legal & Professional charges                             | 22,846,374                     | 128,018,558                                     |
| Commission on sales                                      | 18,887,271                     | 33,225,877                                      |
| Freight outward and clearing charges (net of recoveries) | 84,691,549                     | 132,500,855                                     |
| Director sitting fees                                    | 582,204                        | 654,644   |
| Loss on sale of assets held for sale (Net)               |                                |   |
| Selling & distribution expenses                          | 68,062,797                     | 55,727,877                                      |
| Bad debts/Amount written off                             | 116,587,340                    | 13,549,558                                      |
| Service tax cenvat reversal                              | 27,946,550                     | 6,823,563                                       |
| Miscellaneous expenses                                   | 35,753,067                     | 28,364,309                                      |
| <b>Payment to auditors (excluding service tax):</b>      |                                |   |
| - Audit fees   | 1,800,000                      | 1,800,000                                       |
| - For other services                                     | 184,516                        | 25,811  |
| - For reimbursement of expenses                          | 192,058                        | 180,780   |
|  | <b>1,688,667,841</b>           | <b>1,707,437,770</b>                            |

|  | Year Ended<br>31 st March-2017 | (Amount In ₹)<br>Year Ended<br>31 st March,2016 |
|--|--------------------------------|---|
| <b>NOTE 29 PRIOR PERIOD ITEMS</b>                      |                                |   |
| Excess Depreciation Reversed                           | 5,296,880                      | -   |
| Excess Provision on Power Bill Reversed                | 1,558,034                      | -   |
|  |                                | -   |
| <b>Prior period income (a)</b>                         | <b>6,854,914</b>               | -   |
| Carrying cost, insurance & trade premium etc on cotton | 26,257,811                     | -   |
|  | -                              | -   |
| <b>Prior period expenses (b)</b>                       | <b>26,257,811</b>              | -   |
| <b>Net Prior period Items(b-a)</b>                     | <b>19,402,897</b>              | -   |
| <b>NOTE 30 Exceptional items(Net)</b>                  |                                |   |
| Provision For Export Debtors                           | 56,650,287                     | -   |
|  | <b>56,650,287</b>              | -   |
| <b>NOTE 31 Extraordinary items</b>                     |                                |   |
| Bank Borrowing Written Back                            | 244,507,562                    | -   |
| Finance Cost on Borrowing Written Back                 | 440,579,958                    | -   |
|  |                                | -   |
| <b>Extraordinary income (a)</b>                        | <b>685,087,520</b>             | -   |
| Provision for Long Term Investment                     | 570,335,118                    | -   |
| Provision for Advance                                  | 95,070,902                     | -   |
|  |                                | -   |
| <b>Extraordinary expenses (b)</b>                      | <b>665,406,020</b>             | -   |
|  |                                | -   |
| <b>Net Extraordinary Items(b-a)</b>                    | <b>(19,681,500)</b>            | -   |

**NOTE 32 : CONTINGENT LIABILITIES****i. Contingent liabilities not provided for in respect of :**

(Amount In ₹)

| Description   | Year ended<br>31st March, 2017 | Year ended<br>31st March, 2016 |
|---|--------------------------------|--------------------------------|
| <b>Contingent Liabilities Not Provided For:</b>   |                                |                                |
| a) Demands from income tax authorities under appeal   | 37,971,404                     | 74,375,239                     |
| b) Demands from sales tax authorities under appeal  | 100,659,595                    | 9,481,297                      |
| c) Show cause notices/demands raised by excise / customs department (including applicable penalties), not acknowledged as debts | 148,490,339                    | 278,670,396                    |
| d) Show cause notices/demands raised by MP Government / MPEB department not acknowledged as debts                               | 162,143,222                    | 125,056,000                    |
| e) Claims against the company not acknowledged as debts   | 812,891,366                    | 731,186,818                    |
| f) Guarantees and letters of credit issued on behalf of the company, outstanding at the year end                                | 59,279,455                     | 70,779,455                     |
| g) Bills Discounted with banks on behalf of the company, outstanding at the year end  | 7,123,000                      | 68,778,805                     |
| h) Corporate Guarantee given to IREDA for loan to M/s Himalayan Crest Power Private Limited                                     | 145,290,136                    | 153,382,019                    |
| i) Corporate Guarantee given to AXIS Bank Ltd.& UCO Bank for loan to M/s Amit Spinning Industries Limited                       | 294,302,104                    | 339,949,639                    |

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|   |               |               |
|---|---------------|---------------|
| 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)  | 129,710,000   | 132,500,0000  |
| l) Corporate Guarantee given to SBI-Tokyo Brach for loan to Spentex (Netherlands) B.V. Current Year USD 22,009,732 (previous year USD 21,427,318)**   | 1,427,441,169 | 1,419,559,818 |

\*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 ₹)

| Description  | Year ended<br>31st March,<br>2017 | Year ended<br>31st March,<br>2016 |
|--|-----------------------------------|-----------------------------------|
| Estimated value of contracts remaining to be executed on capital account | -                                 | -                                 |

### NOTE 33 : 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.

(Amount In ₹)

|   | 2016-17           |                   | 2015-16           |                  |
|---|-------------------|-------------------|-------------------|------------------|
|   | Gratuity          | Leave Encashment  | Gratuity          | Leave Encashment |
|   | Funded            | Unfunded          | Funded            | Unfunded         |
| <b>A. Components of Employer Expense</b>                            |                   |                   |                   |                  |
| Current service cost  | 9,205,933         | 3,558,529         | 8,462,865         | 3,138,661        |
| Interest cost   | 7,275,939         | 1,425,504         | 7,084,554         | 1,674,613        |
| Curtailment cost/(credit)   | -                 | -                 | -                 | -                |
| Settlement cost/(credit)  | -                 | -                 | -                 | -                |
| Return on plan assets   | (452,920)         | -                 | (2,332,642)       | -                |
| Past service cost   | -                 | -                 | -                 | -                |
| Actuarial losses/(gains)  | 6,558,543         | 5,627,827         | 1,178,268         | (3,797,479)      |
| <b>Total expense recognized in the statement of profit and loss</b> | <b>22,587,495</b> | <b>10,611,860</b> | <b>14,393,045</b> | <b>1,015,795</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, 2017** (Amount In ₹)

|  | 2016-17            |                   | 2015-16           |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | Gratuity           | Leave Encashment  | Gratuity          | Leave Encashment  |
|  | Funded             | Unfunded          | Funded            | Unfunded          |
| Present Value of DBO at the beginning of year  | 97,012,520         | 19,006,726        | 88,556,917        | 20,932,648        |
| Current service cost                           | 9,205,933          | 3,558,529         | 8,462,865         | 3,138,661         |
| Interest cost                                  | 7,275,939          | 1,425,504         | 7,084,554         | 1,674,613         |
| Actuarial (gains)/losses                       | 6,558,543          | 5,627,827         | 1,292,151         | (3,797,479)       |
| Benefits paid                                  | (11,549,570)       | (5,618,200)       | (8,383,967)       | (2,875,927)       |
| <b>Present value of DBO at the end of year</b> | <b>108,503,365</b> | <b>24,000,386</b> | <b>97,012,520</b> | <b>19,072,516</b> |

**C. Net Asset / (Liability) recognized in Balance Sheet as at March 31, 2017** (Amount In ₹)

|  | 2016-17             |                     | 2015-16             |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | Gratuity            | Leave Encashment    | Gratuity            | Leave Encashment    |
|  | Funded              | Unfunded            | Funded              | Unfunded            |
| Present value of defined benefit obligation              | 104,761,808         | 19,965,062          | 97,012,520          | 19,072,516          |
| Fair value on plan assets                                | 21,485,630          | -                   | 28,829,095          | -                   |
| Status [surplus/(deficit)]                               | (83,276,178)        | (19,965,062)        | (68,183,425)        | (19,072,516)        |
| Unrecognized past service cost                           | -                   | -                   | -                   | -                   |
| <b>Net Asset/(Liability) recognized in Balance Sheet</b> | <b>(83,276,178)</b> | <b>(19,965,062)</b> | <b>(68,183,425)</b> | <b>(19,072,516)</b> |

**D. Experience Adjustment** (Amount In ₹)

|   | 2016-17      |                  | 2015-16      |                  |
|---|--------------|------------------|--------------|------------------|
|   | Gratuity     | Leave Encashment | Gratuity     | Leave Encashment |
|   | Funded       | Unfunded         | Funded       | Unfunded         |
| Present value of defined benefit obligation             | 104,761,808  | 19,965,062       | 97,012,520   | 19,072,516       |
| Fair value on plan assets                               | 21,485,630   | -                | 28,829,095   | -                |
| Status [surplus/(deficit)]                              | (83,276,178) | (19,965,062)     | (68,183,425) | (19,072,516)     |
| Experience adjustment on plan liabilities loss / (gain) | 1,730,951    | 4,866,853        | 223,585      | (3,797,479)      |
| Experience adjustment on plan assets (loss) / gain      | (196,551)    | -                | 74,909       | -                |

|   | 2014-2015    |                  | 2013-2014    |                  |
|---|--------------|------------------|--------------|------------------|
|   | Gratuity     | Leave Encashment | Gratuity     | Leave Encashment |
|   | Funded       | Unfunded         | Funded       | Unfunded         |
| Present value of defined benefit obligation             | 88,556,917   | 20,932,650       | 77,804,171   | 22,841,057       |
| Fair value on plan assets                               | 29,394,613   | -                | 28,372,311   | -                |
| Status [surplus/(deficit)]                              | (59,162,304) | (20,932,650)     | (49,431,860) | (22,841,057)     |
| Experience adjustment on plan liabilities loss / (gain) | 81,708       | (2,654,391)      | 12,358,049   | 4,857,835        |
| Experience adjustment on plan assets (loss) / gain      | (531,948)    | -                | (136,618)    | -                |

(Amount In ₹)

|   | 2012-2013    |                  |
|---|--------------|------------------|
|   | Gratuity     | Leave Encashment |
|   | Funded       | Unfunded         |
| Present value of defined benefit obligation             | 77,841,815   | 19,632,858       |
| Fair value on plan assets                               | 24,650,274   | -                |
| Status [surplus/(deficit)]                              | (53,191,541) | (19,632,858)     |
| Experience adjustment on plan liabilities loss / (gain) | 5,901,901    | 1,724,092        |
| Experience adjustment on plan assets (loss) / gain      | 68,577       | -                |

**E. Change in Fair Value of Assets During the Year Ended March 31, 2017**
**(Amount In ₹)**

|  | 2016-17           |                  | 2015-16           |                  |
|--|-------------------|------------------|-------------------|------------------|
|  | Gratuity          | Leave Encashment | Gratuity          | Leave Encashment |
| Plan assets at the beginning of year   | 28,829,095        | -                | 29,394,613        | -                |
| Acquisition adjustment for plan assets | (405,335)         | -                | 92,340            | -                |
| Expected return on plan assets         | 2,117,342         | -                | 2,332,642         | -                |
| Actuarial gains/(losses)               | (182,111)         | -                | 113,883           | -                |
| Actual company contribution            | 957,005           | -                | 523,904           | -                |
| Benefits paid                          | (9,830,365)       | -                | (3,628,287)       | -                |
| <b>Plan Assets at the end of year</b>  | <b>21,485,631</b> | <b>-</b>         | <b>28,829,095</b> | <b>-</b>         |

**F. Current & Non current liabilities as at March 31, 2017**
**(Amount In ₹)**

|                         |                   |                   |                   |                   |
|-------------------------|-------------------|-------------------|-------------------|-------------------|
| Current liabilities     | 7,771,360         | 2,234,573         | 2,891,884         | 3,597,171         |
| Non-current liabilities | 75,504,818        | 17,730,489        | 65,291,541        | 15,475,345        |
|                         | <b>83,276,178</b> | <b>19,965,062</b> | <b>68,183,425</b> | <b>19,072,516</b> |

**G. Actuarial Assumptions**
**(Amount In ₹)**

|                                    | 2016-17  |                  | 2015-16  |                  |
|------------------------------------|----------|------------------|----------|------------------|
|                                    | 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.             | 8.00%    | 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 34 : 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                       | 8,014,862,068<br>(8,110,326,092) | 30,376,060<br>(74,066,033) | 8,045,238,128<br>(8,184,392,125) |
| Inter - segment sales               | 230,820,197<br>(193,632,590)     | -<br>(-)                   | 230,820,197<br>(193,632,590)     |
| <b>External Sales</b>               | 7,784,041,871<br>(7,916,693,502) | 30,376,060<br>(74,066,033) | 7,814,417,930<br>(7,990,759,535) |
| <b>Segment Results</b>              | (321,885,742)<br>(82,739,628)    | 3,783,048<br>(184,255,630) | -318,102,694<br>(266,995,258)    |
| Unallocated corporate expense (Net) | -<br>(-)                         | -<br>(-)                   | 241,055,372<br>(319,313,891)     |
| <b>Operating Profit</b>             | -<br>(-)                         | -<br>(-)                   | -559,158,066<br>(52,318,633)     |

|  |                 |              |                 |
|--|-----------------|--------------|-----------------|
| Finance charges  | -               | -            | 148,089,501     |
|  | (-)             | (-)          | (770,097,849)   |
| Interest income  | -               | -            | 59,529,643      |
|  | (-)             | (-)          | (13,301,032)    |
| Dividend income  | -               | -            | -               |
|  | (-)             | (-)          | (3,580)         |
| <b>Profit/(loss) before exceptional, extraordinary items and tax</b> | -               | -            | -647,717,924    |
|  | (-)             | (-)          | (809,111,870)   |
| Extraordinary & exceptional Items                                    | -               | -            | 36,968,787      |
|  | (-)             | (-)          | (-)             |
| Tax expenses   | -               | -            | -               |
|  | (-)             | (-)          | (-)             |
| <b>Profit/(Loss) after tax</b>                                       | -               | -            | -684,686,711    |
|  | (-)             | (-)          | (809,111,870)   |
| <b>OTHER INFORMATION</b>   |                 |              |                 |
| Segment Assets   | 3,519,476,152   | 9,491,094    | 3,528,967,246   |
|  | (237,773,677)   | (95,888,353) | (333,662,030)   |
| Unallocated corporate assets   | -               | -            | 783,647,613     |
|  | (-)             | (-)          | (4,907,230,979) |
| <b>Total Assets</b>  | -               | -            | 4,312,614,859   |
|  | -               | -            | (5,240,893,009) |
| Segment liabilities  | 1,551,581,184   | 48,110,802   | 1,599,691,986   |
|  | (2,188,373,034) | (17,595,900) | (2,205,968,934) |
| Unallocated corporate liabilities                                    | -               | -            | 5,376,816,560   |
|  | (-)             | (-)          | (5,014,131,051) |
| <b>Total Liabilities</b>   | -               | -            | 6,976,508,546   |
|  | (-)             | (-)          | (7,220,099,985) |
| Capital expenditure incurred during the year                         | -               | -            | 13,102,711      |
|  | (-)             | (-)          | (18,486,599)    |
| Depreciation and amortization for the year                           | -               | -            | -108,082,304    |
|  | (-)             | (-)          | (112,463,236)   |

**B) GEOGRAPHICAL SEGMENT REPORTING:****(Amount In ₹)**

|                      | <b>REVENUE</b>         | <b>ASSETS</b>          |
|----------------------|------------------------|------------------------|
| Domestic             | 6,171,514,340          | 4,145,205,814          |
|                      | (5,390,112,401)        | (4,977,640,686)        |
| Outside India        | 1,642,903,590          | 167,409,045            |
|                      | (2,600,647,134)        | (263,252,323)          |
| <b>Current Year</b>  | <b>7,814,417,930</b>   | <b>4,312,614,859</b>   |
| <b>Previous Year</b> | <b>(7,990,759,535)</b> | <b>(5,240,893,009)</b> |

**Note : Figures in bracket pertain to the previous year.****NOTES 35 : 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 (P) 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 (Resigned with effect from 27th January, 2017)            | 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 (Ceased to be a related party w.e.f. 27th January, 2017) | 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.

