PRANAVADITYA SPINNING MILLS LIMITED

Annual Report
2016-17

Pranavaditya Spinning Mills Limited

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Corporate Information

Board of Directors

Mr. S. K. Agrawal - Chairman
Mr. Anil Kumar Jain
Mr. Kamal Mitra
Mr. P. N. Shah
Mr. R. Anand
Ms. Preeti Sheth

Chief Financial Officer

Mr. Dilip Kumar Ghorawat

Company Secretary and Compliance Officer

Mrs. Amruta Avasare

Auditors

M/s. B. K. Shroff & Co.
Charted Accountants
1st Floor, Flat No. 4, 3/7-B,
Asaf Ali Road,
New Delhi - 110 002

Corporate Office

301, Arcadia, 3rd Floor,
Nariman Point,
Mumbai - 400 021

Registered Office

Office No. 2, Plot No. 266,
Village Alte, Kumbhoj Road,
Taluka Hatkanangale,
District Kolhapur - 416 109,
Maharashtra

Registrar and Share Transfer Agent

Bigshare Services Pvt. Ltd.
1st Floor, Bharat Tin Works Building,
Opp, Vasant Oasis, Makvana Road,
Marol, Andheri (East), Mumbai - 400 059

Bankers

Union Bank of India

BOARD'S REPORT

Dear Members,

On behalf of the Board of Directors ("the Board"), it gives me pleasure to present the 27th Annual Report on the business and operations of your Company together with the Audited Financial Statements for the year ended 31st March, 2017.

Financial Results

(₹ In Lakhs, except EPS)

Particulars	2016-17	2015-16*
Total Income	5856.21	6081.25
EBIDTA	35.12	110.26
Less : Finance Cost	17.85	23.48
Less : Depreciation	115.54	128.80
Profit / (Loss) before Tax	(98.27)	(42.02)
Less: Provision for taxation	41.50	8.54
Net Profit / (Loss) after tax	(56.77)	(33.48)
Other Comprehensive Income	10.18	(1.77)
Total Comprehensive Income	(46.59)	(35.25)
EPS (in ₹)	(0.30)	(0.17)
Appropriations		
Retained Earnings	1546.02	1581.27
Total Comprehensive Income	(46.59)	(35.25)
Balance carried to Retained Earnings	1499.43	1546.02

** Figures of FY 2015-16 are restated as per Ind AS*

Dividend

In view of loss incurred by the Company for the year ended 31st March, 2017, the Board of Directors of the Company has not recommended any dividend on equity shares of the Company for the financial year under review.

Management Discussion and Analysis

Operational and Financial Performance

Cotton Spinning industry has been facing many challenges over past 2-3 years including the year 2016-17. There has been a sharp increase and fluctuation in cotton prices during FY 2016-17 due to low domestic availability of cotton, which was further impacted by continued fibre exports amid uncertainty on the actual cropsize following slower arrivals. Further, cotton yarn price has not increased in the same proportion as cotton price and there has been a wide disparity between spot cotton price and yarn price. This has lead to higher production cost and low margins for spinning companies including for your Company. Due to weak demand for yarn and reduction of import by China, your Company was not able to pass on the said production cost to customers.

Power cost of Maharashtra is one of the highest in India. As a result of said power cost and erratic power supply from Maharashtra State Electric Distribution Company Limited ("MSEDCL"), your Company was outsourcing power which was 12 to 15 per cent lower than the cost of MSEDCL, but due to the changes in tariff structure implied on outsourced power, your Company had to switch over again to MSEDCL.

During the year under review, your Company also faced certain issues on labour front and it became impossible for the management to operate the plant in a normal manner. Your Company was thus forced to declare a temporary lock-out for a period of around 3 weeks. The Lock-out resulted in loss of production which further affected the operational performance of the company. The management, however, convinced the union and stopped their agitation for the demand of higher wages and bonus, till the company is in a position to take the additional burden of wage rise. Your Directors, are however, glad to inform you that normal production was restored after the lifting of temporary lock-out and the capacity utilisation has been increased thereafter. Your Company has also taken steps towards replacement of certain old machineries.

Due to the aforesaid situation of spinning industry in general and other factors mentioned above, the operational and financial performance of Your Company was affected during the year under review. Your Company achieved total income of ₹ 5856.21 Lakhs for the year ended 31st March, 2017 as compared to ₹ 6081.25 Lakhs in the previous year. EBIDTA is reduced from ₹ 110.26 Lakhs to ₹ 35.12 Lakhs for the year ended 31st March, 2017. The Company incurred loss of ₹ 56.77 Lakhs for the year ended 31st March, 2017 as compared to loss of ₹ 33.48 Lakhs for the year ended 31st March, 2016.

Your Directors are also pleased to inform you that as on 31st March, 2017, your Company does not have any indebtedness.

Industry Structure and Development

The Textile Industry has two broad segments – the unorganised sector consisting of handlooms, handicrafts, sericulture and the organised sector consisting of spinning, weaving, knitting, garments and home textile segment. Indian spinning industry has been operating for several decades and India accounts for 18% of world spindles and 9% of world rotors. For over two years including FY 2016-17, Cotton spinning industry is undergoing through challenging phase. The cotton prices were very high and volatile during FY 2016-17.

The Indian Textile Industry is one of the leading textile industries in the world. It is one of the key sectors of India's manufacturing segment as it contributes significantly to the economy in terms of employment generation and foreign exchange revenue. India accounts for about 14% of the world's production of textile fibres and yarns; 4% to India's GDP and 15% to the Country's export earnings.

In CS 2015-16, India surpassed China to become the largest producer of cotton. Acreage for cotton in India was around 11.9 million hectares in cotton season 2015-16. India has the highest acreage for cotton as compared with the other major cotton producing nations in the world. Cotton production was around 5.7 billion kg in CS 2015-16. In CS 2016-17, India's cotton production is estimated at 5.9 billion kg, higher by about 4% on a y-o-y basis. The cotton yarn production in CS 2015-16 was 4138 million kgs and in CS 2016-17, the same is estimated to fall by about 5-7% to 3936 million kgs.

Outlook 2017-18, Opportunities and Threats

According to the Ministry of Textiles, the domestic textile and apparel industry in India is estimated to reach US$ 141 bn by 2021 from US$ 58 bn in 2011.

Cotton yarn prices are expected to recover in the near term, after witnessing a decline in 2016-17 owing to a fall in derived demand and lower cotton prices. However, operating margins of spinners will remain under pressure in the medium term as the increase in cotton yarn prices will be lower than the increase in cotton prices on back of oversupply and subdued demand in the industry. Also, due to expected fall in the demand for cotton yarn, the utilization rates of the domestic spinners is expected to be lower which will put further pressure on the margins.

China's reduced imports of cotton yarn from India is expected to continue in near future thus overall yarn demand is projected to remain lower. However, in medium to long term decrease in demand from China will be offset by improvement in demand from Bangladesh, Pakistan and Vietnam. Cotton yarn industry may be under pressure from both demand and supply side due to low cotton stock levels.

Potential markets for Indian cotton yarn is expected to be Bangladesh, Korea, Turkey, Russia, Italy, Vietnam, El Salvador, Japan, Malaysia, Mexico & USA.

Some of the issues faced by spinning industry apart from higher raw material cost include power cost, overcapacity in industry, duty challenges in export market.

The Government has been requested to allow MEIS and interest subvention for yarn industry, design a comprehensive, scientific and unbiased system for crop forecast and arrivals and release data by DGFT of cotton and yarn exports/imports on real time basis.

Risks and concerns

Raw Cotton, an agricultural product, is the key raw material used for the manufacture of cotton yarn. Almost 65% of area under cotton cultivation is rain-fed and hence is dependent on vagaries of monsoon. Adequate availability of raw cotton at right prices is crucial for your Company. The factors which can influence cotton price is the price of competing fibers, polyster and viscose, overall commodity index trend, government policies and global economic growth.

Other areas of concerns are volatility in foreign exchange currency rates vis-à-vis indian rupee and rapid expansion of spinning capacity in the country without commensurate increase in downstream weaving, knitting and garmenting sectors.

Segment

Your Company operates in a single segment i.e Textiles. Your Company is mainly engaged in the manufacturing of yarn.

Internal control systems and their adequacy

Your Company maintains adequate internal control system and procedures commensurate with its size and nature of operations. The internal control systems are designed to provide a reasonable assurance over reliability in financial reporting, ensure appropriate authorisation of transactions, safeguarding the assets of the Company and prevent misuse/ losses and legal compliances.

The internal control system includes a well defined delegation of authority and a comprehensive Management Information System coupled with quarterly reviews of operational and financial performance, a well structured budgeting process with regular monitoring of expenses and Internal audit. The Internal Audit reports are periodically reviewed by the management and the Audit Committee and necessary improvements are undertaken, if required.

