

INDEPENDENT AUDITOR'S REPORT

To,

The Members of STI India Limited

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **STI India Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "**standalone Ind AS financial statements**")

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements, that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Standalone Ind AS 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 standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the state

of affairs of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure-I a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance sheet, the statement of profit and loss, the statement of cash flow and the statement of changes in equity dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rule issued thereunder.
 - e. On the basis of the written representations received from the directors as on 31 March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date and our report dated 08/05/2017 as per Annexure-II expressed.
 - g. 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) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:
 - i. As detailed in Note No. 24 to the standalone Ind AS financial statements, the Company has disclosed the impact of pending litigations on its standalone Ind AS financial statements;
 - ii. The company does not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.
 - iv. The company has provided requisite disclosures in its standalone Ind AS 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 these are in accordance with of books of accounts maintained by the company. Refer Note No. 41 to the standalone Ind AS financial statements.
 - h. **Attention is also invited to;**
Note No.35 in "Notes to Account, regarding the standalone Ind AS financial statements of the Company having been prepared on going concern basis, notwithstanding the fact that its net worth is completely eroded.

For V.K BESWAL & ASSOCIATES
Chartered Accountants

CA K.V. Beswal
Partner

Membership Number - 131054
Firm Registration No:101083W

Place: Mumbai
Date: 8th May, 2017

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

1. In respect of Fixed Assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The fixed assets have been physically verified by the management at reasonable intervals during the year. We are informed that no material discrepancies were noticed by the management on such verification.
 - c. The title deeds in respect of all immovable properties are held in the name of the company.
2. In respect of Inventories:
As explained to us physical verification of inventory has been conducted during the year at reasonable intervals by the management and in our opinion and according to the information and explanation given to us, the Company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.
3. In respect of loans, secured or unsecured granted by the Company to other Companies, firms, LLP or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
 - a. The terms and conditions of grant of such loans are not prejudicial to the interest of the Company.
 - b. The repayments of the principal are regular. Loan is given Interest free.
 - c. The amounts are payable on demand.
4. The Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of guarantee given and securities provided. However during the year the company has not given any loans or made any investments.
5. During the year the company has not accepted any deposits from public or by any means hence the said clause 3(v) of the said order is not applicable to the Company.
6. As per the information and explanations provided to us, we are of the opinion that in pursuant to the prescribed rules by Central Government, the Company had maintained cost records u/s. 148(1) of the Companies Act, 2013, however we have not done a detailed examination of the same.
7. In respect of Statutory Dues:
 - (a) According to record of the Company produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it. According to the information and explanations given, no undisputed amounts payable in respect of Income-Tax, sales tax, service tax, customs duty, excise duty/cess were outstanding as at 31.03.2017 for a period of more than six months from the date they became payable except as given below:
Statement of Arrears of statutory dues (excluding interest) outstanding for more than six months as at 31st March 2017:

Sr. No	Nature of Dues	Amount (₹ in Lacs)	Period to which amount relates
1.	Central Sales Tax	3.87	1995-96
2.	Central Sales Tax	12.65	1997-98
3.	Entry Tax	11.40	1996-97
4.	Entry Tax	4.04	1997-98
5.	Madhya Pradesh Sales Tax (M.P.S.T)	8.39	1997-98
6.	Tax Deducted at Source	82.59	2016-17
7.	Tax Collection at Source	3.27	2016-17
8.	Profession Tax	2.73	2016-17
9.	Provident Fund	192.56	2016-17
10.	ESIC	17.68	2016-17
	Total	339.18	

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

(₹ in Lacs)

Nature of the Act	Nature of the Dues	Amount	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	CST	63.00	1995-96	Writ Petition filed in M.P High Court
Central Sales Tax Act, 1956	Excise Duty	27.03	September 2004	In the High Court of M.P.
Central Sales Tax Act, 1944	Excise Duty	65.49	March 2004 to September 2004	In the High Court of M.P.
Central Sales Tax Act, 1944	Excise Duty	11.02	2007-08 & 2008-09	Additional Commissioner of Central Excise Indore
Total		166.54		

8. As per the information and explanations given to us the company has not taken loans from bank or financial institutions. The company has not defaulted in repayment of dues to debenture holders.
9. During the year the Company has not raised any fund by way of initial public offer or further public offer (including debt instruments) and term loans, therefore no comments under the clause are called for.
10. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
11. According to the records of the Company, the Managerial Remuneration has been paid or provided 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 to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is not a Nidhi company. Hence, in our opinion the clause does not apply to the company.
13. The Company has disclosed all the transactions with the related parties in the Financial Statements during the year and the transactions are in compliance with sections 177 and 188 of Companies Act, 2013.
14. During the year under consideration, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, hence comments under this clause are not called for.
15. According to the provisions of section 192 of Companies Act, 2013 the company has not entered into any non-cash transactions with directors or persons connected with him during the year hence no comments under this clause are called for.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, hence this clause is not applicable and no comments under this clause are called for.