(Amount In ₹)

| Particulars  | 2016-17           | 2015-16           |
|--|-------------------|-------------------|
| <b>1. Remuneration to Key Management Personnel*</b>            |                   |                   |
| i) Mr. Ajay Kumar Choudhary                                    | 6,720,000         | 6,729,351         |
| ii) Mr. Mukund Choudhary                                       | 6,720,000         | 6,729,351         |
| iii) Mr. Kapil Choudhary                                       | 6,720,000         | 6,729,351         |
| iv) Mr. Amrit Agrawal  | 6,601,038         | 6,358,189         |
| v) Mr. Sitaram Parthasarathy                                   |                   | 3,799,703         |
| <b>Total</b>   | <b>26,761,038</b> | <b>30,345,945</b> |
| <b>2. Directors' sitting fees</b>                              |                   |                   |
| i) Mr. D.P. Singh  | 126,694           | 115,546           |
| ii) Mr. Deepak Diwan   | 106,959           | 99,800            |
| iii) Mr. Kamal Kapur   | 83,429            | 62,088            |
| iv) Mr. Prem Malik   |                   | 89,117            |
| v) Mr. R.K. Thapliyal  | 36,959            | 160,907           |
| vi) Mr. Samir Kumar Nath                                       | 82,286            | 42,088            |
| vii) Mr. Shyamal Ghosh   | 145,877           | 85,098            |
| <b>Total</b>   | <b>582,204</b>    | <b>654,644</b>    |
| <b>3. Scholarship to relatives of Key Management Personnel</b> |                   |                   |
| i) Mr. Madhav Choudhary  | 6,000             | 6,000             |
| ii) Mr. Aakash Agrawal   | 6,000             | 6,000             |
| iii) Mr. Bharat Hari Choudhary                                 | 7,000             |                   |
| <b>Total</b>   | <b>19,000</b>     | <b>12,000</b>     |
| <b>4. Purchases from Subsidiaries / Step down Subsidiaries</b> |                   |                   |
| M/s Amit Spinning Industries Limited                           |                   | 3,558,837         |
| <b>Total</b>   | <b>-</b>          | <b>3,558,837</b>  |
| <b>5. Job Work Charges</b>                                     |                   |                   |
| M/s Amit Spinning Industries Limited                           |                   | 102,470           |
| <b>Total</b>   | <b>-</b>          | <b>102,470</b>    |
| <b>6. Purchase of Stores and Packing Materials</b>             |                   |                   |
| M/s Amit Spinning Industries Limited                           |                   | 1,367,638         |
| <b>Total</b>   | <b>-</b>          | <b>1,367,638</b>  |

|  |                      |                      |
|--|----------------------|----------------------|
| <b>7. Sale of Stores and Packing Materials</b> |                      |                      |
| M/s Amit Spinning Industries Limited           |                      | 42,156               |
| <b>Total</b>                                   | -                    | <b>42,156</b>        |
| <b>8. Reimbursement of Expenses</b>            |                      |                      |
| M/s Amit Spinning Industries Limited           | 24,553,796           | 1,208,645            |
| <b>Total</b>                                   | <b>24,553,796</b>    | <b>1,208,645</b>     |
| <b>9. Unsecured loan taken**</b>               |                      |                      |
| i) Mr. Ajay Kumar Choudhary                    | -                    | 13,521,600           |
| ii) Mr. Mukund Choudhary                       | -                    | 18,770,184           |
| iii) Mr. Kapil Choudhary                       | 17,608,219           | -                    |
| <b>Total</b>                                   | -                    | <b>49,900,003</b>    |
| <b>10. Guarantees outstanding at year end</b>  |                      |                      |
| M/s Amit Spinning Industries Limited           | 294,302,104          | 339,949,639          |
| M/s Himalayan Crest Power Private Limited      | 145,290,136          | 153,382,019          |
| M/s Spentex Netherlands B.V                    | 1,557,151,169        | 1,552,059,818        |
| <b>Total</b>                                   | <b>1,996,743,409</b> | <b>2,045,391,476</b> |
| <b>11. Year end receivable from</b>            |                      |                      |
| M/s Amit Spinning Industries Limited           | 756,792,989          | 732,239,193          |
| M/s Spentex Tashkent Toytepa LLC               | 56,650,287           | 70,012,404           |
| M/s Spentex Netherlands B.V                    | 95,070,902           | 95,070,902           |
|  | <b>908,514,179</b>   | <b>897,322,499</b>   |
| <b>12. Year end payable to</b>                 |                      |                      |
| Mr. Ajay Kumar Choudhary                       | 13,521,600           | 13,521,600           |
| Mr. Mukund Choudhary                           | 18,770,184           | 18,770,184           |
| Mr. Kapil Choudhary                            | 17,608,219           | 17,608,219           |
| <b>Total</b>                                   | <b>49,900,003</b>    | <b>49,900,003</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 36 : EARNING PER SHARE

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

|  | As at 31st March, 2017 | As at 31st March, 2016 |
|--|------------------------|------------------------|
| Net profit/(loss) attributable to equity shareholders                        | (684,686,711)          | (809,111,870)          |
| <b>Weighted Average Shares Outstanding</b>                                   |                        |                        |
| Weighted average shares outstanding  | 89,772,035             | 89,772,035             |
| Diluted weighted average shares outstanding                                  | 89,772,035             | 89,772,035             |
| Nominal value of equity shares ( ₹ )   | 10                     | 10                     |
| Extraordinary items  | (19,681,500)           | -                      |
| Profit/(loss) before extraordinary items attributable to equity shareholders | (704,368,211)          | (809,111,870)          |
| Before extraordinary items   |                        |                        |
| Basic earnings/ (loss) per shares ( ₹ )                                      | (7.85)                 | (9.01)                 |
| Diluted earnings/(loss) per shares ( ₹ )                                     | (7.85)                 | (9.01)                 |
| Profit/(loss) after extraordinary items attributable to equity shareholders  | (684,686,711)          | (809,111,870)          |
| After extraordinary items  |                        |                        |
| Basic earnings/(loss) per shares ( ₹ )                                       | (7.63)                 | (9.01)                 |
| Diluted earnings/(loss) per shares ( ₹ )                                     | (7.63)                 | (9.01)                 |

**NOTE 37 : EARNINGS IN FOREIGN EXCHANGE DURING THE YEAR (ON ACCRUAL BASIS): (Amount In ₹)**

| Description                    | Current Year  | Previous Year |
|--------------------------------|---------------|---------------|
| F.O.B. value of goods exported | 1,530,856,070 | 2,444,314,778 |

**NOTE 38 : EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS) (Amount In ₹)**

| Description                | Current Year      | Previous Year      |
|----------------------------|-------------------|--------------------|
| Travelling                 | 3,894,784         | 9,474,543          |
| Commission                 | 10,201,139        | 23,477,406         |
| Claim paid on export sales | 2,949,057         | 4,056,282          |
| Legal & professional       | 3,104,062         | 103,666,622        |
| Other expenses             | 4,952,823         | 3,183,128          |
|                            | <b>25,101,865</b> | <b>143,857,981</b> |

**NOTE 39 : VALUE OF RAW MATERIALS CONSUMED**

| Description | Current Year   |                      | Previous Year  |                      |
|-------------|----------------|----------------------|----------------|----------------------|
|             | %              | ₹                    | %              | ₹                    |
| Imported    | 0.07%          | 4,079,873            | 0.06%          | 3,433,038            |
| Indigenous  | 99.93%         | 5,669,201,684        | 99.94%         | 5,333,381,700        |
|             | <b>100.00%</b> | <b>5,673,281,557</b> | <b>100.00%</b> | <b>5,336,814,738</b> |

**NOTE 40: VALUE OF STORE, SPARES AND PACKING MATERIAL CONSUMED**

| Description | Current Year   |                    | Previous Year  |                    |
|-------------|----------------|--------------------|----------------|--------------------|
|             | %              | ₹                  | %              | ₹                  |
| Imported    | 5.77%          | 14,503,042         | 6.87%          | 16,633,352         |
| Indigenous  | 94.23%         | 236,653,902        | 93.13%         | 225,628,152        |
|             | <b>100.00%</b> | <b>251,156,944</b> | <b>100.00%</b> | <b>242,261,504</b> |

**NOTE 41: CIF VALUE OF IMPORTS**

| Description                    | Current Year<br>(₹) | Previous Year<br>(₹) |
|--------------------------------|---------------------|----------------------|
| Raw materials                  | 6,547,723           | 3,177,383            |
| Stores and spares & components | 13,398,991          | 17,062,285           |
|                                | <b>19,946,714</b>   | <b>20,239,668</b>    |

**Note 42:** 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 the 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 the unfavorable 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 Amortization (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 discussions. 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 43:** The company has an investment of ₹ 204,469,921 in and has amount recoverable amounting to ₹ 756,792,989 from Amit Spinning Industries Limited (ASIL), a subsidiary, as on March 31, 2017. 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 ₹ 181,388,753 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 44:** 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 ₹ 9,507,0902 in SNBV as on March 31st, 2017. 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) stands 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 of Investment Dispute(ICSID). Since ICSID has given its award against claimant SNBV in Dec. 2016 dismissing all its claims and counter claims and STTL has been liquidated as per bankruptcy laws of Republic of Uzbekistan, investment made by SNBV in its subsidiary STTL has turned to unrecoverable; resulting investment made and advance recoverable by Spentex Industries Ltd.(SIL) in its subsidiary SNBV and investment made directly by SIL in its step down subsidiary STTL as well as other recoverables from STTL as mentioned above have also become doubtful for recovery. In view of the above the management has decided to make provision for the aforesaid amounts during the current financial year subject to necessary statutory approvals. The amount of ₹ 56,650,287 towards export receivable has been shown as exceptional item, ₹13,362,117 towards export Incentives written off during the year and the balance amounts as mentioned above has been shown as extra ordinary items in the statement of Profit & Loss.

- Note 45:** 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 ₹ 10,135,376 ( ₹ 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 46:** Advance balances aggregating to ₹ 106,562,649 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 47:** The outstanding balance as on 31st March, 2017 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 48:** 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 49:** Pursuant to compliance of Regulation 34(3) of the SEBI (LODR) Regulations, 2015 on disclosure of Loans / Advances in the nature of loans, the relevant information is provided hereunder:

| Particulars                        | As on<br>31.03.2017 | Maximum<br>amount due<br>during the Year |
|------------------------------------|---------------------|--|
| Loans & Advances to a Subsidiary   | ₹                   | ₹  |
| - Amit Spinning Industries Limited | 756,792,989         | 756,792,989                              |

**SPENTEX INDUSTRIES LIMITED**

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

|  | Current Year<br>₹    | Previous Year<br>₹   |
|--|----------------------|----------------------|
| <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 | 292,813,611          | 283,245,516          |
| <b>Total Deferred Tax liability [A]</b>  | <b>292,813,611</b>   | <b>283,245,516</b>   |
| <b>Deferred tax asset recognised on account of timing difference :</b>             |                      |                      |
| Tax Impact of brought forward losses   | 843,841,746          | 880,854,302          |
| Tax Impact of unabsorbed depreciation  | 474,359,475          | 474,359,475          |
| Tax impact of provision for doubtful debts and advances                            | 223,115,399          | 60,051,225           |
| Tax impact of disallowances under section 43B of the Income tax Act, 1961          | 65,044,499           | 60,898,211           |
| <b>Total Deferred Tax Asset [B]</b>  | <b>1,606,361,119</b> | <b>1,476,163,213</b> |
| <b>Net Deferred Tax Asset/ (Deferred Tax Liability) [B-A]</b>                      | <b>1,313,547,508</b> | <b>1,192,917,697</b> |
| <b>Charge to Statement of Profit and Loss</b>                                      | -                    | -                    |
| <b>Net Deferred Tax Asset/ (Deferred Tax Liability)</b>                            | <b>1,313,547,508</b> | <b>1,192,917,697</b> |

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

**Note 51:** The Company's accounts had become Non performing assets (NPA) with majority of the banks and due to this reason, the majority of lenders stopped charging interest from the Company on their outstanding debts amount from the dates on which their accounts became NPA. The company is in advanced discussions with its lenders to settle their dues through sale to Assets Reconstruction Companies by the lenders or otherwise. In view of the above, the company has not charged to statement of profit and loss account interest expenses of ₹ 600,718,984 and related penal interest and other charges, if any, in respect of delay in repayment of borrowings from the banks. Further, interest expenses recognized till 31st March, 2016 of ₹ 360,348,271 has been reversed during the quarter and disclosed under extra ordinary items.

**Note 52:** ICICI bank has assigned all its rights, title and interest in relation to the loans / financial assistance provided to the company in favour of Edelweiss Assets Reconstruction Company Ltd. (EARC) in June 2016. The company has made an agreement with EARC in February 2017 for restructuring of its crystallized dues and funded interest term loan amounting to ₹ 356,200,000 payable as per terms and conditions set out in the said agreement. The company has reversed the difference of loan liability as well as provision of interest on loan of ICICI bank outstanding in its books of accounts as on date of settlement agreement with EARC and the above mentioned settlement amount payable to EARC in terms of the settlement. The total loan liability amount of ₹ 244,507,562 have been reversed and interest provision amount of ₹ 80,231,686 have been written back and disclosed under extraordinary items in the statement of Profit & Loss for the current financial year.

**Note 53:** The company is under process of collation of details as required under notification No. G.S.R. 308(E) dated 30th March, 2017 issued by Ministry of Corporate Affairs relating to the disclosure of the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

**Note 54:** For the year ended March 31, 2017, 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 55:** 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  
Sd/-  
Akhil Bhalla  
Partner  
Membership No : 505002  
Place : New Delhi  
Date : May 29, 2017

For and on behalf of the Board of Directors

Mukund Choudhary

Managing Director

Kapil Choudhary

Deputy Managing Director

Prakash Chandra Thakur

Company Secretary

Krishan Gopal Goel

CFO

## 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 March 31, 2017, 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 relevant rules issued thereunder. 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. 44 of the consolidated financial statements which indicates that the Group has accumulated losses and its net worth has been fully eroded. Additionally, 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 Group as Non performing Assets (NPA) during the year. These conditions, along with other matters set forth in Note No. 44, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The Group's ability to continue, as a going concern is dependent upon successful settlement with its secured creditors. In case the going concern concept is vitiated, necessary adjustment will be required in the carrying amount of assets and liabilities which are not ascertainable. However, the financial statements of the Group have been prepared on a going concern basis for the reasons stated in the said Note.
- (b) Note No. 32(b) of the consolidated financial statements, wherein, the Group has not considered the financial statements of a step down subsidiary Schoeller Litvinov 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 ₹ 198,133,776/- and recoverability of ₹ 17,970,153/- in and from above subsidiary.
- (c) Note No. 45 of the consolidated financial statements, wherein, the Group has not charged to statement of profit & loss ₹10,135,376/- shown as claim receivables under the head " Other Non Current Assets" in the consolidated financial statements.
- (d) Note No. 46 of the consolidated financial statements wherein, we are unable to comment on the recoverability of amounts relating to certain parties aggregating to ₹ 106,562,649/- included under the head " Long Term Loan & Advances" and "Other Non Current Assets" for which no provision has been made in the books of accounts.
- (e) Note No. 49 of the consolidated financial statements wherein, The Group has not charged to statement of profit & loss interest expenses of ₹ 626,497,395/-, related penal interest and other charges, if any in respect of delay in repayment of borrowings from banks. Further, interest expenses recognized till March 31, 2016 of ₹ 404,402,112/- has been reversed during the year and shown as extraordinary item in the consolidated financial statements. Therefore, we are unable to comment on the adequacy of interest and other charges provided for in the statement of profit & loss.