Environment Protection, Health and Safety

Environment Protection, Health and Safety continues to receive highest priority in all operational and functional areas. Systematic process safety analysis, safety inspections are carried out and suitable control measures are adopted for ensuring safe operations at the plant. Various processes as required for pollution control and environmental protection are strictly adhered to.

Human Resources

Your Company recognizes the importance and contribution of its people for growth and development and is committed to the development of its people.

Industrial relations were cordial and satisfactory except certain labour issues and temporary lock-out situation explained in the review of Operational and Financial performance.

As on 31st March, 2017, your Company has employed 194 permanent employees out of which 42 are permanent staff and 152 are permanent workers.

Adoption of Indian Accounting Standards (Ind AS)

In accordance with the notification issued by the Ministry of Corporate Affairs (MCA), your Company is required to prepare financial statements under Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 with effect from 1st April 2016. Ind AS has replaced the existing Indian GAAP prescribed under section 133 of the Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014

Your Company is subsidiary of Indo Count Industries Limited and the MCA notification also mandates that Ind AS shall be applicable to subsidiary Companies, Joint venture or associates of the Company. Therefore, your Company has prepared and reported financial statements under Ind AS w.e.f. 1st April, 2016, including restatement of the opening balance sheet as at 1st April, 2015. The effect of the transition from IGAAP to Ind AS has been explained by way of reconciliation in the Standalone Financial Statements.

The Company has adopted Indian Accounting Standard ("Ind AS") with effect from 1st April 2016 with the transition date of 1st April, 2015 and the financial Statements for the year ended 31st March, 2017 have been prepared in accordance with Ind AS. The financial statements for the year ended 31st March, 2016 have been restated to comply with Ind AS to make them comparable.

Share Capital

The paid up equity share capital of the Company as on 31st March, 2017 is ₹ 19,24,12,800/- comprising of 1,92,41,280 Equity shares of Face Value of ₹ 10/- each. During the financial year 2016-17, the Company has not issued equity shares with differential rights as to dividends, voting or otherwise or has not issued Sweat Equity shares. The Company does not have any Employee Stock Option Scheme or Employee Stock Purchase Scheme.

Directors and Key Managerial Personnel

During the year under review, there was no change in the composition of Board of Directors of the Company.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Kamal Mitra, Non-Executive, Non Independent Director of the

Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for the re-appointment. The Board recommends his re-appointment for consideration at the ensuing Annual General Meeting. Members are requested to refer the Notice of the ensuing Annual General Meeting for brief profile and other related information of Mr. Kamal Mitra, Director retiring by rotation.

All the Independent Directors of the Company have given declarations that they meet the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 and Regulation 16 (1) (b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. ("Listing Regulations").

During the year under review, the Board noted with deep regret sad demise of Mr. R. Sundaram, Chief Financial Officer of the Company on 28th July, 2016 and recorded its appreciation for the contribution made by Mr. R. Sundaram during his tenure with the Company.

Pursuant to the recommendation of Nomination and Remuneration Committee and Audit Committee, Mr. Dilip Kumar Ghorawat, Chief Financial Officer of Indo Count Industries Limited, Holding Company was appointed as the Chief Financial Officer of the Company w.e.f 12th November, 2016.

In terms of Section 203 of the Companies Act, 2013, as on 31st March, 2017, Mr. Ashok G. Halasangi, Chief Executive Officer, Mr. Dilip Kumar Ghorawat, Chief Financial Officer and Mrs. Amruta Avasare, Company Secretary are the Key Managerial Personnel (KMP) of the Company.

Number of Board Meetings

During the year under review, 5 Board Meetings were held on 2nd May, 2016, 8th June, 2016, 11th August, 2016, 11th November, 2016 and 7th February, 2017. The maximum interval between any two consecutive Board meetings did not exceed 120 days.

Company's policy on appointment and remuneration of Directors and Key Managerial Personnel

Your Company has adopted Nomination and Remuneration Policy for appointment and remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The Nomination and Remuneration Policy is given in the Corporate Governance Report.

Annual Evaluation of Board Performance and its Committee and Directors

Criteria of performance evaluation of the Board of Directors including Independent Directors are laid down by Nomination and Remuneration Committee of the Company. Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out performance evaluation of its own, evaluation of working of the committees and performance of all Directors A questionnaire containing the parameters of performance evaluation along with rating scale was circulated all the Directors. A separate meeting of Independent Directors of the Company was held on 8th June, 2016 in which Independent Directors inter-alia reviewed performance of Non Executive Independent Chairman and other Non-Independent Directors. The Board expressed their satisfaction with the evaluation process. More details on performance evaluation are provided to corporate governance report.

Directors' Responsibility Statement

Pursuant to the provisions of Section 134(3)(c) and 134(5) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, state and confirm that:

a. in the preparation of the annual accounts for the year ended 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b. such accounting policies as mentioned in the notes to the Financial Statements for the year ended 31st March, 2017 have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the loss of the Company for the year ended on that date;

c. proper and sufficient care has been taken 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 annual financial statements for the year ended 31st March, 2017 have been prepared on a going concern basis;

e. internal financial controls to be followed by the Company have been laid down and that the said financial controls were adequate and were operating effectively;

f. proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and operating effectively.

Audit Committee

During the year under review, there was no change in the composition of the Audit Committee of the Company.

As on 31st March, 2017, the Audit Committee comprises of Mr. S. K. Agrawal (Chairman), Mr. P. N. Shah, Mr. R. Anand and Mr. Kamal Mitra. More details on the Audit Committee are given in Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board.

Statutory Auditors

M/s. B. K. Shroff & Co., Chartered Accountants (Firm Registration No. 302166E) were appointed as the Statutory Auditors of the Company to hold office for a transition period of 3 years i.e. from the conclusion of the 24th Annual General Meeting (AGM) of the Company held on 23rd August, 2014 till the conclusion of the 27th AGM of the Company. The term of M/s. B. K. Shroff & Co., Chartered Accountants as the Statutory Auditors is till the conclusion of ensuing Annual General Meeting of the Company.

The Board of Directors place on record its appreciation for the services rendered by M/s. B. K. Shroff & Co, Chartered Accountants as the Statutory Auditors of the Company.

In accordance with the provisions of Section 139 of the Companies Act, 2013, M/s. Suresh Kumar Mittal & Co., Chartered Accountants (Firm Registration No. 500063N) are proposed to be appointed as the Statutory Auditors of the Company for a period of 5 years to hold office from the conclusion of the ensuing 27th AGM till the conclusion of 32nd AGM subject to the ratification by members at every AGM.

M/s. Suresh Kumar Mittal & Co, Chartered Accountants, have consented to the said appointment and have confirmed that their appointment, if made, will be in accordance with the provisions of Section 139 read with Section 141 of the Companies Act, 2013.

Accordingly, the Board of Directors of the Company recommends the resolution in relation to the appointment of M/s. Suresh Kumar Mittal & Co, Chartered Accountants, as Statutory Auditors of the Company and fixation of their remuneration for approval of the members of the Company.

Auditors' Report

The Auditors' Report on standalone financial statements forms part of this Annual Report. The Auditors' Report does not contain any qualifications, reservations, adverse remarks, disclaimer or emphasis of matter. Notes to the Financial Statements are self-explanatory and do not call for any further comments.

The Statutory Auditors of the Company have not reported any fraud as specified under the second proviso of Section 143 (12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment for the time being in force).

Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with rules thereunder, the Board has appointed M/s. Kothari H. & Associates, a firm of Company Secretaries in Practice to conduct Secretarial Audit of the Company for the year ended 31st March, 2017. The Secretarial Audit Report issued by them in Form No. MR-3 is provided as “Annexure 1” to this Report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remark.

Public Deposits

During the year under review, your Company has not accepted any deposits from public, under Chapter V of the Companies Act, 2013.

Subsidiaries

During the year under review, your Company does not have any subsidiaries or joint ventures or associate companies as defined under Companies Act, 2013.

However, the Company has framed a policy for determining material subsidiaries, which can be accessed at http://www.pranavaditya.com/admin/uploads/pdf/PSML%20Policy%20on%20Material%20Subsidiaries.pdf.

Corporate Governance Report

As per Regulation 34(3) read with Schedule V of the Listing Regulations, your Company has complied with the requirements of corporate governance. A Corporate Governance Report along with Statutory Auditors' Certificate confirming its compliance for the year ended 31st March, 2017 is provided separately and forms integral part of this Annual Report.

Extract of Annual Return

Pursuant to the provisions of Section 92 (3) of the Companies Act, 2013, Extract of the Annual Return as on 31st March, 2017 in Form No. MGT-9 is provided as “Annexure 2” to this Report.