For V.K BESWAL & ASSOCIATES
Chartered Accountants

CA K.V. Beswal
Partner

Membership Number-131054
Firm Registration No:101083W

Place: Mumbai
Date: 8th May, 2017

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

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

1. In conjunction with our audit of the standalone Ind AS financial statements of **STI India Limited** ("the Company") as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017 based on the criteria being specified by management.

For V.K BESWAL & ASSOCIATES

Chartered Accountants

CA K.V. Beswal

Partner

Membership Number-131054

Firm Registration No:101083W

Place: Mumbai

Date: 8th May, 2017

Balance Sheet as at 31st March, 2017

PARTICULARS	Note No.	31st March, 2017 (₹ in Lacs)	31st March, 2016 (₹ in Lacs)	31st March, 2015 (₹ in Lacs)
ASSETS				
Non-current assets				
a) Property, Plant & Equipment	1(b)	6,769.89	7,009.09	7,157.40
b) Capital work-in-progress		37.45	192.95	175.90
c) Other Intangible Assets	1(b)	8.86	2.25	-
d) Financial Assets				
(i) Loans	2	416.47	437.68	466.54
(ii) Non-current Investments	3	-	-	1,199.93
e) Deferred Tax Assets	4	-	-	1,319.54
		7,232.67	7,641.97	10,319.31
Current assets				
a) Inventories	5	125.40	106.08	137.97
b) Financial Assets				
(i) Trade receivables	6	390.58	428.44	112.86
(ii) Cash and cash equivalents	7	1.93	2.57	6.11
(iii) Loans	8	4,025.00	4,025.00	-
c) Other current assets	9	136.12	224.19	285.27
		4,679.03	4,786.28	542.21
TOTAL		11,911.70	12,428.25	10,861.52
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	10	2,900.00	2,900.00	2,900.00
b) Other Equity	11	(3,700.18)	(2,902.16)	(5,302.01)
		(800.18)	(2.16)	(2,402.01)
LIABILITIES				
1) Non-current liabilities				
a) Financial Liabilities				
(i) Borrowings	12	11,272.00	11,272.00	12,247.00
b) Provisions	13	224.41	149.76	100.17
		11,496.41	11,421.76	12,347.17
2) Current liabilities				
a) Financial Liabilities				
(i) Trade payables	14	210.64	231.32	252.63
b) Other liabilities	15	885.01	620.37	590.75
c) Provisions	16	119.82	156.96	72.98
		1,215.47	1,008.65	916.36
TOTAL		11,911.70	12,428.25	10,861.52

Notes are integral part of the balance sheet &

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

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

Deepesh Kumar Nayak
Company Secretary

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

Dr. R.B.Baheti
Chairman

Prashant Agrawal
Managing Director

Mukesh Maheshwari
Chief Financial Officer

Place : Mumbai
Date : 8th May, 2017

Place : Indore
Date : 8th May, 2017



Statement of Profit and Loss for the year ended 31st March, 2017

PARTICULARS	Note No.	31st March, 2017 (₹in Lacs)	31st March, 2016 (₹in Lacs)
INCOME :			
Revenue from Operations	17	4,697.19	4,679.14
Other income	18	57.83	4,868.55
Total Revenue		4,755.02	9,547.69
EXPENDITURE :			
Purchases of traded goods	19	859.10	402.51
Changes in inventories of finished goods, work-in-progress and waste	20	(32.22)	16.95
Employee benefits expenses	21	1,905.76	1,965.99
Finance costs	22	0.30	1.93
Depreciation and amortization expenses		397.38	392.73
Other expenses	23	2,415.48	3,049.01
Total Expenditures		5,545.80	5,829.12
Profit /(Loss) before extraordinary Items and Tax		(790.78)	3718.57
Extraordinary Items :			
Prior year adjustments		7.23	(0.82)
Profit/ (Loss) before tax		(798.01)	3,719.39
Tax expenses :			
Deferred tax		-	1,319.54
Profit/ (Loss) for the year		(798.01)	2,399.85
Earnings per equity share: Basic & Diluted (in ₹)		(2.75)	8.28
Notes are integral part of the balance sheet & profit & loss account	1(a)		