## SPENTEX INDUSTRIES LIMITED

- (f) Note No. 54 of the consolidated financial statements wherein, The Holding Company has not provided requisite disclosures in the consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and we have been further informed that the collation of information is under process.

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 ₹ 4,239,992,743/- (as against the reported figure of ₹ 3,092,395,211/-), Reserves and Surplus would have been negative ₹ 10,027,685,811/- (as against negative reported figure ₹ 8,880,088,279) Finance Costs would have been ₹ 890,827,375/- (as against the reported figure of ₹ 264,329,980/-), Extraordinary expenses(net) would have been ₹ 2,500,077,847/- (as against the negative reported figure of ₹ 2,095,675,735/-), Other Non Current Assets would have been ₹ 3,283,553/- (as against the reported figure of ₹ 15,260,348/-), Long Term Loans and Advances would have been ₹ 487,818,089/- (as against the reported figure of ₹ 592,539,319/-), Other Current Liabilities would have been ₹ 7,108,176,164/- (as against the reported figure of ₹ 6,077,276,657/-).

### 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 March 31, 2017, 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. 45 of the consolidated financial statements regarding balance recoverable of ₹ 18,410,722/- shown as advance to trade creditors under the head "Long Term Loans & Advances" 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. 4 of the consolidated financial statement, wherein, the Holding Company has not allotted shares against the share application amount of ₹ 110,950,000/- which was brought in by the promoters in more than one installments under restructuring scheme approved by the Bankers. However, the Holding 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. 47 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 Holding Company has not complied with the requirement of the said circular.
- Note No. 48 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.
- Note No. 53 of the consolidated financial statements, wherein, an amount of ₹ 277,723,608/- under the head "Long Term Loans & Advances" which has been considered good by the group in view of the reasons stated therein. We have relied upon the assertions given by the management in the report of other auditors as to recoverability of the said amount.

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 ₹ 648,847,062/- as at 31st March, 2017, total revenues of ₹ 1,660,527/- and net cash flows amounting to ₹ 454,798/- 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.
- We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 198,133,776/- as at March 31, 2017, total revenues of ₹ NIL and net cash flows amounting to ₹ NIL for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, is based solely on such unaudited financial statements.

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 and the financial statements certified by the management.

### 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) and (b) 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.
  - 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.
  - 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 relevant rules issued thereunder.



- (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 March 31, 2017 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 March 31, 2017 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 32 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.
  - iv. The Holding Company has not provided requisite disclosures in the consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and we have been further informed that the collation of information is under process. Refer Note No. 54 to the consolidated financial statements.

For J.C. Bhalla and Co.

Chartered Accountants

Firm Regn. No.001111N

Sd/-

(Akhil Bhalla)

Partner

Membership No.505002

Place : New Delhi  
Date : May, 29, 2017

#### 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, 2017.**

**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, 2017, 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



## SPENTEX INDUSTRIES LIMITED

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 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, 2017.

**The Group 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 Group'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, 2017, 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, 2017 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 and Co.**

Chartered Accountants

Firm Regn. No.001111N

**Sd/-**

**(Akhil Bhalla)**

Partner

Membership No.505002

Place : New Delhi

Date : May, 29, 2017

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2017

(Figures in ₹)

| Particulars  | Note No. | As at<br>31st March, 2017 | As at<br>31st March, 2016 |
|--|----------|---------------------------|---------------------------|
| <b>EQUITY AND LIABILITIES</b>                        |          |                           |                           |
| <b>(1) Shareholder's funds</b>                       |          |                           |                           |
| a) Share capital                                     | 2        | 897,720,350               | 897,720,350               |
| b) Reserves & surplus                                | 3        | (8,880,088,279)           | (5,867,022,422)           |
|  |          | <b>(7,982,367,929)</b>    | <b>(4,969,302,072)</b>    |
| <b>(2) Share application money pending allotment</b> | <b>4</b> | <b>1,083,775,000</b>      | <b>1,104,700,000</b>      |
| <b>(3) Non-current liabilities</b>                   |          |                           |                           |
| a) Long-term borrowings                              | 5        | 426,693,421               | 1,069,155,219             |
| b) Other long term liabilities                       | 6        | 2,165,630                 | 6,401,740                 |
| c) Long-term provisions                              | 7        | 105,462,560               | 92,622,184                |
|  |          | <b>534,321,611</b>        | <b>1,168,179,143</b>      |
| <b>(4) Current liabilities</b>                       |          |                           |                           |
| a) Short-term borrowings                             | 8        | 3,265,868,123             | 3,261,916,119             |
| b) Trade payables                                    | 9        | 1,197,002,401             | 872,249,881               |
| c) Other current liabilities                         | 10       | 6,077,276,657             | 5,954,851,001             |
| d) Short-term provisions                             | 11       | 22,456,924                | 18,764,020                |
|  |          | <b>10,562,604,105</b>     | <b>10,107,781,021</b>     |
|  |          | <b>11,096,925,716</b>     | <b>11,275,960,163</b>     |
| <b>Total</b>   |          | <b>4,198,332,787</b>      | <b>7,411,358,091</b>      |
| <b>ASSETS</b>  |          |                           |                           |
| <b>(1) Non-current assets</b>                        |          |                           |                           |
| a) Fixed assets                                      | 12       |                           |                           |
| (i) Tangible assets                                  |          | 2,087,894,935             | 2,216,551,939             |
| (ii) Intangible assets                               |          | -                         | -                         |
| (iii) Capital work in progress                       |          | 2,338,342                 | 1,402,897                 |
| b) Non-current investment                            | 13       | 198,287,656               | 2,599,932,139             |
| c) Long-term loans and advances                      | 14       | 592,539,318               | 715,353,458               |
| d) Other non-current assets                          | 15       | 15,260,348                | 174,211,756               |
|  |          | <b>2,896,320,599</b>      | <b>5,707,452,189</b>      |
| <b>(2) Current Assets</b>                            |          |                           |                           |
| a) Inventories                                       | 16       | 558,525,056               | 455,075,205               |
| b) Trade receivables                                 | 17       | 415,718,108               | 461,382,511               |
| c) Cash and bank balances                            | 18       | 11,887,189                | 52,819,405                |
| d) Short-term loans and advances                     | 19       | 254,326,876               | 534,368,487               |
| e) Other current assets                              | 20       | 61,554,959                | 200,260,293               |
|  |          | <b>1,302,012,188</b>      | <b>1,703,905,901</b>      |
| <b>Total</b>   |          | <b>4,198,332,787</b>      | <b>7,411,358,091</b>      |

Significant accounting policies and notes (1 to 56) form an integral part of the financial statements.

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

|  |  |
|--|--|
| For <b>J.C.Bhalla &amp; Company</b>                                | For and on behalf of the Board of Directors<br>Mukund Choudhary<br>Managing Director |
| Firm Reg. No. 001111N<br>Chartered Accountants                     | Kapil Choudhary<br>Deputy Managing Director  |
| Sd/-<br>Akhil Bhalla<br>Partner                                    | Prakash Chandra Thakur<br>Company Secretary  |
| Membership No : 505002<br>Place : New Delhi<br>Date : May 29, 2017 | Krishan Gopal Goel<br>CFO  |

# SPENTEX INDUSTRIES LIMITED

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(Figures in ₹)

| Particulars  | Note No. | Year ended<br>31st March, 2017 | Year ended<br>31st March, 2016 |
|--|----------|--------------------------------|--------------------------------|
| <b>INCOME</b>  |          |                                |                                |
| I. Revenue from operations (Gross)   | 21       | 7,832,231,927                  | 8,010,854,341                  |
| Less: Excise duty  |          | 16,229,458                     | 20,132,760                     |
| <b>Revenue from operations (Net)</b>   |          | <b>7,816,002,469</b>           | <b>7,990,721,581</b>           |
| II. Other income   | 22       | 105,261,005                    | 91,967,717                     |
| <b>III. Total revenue (I+ II)</b>  |          | <b>7,921,263,474</b>           | <b>8,082,689,298</b>           |
| <b>IV. EXPENSES</b>  |          |                                |                                |
| Cost of materials consumed   | 23       | 5,673,281,557                  | 5,336,893,963                  |
| Purchases of stock-in-trade  | 24       | 26,116,234                     | 51,247,419                     |
| Changes in inventories of finished goods, Stock-in-trade and work-in-progress              | 25       | (22,802,891)                   | 77,491,278                     |
| Employee benefits expenses   | 26       | 968,076,994                    | 895,991,940                    |
| Finance costs  | 27       | 264,329,980                    | 889,328,557                    |
| Depreciation and amortization expense  | 12       | 137,764,544                    | 147,123,842                    |
| Other expenses   | 28       | 1,707,967,969                  | 1,732,333,657                  |
| Prior period items (Net)   | 29       | 106,598,275                    | -                              |
| <b>Total expenses</b>  |          | <b>8,861,332,662</b>           | <b>9,130,410,656</b>           |
| <b>V. Profit/(loss) before exceptional, extraordinary items and tax (III-IV)</b>           |          | <b>(940,069,187)</b>           | <b>(1,047,721,358)</b>         |
| VI. Exceptional Items  | 30       | 56,650,287                     | -                              |
| <b>VII. Profit/(loss) before extraordinary items and tax (V-VI)</b>                        |          | <b>(996,719,474)</b>           | <b>-</b>                       |
| VIII. Extraordinary items (Net)  | 31       | 2,095,675,735                  | -                              |
| <b>IX. Profit/(loss) before tax (VII-VIII)</b>   |          | <b>(3,092,395,211)</b>         | <b>(1,047,721,358)</b>         |
| X. Tax expenses  |          | -                              | -                              |
| Deferred Tax   |          | -                              | -                              |
| <b>XI. Profit/(loss) for the year (IX- X)</b>  |          | <b>(3,092,395,211)</b>         | <b>(1,047,721,358)</b>         |
| <b>XII. Earnings per equity share of Rs. 10 each before and after extraordinary items:</b> | 37       |                                |                                |
| (a) Before extraordinary items:  |          |                                |                                |
| - Basic  |          | (11.10)                        | (11.67)                        |
| - Diluted  |          | (11.10)                        | (11.67)                        |
| (b) After extraordinary items:   |          |                                |                                |
| - Basic  |          | (34.45)                        | (11.67)                        |
| - Diluted  |          | (34.45)                        | (11.67)                        |

Significant accounting policies and notes (1 to 56) 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 **J.C.Bhalla & Company**

Firm Reg. No. 001111N

Chartered Accountants

Sd/-

Akhil Bhalla

Partner

Membership No : 505002

Place : New Delhi

Date : May 29, 2017

For and on behalf of the Board of Directors

Mukund Choudhary

Managing Director

Kapil Choudhary

Deputy Managing Director

Prakash Chandra Thakur

Company Secretary

Krishan Gopal Goel

CFO

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(Figures in ₹)

| Particulars   | Year ended<br>31st March, 2017 | Year ended<br>31st March, 2016 |
|---|--------------------------------|--------------------------------|
| Profit /(loss) before Tax   | (3,092,395,211)                | (1,047,721,358)                |
| <b>Add:</b>   |                                |                                |
| Depreciation / Amortisation   | 137,764,544                    | 147,123,842                    |
| Prior period depreciation   | (5,296,880)                    | -                              |
| Loss/(Profit) on sale of fixed assets   | (626,392)                      | (5,812)                        |
| Unrealised Exchange Fluctuation (net)   | (12,738,966)                   | (3,113,612)                    |
| Export Incentives written off   | 12,448,611                     | 17,122,820                     |
| Liabilities no longer required written back   | (68,485,505)                   | (28,541,251)                   |
| Extraordinary items (Net)   | 2,095,675,735                  | -                              |
| Exceptional Items   | 56,650,287                     | -                              |
| Provision for Leave Encashment  | (47,923)                       | (719,963)                      |
| Provision/ (Reversal) for Gratuity  | 406,306                        | (3,105,331)                    |
| Investment written off  | 50,000                         | -                              |
| Dividend Income   | (3,120)                        | (3,580)                        |
| Interest Income   | (8,560,845)                    | (13,435,305)                   |
| Interest Expense  | 264,329,978                    | 889,328,556                    |
| <b>Operating Profit Before Working Capital Changes</b>  | <b>(620,829,382)</b>           | <b>(43,070,994)</b>            |
| <b>Adjustments for changes in working capital :</b>   |                                |                                |
| - (Increase)/Decrease in Trade Receivable   | (23,042,524)                   | (118,387,365)                  |
| - (Increase)/Decrease in Other Bank Balances, Short Term Loans and Advances and Other Current Assets. | 375,526,773                    | (186,681,687)                  |
| - (Increase)/Decrease in Long Term Loans and Advances   | (36,549,720)                   | 69,163,018                     |
| - (Increase)/Decrease in Other Non Current Assets   | 3,476,093                      | 62,184,419                     |
| - (Increase)/Decrease in Inventories  | (103,449,851)                  | 182,330,828                    |
| - Increase/(Decrease) in Trade Payables   | 433,754,566                    | (7,863,353)                    |
| - Increase/(Decrease) in Long Term Provisions   | 14,432,920                     | 3,775,927                      |
| - Increase/(Decrease) in Short Term Provisions  | 3,706,476                      | 1,693,186                      |
| - Increase/(Decrease) in Other Non Current Liabilities  | (4,236,110)                    | 2,079,934                      |
| - Increase/(Decrease) in Other Current Liabilities  | 283,985,135                    | 112,049,231                    |
| Wealth Tax Paid   | (55,612)                       | (36,030)                       |
| Direct Taxes Paid ( Net)  | (3,975)                        | 106,084                        |
| Extraordinary items (Net)   | 44,053,841                     | -                              |
| <b>A. Cash Flow From Operating Activities</b>   | <b>370,768,628</b>             | <b>77,343,197</b>              |
| Purchase of Fixed Assets  | (13,122,015)                   | (18,486,599)                   |
| Sale proceeds of Fixed Assets   | 8,337,302                      | 574,220                        |
| Dividend Received   | 3,120                          | 3,580                          |
| Interest Received/(Paid)  | 10,021,998                     | 13,160,012                     |
| Investment in Equity Shares   | (92,340)                       | -                              |
| <b>B. Cash Flow From Investing Activities</b>   | <b>5,148,065</b>               | <b>(4,748,787)</b>             |
| Proceeds from Long Term Borrowings  | -                              | 147,651,614                    |
| Repayment of Non-convertible Debenture  | (43,756,866)                   | (56,225,977)                   |
| Repayment of Long Term Borrowings   | (54,991,806)                   | (161,341,958)                  |
| Proceeds/(Repayment) of Short Term Borrowings (net)   | (49,315,434)                   | 504,464,724                    |
| Vehicle Loans   | (265,990)                      | (1,874,875)                    |
| Interest Paid   | (125,202,343)                  | (502,571,934)                  |
| <b>C. Cash Flow From Financing Activities</b>   | <b>(273,532,439)</b>           | <b>(69,898,406)</b>            |
| Increase/(Decrease) in Cash Equivalents {A+B+C}   | 102,384,254                    | 2,696,004                      |
| Cash and Cash Equivalents at the Beginning of the Year  | 21,151,328                     | 11,641,328                     |
| Add: Exchange difference loss (gain) on translation of foreign currency                               | (112,360,692)                  | 6,813,996                      |
| Cash and Cash Equivalents at the End of the Year  | 11,174,890                     | 21,151,328                     |
| Increase / (Decrease) in Cash/Cash Equivalents  | <b>102,384,254</b>             | <b>2,696,004</b>               |
| <b>Notes :-</b>   |                                |                                |
| <b>Cash and cash equivalents comprise</b>   |                                |                                |
| Cash on hand  | 935,549                        | 1,860,695                      |
| Balance in Current Accounts   | 10,239,340                     | 19,290,633                     |
|   | <b>11,174,889</b>              | <b>21,151,328</b>              |

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**SPENTEX INDUSTRIES LIMITED**

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1. The above Cash flow statement has been prepared under the Companies (Accounting Statndards) 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 Consolidated Cash Flow Statement referred to in our report of even date.