Related Party Transactions

All Related Party Transactions entered during FY 2016-17 were on an arm's length basis and in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 (“The Act”) and Listing Regulations. The Company has not entered into any material contracts or arrangements or transactions with related parties in accordance with Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014. There were no material related party transactions during the year under review that would require approval of shareholders under Listing Regulations. Hence the Company has nothing to report in Form AOC-2 and the same is not annexed. Notes to the Financial Statements contains details of Related Party Transactions.

The prior omnibus approval of Audit Committee is obtained for all Related Party Transactions. A statement of all Related Party Transaction is reviewed by the Audit Committee on quarterly basis. Your Company has adopted a policy on Related Party Transactions. The policy as approved by the Board has been uploaded on the Company's website and can be accessed at http://www.pranavaditya.com/admin/uploads/pdf/PSML%20Policy%20on%20Related%20Party%20Transactions.pdf

Particulars of Loans, Investments, Guarantees, Securities under Section 186 of the Companies Act, 2013

During the year under review, pursuant to Section 186 of the Companies Act, 2013, no Loans were given to any person, nor any Guarantees or securities were provided. Further, no investment was made in the securities of any other bodies corporates.

Risk Management

The Company has devised Risk Management System which takes care of risk identification, assessment and mitigation. Some of the risks faced by the company are raw material price risk, financial risk, foreign currency risk etc. At present, there are no risks which in the opinion of the Board threaten the existence of the Company. The Internal Audit Report and Risk Management Framework is reviewed by the Audit Committee

Vigil Mechanism / Whistle Blower Policy

Pursuant to the provisions of Section 177 (10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, your Company has established a vigil mechanism for the Directors and employees of the Company to report concerns about unethical behaviour, actual or suspected incidents of fraud or violation of Code of Conduct. The details of Vigil Mechanism/Whistle Blower Policy are provided in the Corporate Governance Report. The Vigil Mechanism / Whistle Blower Policy may be accessed on the Company's website at www.pranavaditya.com.

Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace

In order to prevent sexual harassment of women at workplace, your Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up an Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to look into complaints relating to sexual harassment at workplace of any woman employee. During the year under review, the Company has not received any complaint pertaining to sexual harassment and no complaint was pending as on 31st March, 2017.

Conservation of Energy, Technology Absorption & Foreign Exchange Earning & Outgo

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required under Section 134 (3) (m) of the Companies Act, 2013 read with Rules thereunder is given as “Annexure 3” forming part of this Report.

Particulars of Employees and related disclosures

The information required pursuant to Section 197 read with Rule 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 is provided as "Annexure 4-(I)" and "Annexure 4-(II)" to this report regarding remuneration of Directors, Key Managerial Personnel and other related disclosure.

Significant or Material orders passed by Regulators / Courts

During the year under review, no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Material Changes and Commitments affecting the Financial Position of the Company

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2016-17 and the date of this report.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as the said provisions are not applicable to the Company during the year under review:

1. Cost Audit
2. Corporate Social Responsibility

Acknowledgements and Appreciation

We place on record sincere appreciation for the contribution and commitment by all the employees of the Company.

Your Directors take this opportunity to thank Central and State Governments, customers, suppliers, shareholders, investors and bankers for their consistent support and co-operation to the Company.

For and on behalf of Board of Directors

S. K. AGRAWAL
CHAIRMAN
DIN: 00400892

Dated : 11th May, 2017
Place : Mumbai

Annexure- 1

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,
PRANAVADITYA SPINNING MILLS LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Pranavaditya Spinning Mills 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 the 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 March 31, 2017 ('Audit period') 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 Pranavaditya Spinning Mills Limited for the financial year ended on March 31, 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 following 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; (Not applicable to the company during the Audit Period)

   d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014; (Not applicable to the company during the Audit Period)

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the company during the Audit Period)

   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; (Not applicable to the company during the Audit Period) and

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the company during the Audit Period)

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other Acts, Laws and Regulations as applicable specifically to the company. The list of major head/groups of Acts, Laws and Regulations as applicable specifically to the Company is:

1. The Air (Prevention and Control of Pollution) Act, 1981 and rules made thereunder;
2. The Water (Prevention and Control of Pollution) Act, 1974 and rules made thereunder

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. The Securities and Exchange Board of India (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:

The Board of Directors of the Company is duly constituted with balance of Non-Executive Independent Directors and Non-Executive Non-Independent Directors and there are no changes in the composition of the Board during the year under review.

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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of compliance reports by the respective Department Heads / Company Secretary / CFO / KMP taken on record by the Board of Directors of the Company, in our opinion, 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.

We further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, and Labour Law Compliances have been subject to review by statutory financial audit and other designated professionals.

We further report that during the audit period the Company has not passed any resolution for:

I. Public/Right/Preferential issue of shares / debentures/sweat equity, etc.
ii. Redemption / buy-back of securities.
iii. Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013.
iv. Merger / amalgamation / reconstruction, etc,
v. Foreign technical collaborations.

For **KOTHARI H. & ASSOCIATES**
Company Secretaries

Hitesh Kothari
FCS No. 6038
Certificate of Practice No. 5502

Place : Mumbai
Date : 11th May, 2017

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
PRANAVADITYA SPINNING MILLS LTD.

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. Wherever 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.

For **KOTHARI H. & ASSOCIATES**
Company Secretaries

Hitesh Kothari
FCS No. 6038
Certificate of Practice No. 5502

Place : Mumbai
Date : 11th May, 2017

Annexure-2

EXTRACT OF ANNUAL RETURN

Form No. MGT-9
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 Companies (Management and Administration) Rules, 2014]

I. Registration & other details:

CIN	L17119PN1990PLC058139
Registration Date	12th September, 1990
Name of the Company	Pranavaditya Spinning Mills Limited
Category / Sub - Category of the Company	Public Company / Limited by shares
Address of the Registered office and contact details	Office No. 2, Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatkanangale, Kolhapur - 416109, Maharashtra. Phone: (0230) - 2483105 ; Fax : (0230) - 2483275
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Private Limited E-2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (East), Mumbai - 400 072 Telephone No : 022 - 40430200 ; Fax No : 022 - 28475207 Email id : investor@bigshareonline.com

II. Principal business activities of the Company

(Business activities contributing 10 % or more of the total turnover of the Company)

Sr. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Preparation and spinning of Cotton fibres including blended cotton	13111	100%

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name & Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section of the Companies Act, 2013
1.	Indo Count Industries Limited Office No. 1, Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatkanangale, Kolhapur - 416109, Maharashtra.	L17119PN1990PLC058139	Holding Company	74.53%	2 (87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				%change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individuals / HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
c) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	14341280	0	14341280	74.53	14341280	0	14341280	74.53	0.00
e) Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total (A)(1)	**14341280**	**0**	**14341280**	**74.53**	**14341280**	**0**	**14341280**	**74.53**	**0.00**
2) Foreign									
a) NRIs – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total (A)(2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**14341280**	**0**	**14341280**	**74.53**	**14341280**	**0**	**14341280**	**74.53**	**0.00**
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
d) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total (B)(1)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
2) Non-Institutions									
a) Bodies Corporate									
i. Indian	1914718	850	1915568	9.96	1897081	850	1897931	9.86	(0.10)
ii. Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i. Individual Shareholders holding nominal share capital up to ₹1 lakh	568549	59343	627892	3.26	608150	58313	666463	3.46	0.20
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2331605	0	2331605	12.12	2286423	0	2286423	11.88	(0.24)

Category of Shareholder	No. of Shares held at the beginning (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Any other (specify)									
c-i) Clearing Member	7129	0	7129	0.04	9688	0	9688	0.05	0.01
c-ii) Trust	7596	0	7596	0.04	7596	0	7596	0.04	0.00
c-iii) NRI	250	9960	10210	0.05	14736	9960	24696	0.14	0.09
c-iv) NRI (Non Repat)	0	0	0	0.00	256	0	256	0.00	0.00
c-v) NRI (Repat)	0	0	0	0.00	1000	0	1000	0.01	0.01
c-vi) NBFCs registered with RBI	0	0	0	0.00	5947	0	5947	0.03	0.03
Sub Total (B)(2)	**4829847**	**70153**	**4900000**	**25.47**	**4830877**	**69123**	**4900000**	**25.47**	**0.00**
Total Public Shareholding (B)= (B) (1)+(B)(2)	**4829847**	**70153**	**4900000**	**25.47**	**4830877**	**69123**	**4900000**	**25.47**	**0.00**
C. Shares held by Custodians for GDRs and ADRs	0	0	0	0.00	0	0	0	0	0.00
Grand Total (A+B+C)	**19171127**	**70153**	**19241280**	**100.00**	**19172157**	**69123**	**19241280**	**100.00**	**100.00**

(ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2016)			Shareholding at the end of the year (As on 31.03.2017)			% change in share holding during the year
		No. of Shares	% of total Shares ofthe 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	Indo Count Industries Limited	14341280	74.53	0.00	14341280	74.53	0.00	0.00
	Total	**14341280**	**74.53**	**0.00**	**14341280**	**74.53**	**0.00**	**0.00**

(iii) Change in Promoters' Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 01.04.2016)		Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year (1st April, 2016)	14341280	74.53	14341280	74.53
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No changes during the year			
3	At the End of the year (31st March, 2017)	14341280	74.53	14341280	74.53

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

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the Year (01.04.16 to 31.03.17)	
		Shares at the beginning (01.04.16) / end of the year (31.03.2017)	% of total shares of the Company				No. of shares	% of total shares of the company
1	Henko Commodities	9,00,500	4.68	01-Apr-2016	0	N.A		
	Pvt. Ltd.	9,00,500	4.68	31-Mar-2017			9,00,500	4.68
2	Sarita Saraf	5,00,000	2.60	01-Apr-2016	0	N.A		
		5,00,000	2.60	31-Mar-2017			5,00,000	2.60
3	Suresh Kumar Saraf	5,00,000	2.60	01-Apr-2016	0	N.A		
		5,00,000	2.60	31-Mar-2017			5,00,000	2.60
4	PMC Fincorp Limited	4,98,800	2.59	01-Apr-2016	0	N.A		
		4,98,800	2.59	31-Mar-2017			4,98,800	2.59
5	Raghav Poddar	4,90,000	2.55	01-Apr-2016	0	N.A		
		4,90,000	2.55	31-Mar-2017			4,90,000	2.55
6	Nishant Inbuild Limited	4,41,197	2.29	01-Apr-2016	0	N.A		
		4,41,197	2.29	31-Mar-2017			4,41,197	2.29
7	Anubhav Poddar	3,60,000	1.87	01-Apr-2016	0	N.A		
		3,60,000	1.87	31-Mar-2017			3,60,000	1.87
8	Sharad Kanayalal Shah	200,726	1.04	01-Apr-2016	0	N.A		
		200,726	1.04	31-Mar-2017			200,726	1.04
9	Viswanath Chandran	90,000	0.47	01-Apr-2016				
	Vicha			02-Sep-2016	-1663	Sale	88,337	0.46
				09-Sep-2016	-8419	Sale	79,918	0.42
				23-Sep-2016	-500	Sale	79,418	0.41
				30-Sep-2016	-1214	Sale	78,204	0.41
				07-Oct-2016	-910	Sale	77,294	0.40
				21-Oct-2016	-32	Sale	77,262	0.40
				28-Oct-2016	-1448	Sale	75,814	0.39
				04-Nov-2016	-7548	Sale	68,266	0.35
		68,266	0.35	31-Mar-2017			68,266	0.35
10	Vishal Uday Sheth	13,832	0.07	01-Apr-2016				
				03-Jun-2016	+40914	Purchase	54,746	0.28
				10-Jun-2016	-45	Sale	54,701	0.28
				17-Jun-2016	-240	Sale	54,461	0.28
				24-Jun-2016	-1204	Sale	53,257	0.28
				15-Jul-2016	-1754	Sale	51,503	0.27
				22-Jul-2016	-21	Sale	51,482	0.27
				29-Jul-2016	-1005	Sale	50,477	0.26
				04-Nov-2016	-1120	Sale	49,357	0.26
				11-Nov-2016	-20	Sale	49,337	0.26
				09-Dec-2016	-10	Sale	49,327	0.26
				10-Feb-2017	-407	Sale	48,920	0.25
				24-Feb-2017	-35	Sale	48,885	0.25
		48,885	0.25	31-Mar-2017			48,885	0.25
11	Uday K. Sheth	47,240	0.25	01-Apr-2016				
				22-Apr-2016	-500	Sale	46,740	0.24
				29-Apr-2016	-1953	Sale	44,787	0.23
				06-May-2016	-163	Sale	44,624	0.23
				13-May-2016	-2793	Sale	41,831	0.22
				20-May-2016	-716	Sale	41,115	0.21
				27-May-2016	-1	Sale	41,114	0.21
				30-Jun-2016	-41114	Sale	0	0.00
		0	0.00	31-Mar-2017			0	0.00

Note: The details of purchase/sale of shares provided above are as per weekly benpos.

(v) **Shareholding of Directors and Key Managerial Personnel**

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the Year (01.04.16 to 31.03.17)	
		Shares at the beginning (01.04.16) / end of the year (31.03.2017)	% of total shares of the Company				No. of shares	% of total shares of the company
A	**Directors:**							
1	Mr. S.K. Agrawal	10	0.00	01-Apr-2016	0	N.A		
		10	0.00	31-Mar-2017			10	0.00
2	Mr. Anil Kumar Jain	75	0.00	01-Apr-2016	0	N.A		
		75	0.00	31-Mar-2017			75	0.00
3	Mr. Kamal Mitra	10	0.00	01-Apr-2016	0	N.A		
		10	0.00	31-Mar-2017			10	0.00
4	Mr. P. N. Shah	10	0.00	01-Apr-2016	0	N.A		
		10	0.00	31-Mar-2017			10	0.00
5	Mr. R. Anand	10	0.00	01-Apr-2016	0	N.A		
		10	0.00	31-Mar-2017			10	0.00
6	Ms. Preeti Sheth	0	0.00	01-Apr-2016	0	N.A		
		0	0.00	31-Mar-2017			0	0.00
B	**Key Managerial Personnel (KMP):**							
1	Mrs. Amruta Avasare	0	0.00	01-Apr-2016	0	N.A		
	Company Secretary	0	0.00	31-Mar-2017			0	0.00
2	Mr. R. Sundaram							
	(Chief Financial Officer	0	0.00	01-Apr-2016	0	N.A		
	upto 28th July, 2016)	0	0.00	31-Mar-2017			0	0.00
3	Mr. Dilip Kumar							
	Ghorawat	0	0.00	12-Nov-2016	0	N.A.	0	0.00
	Chief Financial Officer	0	0.00	31-Mar-2017			0	0.00
	(w.e.f. 12th November, 2016)							
4	Mr. Ashok G. Halasangi	0	0.00	01-Apr-2016	0	N.A		
	(CEO)	0	0.00	31-Mar-2017			0	0.00

V. Indebtedness

Indebtedness of the Company including interest outstanding / accrued but not due for payment. **(Amount in ₹)**

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (1st April, 2016)				
I) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year		**NIL**		
• Addition				
• Reduction				
Net Change				
Indebtedness at the end of the financial year (31st March, 2017)				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

Note: The Company does not have any indebtedness as on 1st April, 2016, during the year and as on 31st March, 2017.

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Mr. Ashok G. Halasangi, Chief Executive Officer (CEO) of the Company is a Whole-Time Key Managerial Personnel under Section 203 of the Companies Act, 2013 and looks after the day to day operations of the Company. Mr. Kamal Mitra, Non-Executive Non-Independent Director of the Company also oversee business of the Company to some extent. In view of appointment of CEO of the Company, pursuant to the provisions of Section 203 of the Companies Act, 2013, appointment of Managing Director / Whole-Time Director or Manager is not required. The details of remuneration of Mr. Ashok G. Halasangi, CEO for the year ended 31st March, 2017 is provided in Point C below.

B. Remuneration to other directors

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount (in ₹)
		Mr. S. K. Agrawal	Mr. Anil Kumar Jain	Mr. Kamal Mitra	Mr. P. N. Shah	Mr. R. Anand	Ms. Preeti Sheth	
1.	**Independent Directors**							
	• Fee for attending Board / Committee Meetings	65,000	-	-	60,000	60,000	30,000	2,15,000
	• Commission							
	• Others							
	Total (1)	**65,000**	**NIL**	**NIL**	**60,000**	**60,000**	**30,000**	**215,000**
2.	**Other Non-Executive Directors**							
	• Fee for attending Board / Committee Meetings	-	30,000	55,000	-	-	-	85,000
	• Commission							
	• Others, please specify							
	Total (2)	**NIL**	**30,000**	**55,000**	**NIL**	**NIL**	**NIL**	**85,000**
	Total =(1+2)	**65,000**	**30,000**	**55,000**	**60,000**	**60,000**	**30,000**	**3,00,000**
	Total Managerial Remuneration (A+B)	**65,000**	**30,000**	**55,000**	**60,000**	**60,000**	**30,000**	**3,00,000**

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount (in₹)
		Mr. Ashok G. Halasangi Chief Executive Officer	Mr. Dilip Kumar Ghorawat Chief Financial Officer (w.e.f 12th November, 2016)	Mr. R. Sundaram Chief Financial Officer (upto 28th July, 2016)	Mrs. Amruta Avasare Company Secretary	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	16,51,111	Refer Note below	Refer Note below	Refer Note below	16,51,111
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others, specify…	Nil	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total	**16,51,111**	**Nil**	**Nil**	**Nil**	**16,51,111**

Note: Mr. R. Sundaram and Mr. Dilip Kumar Ghorawat was / is not drawing any remuneration from Pranavaditya Spinning Mills Limited ("the Company") during the year under review as they were/ are holding positions of Chief Financial Officer of Indo Count Industries Limited, Holding Company. Further, Mrs. Amruta Avasare is also Company Secretary of Indo Count Industries Limited (Holding Company) and as such do not draw any remuneration from Pranavaditya Spinning Mills Limited.