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

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

Deepesh Kumar Nayak
Company Secretary

Place : Mumbai
Date : 8th May, 2017

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

Dr. R.B.Baheti
Chairman

Prashant Agrawal
Managing Director

Mukesh Maheshwari
Chief Financial Officer

Place : Indore
Date : 8th May, 2017

Cash Flow Statement for the year ended 31st March, 2017

PARTICULARS	31st March, 2017 (₹in Lacs)	31st March, 2016 (₹in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax and after Extraordinary items	(798.02)	3,717.67
Adjustment For :		
Depreciation	397.38	392.73
Interest & Finance charges	0.30	1.93
Interest received	(32.56)	(33.81)
Dividend received	-	(299.98)
Profit (-) / Loss (+) on sale of Investments	-	(4,499.74)
Profit (-) / Loss (+) on sale of Assets	0.65	0.12
Operative Profit before Working Capital Changes	(432.25)	(721.08)
Adjustment For :		
Trade and Other Receivables	144.52	(263.18)
Inventories	(19.32)	31.89
Trade & Other payable	281.46	143.60
Cash Generation from Operations	(25.58)	(808.77)
Direct Taxes	2.62	(8.85)
Net Cash Flow from operating activities	(22.96)	(817.62)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Advances		
Capital Expenditure	(9.99)	(221.31)
Sale of Fixed Assets	0.04	3.87
Sale of Investment (Net)	-	5,699.67
Dividend received	-	299.98
Interest Received	32.56	33.81
Net Cash used in investing activities	22.61	5,816.02
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Short Term Loan to Holding Co.	-	(975.00)
Short Term Advances to Holding Co.	-	(4,025.00)
Interest on Debentures & Others	(0.30)	(1.93)
Net Cash used in financing activities	(0.30)	(5,001.93)
D. Net Change In Cash And Cash Equivalents (A+B+C)	(0.65)	(3.53)
Cash and Cash Equivalents (Opening)	2.57	6.11
Cash and Cash Equivalents (Closing)	1.92	2.57

Notes : 1. Figures in brackets represent cash outflows.

2. Previous year figures have been regrouped wherever necessary.

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

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

Deepesh Kumar Nayak
Company Secretary

Place : Mumbai
Date : 8th May, 2017

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

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Prashant Agrawal
Managing Director

Mukesh Maheshwari
Chief Financial Officer

Place : Indore
Date : 8th May, 2017

**Statement of Changes in Equity -**

A. Equity share capital	Number in thousands	₹.in Lacs		
Balance as at 1st April, 2015	29,000	2,900.00		
Changes in equity share capital during 2015-16	-	-		
Balance as at 31st March, 2016	29,000	2,900.00		
Balance as at 1st April, 2016	29,000	2,900.00		
Changes in equity share capital during 2016-17	-	-		
Balance as at 31st March, 2017	29,000	2,900.00		
B. Other equity				
		Reserves and surplus		Total other Equity
	Securities premium	Retained earnings	Capital Reserves	
Balance as at 1st April, 2015	3,773.00	(9,115.02)	40.01	(5,302.01)
Employee share-based compensation	-	-	-	-
Transactions with owners	-	-	-	-
Profit for the year	-	2,399.85	-	2,399.85
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	2,399.85	-	2,399.85
Balance as at 31st March, 2016	3,773.00	(6,715.17)	40.01	(2,902.16)
Balance as at 1st April, 2016	3,773.00	(6,715.17)	40.01	(2,902.16)
Dividends	-	-	-	-
Issue of share capital on exercise of employee share option	-	-	-	-
Profit for the year	-	(798.02)	-	(798.02)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	(798.02)	-	(798.02)
Balance as at 31st March, 2017	3,773.00	(7,513.19)	40.01	(3,700.18)

Accompanying notes are forming part of financial statements

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

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

Deepesh Kumar Nayak
Company Secretary

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

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Managing Director

Mukesh Maheshwari
Chief Financial Officer

Place : Mumbai
Date : 8th May, 2017

Place : Indore
Date : 8th May, 2017

NOTE NO.- 1 (a) FOR THE YEAR ENDED 31.03.2017
SIGNIFICANT ACCOUNTING POLICIES
a. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The standalone Ind AS financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis, the provision of the Companies Act, 2013 (to the extent notified) and guideline issued by Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under section 133 of the Act read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment rules, 2016.

The Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 first time adoption of Indian Accounting Standards generally accepted in India as prescribed under section 133 of the Act read with rule 7 of Companies (Accounts) Rules, 2016 which was the previous GAAP. The accounting policies adopted in the preparation of standalone Ind AS financial statement are consistent with those of previous year.

b. USE OF ESTIMATES

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions effect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditure during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding these estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Critical accounting estimates
a. Revenue Recognition

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

b. Property, Plant and Equipment:

Fixed assets are stated at cost of acquisition less accumulated depreciation if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready to use, as intended by management. The company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Lease hold Land	99 years
Site Development	99 years
Factory Building	30 years
Plant & machinery	25 years
Vehicles	10 years
Computer	03 years
Furniture	10 years
Office Equipment	05 years

Depreciation methods, useful lives and residual value are reviewed periodically, including at each financial year end.

“Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use the assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013”.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under ‘Capital work – in - progress’. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

c. Intangible assets:

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over the irrespective individual estimated useful lives on a straight – line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

d. Impairment of Assets:

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

e. Investments:

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

f. Inventories:

Inventories are valued as under:-

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

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

g. Foreign Currency:

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

h. Employee Benefits :

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

I. Taxation :

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

j. Borrowing Cost:

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

k. Provisions, Contingent Liabilities and Contingent Assets:

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

l. Expenditure during construction period :

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

Notes to financial statements for the year ended 31st March, 2017
Note - 1 (b): Property, Plant and Equipment

Details of the property, plant and equipment & Intangible Assets their carrying amounts are as follows:

	Lease/Free Hold Land	Site Development	Factory Building	Non Factory Building	Plant & Equipment	Vehicles	Computer	Furniture & Fixtures	Office Equipment	TOTAL	Software
											(₹ in Lacs)
Gross carrying amount											
Balance as at 1 April 2016	862.36	67.93	298.47	2,614.79	780.67	20,743.72	115.61	38.43	189.56	10.16	25,721.70
Additions	-	-	-	155.50	-	1.39	-	0.21	0.77	-	157.87
Acquisition through business combination	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Revaluation increase	-	-	-	-	-	-	-	-	-	-	-
Net exchange differences	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	862.36	67.93	298.47	2,770.28	780.67	20,745.11	115.61	38.65	176.62	9.93	25,865.64
Depreciation and impairment											
Balance as at 1 April 2016	61.07	-	26.44	1,623.39	224.44	16,526.88	38.32	30.29	175.48	6.30	18,712.61
Disposal	-	-	-	-	-	-	-	-	13.01	0.23	13.24
Net exchange differences	-	-	3.44	75.92	12.15	274.45	14.75	3.15	-	-	-
Depreciation	10.08	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	71.15	-	29.88	1,699.31	236.59	16,801.33	53.07	33.43	163.85	7.14	19,095.75
Carrying amount as at 31 March 2017	791.21	67.93	268.60	1,070.97	544.08	3,943.78	62.53	5.22	12.77	2.79	6,769.89
Gross carrying amount											
Balance as at 1 April 2015	862.36	67.93	298.47	2,614.79	776.73	20,563.21	67.99	42.00	189.44	9.39	25,492.31
Additions	-	-	-	-	3.95	180.51	57.32	5.70	0.12	0.77	248.36
Acquisition through business combination	-	-	-	-	-	-	-	-	-	-	-
Held for sale or included in disposal group	-	-	-	-	-	-	-	-	-	-	-
Net exchange differences	-	-	-	-	-	-	9.70	9.27	-	-	18.97
Balance as at 31 March 2016	862.36	67.93	298.47	2,614.79	780.67	20,743.72	115.61	38.43	189.56	10.16	25,721.70
Depreciation and impairment											
Balance as at 1 April 2015	50.99	-	23.00	1,548.69	212.30	16,255.74	31.90	36.80	170.50	4.98	18,334.90
Net exchange differences	-	-	-	-	-	-	-	-	-	-	-
Held for sale or included in disposal group	-	-	-	-	-	-	6.14	8.83	-	-	14.97
Depreciation	10.08	-	3.44	74.70	12.14	271.14	12.57	2.31	4.98	1.32	392.68
Balance as at 31 March 2016	61.07	-	26.44	1,623.39	224.44	16,526.88	38.32	30.29	175.48	6.30	18,712.61
Carrying amount as at 31 March 2016	801.29	67.93	272.04	991.39	556.24	4,216.83	77.28	8.15	14.08	3.86	7,009.09
Carrying amount as at 1 April 2015	811.37	67.93	275.48	1,066.09	564.43	4,307.47	36.08	5.20	18.94	4.41	7,157.40



PARTICULARS	31st March, 2017 (₹in Lacs)	31st March, 2016 (₹in Lacs)	31st March, 2015 (₹in Lacs)
Note - 2 : Loans			
Capital Advances			
Unsecured, considered good	4.56	4.56	50.95
Security Deposits			
Unsecured, considered good	411.91	433.12	415.59
Other loans and advances (refer Note 26)			
Doubtful	2,450.75	2,450.75	2,450.75
Less: Provision for doubtful advances	2,450.75	2,450.75	2,450.75
	-	-	-
Total	416.47	437.68	466.54
Note - 3 : Non-current investments			
<u>Other investments :</u>			
Investment in Equity instruments :			
In Joint Venture			
Unquoted : (Fully paid up) 11999300 Equity Shares of ₹ 10/- each of	-	-	1,199.93
Total	-	-	1,199.93
Note - 4 : Deferred tax assets (Net)			
Deferred tax liability			
Net Block as per Companies Act	-	-	6,278.10
Net Block as per Income Tax Act	-	-	2,539.50
Difference	-	-	3,738.60
Deferred tax liability (A)	-	-	1,155.23
Deferred tax assets			
Expenditure to be disallowed u/s 43B -			
Bonus	-	-	68.38
Leave encashment	-	-	72.30
Gratuity	-	-	63.44
Unabsorbed depreciation	-	-	7,804.81
	-	-	8,008.93
Deferred tax assets (B)	-	-	2,474.77
Net Deferred Tax (Assets) (Closing)	-	-	(1,319.54)
Less : Net Deferred Tax (Assets) (Opening)	-	(1,319.54)	(1,301.40)
Net Deferred Tax (Assets) to be recognized in Profit & Loss Account.	-	1,319.54	(18.14)
[Refer Note No.: 27]			