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

Firm Reg. No. 001111N

Chartered Accountants

Sd/-

Akhil Bhalla

Partner

Membership No : 505002

Place : New Delhi

Date : May 29, 2017

For and on behalf of the Board of Directors

Mukund Choudhary

Managing Director

Kapil Choudhary

Deputy Managing Director

Prakash Chandra Thakur

Company Secretary

Krishan Gopal Goel

CFO

**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.

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|                                       |   | (Amount in ₹)             |                           |
|---------------------------------------|---|---------------------------|---------------------------|
|                                       |   | As at<br>31st March, 2017 | As at<br>31st March, 2016 |
| <b>NOTE 2 : SHARE CAPITAL</b>         |   |                           |                           |
| <b>Authorised</b>                     |   |                           |                           |
| 114,000,000                           | Equity shares of ₹ 10/- each<br>(Previous year 114,000,000 Equity shares)                             | 1,140,000,000             | 1,140,000,000             |
| 7,000,000                             | Redeemable preference shares of ₹ 10/- each<br>(Previous year 7,000,000 Redeemable preference shares) | 70,000,000                | 70,000,000                |
|                                       |   | <b>1,210,000,000</b>      | <b>1,210,000,000</b>      |
| <b>Issued, Subscribed and Paid up</b> |   |                           |                           |
| 89,772,035                            | Equity shares of ₹ 10 each, fully paid up<br>(Previous year 89,772,035 Equity shares)                 | 897,720,350               | 897,720,350               |
|                                       |   | <b>897,720,350</b>        | <b>897,720,350</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 amount, 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 31st March, 2017 |              | As at 31st March, 2016 |              |
|--|------------------------|--------------|------------------------|--------------|
|  | No. of Shares          | Amount ( ₹ ) | No. of Shares          | Amount ( ₹ ) |
| Equity shares outstanding at the beginning of the year | 89,772,035             | 897,720,350  | 89,772,035             | 897,720,350  |
| Add: Equity shares issued during the year              | -                      | -            | -                      | -            |
| Less: Equity shares bought back during the year        | -                      | -            | -                      | -            |
| Equity shares outstanding at the end of the year       | 89,772,035             | 897,720,350  | 89,772,035             | 897,720,350  |

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

| Name of Shareholder  | As at 31 st March, 2017 |              | As at 31st March, 2016 |              |
|--|-------------------------|--------------|------------------------|--------------|
|  | No. of Shares held      | % of Holding | No. of Shares held     | % of Holding |
| Citigroup Venture Capital International Growth Partnership Mauritius Ltd. (VCIGTM Limited) | 19,252,650              | 21.45        | 19,252,650             | 21.45        |
| CLC Technologies Private Limited   | 18,300,000              | 20.38        | 18,300,000             | 20.38        |
| Mukund Choudhary   | 5,273,083               | 5.87         | 5,273,083              | 5.87         |
| Kapil Choudhary  | 5,228,530               | 5.82         | 5,228,530              | 5.82         |

|  |                      | (Amount in ₹)             |                           |
|--|----------------------|---------------------------|---------------------------|
|  |                      | As at<br>31st March, 2017 | As at<br>31st March, 2016 |
| <b>NOTES 3 : RESERVES AND SURPLUS</b>          |                      |                           |                           |
| <b>Capital Reserve :</b>                       |                      |                           |                           |
| Capital reserve                                | 187,170,777          | 187,175,289               | 187,170,777               |
| Exchange fluctuation on restatement of Opening | 41,009               | (4,512)                   | 187,170,777               |
| Share forfeiture reserve                       | 7,179,250            | 7,179,250                 | 7,179,250                 |
| Profit on restructure                          | 2,358,587            | 2,358,587                 | 2,358,587                 |
|  | <b>196,749,623</b>   | <b>196,708,614</b>        | <b>196,708,614</b>        |
| <b>Securities Premium Account</b>              | <b>1,028,273,822</b> | <b>1,028,273,822</b>      | <b>1,028,273,822</b>      |
| <b>Debenture Redemption Reserve</b>            | <b>170,360,578</b>   | <b>170,360,578</b>        | <b>170,360,578</b>        |
| <b>Foreign Currency Translation Reserve</b>    |                      |                           |                           |
| Opening Balance                                | 256,946,273          | 202,960,605               | 256,946,273               |
| (+) Current Year Transfer                      | 79,288,345           | 53,985,668                | 256,946,273               |
| <b>General Reserve</b>                         |                      |                           |                           |
| Opening balance                                | 215,162,077          | 215,162,077               | 215,162,077               |
| Adjustment                                     | -                    | -                         | 215,162,077               |



## SPENTEX INDUSTRIES LIMITED

|   | As at<br>31st March, 2017 | (Amount in ₹)<br>As at<br>31st March, 2016 |
|---|---------------------------|--|
| <b>Surplus in the consolidated statement of profit and loss</b> |                           |  |
| Opening balance   | (7,734,473,786)           | (6,573,513,399)                            |
| Profit/(Loss) for the year                                      | (3,092,395,210)           | (1,047,721,359)                            |
| Foreign Currency Translation Reserve                            | - (10,826,868,997)        | (113,239,028)                              |
| Closing balance   | <b>(10,826,868,997)</b>   | <b>(7,734,473,786)</b>                     |
|   | <b>(8,880,088,279)</b>    | <b>(5,867,022,422)</b>                     |
| <b>NOTE 4 : SHARE APPLICATION MONEY PENDING ALLOTMENT</b>       |                           |  |
| Share Application Money   | 1,083,775,000             | 1,104,700,000                              |
|   | <b>1,083,775,000</b>      | <b>1,104,700,000</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 ₹ 972,825,000 as on 31.03.2017 & previous year ₹ 993,750,000 ) 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 | 112,131,490 | 155,888,356 |
|---------------------------------------|-------------|-------------|

##### (b) Term Loans

|   |                      |                      |
|---|----------------------|----------------------|
| (i) Term loan from Banks (Refer Note No. 49)  | 3,168,669,600        | 3,893,105,526        |
| (ii) Term Loan From Other (Refer Note No. 50) | 1,732,268,750        | 1,407,812,500        |
| (ii) Vehicle Loans                            | 132,179              | 398,169              |
|   | <b>5,013,202,019</b> | <b>5,457,204,552</b> |

#### Unsecured

|   |                    |                      |
|---|--------------------|----------------------|
| From related parties ( Refer Note No. 36)                                 | 49,900,003         | 49,900,003           |
| Less-Amount disclosed under the head "other current liabilities (Note-10) | 4,636,408,601      | 4,437,949,335        |
|   | <b>426,693,421</b> | <b>1,069,155,219</b> |

#### Nature of security

##### Debentures

##### Non convertible debenture

Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Sh. Mukund Choudhary and Sh. 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.

Amounting to ₹ 112,131,490 (previous year ₹ 155,888,356 ) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 29,113,732 (previous year ₹ 14,556,866/-) was due for payment as on 31.03.2017 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 loan 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 Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. 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. 20,647,140

Amounting to ₹ 527,321,695 (previous year ₹ 792,890,900) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 517,447,404 (previous year ₹ 748,747,430) existed on 31.03.2017, which ranges from 1 to 1064 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to ₹ 208,886,327 (previous year ₹ 211,677,452) repayable in 20 quarterly installments commencing from June, 2012. An amount of ₹ 208,886,327 (previous year ₹ 169,347,003) existed on 31.03.2017, which ranges from 1 to 1064 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no. 2 below.

shares of promoters have also been pledged on exclusive basis for an amount of ₹ 258,007,836 /-, Further secured by third charge on all the movable and immovable assets of the Company and personal guarantee of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary.

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

Amounting to Nil (previous year ₹ 242,830,905) repayable in 23 quarterly installments commencing from June, 2012. An amount of Nil (previous year ₹ 242,830,905).

Amounting to ₹ 332,700,000 (previous year Nil) repayable in 15 quarterly installments commencing from December, 2017. For repayment schedule refer table no. 3 below.

Amounting to ₹ 111,952,183 ( Previous year ₹ 111,952,183) repayable in 20 quarterly installments. There is a default of ₹ 111,952,183 (Previous year ₹ 30,552,183) existing as on 31.03.2017 which ranges from 1 to 730 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no. 4 below.

Loan from State Bank of India ,Tokyo branch (SBI Tokyo) and Lehman Brothers amounting to ₹ 2,618,519,652 (previous year ₹ 2,674,842,756) repayable in 7 annual installments till June 2017. There is a default of ₹ 1,929,370,422 (previous year ₹ 1,548,592,756) existing as on 31.03.2017 in payment of Installment of loan. For repayment schedule refer table no. 5 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 17 | FY 18 | FY 19 | FY 20 | FY 21 |
|---------------|-------|-------|-------|-------|-------|
| Principal (%) | 5.26  | 12.02 | 12.02 | 12.02 | 58.68 |
| ROI (%)       | 8.5   | 8.5   | 8.5   | 8.5   | 8.5   |

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

|               | FY 14     | FY 15      | FY 16      | FY 17      | FY 18      |
|---------------|-----------|------------|------------|------------|------------|
| Principal (₹) | 8,138,574 | 36,000,000 | 38,700,000 | 42,700,000 | 34,600,000 |
| ROI (%)       | 10        | 10         | 10         | 10         | 10         |

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

|               | FY 11                   | FY 13       | FY 14       | FY 15       | FY 16       | FY 17       | FY 18       |
|---------------|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Principal (₹) | 137,815,902             | 275,633,750 | 275,633,750 | 275,633,750 | 275,633,750 | 413,385,770 | 689,149,230 |
| 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 current assets of the Company and additionally secured by personal guarantee of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary. The loan is also secured by pledge 24,575,918 shares of the Company on pari-passu basis. Loan amounting to ₹ 64,119,519 (₹ 64,119,519) is further secured by collateral security of property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.
- ii) Secured by first pari-passu charge on all fixed assets of the company.
- (1) Foreign Currency Term Loan from Lehman Brothers Commercial Corporation Asia Limited and SBI Tokyo 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 31.03.2017.

Amounting to ₹ 21,400,000 (previous year Nil) repayable in 15 quarterly installments commencing from December, 2017. For repayment schedule refer table no. 1 below.

Amounting to ₹ 44,456,848 (previous year ₹ 64,119,519) repayable in 16 quarterly installments commencing from June, 2012. An amount of ₹ 44,456,848 (previous year ₹ 62,487,206) existed on 31.03.2017, which ranges from 1 to 1064 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no.2 below.

Amounting to ₹ 56,17,448 ( Previous year ₹ 56,17,448) repayable in 20 quarterly installments. There is a default of ₹ 56,17,448 (Previous year ₹ 15,37,448) existing as on 31.03.2017 which ranges from 1 to 730 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no. 3below.

## SPENTEX INDUSTRIES LIMITED

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 relating to Tashkent Spinning Plant of STTL.

Funded interest term loan (FITL) amounting to ₹ 20,996,093 (previous year ₹ 21,447,709) repayable in 3 annual installments till June 2013. There is a default of ₹ 20,996,093 (previous year ₹ 21,447,709 ) existing as on 31.03.2017 in payment of Installment which ranges from 1 to 2100 days till 31.03.2017 which is yet to be paid . For repayment schedule refer table no. 4 below:

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

|               | FY 17 | FY 18 | FY 19 | FY 20 | FY 21 |
|---------------|-------|-------|-------|-------|-------|
| Principal (%) | 5.14  | 11.21 | 11.21 | 11.21 | 61.23 |
| ROI (%)       | 8.5   | 8.5   | 8.5   | 8.5   | 8.5   |

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

|               | 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. 3**

|               | FY 14   | FY 15     | FY 16     | FY 17     | FY 18     |
|---------------|---------|-----------|-----------|-----------|-----------|
| Principal (₹) | 405,499 | 1,792,000 | 1,940,000 | 2,140,000 | 1,740,000 |
| ROI (%)       | 10      | 10        | 10        | 10        | 10        |

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

|               | FY 12                   | FY 13   | FY 14      |
|---------------|-------------------------|---------|------------|
| Principal (₹) | 10,124,579              | 746,935 | 10,124,579 |
| ROI (%)       | 3 Month BBA Libor + 1.7 |         |            |

### d Working Capital Term Loans

Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. 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.

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

Amounting to ₹ 153,729,754 (previous year ₹ 154,793,686) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 153,729,754 (previous year ₹ 154,793,686) existed on 31.03.2017, which ranges from 1 to 1064 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to ₹ 280,198,922 (previous year ₹ 285,454,059 ) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 280,198,922 (previous year ₹ 261,425,120) existed on 31.03.2017, which ranges from 1 to 1064 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ₹ 307,264,355 (previous year ₹ 315,767,320 ) repayable in 24 quarterly installments commencing from June, 2012. An amount of ₹ 307,264,355 (previous year ₹ 290,050,602) existed on 31.03.2017, which ranges from 1 to 1064 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no. 3 below.

Amounting to ₹ 4,901,529 ( Previous year ₹ 4,901,529) repayable in 20 quarterly installments. There is a default of ₹ 4,901,529 (Previous year ₹ 13,01,529) existing as on 31.03.2017 which ranges from 1 to 730 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no. 4 below.