VII. Penalties / Punishment / Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment			**NIL**		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of Board of Directors

Dated : 11th May, 2017
Place : Mumbai

S. K. AGRAWAL
CHAIRMAN
DIN: 00400892

Annexure-3

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO ETC

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

(A) Conservation of energy

(i) the steps taken or impact on conservation of energy:

Replacement of LED tube lights of 15W in place of 36W tube lights which consume less power.

(ii) the steps taken by the Company for utilising alternate sources of energy: NIL

(iii) the capital investment on energy conservation equipments: NIL

(B) Technology absorption

(i) the efforts made towards technology absorption:

Replaced the old technology and machineries. The Company has replaced 2 sets of 1990 – 1991 LR DO/2S Draw Frames with LMW LD-2 Draw Frames. Apart from these, old LR G5/1 Ring Frame of 1990 - 1991 is replaced by LMW LR6 R/F of 1998 – 2001.

With this replacement of machineries, there will be a short term technology up gradation from its existing level

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: NIL

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- The Company has not imported any technology during last 3 years.

(a) the details of technology imported: N.A.
(b) the year of import: N.A.
(c) whether the technology been fully absorbed: N.A.
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: N.A.

(iv) the expenditure incurred on Research and Development: NIL

(C) Foreign Exchange Earnings and Outgo

(₹ in Lakhs)

Particulars	2016-17	2015-16
Foreign Exchange earned	1320.70	869.98
Foreign Exchange outgo in terms of Actual Outflows	NIL	5.53

For and on behalf of Board of Directors

Dated : 11th May, 2017
Place : Mumbai

S. K. AGRAWAL
CHAIRMAN
DIN: 00400892

Annexure - 4 (I)

Information required under Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(I) Disclosure under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a)

Sr. No.	Name of the Director / Key Managerial Personnel and Designation	Remuneration of Director / Key Managerial Personnel for the year ended March 31, 2017 (Amount in ₹)	% increase in the remuneration in the year ended March 31, 2017	Ratio of the remuneration of each Director to the median remuneration of the employees
1	Mr. S. K. Agrawal Chairman and Independent Director	65,000	Refer Note 1 below	0.44
2	Mr. Anil Kumar Jain Non-Executive, Non-Independent Director	30,000		0.20
3	Mr. Kamal Mitra Non-Executive, Non-Independent Director	55,000		0.37
4	Mr. P. N. Shah Independent Director	60,000		0.41
5	Mr. R. Anand Independent Director	60,000		0.41
6	Ms. Preeti Sheth Independent Director	30,000		0.20
7	Mr. A. G. Halasangi Chief Executive Officer	16,51,111	9.95%	11.25
8	Mr. R. Sundaram Chief Financial Officer (upto 28th July, 2016)	NIL	Refer Note 2 below	NA
9	Mr. Dilip Kumar Ghorawat Chief Financial Officer(w.e.f. 12th November, 2016)	NIL		NA
10	Mrs. Amruta Avasare Company Secretary and Compliance Officer	NIL		NA

Notes:

1. The remuneration of all Directors of the Company comprises of sitting Fees for attending Board and Committee Meetings. Hence, calculation of percentage increase in remuneration is not applicable.

2. Mr. R. Sundaram and Mr. Dilip Kumar Ghorawat was/is not drawing any remuneration from Pranavaditya Spinning Mills Limited ("the Company") during the year under review as they were/are holding positions of Chief Financial Officer of Indo Count Industries Limited, Holding Company. Further, Mrs. Amruta Avasare is Company Secretary of Indo Count Industries Limited (Holding Company) and as such do not draw any remuneration from Pranavaditya Spinning Mills Limited.

b) During the year ended 31st March, 2017, there was no percentage(%) increase in the median remuneration of employees.

c) As on 31st March, 2017, the Company had 194 permanent employees out of which 42 are permanent staff and 152 are permanent workers.

d) During the financial year 2016-17, there was an average 8.33% increase in the salaries of employees other than Key Managerial Personnel.

e) We affirm that the remuneration paid during the year 2016-17 is as per the Remuneration policy of the Company.

Annexure - 4 (II)

(II) Disclosure under Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

i) Details of top ten employees of the Company in terms of remuneration drawn during 2016-17:

Details of top ten employees of the Company in terms of remuneration drawn during 2016-17 will be provided on request. As per the provisions of Section 136 of the Companies Act, 2013, the Annual Report and Accounts are being sent to the members and others entitled thereto excluding the said information of top ten employees. The said details of top ten employees will be available for inspection by the members at the Registered Office of the Company during the business hours on working days of the Company upto the date of ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary in this regard.

ii) List of employees of your Company employed throughout the Financial Year 2016-17 and were paid remuneration not less than one crore and two lakh rupees:

During the year under review, there were no employees of the Company drawing remuneration of Rs. 1.2 Crore and above p.a.

iii) Employees employed for the part of the year and were paid remuneration during the Financial Year 2016-17 at a rate which in aggregate was not less than eight lakh and fifty thousand rupees per month:

During the year under review, there were no employees of the Company drawing remuneration of ₹ 8.5 Lakhs per month and above being employed for the part of the year.

For and on behalf of Board of Directors

Dated : 11th May, 2017
Place : Mumbai

S. K. AGRAWAL
CHAIRMAN
DIN: 00400892

CORPORATE GOVERNANCE REPORT

In compliance with the Regulation 34 read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), report on Corporate Governance for the year ended 31st March, 2017 is given below:

1. Company's Philosophy on Corporate Governance

Your Company's philosophy on Corporate Governance is to observe the highest level of ethics in all its dealings and accountability to ensure efficient conduct of affairs of the Company. The core value of your Company's governance process includes independence, integrity, responsibility, transparency and fairness.

2. Board of Directors

(a) Composition

As on 31st March, 2017, the Board comprises of 6 Directors out of which 2 are Non-Executive, Non Independent Directors and 4 are Non-Executive, Independent Directors including one Woman Director. Mr. S. K. Agrawal is a Non - Executive, Independent Chairman of the Company. During the year under review, there has been no change in the composition of the Board. All Directors are competent and experienced personalities in their respective fields.

The composition of the Board, details of other Directorships and Committee positions as on 31st March, 2017 are given below:

Name of the Director	Director Identification Number (DIN)	Category	Number of Directorships held in public companies#	Number of Membership/ Chairmanship of Board Committees@	
				Member	Chairman
Mr. S. K. Agrawal (Chairman)	00400892	Non-Executive, Independent	7	5	3
Mr. Anil Kumar Jain	00086106	Non-Executive, Non-Independent	4	2	-
Mr. Kamal Mitra	01839261	Non-Executive, Non-Independent	2	2	-
Mr. P. N. Shah	00096793	Non-Executive, Independent	7	2	5
Mr. R. Anand	00040325	Non-Executive, Independent	4	3	-
Ms. Preeti Sheth	00202080	Non-Executive, Independent	1	-	-

#Number of Directorships held in public companies includes Directorship of Pranavaditya Spinning Mills Limited and excludes Directorships in private companies, foreign companies, companies under Section 8 of the Companies Act, 2013 (earlier Section 25 of the Companies Act, 1956) and alternate Directorships.

@Only Membership / Chairmanship of Audit Committee and Stakeholders' Relationship Committee of listed and unlisted public limited companies including Pranavaditya Spinning Mills Limited are considered. Memberships or Chairmanships of the stipulated Board Committees held by Directors are within the limit specified under Regulation 26 (1) of Listing Regulations.

None of the Directors hold Directorships in more than 20 Companies including 10 Public Companies pursuant to the provisions of Section 165 of the Companies Act, 2013. Further, in compliance with Regulation 25(1) of Listing Regulations, none of the Independent Directors hold Directorships in more than seven listed companies.

There is no inter-se relationship amongst any of the Directors of the Company. Mr. Ashok G. Halasangi is the Chief Executive Officer of the Company u/s 203 of the Companies Act, 2013. Further, Mr. Anil Kumar Jain and Mr. Kamal Mitra, Non-Executive Non -Independent Directors of the Company are Executive Chairman and Whole -Time Director respectively in Indo Count Industries Limited, Holding Company.