PARTICULARS	31st March, 2017 (₹in Lacs)	31st March, 2016 (₹in Lacs)	31st March, 2015 (₹in Lacs)
Note - 5 : Inventories			
Waste (Valued at net realisable value)	45.08	12.86	29.81
Stores and spares (Valued at cost)	60.06	67.91	80.16
Goods-in transit	2.00	3.23	4.41
Packing material (Valued at cost)	15.69	19.24	19.04
Oil & lubricant (Valued at cost)	2.57	2.84	4.55
<i>(As certified by Management)</i>			
Total	125.40	106.08	137.97
Note - 6 : Trade Receivables			
Unsecured, Considered Good ⁽¹⁾	390.58	428.44	112.86
Total	390.58	428.44	112.86
(1) Includes dues from Holding Co.	357.59	411.76	60.39
Note - 7 : Cash and cash equivalents			
Balance with Banks	1.54	2.12	5.50
Cash on hand	0.39	0.45	0.61
Total	1.93	2.57	6.11
Note - 8 : Loans & Advances			
Advances to Holding Co.	4,025.00	4,025.00	-
Total	4,025.00	4,025.00	-
Note - 9 : Other current assets			
Insurance claim receivable	-	84.51	84.51
Balance with Government authorities	109.56	114.50	129.08
Others	26.56	25.18	71.68
Total	136.12	224.19	285.27

Note : 10 Share Capital

A	Authorised Share Capital	Equity Share		Preference Shares	
		Number	₹ in Lacs	Number	₹ in Lacs
	Beginning of the year at 1 st April, 2015	40,000,000	4,000.00	500,000	500.00
	Increase/(decrease) during the year	-	-	-	-
	Total shares authorised as at 31 st March, 2016	40,000,000	4,000.00	500,000	500.00
	Total shares authorised as at 1 st April, 2016	40,000,000	4,000.00	500,000	500.00
	Increase/(decrease) during the year	-	-	-	-
	Total authorised share capital as at 31st March, 2017	40,000,000	4,000.00	500,000	500.00

Terms/rights attached to equity shares

The company has only one class of equity shares having par value of ₹ 10 per share.

B	Issued, Subscribed & fully Paid Up	Equity Share		Preference Shares	
		Number	₹ in Lacs	Number	₹ in Lacs
	Balance as at 1st April, 2015	290000000	2,900.00	-	-
	Changes during the period	-	-	-	-
	Balance as at 31 st March, 2016	290000000	2,900.00	-	-
	Balance as at 1 st April, 2016	290000000	2,900.00	-	-
	Changes during the period	-	-	-	-
	Shares issued and fully paid as at 31 st March, 2017	29,000,000	2,900.00	-	-

C Shares held by holding/ultimate holding company including shares held by subsidiaries or associates of the holding company/ultimate holding company

	31-Mar-17	31-Mar-16	31-Mar-15
Bombay Rayon Fashions Ltd.	21750000	21,750,000	21,750,000

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

Name of the shareholder	31st March, 2017		31st March, 2016		31st March, 2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Bombay Rayon Fashions Ltd.	21750000	75.00%	21750000	75.00%	21750000	75.00%
India Max Investment Fund Limited	1714068	5.91%	1714068	5.91%	1714068	5.91%
Prime India Investment Fund Limited	2420984	8.35%	2420984	8.35%	2420984	8.35%

PARTICULARS	31st March, 2017 (₹in Lacs)	31st March, 2016 (₹in Lacs)	31st March, 2015 (₹in Lacs)
Note 11 - Other Equity:			
Securities Premium Account			
Opening Balance	3,773.00	3,773.00	3,773.00
(+)/(-) Transfer	-	-	-
Closing Balance	<u>3,773.00</u>	<u>3,773.00</u>	<u>3,773.00</u>
Surplus			
Opening balance	(6,715.17)	(9,115.02)	(8,538.69)
(+) Net Profit / (Net Loss) for the current year	(798.02)	2,399.85	(478.80)
(-) Assets written off	-	-	(97.53)
Closing Balance	<u>(7,513.19)</u>	<u>(6,715.17)</u>	<u>(9,115.02)</u>
Capital Reserves			
Opening Balance	40.01	40.01	40.01
(+)/(-) Transfer	-	-	-
Closing Balance	<u>40.01</u>	<u>40.01</u>	<u>40.01</u>
Total	<u>(3,700.18)</u>	<u>(2,902.16)</u>	<u>(5,302.01)</u>
Note - 12 : Borrowings			
Debentures (Secured)			
45,80,000 Debentures (Series 1) of ₹ 40/- each	1,832.00	1,832.00	1,832.00
50,00,000 Debentures (Series 3) of ₹ 8/- each	400.00	400.00	400.00
26,00,000 Debentures (Series 2) of ₹ 40/- each	1,040.00	1,040.00	1,040.00
2,00,00,000 Debentures (Series 4) of ₹ 40/- each	8,000.00	8,000.00	8,000.00
<i>(Debenture series 1,3 and 4 are secured by residual charge equitable mortgage of Land & Building located on Plot No. 1 at Rau Pithampur Link Road, Sonvay Village admeasuring 285290 Sq. Mtr. Standing in the name of the Company and all plants and machinery to be attached / installed. Debenture series 2 are secured by way of residual charge on all non-fixed assets of the Company.</i>			
<i>Terms for Debentures (Refer Note No.: 29)</i>			
Loans and advances from Holding Company	-	-	975.00
Total	<u>11,272.00</u>	<u>11,272.00</u>	<u>12,247.00</u>
Note - 13 : Provisions			
Provision for employee benefits :			
Gratuity	140.96	80.78	36.78
Leave Encashment	83.45	68.98	63.39
Total	<u>224.41</u>	<u>149.76</u>	<u>100.17</u>
Note - 14 : Trade payables			
Unsecured :			
Trade payables	210.64	231.32	252.63
Total	<u>210.64</u>	<u>231.32</u>	<u>252.63</u>
Note - 15 : Other Liabilities			
Customer deposits & Advances	3.89	10.23	13.45
Accrued salaries and benefits	238.78	145.66	106.55
Statutory dues	346.17	143.38	119.51
Outstanding expenses	296.17	321.10	351.24
Total	<u>885.01</u>	<u>620.37</u>	<u>590.75</u>
Note - 16 : Provisions			
Provision for employee benefits :			
Gratuity	47.08	41.14	26.66
Bonus	58.58	74.12	37.40
Leave Encashment	14.16	41.70	8.91
Others :			
Wealth tax	-	-	0.01
Total	<u>119.82</u>	<u>156.96</u>	<u>72.98</u>