Amounting to ₹ 9,460,163 ( Previous year Rs.9,460,163) repayable in 20 quarterly installments. There is a default of ₹ 9,460,163 (Previous year ₹ 69,60,163) existing as on 31.03.2017 which ranges from 1 to 1095 days till 31.03.2017, 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 (₹) | 330,000 | 1,600,000 | 1,700,000 | 1,900,000 | 1,500,000 |
| ROI (%)       | 10      | 10        | 10        | 10        | 10        |

WCTL Repayment schedule Table No. 5

|               | FY 14     | FY 15     | FY 16     | FY 17     | FY 18     |
|---------------|-----------|-----------|-----------|-----------|-----------|
| Principal (₹) | 3,739,000 | 1,250,000 | 1,250,000 | 1,250,000 | 1,250,000 |
| 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 Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. 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 ₹ 183,674,712 (previous year ₹ 264,468,515) repayable in 18 quarterly installments commencing from June, 2015. An amount of ₹ 155,445,780 (previous year ₹ 200,312,514) existed on 31.03.2017, which ranges from 1 to 1064 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no.1 below.

Amounting to ₹ 26,971,857 (previous year ₹ 27,563,366) repayable in 18 quarterly installments commencing from September, 2015. An amount of ₹ 26,971,857 (previous year ₹ 27,563,366) existed on 31.03.2017, which ranges from 1 to 1064 days till 31.03.2017, is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to ₹ 27,508,010 (previous year ₹ 97,751,611) repayable in 09 monthly installments commencing from May, 2016. An amount of ₹ 27,508,010 (previous year Nil) existed on 31.03.2017 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 | 22.24 | 22.24 | 5.56  |
| ROI (%)       | 13.50% |       |       |       |       |       |

Repayment schedule Table No. 3

|               | FY 17  |
|---------------|--------|
| Principal (%) | 100    |
| ROI (%)       | 12.50% |

**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 31.03.2017. For repayment schedule refer table below

Repayment schedule Table

|               | FY 14     | FY 15     | FY 16     | FY 17   | FY 18   |
|---------------|-----------|-----------|-----------|---------|---------|
| Principal (₹) | 2,730,211 | 2,769,203 | 1,874,682 | 265,990 | 132,179 |

#Refer Note No 32(b) of the consolidated financial statements.

## SPENTEX INDUSTRIES LIMITED

|   | As at<br>31st March, 2017 | (Amount in ₹)<br>As at<br>31st March, 2016 |
|---|---------------------------|--|
| <b>NOTE 6 : OTHER LONG - TERM LIABILITIES</b>   |                           |  |
| Security Deposit  | 2,165,630                 | 6,401,740                                  |
|   | <b>2,165,630</b>          | <b>6,401,740</b>                           |
| <b>NOTE 7 : LONG - TERM PROVISIONS</b>  |                           |  |
| <b>Provision for Employee Benefits:</b>   |                           |  |
| - Gratuity  | 87,205,704                | 76,587,133                                 |
| - Leave encashment  | 18,256,856                | 16,035,051                                 |
|   | <b>105,462,560</b>        | <b>92,622,184</b>                          |
| <b>NOTE 8 : SHORT - TERM BORROWINGS</b>   |                           |  |
| <b>From banks (Secured)</b>   |                           |  |
| - Repayable on demand*  | 2,969,271,796             | 3,010,300,536                              |
| - Other loans**   | 48,277,044                | 48,277,044                                 |
| <b>Unsecured</b>  |                           |  |
| - From Others   | 162,425,651               | 185,438,539                                |
| - From related parties  | 17,970,153                | -  |
| - Inter corporate deposits  | 67,923,479                | 17,900,000                                 |
|   | <b>3,265,868,123</b>      | <b>3,261,916,119</b>                       |
| <b>Nature of Security</b>   |                           |  |
| 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 2017 was ₹ 2,969,271,796.  |                           |  |
| ** Repaid in April 2015.  |                           |  |
| <b>NOTE 9 : TRADE PAYABLES</b>  |                           |  |
| - Total outstanding dues of micro enterprises and small enterprises   | -                         | 326,317                                    |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises  | 1,197,002,401             | 871,923,564                                |
|   | <b>1,197,002,401</b>      | <b>872,249,881</b>                         |
| <b>Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006</b>  |                           |  |
| 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. Amount due to Micro and Small Enterprises:   |                           |  |
| a. Principal amount remaining unpaid  | -                         | 326,317                                    |
| b. Interest due on above  | -                         | -  |
| 2. a. Principal amount paid after due date or appointed day during the year   | -                         | -  |
| b. Interest paid during the year on above   | -                         | -  |
| 3. Interest due & Payable (but not paid) on principal amounts paid during the year after the due date or appointed day.   | -                         | -  |
| 4. Total interest accrued and remaining unpaid  | -                         | -  |
| 5. Further interest in respect of defaults of earlier year due and payable in current year upto the date when actually paid   | -                         | -  |
| <b>NOTE 10 : OTHER CURRENT LIABILITIES</b>  |                           |  |
| <b>Secured</b>  |                           |  |
| <b>Current Maturities of Long-Term Debts* :</b>   |                           |  |
| - Debentures  | 87,341,196                | 72,784,330                                 |
| - Term loan from banks#   | 3,152,166,476             | 3,379,298,086                              |
| - Vehicle loans   | 132,179                   | 398,169                                    |
| - Term loan from others   | 1,396,768,750             | 4,636,408,601                              |
| - Credit Balance with Banks   | -                         | 985,468,750                                |
| Unsecured   |                           |  |
| Interest accrued and due on borrowings **   | 565,794,795               | 903,320,043                                |
| Advance from customers  | 61,403,952                | 84,954,758                                 |
| Security deposits   | -                         | 360,411                                    |
| Book Overdraft  | 14,147,453                | 16,871,161                                 |

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|                            | As at<br>31st March, 2017 | (Amount In ₹)<br>As at<br>31st March, 2016 |
|----------------------------|---------------------------|--|
| Employee Benefits Payables | 125,182,164               | 88,729,761                                 |
| Statutory dues payable     | 147,969,327               | 70,161,906                                 |
| Other payables             | 526,370,365               | 352,503,625                                |
|                            | <b>6,077,276,657</b>      | <b>5,954,851,001</b>                       |

\* For security details and other terms and conditions, refer note no. 6 of financial statement.

\*\* 1) There is a default of ₹ 565,794,795 (previous year ₹ 903,320,043) existing as on 31.03.2017 which ranges from 1 to 1064 days.

# Refer Note no.- 32(b) of the consolidated financial statements.

## NOTE 11 : SHORT TERM PROVISIONS

### Provision for Employee Benefits:

|  |                   |                   |
|--|-------------------|-------------------|
| - Gratuity                                 | 8,380,338         | 3,499,850         |
| - Leave encashment                         | 2,322,984         | 3,700,166         |
| Provision for wealth tax                   | -                 | -                 |
| Provision for excise duty on closing stock | 11,753,602        | 11,564,004        |
|  | <b>22,456,924</b> | <b>18,764,020</b> |

## NOTE 12 : FIXED ASSETS

|                           | Tangible Assets |                |               |                   |                   |                      |            | Intangible Assets |            |               |
|---------------------------|-----------------|----------------|---------------|-------------------|-------------------|----------------------|------------|-------------------|------------|---------------|
| Particulars               | Freehold Land   | Leasehold Land | Buildings     | Plant & Machinery | Office Equipments | Furniture & Fixtures | Vehicle    | Goodwill          | Software   | Total         |
| <b>Gross block</b>        |                 |                |               |                   |                   |                      |            |                   |            |               |
| At 1 April 2015           | 8,907,656       | 54,299,243     | 1,352,350,150 | 5,776,342,503     | 117,102,709       | 46,967,138           | 38,997,410 | 108,910,417       | 34,083,867 | 7,537,961,093 |
| Additions                 | -               | -              | -             | 18,295,696        | 534,600           | -                    | -          | -                 | -          | 18,830,296    |
| Disposals                 | -               | -              | -             | -                 | 176,152           | 95,000               | 2,132,484  | -                 | -          | 2,403,636     |
| At 31 March 2016          | 8,907,656       | 54,299,243     | 1,352,350,150 | 5,794,638,199     | 117,461,157       | 46,872,138           | 36,864,926 | 108,910,417       | 34,083,867 | 7,554,387,753 |
| Additions                 | -               | -              | 937,910       | 9,536,737         | 1,031,890         | 576,729              | 84,000     | -                 | -          | 12,167,266    |
| Disposals                 | -               | -              | -             | 15,839,174        | 266,710           | 45,000               | 5,156,674  | -                 | -          | 21,307,558    |
| At 31 March 2017          | 8,907,656       | 54,299,243     | 1,353,288,060 | 5,788,335,763     | 118,226,337       | 47,403,867           | 31,792,252 | 108,910,417       | 34,083,867 | 7,545,247,462 |
| <b>Depreciation</b>       |                 |                |               |                   |                   |                      |            |                   |            |               |
| At 1 April 2015           | -               | 25,306,242     | 558,641,386   | 4,288,519,608     | 102,195,547       | 43,541,791           | 31,342,531 | 108,910,417       | 34,083,867 | 5,192,541,388 |
| Charge for the year       | -               | 2,655,800      | 44,477,613    | 89,791,418        | 5,216,718         | 2,534,755            | 2,447,538  | -                 | -          | 147,123,842   |
| Disposals                 | -               | -              | -             | -                 | 108,422           | 30,717               | 1,690,277  | -                 | -          | 1,829,416     |
| At 31 March 2016          | -               | 27,962,042     | 603,118,999   | 4,378,311,026     | 107,303,843       | 46,045,829           | 32,099,792 | 108,910,417       | 34,083,867 | 5,337,835,815 |
| Charge for the year       | -               | 632,023        | 47,678,269    | 84,383,328        | 1,497,096         | 2,191,751            | 1,382,077  | -                 | -          | 137,764,544   |
| Disposals                 | -               | -              | -             | 8,042,075         | 140,016           | 25,004               | 4,743,857  | -                 | -          | 12,950,952    |
| Prior Period Depreciation | -               | -              | -             | (1,354,625)       | (5,910)           | (3,701,548)          | (234,797)  | -                 | -          | (5,296,880)   |
| At 31 March 2017          | -               | 28,594,065     | 650,797,268   | 4,453,297,654     | 108,655,013       | 44,511,028           | 28,503,215 | 108,910,417       | 34,083,867 | 5,457,352,527 |
| <b>,Net Block</b>         |                 |                |               |                   |                   |                      |            |                   |            |               |
| At 31.03.2016             | 8,907,656       | 26,337,201     | 749,231,151   | 1,416,327,173     | 10,157,314        | 826,309              | 4,765,134  | -                 | -          | 2,216,551,939 |
| At 31.03.2017             | 8,907,656       | 25,705,178     | 702,490,792   | 1,335,038,109     | 9,571,324         | 2,892,839            | 3,289,037  | -                 | -          | 2,087,894,935 |

|  | Nos. | As at 31st<br>March, 2017 | Nos. | As at 31st<br>March, 2016 |
|--|------|---------------------------|------|---------------------------|
|--|------|---------------------------|------|---------------------------|

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

### (Long Term Investments)

#### 1. Investment in Equity Instruments

##### (a) In subsidiaries (Trade & Quoted)

|  |            |   |   |   |
|--|------------|---|---|---|
| Amit Spinning Industries Limited             | 20,981,077 | - | - | - |
| (Equity Shares of ₹ 5/- each, fully paid up) |            |   |   |   |

##### (b) In subsidiaries (Trade & Unquoted)

|   |        |               |   |      |
|---|--------|---------------|---|------|
| Spentex Netherlands B .V.                   | 18,200 | 561,011,339   | - | -    |
| (Face value Euro 1/- each, fully paid)      |        |               |   |      |
| Less: Provision for Long term investment    |        | (561,011,339) |   |      |
| Spentex Mauritius P Ltd                     | 2      | 90            | 2 | 90   |
| (Face value US Dollar 1/- each, fully paid) |        |               |   |      |
| Less: Provision for Long term investment    |        | (90)          |   | (90) |

# SPENTEX INDUSTRIES LIMITED

|   |                  |                    | (Amount In ₹)    |                      |
|---|------------------|--------------------|------------------|----------------------|
|   | As at            |                    | As at            |                      |
|   | 31st March, 2017 |                    | 31st March, 2016 |                      |
| Spentex Tashkent Toytepa LLC#   |                  | 9,323,779          |                  | 2,383,796,543        |
| Less: Provision for Long term investment  |                  | (9,323,779)        |                  | -                    |
| Schoeller Litvinov K.S  | 198,133,776      |                    | 216,024,025      |                      |
| <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                |
| <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            | -                  | 1,000            | 50,000               |
| Equity Shares of ₹ 10 each, fully paid up of Saraswat Co-op Bank Ltd.                                 |                  |                    | 1420             | 14,200               |
| Equity Shares of ₹ 10/- each, fully paid up of Shamrao Vitthal Co-Op Bank                             |                  |                    | 250              | 2,500                |
| Equity Shares of ₹ 31/- each, fully paid up of United Yarn  |                  |                    | 1                | 31                   |
| Equity Shares of ₹ 1500/- each, fully paid up of Lotus House  |                  |                    |                  |                      |
| Prem Co-op Society.   |                  | 1                  | 1,500            |                      |
| Equity Shares of ₹ 10/- each, fully paid up of Datta Nagari Patsanstha                                |                  |                    | 500              | 5,000                |
| Equity Shares of ₹ 10/-each fully paid up of Spencer & Co. Limited                                    | 200              | 30,763             | 200              | 7,563                |
| Equity Shares of ₹ 0.19/-each fully paid up of OPGS Power   |                  |                    |                  |                      |
| Gujarat Private Limited 486,000   | 92,340           | -                  | -                |                      |
|   |                  | <b>198,287,656</b> |                  | <b>2,599,932,139</b> |
| Aggregate book value of :   |                  |                    |                  |                      |
| Quoted investments  | 4,777            |                    | 4,777            |                      |
| Unquoted investments  | 198,282,879      |                    | 2,599,927,362    |                      |
| Aggregate market value of quoted investment   |                  | 6,760              |                  | 4,599                |
| # The Company has participating interest of 0.82% in Charter Capital of Spentex Tashkent Toytepa, LLC |                  |                    |                  |                      |
| <b>NOTE 14 : LONG - TERM LOANS AND ADVANCES</b>   |                  |                    |                  |                      |
| <b>Unsecured, Considered Good Unless Otherwise Stated</b>   |                  |                    |                  |                      |
| Capital Advances  | 60,406,745       |                    | 60,406,745       |                      |
| Security deposit  |                  | 78,662,206         |                  | 56,191,168           |
| <b>Loans and advances to subsidiaries</b>   |                  |                    |                  |                      |
| Loans & Advances to Related Parties   |                  |                    |                  |                      |
| Inter Corporate Deposit (unsecured)   |                  | 217,316,863        |                  | -                    |
| Amit Spinning Industries Limited  |                  | -                  |                  | -                    |
| Balance with Customs, Excise, Govt Authorities, etc.  |                  |                    |                  |                      |
| -Considered good  | 111,163,130      |                    | 130,435,794      |                      |
| -Considered doubtful  | 5,000,000        |                    | 5,000,000        |                      |
| Less: Provision for doubtful advances   | 5,000,000        | 111,163,130        | 5,000,000        | 130,435,794          |
| Advance to employees of the company   |                  | 1,413,291          |                  | 907,120              |
| Advance against expenses  |                  | 45,689,810         |                  | 54,048,246           |
| Advance to trade creditors  |                  |                    |                  |                      |
| -Considered good  | 71,463,057       | -                  | 35,171,994       |                      |
| -Considered doubtful  | 167,395,327      | -                  | 167,395,327      |                      |
| Less: Provision for doubtful advance  | 167,395,327      | 71,463,057         | 167,395,327      | 35,171,994           |
| Advance tax/ tax deducted at source   |                  | 6,424,217          |                  | 7,563,458            |
|   |                  | <b>592,539,318</b> |                  | <b>715,353,458</b>   |
| <b>NOTE 15 : OTHER NON CURRENT ASSETS</b>   |                  |                    |                  |                      |
| <b>Unsecured, Considered Good Unless Otherwise Stated</b>   |                  |                    |                  |                      |
| Trade receivables   |                  |                    |                  |                      |
| -Considered good  | 1,841,419        |                    | 70,012,404       |                      |
| -Considered doubtful  | 56,650,287       |                    | 3,856,028        |                      |
| Less:- Provision for doubtful trade receivables   | 56,650,287       | 1,841,419          | 3,856,028        | 70,012,404           |
| Export incentives   |                  | -                  |                  | 2,695,093            |
| Claims receivables  |                  | 13,418,929         |                  | 27,314,330           |
| Interest accrued on loan to others  |                  | -                  |                  | 69,324,795           |
| Unamortised upfront fees  |                  | -                  |                  | 4,865,135            |
|   |                  | <b>15,260,348</b>  |                  | <b>174,211,756</b>   |