(b) Independent Directors, Meeting and Familiarisation Programme

All Independent Directors of the Company fulfill the criteria of Independence as given under Section 149 (6) of the Companies Act, 2013 and Regulation 16 (1) (b) of the Listing Regulations and have furnished declaration of independence. The draft letter of appointment of Independent Directors is available on the website of the Company www.pranavaditya.com.

During the year under review, a separate Meeting of Independent Directors of the Company was held on 8th June, 2016. At the said meeting, Independent Directors discussed and considered the matters specified in Schedule IV of the Companies Act, 2013 and Regulation 25(4) of Listing Regulations. All Independent Directors were present at the said meeting.

Your Company has in place Familiarisation Programme for Independent Directors to familiarize them about the Company and their role, rights and responsibilities in the Company. The Familiarisation Programme and details of Familiarization Programme imparted during 2016-17 are uploaded on the website of the Company www.pranavaditya.com and can be accessed through web-link http://pranavaditya.com/admin/uploads/pdf/PSML-Familiarisation%20Program.pdf and http://pranavaditya.com/admin/uploads/pdf/PSML-Familiarisation%20Program%20imparted-2016-2017.pdf respectively.

(c) Board Meetings

During the Financial Year 2016-17, Five (5) Board Meetings were held on 2nd May, 2016, 8th June, 2016, 11th August, 2016, 11th November, 2016 and 7th February, 2017. The maximum gap between any two consecutive Meetings did not exceed 120 days.

Physical Attendance of Directors at the Board Meetings and the Annual General Meeting held during the year under review is as under:

Name of the Director	Attendance at the Board Meetings		Attendance at last AGM
	Held	Attended	26th July, 2016
Mr. S. K. Agrawal	5	5	Yes
Mr. Anil Kumar Jain	5	5	Yes
Mr. Kamal Mitra	5	5	Yes
Mr. P. N. Shah	5	5	No
Mr. R. Anand	5	5	No
Ms. Preeti Sheth	5	5	No

(d) Board Meetings Procedure

The dates of Board Meetings are scheduled in advance. The agenda papers along with relevant explanatory notes and supporting documents are circulated within prescribed time to all Directors.

Apart from any specific matter, the Board periodically reviews routine business items which includes approval of unaudited financial results along with limited review report, operational performance of the Company, minutes of committee meetings, quarterly corporate governance report, statement of investor complaints, shareholding pattern, compliance report on all laws applicable to the Company, annual financial statements, annual budget, capital expenditure and other matters placed before the Board pursuant to Part A of Schedule II of Listing Regulations.

3. Audit Committee

(a) Terms of reference

The scope and terms of reference of the Audit Committee covers matters specified under Part C of Schedule II of Listing Regulations and Section 177 of the Companies Act, 2013. The terms of reference of Audit Committee *inter-alia* includes following matters:

Financial Reporting and Related Processes

- Oversight of the Company's financial reporting process and financial information submitted to the Stock Exchanges, regulatory authorities or the public.

- Reviewing with the Management, the quarterly unaudited financial results /statements and Limited Review Report thereon / audited annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter alia, include reviewing changes in the accounting policies, if any, and major accounting estimates based on exercise of judgment by the Management, significant adjustments made in the financial statements and / or recommendation, if any, made by the Statutory Auditors in this regard.

- Reviewing the Management Discussion & Analysis of financial and operational performance.

- Scrutiny of inter-corporate loans and investments.

Internal Controls and Governance Processes

- Review the adequacy and effectiveness of the Company's internal control system. Review and discuss with management, the Company's major financial risk exposures and steps taken by the Management to monitor and control such exposure.
- Review adequacy of internal audit function, internal audit reports and discussion with Internal Auditors on significant findings and follow-up thereon.
- To oversee and review the functioning of a Vigil Mechanism and to review findings of investigation into cases of material nature and the actions taken in respect thereof.
- Approval of Related Party Transactions and review on a quarterly basis.
- Approval of appointment of Chief Financial Officer.

Audit & Auditors

- Review the scope of the Statutory Auditor, the annual audit plan and the Internal Audit Plan with a view to ensure adequate coverage.
- Review the significant audit findings from the statutory and internal audits carried out, the recommendations and Management's response thereto.
- Review and recommend to the Board, appointment, remuneration and terms of appointment of the Auditors.
- Approval of such other services to be rendered by the Statutory Auditors except those enumerated in Section 144 of the Companies Act, 2013 and payment for such services.

(b) Composition and Meetings

As on 31st March, 2017, the Audit Committee comprises of 4 Directors / Members out of which 3 are Independent Directors. All the Members of the Audit Committee are professionals, experienced and possess sound knowledge of finance, accounting practices and internal controls. There was no change in the composition of Audit Committee during the year 2016-17.

During the Financial Year 2016-17, Five (5) Audit Committee Meetings were held on 2nd May, 2016, 8th June, 2016, 11th August, 2016, 11th November, 2016 and 7th February, 2017. The time gap between any two consecutive Audit Committee Meetings was not more than 120 days.

Physical Attendance of members at the Audit Committee Meetings held during the year under review is as under:

Name of the Director	Category	Position	Attendance at the Audit Committee Meetings	
			Held	Attended
Mr. S. K. Agrawal	Non-Executive, Independent	Chairman	5	5
Mr. P. N. Shah	Non-Executive, Independent	Member	5	5
Mr. R. Anand	Non- Executive, Independent	Member	5	5
Mr. Kamal Mitra	Non-Executive, Non-Independent	Member	5	5

The representatives of the Statutory Auditors, Internal Auditors and Chief Financial Officer are invitees to the Audit Committee Meetings and they attend and participate in the Meetings. Mrs. Amruta Avasare, Company Secretary is Secretary to the Audit Committee and attends the meetings.

Mr. R. Sundaram, Chief Financial Officer of the Company passed away on 28th July, 2016 and Mr. Dilip Kumar Ghorawat was appointed as Chief Financial Officer of the Company w.e.f. 12th November, 2016.

Mr. S. K. Agrawal, Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 26th July, 2016.

4. **Stakeholders Relationship Committee**

(a) Composition, Terms of Reference and Meetings

As on 31st March, 2017, the Stakeholders Relationship Committee consists of Mr. S. K. Agarwal, Non - Executive, Independent Director as Chairman, Mr. Anil Kumar Jain and Mr. Kamal Mitra, Non - Executive, Non - Independent Directors of the Company as Members. There was no change in the composition of the Committee during the year under review.

The scope and terms of reference of the Committee includes reviewing and resolving the queries / complaints / grievances received from the shareholders if any, review of transfer /transmission of shares of the Company, review of requests for name deletion and any other request pertaining to shares of the Company received from shareholders of the Company.

During the year under review, 1 (one) Meeting of the Stakeholders Relationship Committee was held on 7th February, 2017 and the said meeting was attended by all members of the Committee.

(b) Compliance Officer

Mrs. Amruta Avasare, Company Secretary is the Compliance Officer of the Company.

(c) Investor Complaints

During the year 2016-17, no complaints were received from the shareholders of the Company and no complaint was pending as on 31st March, 2017. Four queries were received and resolved during the year ended 31st March, 2017.

5. **Nomination and Remuneration Committee**

(a) Brief description of terms of reference

The terms of reference of the Nomination and Remuneration Committee ("NRC") covers the areas mentioned under Part D of Schedule II of Listing Regulations and Section 178 of the Companies Act, 2013 which *inter-alia*, includes:

- To Formulate and review the policy for selection and appointment of Directors, KMP and Senior Management Employees and their remuneration.
- To recommend to the Board, appointment, removal of Directors, Senior Management Personnel and Key Managerial Personnel in accordance with the criteria laid down.
- To review and recommend to the Board, remuneration payable to the Directors of the Company.
- To formulate criteria for performance evaluation of every Director and carry out performance evaluation of Directors.
- Devising a policy on Board Diversity.

(b) Composition, Meetings and Attendance

As on 31st March, 2017, NRC comprises of Mr. R. Anand, Non-Executive, Independent Director as Chairman, Mr. S. K. Agarwal and Mr. P. N. Shah, Non-Executive, Independent Directors of the Company as Members. Mr. R. Anand, earlier Member of the NRC was appointed as Chairman of NRC w.e.f 2nd May, 2016.

During the year under review, 1 (one) Meeting of NRC was held on 11th November, 2016 and the same was attended by all members of the committee.

(c) Policy for selection and appointment of Directors and their remuneration

The Nomination and Remuneration Committee (NRC) has adopted a Charter which, *inter-alia* deals with the manner of selection of Board of Directors and Key Managerial Personnel and their remuneration.