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PARTICULARS	31st March, 2017 (₹in Lacs)	31st March, 2016 (₹in Lacs)
Note - 17 : Revenue from operations		
Revenue from operations		
Sale of product :		
Traded goods	886.96	428.54
Other goods	463.28	543.48
Sale of service :		
Jobwork receipt	3,346.95	3,707.12
Total	<u><u>4,697.19</u></u>	<u><u>4,679.14</u></u>
Detail of Sales		
Domestic		
Waste Fiber	377.74	504.05
Yarn Sale	70.41	149.50
Fabric Sale	902.09	99.88
Export		
Yarn Sale	-	63.93
Fabric Sale	-	154.67
Total	<u><u>1,350.24</u></u>	<u><u>972.03</u></u>
Note - 18 : Other income		
Interest Income (TDS of ₹3.01 lacs (₹3.38 lacs))	32.56	33.81
Dividend Income	-	299.98
Profit on sale of Investments	-	4,499.74
Profit on sale of assets	-	1.09
Exchange fluctuation gain	-	3.14
Insurance claim received	0.48	1.99
Miscellaneous income	24.79	28.80
Total	<u><u>57.83</u></u>	<u><u>4,868.55</u></u>
Note - 19 : Detail of purchase of traded goods		
Finished Goods	859.10	402.51
	<u><u>859.10</u></u>	<u><u>402.51</u></u>
Note - 20 : Increase (-) / decrease (+) in inventories		
Inventory at the end of the year		
Wastage	45.08	12.86
Inventory at the beginning of the year		
Wastage	12.86	29.81
Increase (-) / decrease (+) in inventories	<u><u>(32.22)</u></u>	<u><u>16.95</u></u>
Note - 21 : Employee benefit expenses		
Salaries & wages	1,431.77	1,456.62
Contributions to provident and other fund	164.03	164.32
Gratuity & Bonus	127.30	140.75
Staff welfare expenses	182.66	204.30
Total	<u><u>1,905.76</u></u>	<u><u>1,965.99</u></u>

PARTICULARS	31st March, 2017 (₹in Lacs)	31st March, 2016 (₹in Lacs)
Note - 22 : Finance costs		
Interest expense	-	1.24
Bank Charges	0.30	0.69
Total	0.30	1.93
Note - 23 : Other expenses		
Stores & spares consumption	103.06	257.58
Packing material and expenses	104.58	188.86
Power and fuel	1,791.74	2,115.48
Fiber Processing & Handling Expenses	60.43	87.07
Water charges	17.85	22.26
Rent	3.33	3.28
Rates and taxes	6.36	20.08
Insurance	21.45	20.40
Repair and maintenance		
Plant and machinery	28.00	35.60
Building	7.18	17.82
Others	3.07	8.65
Advertising and business promotion	3.33	2.00
Traveling and conveyance	54.81	59.51
Communication Expenses	8.98	8.73
Printing and stationary	5.31	6.31
Legal and professional fees	30.00	40.13
Directors' sitting fees	1.46	1.32
Auditor's remuneration	17.64	17.69
Frieght & Forwarding	0.84	9.36
Commission on sale	10.35	4.79
Contract Labour	44.55	47.29
Loss on sale of fixed assets	0.65	1.21
Sundry balances written off	33.19	13.15
Miscellaneous expenses	57.32	60.44
Total	2,415.48	3,049.01
Payments to auditor		
For Audit Fee	11.50	11.45
For Tax Audit Fee	4.60	4.58
For Certification & Others	1.54	1.66
Total	17.64	17.69
Depreciation & Amortization Expenses		
Depreciation on Tangible Assets	396.38	392.68
Depreciation on Intangible Assets	1.00	0.05
Total	397.38	392.73