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|   | (Amount In ₹)             |                           |
|---|---------------------------|---------------------------|
|   | As at<br>31st March, 2017 | As at<br>31st March, 2016 |
| <b>NOTE 16 : INVENTORIES*</b>   |                           |                           |
| Raw materials   | 150,999,826               | 67,922,482                |
| {Includes Goods in Transit ₹ 15,876,109 (Previous Year ₹ 5,153,897)}                  |                           |                           |
| Work-in-process   | 117,985,877               | 131,201,115               |
| <b>Finished goods</b>   | -                         | -                         |
| - Manufactured  | 254,240,381               | 215,329,223               |
| - Stock in Trade  | 882,238                   | 2,323,960                 |
| Stores, spares & packing materials  | 26,219,245                | 28,113,135                |
| Cotton Waste  | 8,197,490                 | 10,185,289                |
|   | <b>558,525,056</b>        | <b>455,075,205</b>        |
| *Refer accounting policy for mode of valuation.                                       |                           |                           |
| <b>NOTE 17 : TRADE RECEIVABLE</b>   |                           |                           |
| <b>Unsecured, Considered Good Unless Otherwise Stated</b>                             |                           |                           |
| Outstanding for a period exceeding six months from the date they are due for payments | 47,370,975                | 34,224,341                |
| Others  | 368,347,133               | 427,158,170               |
| Suspense  | -                         | -                         |
|   | <b>415,718,108</b>        | <b>461,382,511</b>        |
| <b>NOTE 18 : CASH AND BANK BALANCES</b>   |                           |                           |
| <b>Cash &amp; Cash Equivalent</b>   |                           |                           |
| Cash on hand  | 935,549                   | 1,860,695                 |
| Balance with banks  | 10,239,340                | 19,290,633                |
| <b>Others Bank Balances</b>   | -                         | -                         |
| Margin money with bank  | -                         | 1,675,777                 |
| Fixed deposit with more than 3 month maturity from the original date                  | 712,300                   | 29,992,300                |
|   | <b>11,887,189</b>         | <b>52,819,405</b>         |
| <b>NOTE 19 : SHORT TERM LOANS AND ADVANCES</b>  |                           |                           |
| <b>Unsecured, Considered Good Unless Otherwise Stated</b>                             |                           |                           |
| Margin Money with Others  | 2,409,981                 | -                         |
| Prepaid expenses  | 3,464,920                 | 7,697,322                 |
| Balance with Customs , Excise, Govt Authorities, etc.                                 | 105,844,200               | 71,576,049                |
| Security Deposits   | -                         | 2,409,981                 |
| Advance to employees of the company   | 716,170                   | 7,372,668                 |
| Inter-corporate deposits (unsecured)  | -                         | 217,566,863               |
| Advance to trade creditors  | 130,029,550               | 210,786,274               |
| Advance against expenses  | 10,743,347                | 16,959,330                |
| Others  | 1,118,708                 | -                         |
|   | <b>254,326,876</b>        | <b>534,368,487</b>        |
| <b>NOTE 20 : OTHER CURRENT ASSETS</b>   |                           |                           |
| Fixed Assets held for sale  | 1,830,104                 | 2,581,970                 |
| Export incentives   | 17,407,993                | 51,163,831                |
| Claims receivables  | 41,704,030                | 126,925,664               |
| Unamortised upfront fees  | -                         | 17,514,844                |
| Interest accrued on deposit   | 612,831                   | 2,073,984                 |
|   | <b>61,554,959</b>         | <b>200,260,293</b>        |
|   | <b>Year Ended</b>         | <b>Year Ended</b>         |
| <b>NOTE 21 : REVENUE FROM OPERATION ( Gross)</b>                                      | <b>31st March, 2017</b>   | <b>31st March, 2016</b>   |
| From Sale of Manufactured Goods   | 7,399,358,990             | 7,480,405,360             |
| From Sale of Traded Goods   |                           |                           |
| - Cotton yarn   | 1,584,539                 | 7,589,199                 |
| - Clothes (Fabrics)   | 30,376,060                | 66,949,822                |
| Waste sale  | 338,878,174               | 349,730,503               |
| Other operating income  | -                         | -                         |
| - Export Incentive  | 62,034,164                | 106,179,457               |
|   | <b>7,832,231,927</b>      | <b>8,010,854,341</b>      |



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|   | Year Ended<br>31st March, 2017 | (Amount In ₹)<br>Year Ended<br>31st March, 2016 |
|---|--------------------------------|---|
| <b>NOTE 22 : OTHER INCOME</b>   |                                |   |
| Commission income   | 101,543                        | 79,788  |
| Interest income   | 8,560,845                      | 13,435,305                                      |
| Profit on sale of Fixed Assets (net)  | 626,392                        | 5,812   |
| Dividend Income from non-current investment   | 3,120                          | 3,580   |
| Rent income   | 105,000                        | 72,000  |
| Liabilities / Provisions no longer required written back  | 68,485,505                     | 28,541,251                                      |
| Net gain on foreign currency transactions   | 8,076,767                      | 26,389,554                                      |
| Miscellaneous income  | 19,301,833                     | 23,440,427                                      |
|   | <b>105,261,005</b>             | <b>91,967,717</b>                               |
| <b>NOTE 23 : COST OF MATERIAL CONSUMED</b>  |                                |   |
| Opening inventory   | 67,922,482                     | 168,394,653                                     |
| Purchases   | 5,756,358,900                  | 5,236,421,793                                   |
| Closing inventory   | 150,999,826                    | 67,922,482                                      |
|   | <b>5,673,281,557</b>           | <b>5,336,893,963</b>                            |
| <b>NOTE 24 : PURCHASES OF STOCK - IN - TRADE</b>  |                                |   |
| Cotton yarn   | 1,518,703                      | 6,899,271                                       |
| Clothes   | 24,597,531                     | 44,348,147                                      |
|   | <b>26,116,234</b>              | <b>51,247,419</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  | 215,329,223                    | 310,694,392                                     |
| (b) Traded  | 2,323,960                      | 2,709,741                                       |
| Work in progress  | 131,201,115                    | 116,810,245                                     |
| Cotton waste  | 10,185,290                     | 8,008,363                                       |
|   | <b>359,039,588</b>             | <b>438,222,740</b>                              |
| <b>Less: Closing inventory</b>  |                                |   |
| Finished goods:   |                                |   |
| (a) Manufactured  | 254,240,381                    | 215,329,223                                     |
| (b) Traded  | 882,238                        | 2,323,960                                       |
| Work in progress  | 117,985,877                    | 131,201,115                                     |
| Cotton waste  | 8,197,490                      | 10,185,290                                      |
|   | <b>381,305,986</b>             | <b>359,039,588</b>                              |
| Sub Total   | <b>(22,266,398)</b>            | <b>79,183,152</b>                               |
| Inventory Written Off   | (726,091)                      | -   |
| Excise duty on (increase) / decrease in inventories   | 189,598                        | (1,691,874)                                     |
| Increase /(decrease) in inventory   | <b>(22,802,891)</b>            | <b>77,491,278</b>                               |
| <b>NOTE 26 : EMPLOYEE BENEFITS EXPENSE</b>  |                                |   |
| Salaries, wages and bonus   | 810,793,028                    | 746,744,534                                     |
| Contribution to provident funds & other funds   | 69,510,966                     | 63,090,386                                      |
| Staff welfare expenses  | 87,773,000                     | 86,157,020                                      |
|   | <b>968,076,994</b>             | <b>895,991,940</b>                              |
| <b>NOTE 27 : FINANCE COSTS</b>  |                                |   |
| Interest expenses from Bank:  |                                |   |
| - On Non convertible debentures   | 17,752,010                     | 28,097,738                                      |
| - On Borrowings   | 78,419,810                     | 654,104,990                                     |
| - On other than borrowings  | 38,084,382                     | 56,741,539                                      |
| Interest expenses from others   | 118,146,200                    | 98,637,852                                      |
| Other borrowing cost  | 11,927,577                     | 51,746,437                                      |
|   | <b>264,329,980</b>             | <b>889,328,557</b>                              |
| <b>NOTE 28 : OTHER EXPENSES</b>   |                                |   |
| Store, spares and packing materials consumed  | 252,547,523                    | 243,088,802                                     |
| Sub contracting charges   | 33,222,360                     | 24,965,893                                      |
| Power & fuel  | 915,472,480                    | 933,367,684                                     |
| Rent  | 6,110,552                      | 4,886,117                                       |
| Rates & taxes   | 5,964,810                      | 7,057,323                                       |
| Repair & maintenance-   |                                |   |

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|   | (Amount In ₹)                  |                                |
|---|--------------------------------|--------------------------------|
|   | Year Ended<br>31st March, 2017 | Year Ended<br>31st March, 2016 |
| - Plant & machinery   | 16,281,074                     | 14,423,151                     |
| - Building  | 2,122,661                      | 1,508,935                      |
| - Others  | 12,312,981                     | 8,217,071                      |
| Insurance expenses-   | -                              | -                              |
| - Buildings   | 51,678                         | 127,236                        |
| - Plant & machinery   | 197,787                        | 898,033                        |
| - Inventory   | 25,433                         | 104,495                        |
| - Others  | 5,696,970                      | 5,614,936                      |
| Communication expenses                                      | 7,693,799                      | 7,974,085                      |
| Travelling & conveyance expenses                            | 58,486,335                     | 60,027,366                     |
| Legal & Professional charges                                | 23,190,676                     | 128,461,130                    |
| Commission on sales   | 18,887,271                     | 33,225,877                     |
| "Freight outward and clearing charges "(net of recoveries)" | 84,691,549                     | 132,500,855                    |
| Director sitting fees                                       | 651,154                        | 700,130                        |
| Selling & dist. Expenses                                    | 68,062,797                     | 55,771,216                     |
| Bad debts/Amount written off                                | 129,035,951                    | 30,672,379                     |
| Service tax cenvat reversal                                 | 27,946,550                     | 6,823,563                      |
| Miscellaneous expenses                                      | 36,863,005                     | 29,635,991                     |
| Payment to auditors (excluding service tax):                |                                |                                |
| - Audit fees  | 2,076,000                      | 2,074,800                      |
| - For other services  | 184,516                        | 25,811                         |
| - For reimbursement of expenses                             | 192,058                        | 180,780                        |
|   | <b>1,707,967,969</b>           | <b>1,732,333,657</b>           |
| <b>NOTE 29 PRIOR PERIOD ITEMS REPRESENT</b>                 |                                |                                |
| Excess Depreciation Reverse                                 | 5,296,880                      | -                              |
| Excess Provision on Power Bill Reverse                      | 1,558,034                      | -                              |
| <b>Prior period income (a)</b>                              | <b>6,854,914</b>               | -                              |
| Carrying cost, insurance & trade premium etc on cotton      | 26,257,811                     | -                              |
| Interest On Raw Material - CC Charges                       | 87,195,378                     | -                              |
| <b>Prior period expenses (b)</b>                            | <b>113,453,189</b>             | -                              |
| <b>Net Prior period Items(b-a)</b>                          | <b>106,598,275</b>             | -                              |
| <b>NOTE 30 Exceptional items</b>                            |                                |                                |
| <b>Provision For Export Debtors</b>                         | <b>56,650,287</b>              | -                              |
|   | <b>56,650,287</b>              | -                              |
| <b>NOTE 31 Extraordinary items(Net)</b>                     |                                |                                |
| Bank Borrowing Written Back                                 | 244,507,562                    | -                              |
| Finance Cost on Borrowing Written Back                      | 484,633,798                    | -                              |
| <b>Extraordinary income (a)</b>                             | <b>729,141,360</b>             | -                              |
| Provision for Long Term Investment                          | 2,384,863,366                  | -                              |
| Provision for Foreign Advance                               | 439,953,729                    | -                              |
| <b>Extraordinary expenses (b)</b>                           | <b>2,824,817,095</b>           | -                              |
| <b>Net Extraordinary Items(b-a)</b>                         | <b>2,095,675,735</b>           | -                              |

## NOTE 32 : 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, 2017, 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, 2017 | Percentage of ownership interest as on March 31, 2016 |
|--|--------------|--------------------------|---|---|
| Spentex (Netherlands), B.V.<br>(100 % held by the Company and its nominees)              | Subsidiary   | Netherlands              | 100.00%   | 100.00%   |
| Schoeller Textile (Netherlands), B.V. (a 100% subsidiary of Spentex (Netherlands), B.V.) | Subsidiary   | Netherlands              | 100.00%   | 100.00%   |
| Amit Spinning Industries Limited (ASIL)  | Subsidiary   | India                    | 50.96%  | 50.96%  |

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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, 2017.