The Nomination and Remuneration Policy of the Company is as under:

I. **Criteria of selection of Directors**

a. The Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

b. In case of appointment of Independent Directors, the NRC shall satisfy itself with regard to the Independent nature of the Directors vis-à-vis the Company, so as to enable the Board to discharge its function and duties effectively.

c. The NRC shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

d. The NRC shall consider the following attributes / criteria, whilst recommending to the Board, the candidature for appointment as Director:

i. Qualification, expertise and experience of the Directors in their respective fields.
ii. Personal, Professional or business standing.
iii. Diversity of the Board.

II. **Remuneration of Directors**

a. Non-Executive Directors shall be entitled to receive sitting fees for each Meeting of the Board or Committee of the Board attended by them, as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

b. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

6. **Remuneration of Directors**

At present, all Non-Executive Directors of the Company are entitled to receive sitting fees of ₹ 5,000/- each for attending Board Meetings, Independent Directors Meeting and Committee Meetings excluding share transfer committee. Details of sitting fees paid to all Directors of the Company for the Financial Year ended 31st March, 2017 are as under:

Name of the Director	Remuneration for the Financial Year ended 31st March, 2017 (Amount in ₹)	No. of equity shares of the Company held by Non-Executive Directors
	Sitting Fees	
Mr. S. K. Agrawal	65,000/-	10
Mr. Anil Kumar Jain	30,000/-	75
Mr. Kamal Mitra	55,000/-	10
Mr. P. N. Shah	60,000/-	10
Mr. R. Anand	60,000/-	10
Ms. Preeti Sheth	30,000/-	NIL

Notes:
1. There is no separate provision for payment of severance fees.
2. There are no variable components and performance linked incentives.
3. There was no pecuniary relationship or transaction between Non-Executive Directors and the Company during the year 2016-17.

Criteria of making payment to Non-Executive Directors

The criteria for making payment to Non-Executive Directors of the Company is disclosed under web-link http://pranavaditya.com/admin/uploads/pdf/PSML-Criteria%20for%20making%20payments%20to%20Non-Executive%20Directors.pdf

Stock Options

The Company does not have any Employee Stock Option Scheme.

7. **General Body Meetings**

(a) Annual General Meetings:

The details of previous three Annual General Meetings of the Company are as under:

<table>
<tr><th>AGM</th><th>Day, Date & Time</th><th>Venue</th><th>No. of Special Resolutions passed</th></tr>
<tr><td>24th</td><td>Saturday, 23rd August, 2014 at 11.00 a.m.</td><td rowspan="2">Office No. 2, Plot No.266, Village Alte, Kumbhoj Road, Taluka Hatakanagale, District Kolhapur - 416 109, Maharashtra.</td><td>1</td></tr>
<tr><td>25th</td><td>Saturday, 22nd August, 2015 at 11.00 a.m.</td><td>NIL</td></tr>
<tr><td>26th</td><td>Tuesday, 26th July, 2016 at 11.00 a.m.</td><td>Hotel Pavillion, Conference Room, 1st Floor, 392, E Ward, Assembly Road, Near Basant Bahar Theater, Shahpuri, Kolhapur - 416 001, Maharashtra.</td><td>NIL</td></tr>
</table>

(b) Extra-Ordinary General Meeting: No Extra-ordinary General Meeting was held during the year under review.

(c) Postal Ballot: No Postal Ballot was conducted during the year under review. Further, as on date of this report, no special resolutions are proposed to be passed through postal ballot.

8. **Means of Communication**

Website: The Company's website www.pranavaditya.com contains *inter-alia* updated information pertaining to quarterly, half-yearly, annual financial results, shareholding pattern, important announcements made to the stock exchanges, intimation of board meeting dates etc. The said information is available in a user friendly and downloadable form.

Financial Results: Pursuant to Regulation 33 of Listing Regulations, the quarterly, half yearly and annual financial results of the Company are submitted to the BSE Limited after approval of the Board of Directors of the Company within prescribed time. The uploading of financial results on BSE is made through BSE listing centre electronic platform. The financial results of the Company are published in one English daily newspaper viz Business Standard and one Marathi newspaper viz. Tarun Bharat within prescribed time. The financial results are also uploaded on website of the Company.

Annual Report: Annual Report containing *inter-alia* Standalone Financial Statements, Auditors' Report, Directors' Report, Corporate Governance Report is sent to the Members of the Company and is also available on the website of the Company www.pranavaditya.com.

Designated Exclusive Email ID: The Company has designated Email Id investors@pranavaditya.com exclusively for shareholder / investor grievances redressal.

SCORES (SEBI Complaints Redressal System):- SEBI has commenced processing of investor complaints in a centralized web based complaints redress system i.e. SCORES. The Company supported SCORES by using it as a platform for communication between SEBI and the Company.

Uploading on BSE Listing Centre: The quarterly results, quarterly compliances and all other corporate communications and disclosures are filed electronically on BSE Listing Centre.

Presentations: No presentations are made to analysts, Institutional Investors during the year under review.

9. **Disclosures**

(a) Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Listing Regulations during the financial year 2016-17 were in the ordinary course of business and on arm's length basis. During the year under review, there were no materially significant transactions with related parties that may have potential conflict with the interest of the Company at large. Necessary disclosures regarding Related Party Transactions are given in the notes to the Financial Statements.

The Company has formulated a policy for Related Party Transactions and the said policy has been hosted on the website of the Company under the web-link http://pranavaditya.com/admin/uploads/pdf/PSML%20Policy%20on%20Related%20Party%20 Transactions.pdf

(b) Statutory Compliance, Penalties and Strictures

The Company has complied with all the requirements of the Stock Exchanges / SEBI / and other statutory authorities on all matters related to the capital markets during the last three years. There were no penalties or strictures imposed on the Company by the Stock Exchanges, the SEBI or any statutory authority on matters relating to capital markets during last three years.

(c) Vigil Mechanism / Whistle Blower Policy

Pursuant to the provisions of Section 177 of the Companies Act, 2013 and Regulation 22 of Listing Regulations, your Company has formulated Vigil Mechanism / Whistle Blower Policy to enable Directors and employees of the Company to report concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct, that could adversely impact the Company's operations, business performance and / or reputation, in a secure and confidential manner. The said policy provides adequate safeguards against victimization of Directors/employees and direct access to Chairman of Audit Committee, in exceptional cases. The Vigil Mechanism / Whistle Blower Policy is available on the website of the Company under the web-link http://pranavaditya.com/admin/uploads/pdf/PSML%20Whistle%20Blower%20Policy%20-%20V igil%20Mechanism.pdf. Your Company affirms that no personnel of the Company has been denied access to the Chairman of the Audit Committee and no complaint has been received during the year under review.

(d) Subsidiaries

Your Company does not have any subsidiary. However, your Company has formulated a policy on material subsidiaries. The said policy is available on website of the Company under the web-link http://www.pranavaditya.com/admin/uploads/pdf/PSML%20 Policy%20on%20Material%20Subsidiaries.pdf.

(e) Code of Conduct

Integrity, transparency and trust form part of the core beliefs of all activities at Pranavaditya, which has been the basis of its growth and development. The Company has adopted a Code of Conduct applicable for all Directors and Senior Management of the Company which is in consonance with the requirements of Listing Regulations. The said code is available on the website of the Company and can be accessed through web-link http://www.pranavaditya.com/admin/uploads/pdf/PSML %20Code%20of%20Conduct%20of%20Directors%20&%20Senior%20Management.pdf.

All the Board Members and Senior Management Personnel of the Company have affirmed compliance with Code of Conduct of the Company for the year ended 31st March, 2017. A declaration to this effect signed by Mr. Ashok Halasangi, Chief Executive Officer forms part of this Report as Annexure I.

(f) Compliance with Indian Accounting Standards (Ind-AS)

In the preparation of the financial statements, the Company has followed the Indian Accounting Standards (Ind-AS) notified by Ministry of Corporate Affairs from time to time. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

There is no deviation in following the treatments prescribed in Indian Accounting Standards (Ind-AS) in preparation of financial statements for the year 2016-17.

(g) Risk Management

The risk assessment and minimization procedures are in place and the Board is regularly informed about the business risks and the steps taken to mitigate the same.

(h) Performance Evaluation

At a separate meeting of Independent Directors held on 8th June, 2016, performance of the Chairman was assessed inter-alia on the basis of parameters such as Leadership qualities, Ability of Steering meetings, level of engagement and participation at Board Meetings. Further, at the said meeting, performance evaluation of the other Non-Executive Non-Independent Directors was also carried out inter-alia on the parameters such as level of Participation at Board/Committee Meetings, Knowledge and Skills, Contribution towards growth of the Company, decision making, safeguarding the interest of the Company and stakeholders etc.