24. CONTINGENT LIABILITIES NOT PROVIDED FOR :

(₹ in Lacs)			
S. N.	Particulars	As at 31.3.17	As at 31.3.16
(i)	Claims against the company towards energy charges on Captive Generation. Case is pending before High Court, M.P.	490.32	490.32
(ii)	Liability towards M/s Maharashtra State Cotton Grower Mktg. Federation on account of pending dispute under court of law.	73.82	73.82
(iii)	Disputed Sales Tax/ Entry Tax Demands for which writ petition is pending before High Court M.P.	63.00	63.00
(iv)	Demand towards Show Cause Notice Issued by Additional commissioner of Central excise in the matter of wrong availment of cenvat on packing material used in packing of cotton waste, amount inclusive of penalty.	11.02	11.02
(v)	Demand towards Show Cause Notice Issued by Excise Department for charging Additional Customs Duty, including penalty, on the import of HSD on account of which dispute is pending in High Court, M.P	65.49	65.49
(vi)	Demand towards Show Cause Notice Issued by Excise Department for charging Additional Custom Duty, including penalty, on the import of HSD on account of which dispute is pending under High Court, M.P	27.03	27.03
(vii)	Disputed Income tax demand on penalty matter before CIT(A)	-	7.00
(viii)	Claim of Gujarat State Co-operative Cotton Federation Limited (GUJCOT) for cotton supplies, interest, carrying charges etc. disputed and not acknowledged by the Company. (Refer note No. 25)	4225.00	4225.00
(ix)	Bank Guarantee given to DGFT	-	5.00

Capital Commitments:

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

25. With repeal of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) w.e.f 1st December, 2016 reference made of the Company as Sick Company to the Board for Industrial and Financial Reconstruction (BIFR) and the proceedings pending before BIFR stand abated with a provision of liberty to make the reference to the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code, 2016 within one hundred eight (180) days of such repeal.
26. The Board of Directors at its meeting dated 25th November, 2010 have taken note of the Report of Independent Chartered Accountant firm elaborating the details of certain financial transactions of the Company. The Board has directed to take necessary action in this regard. As directed by the board, the efforts are being made for recovery of dues and issued legal notices to respective parties. There is no ascertainable effect on the financials except some non-recoverable advances for which provisions have already been made in the books & charged to Profit & Loss Account.

27. In absence of any probable operating profits in the near future, the management is of view the provision for deferred tax assets are not required to be made during the year.

28. Based on the information available with the Company, there are no suppliers who are registered as micro or small enterprises under The Micro, Small and Medium Enterprises Development Act, 2006, as at 31st March 2017.

29. The terms of Debentures (series 1 to 4) outstanding are
Rate of Interest : waived off by holders company
Repayment : yet to be finalised.

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

since there is no average net profit made by the Company during the last three years, excluding the abnormal non- recurring profit on sale of joint venture shares, the provisions of section 135 of the companies act, 2013 related to CSR are not applicable.

31. Segmental Reporting:

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

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

Defined Benefit Plan:

A. Leave Encashment:

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

Changes in present value of obligation :

(₹ in Lacs)			
S. N.	Particulars	Leave Encashment 2016-17	Leave Encashment 2015-16
a)	Present value of obligation as at the beginning of the year	82.05	72.30
b)	Acquisition adjustment	—	—
c)	Interest cost	6.56	5.65
d)	Past service cost	—	—
e)	Current service cost	43.91	42.75
f)	Curtailment cost/(Credit)	—	—
g)	Settlement cost/(Credit)	—	—
h)	Benefits paid	(40.34)	(42.61)
i)	Actuarial (gain)/loss on obligation	5.44	3.96
j)	Present value of obligation as at the end of the year	97.62	82.05

The amounts to be recognized in balance sheet :

S. N.	Particulars	2016-17	2015-16
a)	Present value of funded obligation as at the end of the period	—	—
b)	Fair value of plan assets as at the end of the period	—	—
c)	Present value of unfunded obligation as at the end of the period	97.62	82.05
d)	Unrecognized Past Service Cost	—	—
e)	Net Liability	97.62	82.05
	Amount in the balance sheet :		
	Liabilities	97.62	82.05
	Asset	—	—
	Net liability	97.62	82.05

Expense recognized in the statement of profit and loss :

S. N.	Particulars	2016-17	2015-16
a)	Current service cost	43.91	42.75
b)	Past service cost	—	—
c)	Interest cost	6.56	5.65
d)	Expected return on plan assets	—	—
e)	Curtailement or Settlement cost / (Credit)	—	—
f)	Net actuarial (gain)/ loss recognized in the period	5.44	3.96
g)	Expenses recognized in the statement of profit & losses	55.91	52.36

Actuarial Assumptions:

S. N.	Particulars	2016-17	2015-16
a)	Mortality Table	100%	100%
b)	Discount Rate	7.40%	8.00%
c)	Expected Rate of Return on plan assets (P.A.)	0%	0%
d)	Salary Growth Rate (P.A.)	7.00%	7.00%
e)	Withdrawal rate, based on age (P.A.) :		
	Up to 30 Years	5%	5%
	31 – 44 Years	2%	2%
	Above 44 Years	1%	1%