(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 33 : CONTINGENT LIABILITIES

#### i. Contingent liabilities not provided for in respect of :

(Amount In ₹)

| Description   | Year ended<br>31st March,<br>2017 | Year ended<br>31st March,<br>2016 |
|---|-----------------------------------|-----------------------------------|
| Contingent Liabilities Not Provided For:  |                                   |                                   |
| a) Demands from income tax authorities under appeal   | 37,971,404                        | 74,375,239                        |
| b) Demands from sales tax authorities under appeal  | 100,659,595                       | 13,380,301                        |
| c) Show cause notices/demands raised by excise / customs department (including applicable penalties), not acknowledged as debts   | 148,490,339                       | 278,670,396                       |
| d) Show cause notices/demands raised by MP Government / MPEB department, not acknowledged as debts  | 162,143,222                       | 232,726,290                       |
| e) Claims against the company not acknowledged as debts   | 812,891,366                       | 673,586,818                       |
| f) Guarantees and letters of credit issued on behalf of the company, outstanding at the year end  | 59,279,455                        | 70,779,455                        |
| g) Bills Discounted with banks on behalf of the company, outstanding at the year end  | 7,123,000                         | 68,778,805                        |
| h) Corporate Guarantee given to IREDA for loan to M/s Himalayan Crest Power Private Limited   | 145,290,136                       | 153,382,019                       |
| i) Corporate Guarantee given to Taskent Toytepa Textile for deferred payment of purchase consideration on behalf of Spentex Tashkent Toytepa LLC. Current Year USD NIL (Previous Year NIL)* | -                                 | -                                 |

\*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 (i) 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

| Description  | Year ended<br>31st March,<br>2017 | Year ended<br>31st March,<br>2016 |
|--|-----------------------------------|-----------------------------------|
| Estimated value of contracts remaining to be executed on capital account | -                                 | -                                 |

### NOTE 34 : 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.

(Amount In ₹)

|   | 2016-17           |                   | 2015-16           |                  |
|---|-------------------|-------------------|-------------------|------------------|
|   | Gratuity          | Leave Encashment  | Gratuity          | Leave Encashment |
|   | Funded            | Unfunded          | Funded            | Unfunded         |
| <b>A. Components of Employer Expense</b>                            |                   |                   |                   |                  |
| Current service cost  | 9,857,350         | 3,601,774         | 9,154,317         | 3,219,757        |
| Interest cost   | 8,168,706         | 1,475,207         | 8,300,882         | 1,785,226        |
| Curtailment cost/(credit)   | -                 | -                 | -                 | -                |
| Settlement cost/(credit)  | -                 | -                 | -                 | -                |
| Return on plan assets   | (452,920)         | -                 | (2,332,642)       | -                |
| Past service cost   | -                 | -                 | -                 | -                |
| Actuarial losses/(gains)  | 9,006,575         | 9,856,534         | 2,819,041         | (3,831,643)      |
| <b>Total expense recognized in the statement of profit and loss</b> | <b>26,579,711</b> | <b>14,933,515</b> | <b>17,941,598</b> | <b>1,173,340</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, 2017**

(Amount In ₹)

|  | 2016-17            |                   | 2015-16            |                   |
|--|--------------------|-------------------|--------------------|-------------------|
|  | Gratuity           | Leave Encashment  | Gratuity           | Leave Encashment  |
|  | Funded             | Unfunded          | Funded             | Unfunded          |
| Present Value of DBO at the beginning of year  | 108,916,078        | 19,669,427        | 103,761,011        | 22,315,312        |
| Current service cost                           | 9,857,350          | 3,601,774         | 9,154,317          | 3,219,757         |
| Interest cost                                  | 8,168,706          | 1,475,207         | 8,300,882          | 1,785,226         |
| Curtailment cost/(credit)                      | -                  | -                 | -                  | -                 |
| Settlement cost/(credit)                       | -                  | -                 | -                  | -                 |
| Plan amendments                                | -                  | -                 | -                  | -                 |
| Acquisitions                                   | -                  | -                 | -                  | -                 |
| Actuarial (gains)/losses                       | 9,006,575          | 9,856,534         | 2,932,924          | (3,831,643)       |
| Benefits paid                                  | (15,135,480)       | (9,987,778)       | (15,233,053)       | (3,753,435)       |
| <b>Present value of DBO at the end of year</b> | <b>120,813,229</b> | <b>24,615,164</b> | <b>108,916,081</b> | <b>19,735,217</b> |

**C. Net Asset / (Liability) recognized in Balance Sheet as at March 31, 2017**

(Amount In ₹)

|  | 2016-17             |                     | 2015-16             |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | Gratuity            | Leave Encashment    | Gratuity            | Leave Encashment    |
|  | Funded              | Unfunded            | Funded              | Unfunded            |
| Present value of defined benefit obligation              | 117,071,672         | 20,579,840          | 108,916,078         | 19,735,217          |
| Fair value on plan assets                                | 21,485,630          | -                   | 28,829,095          | -                   |
| Status [surplus/(deficit)]                               | (95,586,042)        | (20,579,840)        | (80,086,983)        | (19,735,217)        |
| Unrecognized past service cost                           | -                   | -                   | -                   | -                   |
| <b>Net Asset/(Liability) recognized in Balance Sheet</b> | <b>(95,586,042)</b> | <b>(20,579,840)</b> | <b>(80,086,983)</b> | <b>(19,735,217)</b> |

**D. Experience Adjustment**

(Amount In ₹)

|   | 2016-17          |                  | 2015-16       |                  |
|---|------------------|------------------|---------------|------------------|
|   | Gratuity         | Leave Encashment | Gratuity      | Leave Encashment |
|   | Funded           | Unfunded         | Funded        | Unfunded         |
| Present value of defined benefit obligation             | 117,071,672      | 20,579,840       | 97,012,520    | 19,072,516       |
| Fair value on plan assets                               | 21,485,630       | -                | 28,829,095    | -                |
| Status [surplus/(deficit)]                              | (95,586,042)     | (20,579,840)     | (68,183,425)  | (19,072,516)     |
| Experience adjustment on plan liabilities loss / (gain) | 3,517,029        | 9,064,854        | 1,864,358     | (3,831,643)      |
| Experience adjustment on plan assets (loss) / gain      | <b>(196,551)</b> | <b>-</b>         | <b>74,909</b> | <b>-</b>         |

(Amount In ₹)

|   | 2014-2015    |                  | 2013-2014    |                  |
|---|--------------|------------------|--------------|------------------|
|   | Gratuity     | Leave Encashment | Gratuity     | Leave Encashment |
| Present value of defined benefit obligation             | 103,761,011  | 22,315,314       | 77,804,171   | 22,841,057       |
| Fair value on plan assets                               | 29,487,273   | -                | 28,372,311   | -                |
| Status [surplus/(deficit)]                              | (74,273,738) | (22,315,314)     | (49,431,860) | (22,841,057)     |
| Experience adjustment on plan liabilities loss / (gain) | (282,394)    | (3,675,873)      | 14,213,517   | 6,064,886        |
| Experience adjustment on plan assets (loss) / gain      | (530,246)    | -                | (187,999)    | 11,994           |

(Amount In ₹)

|   | 2012-2013    |                  |
|---|--------------|------------------|
|   | Gratuity     | Leave Encashment |
| Present value of defined benefit obligation             | 83,536,229   | 22,841,057       |
| Fair value on plan assets                               | 27,012,793   | -                |
| Status [surplus/(deficit)]                              | (62,773,290) | (21,242,038)     |
| Experience adjustment on plan liabilities loss / (gain) | 7,108,952    | 1,786,912        |
| Experience adjustment on plan assets (loss) / gain      | 80,571       | -                |

**E. Change in Fair Value of Assets During the Year Ended March 31, 2017**

(Amount In ₹)

|  | 2016-17           |                  | 2015-16           |                  |
|--|-------------------|------------------|-------------------|------------------|
|  | Gratuity          | Leave Encashment | Gratuity          | Leave Encashment |
| Plan assets at the beginning of year   | 28,829,095        | -                | 29,487,273        | -                |
| Acquisition adjustment for plan assets | (405,335)         | -                | 92,340            | -                |
| Expected return on plan assets         | 2,117,342         | -                | 2,332,642         | -                |
| Actuarial gains/(losses)               | (182,111)         | -                | 113,883           | -                |
| Actual company contribution            | 957,005           | -                | 523,904           | -                |
| Benefits paid                          | (9,830,365)       | -                | (3,720,947)       | -                |
| <b>Plan Assets at the end of year</b>  | <b>21,485,631</b> | <b>-</b>         | <b>28,829,095</b> | <b>-</b>         |

**F. Current & Non current liabilities as at March 31,2017**

(Amount In ₹)

|                         |                   |                   |                   |                   |
|-------------------------|-------------------|-------------------|-------------------|-------------------|
| Current liabilities     | 8,380,338         | 2,322,984         | 3,499,850         | 3,700,166         |
| Non-current liabilities | 87,205,704        | 18,256,856        | 76,587,133        | 16,035,051        |
|                         | <b>95,586,042</b> | <b>20,579,840</b> | <b>80,086,983</b> | <b>19,735,217</b> |

**G. Actuarial Assumptions**

|  | 2016-17  |                  | 2015-16  |                  |
|--|----------|------------------|----------|------------------|
|  | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| Discount Rate (%) at March 31, 2017              | 8.00%    | 8.00%            | 8.00%    | 8.50%            |
| Expected Return on Plan Assets at March 31, 2017 | 8.00%    | N.A.             | 8.00%    | 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 35 : 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<br>MANUFAC-<br>TURING    | TEXTILE-<br>TRADING        | TOTAL                                     |
|--|----------------------------------|----------------------------|---|
| <b>Segment Revenue</b>   |                                  |                            |   |
| Total Revenue  | 8,014,862,068<br>(8,110,288,138) | 31,960,599<br>(74,066,033) | 8,046,822,667<br>(8,184,354,171)          |
| Inter - segment sales  | 230,820,197<br>(193,632,590)     | -<br>(-)                   | 230,820,197<br>(193,632,590)              |
| <b>External Sales</b>  | 7,784,041,871<br>(8,110,288,138) | 31,960,599<br>(74,066,033) | 7,816,002,469<br>(7,990,721,581)          |
| <b>Segment Results</b>   | -409,820,513<br>(15,392,314)     | 3,895,865<br>(184,255,629) | -405,924,648<br>(168,863,318)             |
| Unallocated corporate expense (Net)  | -<br>(-)                         | -<br>(-)                   | 278,375,405<br>(340,695,003)              |
| Operating Profit   | -<br>(-)                         | -<br>(-)                   | -648,300,053<br>(171,831,685)             |
| Finance charges  | -<br>(-)                         | -<br>(-)                   | 264,329,980<br>(889,328,558)              |
| Interest income  | -<br>(-)                         | -<br>(-)                   | 8,560,845<br>(13,435,305)                 |
| Dividend income  | -<br>(-)                         | -<br>(-)                   | -<br>(3,580)                              |
| <b>Profit/(loss) before exceptional, extraordinary, prior period items and tax</b> | -<br>(-)                         | -<br>(-)                   | <b>-940,069,187<br/>(1,047,721,358)</b>   |
| Extraordinary & exceptional Items  | -<br>(-)                         | -<br>(-)                   | 2,152,326,022<br>(-)                      |
| Tax expenses   | -<br>(-)                         | -<br>(-)                   | -<br>(-)                                  |
| <b>Profit/(Loss) after tax</b>   | -<br>(-)                         | -<br>(-)                   | <b>-3,092,395,211<br/>(1,047,721,358)</b> |
| <b>OTHER INFORMATION</b>   |                                  |                            |   |
| Segment Assets   | 3,890,134,968<br>(664,881,342)   | 9,491,094<br>(95,888,353)  | 3,899,626,063<br>(760,769,695)            |
| Unallocated corporate assets   | -<br>(-)                         | -<br>(-)                   | 298,706,724<br>(6,650,588,397)            |
| <b>Total Assets</b>  | -<br>(-)                         | -<br>(-)                   | 4,198,332,787<br>(7,411,358,092)          |
| Segment liabilities  | 2,171,427,106<br>(2,825,678,674) | 48,110,802<br>(17,595,900) | 2,219,537,909<br>(2,843,274,574)          |
| Unallocated corporate liabilities  | -<br>(-)                         | -<br>(-)                   | 8,877,387,807<br>(8,432,685,588)          |
| <b>Total Liabilities</b>   | -<br>(-)                         | -<br>(-)                   | 11,096,925,716<br>(11,275,960,162)        |
| Capital expenditure incurred during the year                                       | -<br>(-)                         | -<br>(-)                   | 13,122,015<br>(18,486,599)                |
| Depreciation and amortization for the year   | -<br>(-)                         | -<br>(-)                   | 137,764,544<br>(147,123,842)              |

## SPENTEX INDUSTRIES LIMITED

### B) GEOGRAPHICAL SEGMENT REPORTING:

(Amount in ₹)

| DESCRIPTION          | REVENUE                | ASSETS                 |
|----------------------|------------------------|------------------------|
| Domestic             | 6,173,098,879          | 3,832,789,966          |
|                      | (5,390,074,447)        | (4,093,922,909)        |
| Outside India        | 1,642,903,590          | 365,542,821            |
|                      | (2,600,647,134)        | (3,317,435,182)        |
| <b>Current Year</b>  | <b>7,816,002,469</b>   | <b>4,198,332,787</b>   |
| <b>Previous Year</b> | <b>(7,990,721,581)</b> | <b>(7,411,358,091)</b> |

Note : Figures in bracket pertain to the previous year.

### NOTES 36 : 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 (P) Limited
- iii) CLC Technologies Private Limited

#### Key Management Personnel and their relatives

- i) Mr. Ajay Kumar Choudhary
- ii) Mr. Mukund Choudhary
- iii) Mr. Kapil Choudhary
- iv) Mr. Amrit Agrawal (Resigned with effect from 27th January 2017)
- v) Mr. Sitaram Parthasarathy (Ceased to be a director on 07th Nov. 2015)
- vi) Mr. Madhav Choudhary
- vii) Mr. Akash Agrawal (Ceased to be related party w.e.f. 27th January 2017)

Chairman & Whole time Director  
Managing Director  
Deputy Managing Director  
Director  
Director  
Son of Deputy Managing Director  
Son of Director

#### 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.

(Amount in ₹)

| Particulars   | 2016-17           | 2015-16           |
|---|-------------------|-------------------|
| <b>1. Remuneration to Key Management Personnel*</b> |                   |                   |
| i) Mr. Ajay Kumar Choudhary                         | 6,720,000         | 6,729,351         |
| ii) Mr. Mukund Choudhary                            | 6,720,000         | 6,729,351         |
| iii) Mr. Kapil Choudhary                            | 6,720,000         | 6,729,351         |
| iv) Mr. Amrit Agrawal                               | 6,601,038         | 6,358,189         |
| v) Mr. Sitaram Parthasarathy                        | -                 | 3,799,703         |
| <b>Total</b>  | <b>26,761,038</b> | <b>30,345,945</b> |
| <b>2. Directors' sitting fees</b>                   |                   |                   |
| i) Mr. D.P. Singh                                   | 126,694           | 115,546           |
| ii) Mr. Deepak Diwan                                | 106,959           | 99,800            |
| iii) Mr. Kamal Kapur                                | 83,429            | 62,088            |
| iv) Mr. Prem Malik                                  | -                 | 89,117            |
| v) Mr. R.K. Thapliyal                               | 36,959            | 160,907           |
| vi) Mr. Samir Kumar Nath                            | 82,286            | 42,088            |
| vii) Mr. Shyamal Ghosh                              | 145,877           | 85,098            |
| viii) Mr. S.P. Sethia                               | 40,000            | 45,486            |
| ix) Mrs. Shivani Gupta                              | 20,000            | -                 |
| <b>Total</b>  | <b>642,204</b>    | <b>700,130</b>    |

|  |                    |                    |
|--|--------------------|--------------------|
| <b>3. Scholarship to relatives of Key Management Personnel</b> |                    |                    |
| i) Mr. Madhav Choudhary  | 6,000              | 6,000              |
| ii) Mr. Aakash Agrawal   | 6,000              | 6,000              |
| iii) Mr. Bharat Hari Choudhary                                 | 7,000              | -                  |
| <b>Total</b>   | <b>19,000</b>      | <b>12,000</b>      |
| <b>4. Unsecured loan taken**</b>                               |                    |                    |
| i) Mr. Ajay Kumar Choudhary                                    | -                  | 13,521,600         |
| ii) Mr. Mukund Choudhary                                       | -                  | 18,770,184         |
| iii) Mr. Kapil Choudhary                                       | -                  | 17,608,219         |
| <b>Total</b>   | <b>-</b>           | <b>49,900,003</b>  |
| <b>5. Guarantees outstanding at year end</b>                   |                    |                    |
| M/s Himalayan Crest Power Private Limited                      | 145,290,136        | 153,382,019        |
| <b>Total</b>   | <b>145,290,136</b> | <b>153,382,019</b> |
| <b>6. Year end receivable from</b>                             |                    |                    |
| M/s Spentex Tashkent Toytepa LLC                               | 56,650,287         | 509,966,133        |
| <b>Total</b>   | <b>56,650,287</b>  | <b>509,966,133</b> |
| <b>7. Year end payable to</b>                                  |                    |                    |
| Mr. Ajay Kumar Choudhary                                       | 13,521,600         | 13,521,600         |
| Mr. Mukund Choudhary   | 18,770,184         | 18,770,184         |
| Mr. Kapil Choudhary  | 17,608,219         | 17,608,219         |
| <b>Total</b>   | <b>49,900,003</b>  | <b>49,900,003</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.

\*\* Converted to unsecured loan during the current financial year.

**NOTE 37 : EARNING PER SHARE**

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

|  | <b>As at 31st March, 2017</b> | <b>As at 31st March, 2016</b> |
|--|-------------------------------|-------------------------------|
| Net profit/(loss) attributable to equity shareholders                        | (3,092,395,211)               | (1,047,721,358)               |
| <b>Weighted Average Shares Outstanding</b>                                   |                               |                               |
| Weighted average shares outstanding  | 89,772,035                    | 89,772,035                    |
| Effect of dilutive securities  | -                             | -                             |
| Diluted weighted average shares outstanding                                  | 89,772,035                    | 89,772,035                    |
| Nominal value of equity shares (₹)   | 10                            | 10                            |
| Extraordinary items  | (2,095,675,735)               | -                             |
| Profit/(loss) before extraordinary items attributable to equity shareholders | (996,719,475)                 | (1,047,721,358)               |
| <b>Before extraordinary items</b>  |                               |                               |
| Basic earnings per shares (₹)  | (11.10)                       | (11.67)                       |
| Diluted earnings per shares (₹)  | (11.10)                       | (11.67)                       |
| Profit/(loss) after extraordinary items attributable to equity shareholders  | (3,092,395,211)               | (1,047,721,358)               |
| <b>After extraordinary items</b>   |                               |                               |
| Basic earnings per shares (₹)  | (34.45)                       | (11.67)                       |
| Diluted earnings per shares (₹)  | (34.45)                       | (11.67)                       |

**NOTE 38 : EARNINGS IN FOREIGN EXCHANGE DURING THE YEAR (ON ACCRUAL BASIS):**

(Amount In ₹)

| <b>Description</b>             | <b>Current Year</b> | <b>Previous Year</b> |
|--------------------------------|---------------------|----------------------|
| F.O.B. value of goods exported | 1,530,856,070       | 2,444,314,778        |



## SPENTEX INDUSTRIES LIMITED

### NOTE 39 : EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

(Amount In ₹)

| Description                | Current Year      | Previous Year      |
|----------------------------|-------------------|--------------------|
| Travelling                 | 3,894,784         | 9,474,543          |
| Commission                 | 10,201,139        | 23,477,406         |
| Claim paid on export sales | 2,949,057         | 4,056,282          |
| Legal & professional       | 3,104,062         | 103,666,622        |
| Other expenses             | 4,952,823         | 3,183,128          |
|                            | <b>25,101,865</b> | <b>143,857,981</b> |

### NOTE 40 : VALUE OF RAW MATERIALS CONSUMED

| Description | Current Year   |                      | Previous Year  |                      |
|-------------|----------------|----------------------|----------------|----------------------|
|             | %              | ₹                    | %              | ₹                    |
| Imported    | 0.07%          | 4,079,873            | 0.01%          | 3,433,038            |
| Indigenous  | 99.93%         | 5,669,201,684        | 99.99%         | 5,331,242,848        |
|             | <b>100.00%</b> | <b>5,673,281,557</b> | <b>100.00%</b> | <b>5,334,675,886</b> |

### NOTE 41: VALUE OF STORE, SPARES AND PACKING MATERIAL CONSUMED

| Description | Current Year   |                    | Previous Year  |                    |
|-------------|----------------|--------------------|----------------|--------------------|
|             | %              | ₹                  | %              | ₹                  |
| Imported    | 5.74%          | 14,503,042         | 6.84%          | 16,633,352         |
| Indigenous  | 94.26%         | 238,044,481        | 93.16%         | 226,455,450        |
|             | <b>100.00%</b> | <b>252,547,523</b> | <b>100.00%</b> | <b>243,088,802</b> |

### NOTE 42: CIF VALUE OF IMPORTS

(Amount In ₹)

| Description                    | Current Year      | Previous Year     |
|--------------------------------|-------------------|-------------------|
| Raw materials                  | 6,547,723         | 3,177,383         |
| Stores and spares & components | 13,398,991        | 17,062,285        |
|                                | <b>19,946,714</b> | <b>20,239,668</b> |

**Note 43** The group had an investment of ₹ 2,383,796,543 and recoverable ₹ 509,966,133 in step down subsidiary Spentex Tashkent Toytepa LLC (STTL). 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) stands 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 of Investment Dispute (ICSID). Since ICSID has given its award against claimant SNBV in Dec. 2016 dismissing all its claims and counter claims and STTL has been liquidated as per bankruptcy laws of Republic of Uzbekistan, investment made by SNBV in its subsidiary STTL has turned to unrecoverable, resulting investment made and advance recoverable by Spentex Industries Ltd.(SIL) in its subsidiary SNBV and investment made directly by SIL in its step down subsidiary STTL as well as other recoverables from STTL as mentioned above have also become doubtful for recovery. In view of the above the management has decided to make provision for the aforesaid amounts during the current financial year subject to necessary statutory approvals. The amount of ₹ 56,650,287 towards export receivable has been shown as exceptional item, ₹ 13,362,117 towards export incentives written off during the year and the balance amounts as mentioned above has been shown as extra ordinary items in the statement of Profit & Loss.

**Note 44** 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 the 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 the unfavorable 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 Amortization (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 discussions. 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 45** Advance balance of ₹18,410,722 from a party where payments are not forthcoming. Against the above, the holding Company has filed a suit for recovery. In addition to above for ₹ 10,135,376 (₹ 12,830,469) dues from Government Authorities company filed an application for release with concerned authorities. The holding 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 46** Advance balances aggregating to ₹ 106,562,649 are due from certain parties where payments are not forthcoming. The holding 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 47** The holding 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 48** The outstanding balance as on 31st March, 2017 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 49** The accounts of the group companies had become Non performing assets (NPA) with majority of the banks and due to this reason, the majority of lenders stopped charging interest from us on their outstanding debts amount from the dates on which their accounts become NPA. The company is in advance discussions with its lenders to settle their dues through sale to Assets Reconstruction Companies by the lenders or otherwise. In view of the above, the company has not charged to statement of profit and loss account interest expenses of ₹ 626,497,395/- and related penal interest and other charges, if any, in respect of delay in repayment of borrowings from the banks. Further, interest expenses recognized till 31st March, 2016 of ₹ 404,402,112/- has been reversed during the quarter and disclosed under extra ordinary items.
- Note 50** ICICI bank has assigned all its rights, title and interest in relation to the loans / financial assistance provided to the company in favour of Edelweiss Assets Reconstruction Company Ltd. (EARC) in June 2016. The company has made an agreement with EARC in February 2017 for restructuring of its crystallized dues and funded interest term loan amounting to ₹ 356,200,000 Lakhs payable as per terms and conditions set out in the said agreement. The company has reversed the difference of loan liability as well as provision of interest on loan of ICICI bank outstanding in its books of accounts as on date of settlement agreement with EARC and the above mentioned settlement amount payable to EARC in terms of the settlement. The total loan liability amount of ₹ 244,507,562 have been reversed and interest provision amount of ₹ 80,231,686 have been written back and disclosed under extraordinary items in the statement of Profit & Loss for the current financial year.

**Note 51 Taxation : Deferred Tax**

**Break-up of Deferred Tax Assets and Liabilities.**

|  | Current Year<br>₹    | Previous Year<br>₹   |
|--|----------------------|----------------------|
| <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 | 372,377,434          | 379,596,115          |
| <b>Total Deferred Tax liability [A]</b>  | <b>372,377,434</b>   | <b>379,596,115</b>   |
| <b>Deferred tax asset recognised on account of timing difference :</b>             |                      |                      |
| Tax Impact of brought forward losses   | 1,026,973,549        | 1,046,531,261        |
| Tax Impact of unabsorbed depreciation  | 658,631,542          | 656,125,230          |
| Tax impact of provision for doubtful debts and advances                            | 258,047,750          | 94,909,416           |
| Tax impact of disallowances under section 43B of the Income tax Act, 1961          | 80,939,694           | 86,217,695           |
| <b>Total Deferred Tax Asset [B]</b>  | <b>2,024,592,535</b> | <b>1,883,783,602</b> |
| <b>Net Deferred Tax Asset/ (Deferred Tax Liability) [B-A]</b>                      | <b>1,652,215,101</b> | <b>1,504,187,487</b> |
| <b>Charge to Statement of Profit and Loss</b>                                      | -                    | -                    |
| <b>Net Deferred Tax Asset/ (Deferred Tax Liability)</b>                            | <b>1,652,215,101</b> | <b>1,504,187,487</b> |

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

- Note 52** For the year ended March 31, 2017, the holding 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.

## SPENTEX INDUSTRIES LIMITED

**Note 53** The subsidiary company has advanced an amount of ₹ 277,723,608 as inter corporate deposit and capital advances without any repayment schedule and interest free. The Management is ,however, hopeful of recovering the same in full.

**Note 54** Pursuant to MCA notification GSR308(E) dated 30th March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016, the demoninationwise SBNs and other notes as per the notification is given below:

|   | SBNs*  | Other Denomination Notes | Total   |
|---|--------|--------------------------|---------|
|   | ₹      | ₹                        | ₹       |
| Closing Cash on hand as on 8th November 2016  | 84,000 | 9,834                    | 93,834  |
| Add: Permitted receipts                       | -      | 160,000                  | 160,000 |
| Less: Permitted payments                      | -      | 67,097                   | 67,097  |
| Less: Amount Deposited in Bank                | 84,000 | -                        | 84,000  |
| Closing Cash on hand as on 30th December 2016 | -      | 102,737                  | 102,737 |

Note: The holding company is under process of collation of details as required under notification No. G.S.R. 308(E) dated 30th March, 2017 issued by Ministry of Corporate Affairs relating to the disclosure of the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

\* For the purpose of this clause ,the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance,Department of Economic Affairs No. S.O.3407(E),dated 8th November 2016.

**Note 55** 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       | 47%  | (3,736,106,599)        | 0.92%                               | (28,604,471)           |
| <b>Subsidiaries</b>              |  |                        |                                     |                        |
| <b>Indian</b>                    |  |                        |                                     |                        |
| Amit Spinning Industries Limited | 1%   | (94,409,676)           | 4.28%                               | (132,243,342)          |
| <b>Foreign</b>                   |  |                        |                                     |                        |
| Spentex Netherlands B.V.         | 52%  | (4,151,851,655)        | 94.80%                              | (2,931,547,398)        |
| <b>Total</b>                     | <b>100%</b>  | <b>(7,982,367,930)</b> | <b>100.00%</b>                      | <b>(3,092,395,211)</b> |

**Note 56** 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  
Sd/-  
Akhil Bhalla  
Partner  
Membership No : 505002  
Place : New Delhi  
Date : May 29, 2017

For and on behalf of the Board of Directors  
Mukund Choudhary Managing Director  
Kapil Choudhary Deputy Managing Director  
Prakash Chandra Thakur Company Secretary  
Krishan Gopal Goel CFO

**ANNUAL REPORT 2016-2017**

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 (31.03.2017)                |                                  | 64.86                       |                                  | 69.30                                |                                   |
|         | Date Since Subsidiary acquired/incorporated       | 25.08.2006                       | 24.07.2006                  |                                  | 13.06.2007                           |                                   |
| 1       | Share Capital (including share application money) | 205,848,335<br>(205,848,335)     | 15,021,757<br>(15,023,050)  | 974,311,159<br>(995,277,063)     | 18,000<br>(18,000)                   | 1,247,400<br>(1,357,020)          |
| 2       | Reserves and Surplus                              | -1,057,051,001<br>(-924,807,659) | -46,780,804<br>(-2,561,876) | -3,034,202,947<br>(-169,724,285) | -14,888,370<br>(-14,880,987)         | -1,031,764,041<br>(1,121,877,610) |
| 3       | Total Assets (excluding investments)              | 648,823,862<br>(710,383,407)     | 22,392,077<br>(29,370,700)  | 1,452,350,114<br>(1,945,808,875) | -<br>(-)                             | -<br>(-)                          |
| 4       | Total Liability                                   | 1,500,049,727<br>(1,429,365,962) | 54,175,280<br>(52,782,480)  | 3,513,808,661<br>(3,496,839,300) | 17,735,443<br>(17,735,443)           | 1,229,066,200<br>(1,337,075,048)  |
| 5       | Investment  | 23,200<br>(23,231)               | 24,156<br>(35,872,955)      | 1,566,758<br>(2,376,583,269)     | 2,865,073<br>(2,872,456)             | 198,549,559<br>(216,554,458)      |
| 6       | Turnover  | 1,584,539<br>(3,898,103)         | -<br>(-)                    | -<br>(-)                         | -<br>(-)                             | -<br>(-)                          |
| 7       | Profit( Loss) before Taxation                     | -132,243,342<br>(-150,316,939)   | -44,220,221<br>(-1,349,420) | -2,930,990,499<br>(-88,292,551)  | -7,383<br>(-)                        | -556,899<br>(-)                   |
| 8       | Provision for Taxation (Deferred Tax)             | -<br>(-)                         | -<br>(-)                    | -<br>(-)                         | -<br>(-)                             | -<br>(-)                          |
| 9       | Profit( Loss) after Taxation                      | -132,243,342<br>(-150,316,939)   | -44,220,221<br>(-1,349,420) | -2,930,990,499<br>(-88,292,551)  | -7,383<br>(-)                        | -556,899<br>(-)                   |
| 10      | Proposed Dividend                                 | -<br>(-)                         | -<br>(-)                    | -<br>(-)                         | -<br>(-)                             | -<br>(-)                          |
| 11      | % of Shareholding                                 | 50.96%                           | 91%                         |                                  | 100% of SNBV                         |                                   |

\* Figures shown in brackets represents previous year figures

| Ex Rate (Closing Rate) | USD/INR | EURO/USD | EURO/INR |
|------------------------|---------|----------|----------|
| 31.03.2017             | 64.86   | 1.066    | 69.30    |
| 31.03.2016             | 66.25   | 1.138    | 75.39    |
| Ex Rate (Average Rate) | USD/INR | EURO/USD | EURO/INR |
| 31.03.2017             | 67.06   | 1.0973   | 73.59    |
| 31.03.2016             | 65.43   | 1.1044   | 72.26    |

**CIMMCO SPINNERS. SOLAPUR**



**AMIT SPINNING INDUSTRIES LTD.-KOLHAPUR**



**SPENTEX INDUSTRIES LTD.-BARAMATI**



**SPENTEX INDUSTRIES LTD.-BUTIBORI**



**SPENTEX INDUSTRIES LTD.-PITHAMPUR**