B. Gratuity

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

S. N.	Particulars	As on 31.3.17	As on 31.3.16
1. Assumption			
	Discount Rate	7.40%	8.00%
	Salary Escalation	7.00%	7.00%
2. Present value of Obligation			
	Present value of obligations as at beginning of year	285.44	228.36
	Interest cost	22.82	17.85
	Current Service Cost	45.91	49.42
	Past Service Cost	-	-
	Benefits Paid	(18.90)	(22.94)
	Actuarial (gain)/ loss on obligations	12.80	12.75
	Present value of obligations as at end of year	348.07	285.44
3. Fair value of plan assets			
	Fair value of plan assets at beginning of year	163.52	164.91
	Expected return on plan assets	13.64	14.46
	Contributions	2.60	6.80
	Benefits Paid	(18.90)	(21.27)
	Actuarial (gain)/ loss on obligations	(0.83)	(1.38)
	Fair value of plan assets at the end of year	160.03	163.52
	Funded status	188.04	121.92
4. Actuarial Gain/Loss recognized			
	Actuarial (gain)/ loss on obligations	(12.80)	(12.75)
	Actuarial (gain)/ loss for the year - plan assets	-	-
	Actuarial (gain)/ loss on obligations	12.80	12.75
	Actuarial (gain)/ loss recognized in the year	12.80	12.75
5. The amounts to be recognized in the balance sheet			
	Present value of obligations as at the end of year	348.07	285.44
	Fair value of plan assets as at the end of the year	160.03	163.52
	Funded status	188.04	121.92
6. Expenses Recognized in statement of Profit and loss			
	Current Service cost	45.91	49.42
	Past Service Cost	-	-
	Interest Cost	22.82	17.85
	Expected return on plan assets	(13.64)	(14.46)
	Net Actuarial (gain)/ loss recognized in the year	13.63	14.13
	Expenses to be recognized in statement of Profit and loss	68.72	66.95

The Company has recognized ₹ 68.72 lacs (P.Y. ₹ 66.63 lacs) in the Profit & Loss account for the year ending 31st March 2017 under Defined Contribution Plan.



33 Related Party Disclosures (As certified by Management)

a) List of Related Parties and Relationships :

S. No.	Name of Related Party	Relationship
1.	Bombay Rayon Fashions Limited	Holding Company
2.	Key Managerial Person:	
A	Dr. R.B .Baheti	Non Executive Chairman
B	Mr. Prashant Agrawal	Managing Director
C	Mr. Aman Agrawal	Vice – Chairman
D	Mrs. Pushpa Garg	President
E	Mr. Mukesh Maheshwari	Chief Financial Officer
F	Mr. Deepesh Kumar Nayak	Company Secretary

b) Related Party transaction(s) during the year 2016-17 :

(₹in Lacs)

Transaction	Associates, Enterprise & JVs	Holdings Company	Key Management Personnel / Relatives
Sales of Goods	- (-)	17.49 (1.56)	- (-)
Job work receipts	- (2.09)	3151.00 (3599.18)	- (-)
Purchases of Goods	- (-)	290.98 (420.55)	- (-)
Rent received	- (-)	1.20 (1.20)	- (-)
Salary of Key Managerial Persons	- (-)	- (-)	154.19 (146.81)

Note : The figures in the brackets are for Previous Year.

34. Earnings Per Share (EPS)

(Equity Shares of ₹10 each)

Particulars	Current year	Previous year
(i). Number of shares at the beginning of the year	29000000	29000000
(ii). Number of shares at the end of the year	29000000	29000000
(iii). Weighted average number of Equity Shares outstanding during the year.	29000000	29000000
EPS :		
(I) Net profit/(loss) available for Equity Share holders (₹ In Lacs)	(798.02)	2399.85
(ii) Basic and diluted earnings per share (₹)	(2.75)	8.28

35. The net worth of the company is eroded, the accounts have been prepared on the principle of going concern with a view to revive the operation of the Company in the future notwithstanding the fact that its net worth is completely eroded.

(₹in Lacs)

	Current year 31.03.2017	Prev. Year 31.03.2016
36. C.I.F. Value of Imports:		
(a) Stores, Spares & HSD	-	69.79
(b) Capital Goods	-	-
37. Expenditure in Foreign Currency:		
(a) Foreign Traveling	1.37	8.12
38. Earning in Foreign Exchange		
FOB value of Exports	-	200.80
39. Stores and Spares Consumed:		
(a) Indigenous	98.83 95.90%	179.44 69.66%
(b) Imported	4.23 4.10%	78.14 30.34%
Total	103.06 100.00%	257.58 100.00%

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

41. Disclosure on Specified Bank Note (SBNs)

During the year the company had specified bank notes or other denomination as defined in MCA notification G.S.R. 308(E) dated March, 31, 2017 on the details of specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016 is given below:

(In Rupees)			
Particulars	SBNs	Other denomination notes	Total
Closing cash on held as on November 8, 2016	65,500	1,472	66,972
(+) Permitted receipts	-	933,950	933,950
(-) Permitted payments	-	863,007	863,007
(-) Cash deposited in bank	65,500	-	65,500
Closing cash in hand as on Dec 30, 2016	-	72,415	72,415

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

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

Deepesh Kumar Nayak
Company Secretary

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

Dr. R.B.Baheti
Chairman

Prashant Agrawal
Managing Director

Mukesh Maheshwari
Chief Financial Officer

Place : Mumbai
Date : 8th May, 2017

Place : Indore
Date : 8th May, 2017