The Board evaluated its own performance and of Committees of the Board on the parameters like Board Composition, adherence to Mission, Policy and Planning, Board Discussions and Process, Discharging functions, Establishment and delineation of responsibilities to committees, Stakeholder Value and Responsibility, avoidance of Conflict of Interest, Facilitation of Independent Directors, Corporate culture and Values and Quality and Timeliness of flow of information. The Board also carried out performance evaluation of Independent Directors.

The performance evaluation was carried out through structured questionnaire / assessment sheet circulated to all Directors. The Directors were required to evaluate the performance by providing rating against each parameter.

The Board unanimously expressed their satisfaction with the evaluation process.

(i) CEO & CFO Certification

Pursuant to the provisions of Regulation 17(8) of Listing Regulations, Mr. Ashok Halasangi, Chief Executive Officer and Mr. Dilip Kumar Ghorawat, Chief Financial Officer of the Company have furnished certificate to the Board for the year ended 31st March, 2017 in the prescribed format. The said certificate has been reviewed by the Audit Committee and taken on record by the Board at the Meeting held on 11th May, 2017.

(j) Reconciliation of Share Capital Audit

In terms of the provisions of Clause 55A of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, Reconciliation of Share Capital Audit is carried out on a quarterly basis by a Practicing Company Secretary. The said report is also submitted to BSE Limited.

(k) Code for Prevention of Insider Trading

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a code of conduct to regulate, monitor and report trading by Insiders. This code is applicable *inter-alia* to all Directors and Designated persons / employees of the Company who are expected to have access to unpublished price sensitive information. This code, *inter-alia*, prohibits purchase/sale/dealing in the equity shares of the Company by Designated persons/Directors while in possession of unpublished price sensitive information about the Company and during the time when trading window is closed. The Code also contains procedure for pre-clearance of trade, disclosure requirements etc.

(l) Compliance with Mandatory and Non-Mandatory Requirements

The Company has complied with all mandatory requirements of Corporate Governance specified in Listing Regulations. The Company has adopted discretionary requirements specified in Part E of Schedule II of Listing Regulations as given below:

The Board: The Company has a Non-Executive Chairman and he is allowed reimbursement of expenses in relation to performance of his duties.

Shareholder's Rights: Quarterly, half- yearly, annual financial results of the Company are published in English and Marathi newspapers and are also forwarded to BSE Limited. The said results are also uploaded on the website of the Company www.pranavaditya.com. Hence, the same are not sent to the Shareholders of the Company.

Modified Opinion in Audit Report: There was no qualification or modified opinion in Independent Auditors Report on Financial Statements for the year ended 31st March, 2017 nor in past 2 years.

Separate posts of Chairperson and Chief Executive Officer: Mr. S. K. Agrawal, Non-Executive, Independent Director is the Chairperson of the Company and Mr. Ashok Halasangi is the Chief Executive Officer of the Company.

Reporting of Internal Auditors: The Internal Auditor of the Company is permanent invitee to the Audit Committee Meeting. He is present in each Audit Committee Meeting and presents his Internal audit observations to the Audit Committee. He directly interacts with Audit Committee Members during the meeting.

(m) Compliance with the requirements of Corporate Governance

All the requirements of Corporate Governance specified in Regulation 17 to 27 of Listing Regulations and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations have been complied with.

10. Certificate on compliance with conditions of Corporate Governance

The certificate regarding compliance of the conditions of corporate governance for the year ended 31st March, 2017 given by M/s B. K. Shroff & Company, Statutory Auditors is given as Annexure II to this Report.

11. General Shareholders' information

Annual General Meeting :

Day and Date : Monday, 21st August, 2017

Time : 11.00 a.m.

Venue : Hotel Vrishali Executive, Conference Hall, 1st Floor, 39 A/2, Tarabai Park, District Kolhapur – 416 003, Maharastra

Financial Year : 1st April to 31st March

Tentative Financial Calendar (for Financial Year 2017-18) for approval of:

Financial Results for 1st Quarter 2017-18 (Unaudited)	On or before 14-08-2017
Financial Results for 2nd Quarter 2017-18(Unaudited)	On or before 14-11-2017
Financial Results for 3rd Quarter 2017-18 (Unaudited)	On or before 14-02-2018
Financial Results for 4th Quarter and year 2017-18 (Audited)	On or before 30-05-2018

Date of Book Closure

The Register of Members and the Share Transfer books will remain closed from Saturday,19th August, 2017 to Monday,21st August, 2017.

Dividend : No dividend has been declared during the year 2016-17.

Listing on Stock Exchanges : BSE Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

Stock / Scrip Code : 531172

Listing Fees : The Company has paid Listing Fees till 2017-2018 to BSE Limited within prescribed time

Annual Custody Fees : The Company has paid the Annual Custody Fees to Central Depository Services (India) Ltd and National Securities Depository Limited for the year 2017-18.

ISIN : INE569D01028

Corporate Identity Number (CIN) : L17119PN1990PLC058139

Market Price Data

The monthly high and low quotations of the closing price and volume of shares traded at BSE Ltd. from April, 2016 to March, 2017 and comparison against BSE sensex is as under:

Month	BSE Limited			BSE Sensex	
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)
April – 2016	38.65	27.20	37,100	26100.54	24523.20
May – 2016	44.85	31.25	20,785	26837.20	25057.93
June – 2016	38.00	32.15	14,155	27105.41	25911.33
July – 2016	37.80	32.60	24,463	28240.20	27034.14
August – 2016	38.55	25.30	76,636	28532.25	27627.97
September – 2016	31.45	23.10	61,631	29077.28	27716.78
October – 2016	32.75	23.00	58,111	28477.65	27488.30
November – 2016	37.50	25.15	54,577	28029.80	25717.93
December – 2016	37.05	25.20	11,481	26803.76	25753.74
January – 2017	33.00	23.00	62,023	27980.39	26447.06
February – 2017	30.00	24.60	17,725	29065.31	27590.10
March – 2017	32.75	22.15	41,548	29824.62	28716.21

Source: BSE website

Registrar and Transfer Agents

Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate
Sakivihar Road, Sakinaka,
Andheri (East), Mumbai - 400 072
Telephone No. 022 - 4043 0200
Fax No. 022 - 2847 5207
Email id:investor@bigshareonline.com

Share Transfer System

Transfer of equity shares in dematerialized form is done through the depositories without any involvement of the Company. Share transfers in physical form are processed by Registrar & Transfer Agent and the share certificates are returned to the shareholders within a period of 15 days from the date of receipt if the documents are in order and complete in all respects. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of Listing Regulations and files a copy of the certificate with the BSE Limited.

As on 31st March, 2017, the Share Transfer Committee comprises of Mr. Anil Kumar Jain as Chairman, Mr. S. K. Agrawal and Mr. Kamal Mitra, as Members. The Share Committee meets whenever required for approval of share transfers, transmission, issue of duplicate share certificates, split and consolidation requests as well as other matters that relate to the transfer and registration of shares. During the year under review, four meetings of Share Transfer Committee were held on 15th April, 2016, 25th October, 2016, 2nd December, 2016 and 3rd January, 2017 and all the said meetings were attended by Mr. Anil Kumar Jain and Mr. S. K. Agrawal. Leave of absence was granted to Mr. Kamal Mitra from attending all said meetings.

Distribution of shareholding as on 31st March, 2017

No. of equity shares	No. of Shareholders	% of Shareholders	No. of shares held	% of shareholding
Upto 500	3611	92.73	174,993	0.91
501 – 1000	108	2.77	88,233	0.46
1001 – 2000	64	1.64	96,495	0.50
2001 – 3000	29	0.75	70,752	0.37
3001 – 4000	18	0.46	65,611	0.34
4001 – 5000	12	0.31	55,545	0.29
5001 – 10000	29	0.75	197,187	1.02
Above 10000	23	0.59	18,492,464	96.11
Total	**3894**	**100.00**	**19,241,280**	**100.00**

Shareholding Pattern as on 31st March, 2017

Category of Shareholder	No. of Equity shares of Face Value of Rs.10/- each	Percentage of total paid up Share Capital
A. Shareholding of Promoter and Promoter Group		
Bodies Corporate (Indian)	14,341,280	74.53
Sub Total (A)	**14,341,280**	**74.53**
B. Public Shareholding		
i. Individuals	2,952,886	15.34
ii. NBFCs registered with RBI	5,947	0.03
iii. NRI	25,952	0.15
iv. Trust	7,596	0.04
v. Clearing Member	9,688	0.05
vi. Bodies Corporates	1,897,931	9.86
Sub Total (B)	**4,900,000**	**25.47**
Grand Total (A+B)	**19,241,280**	**100.00**

Dematerialisation of shares and liquidity

The equity shares of the company are available for dematerialisation with National Securities Depository Limited (NSDL) and Central Depository Services of India Limited (CDSL). The equity shares of the company have been notified by SEBI for settlement only in the demat form for all investors from 21st March, 2000. ISIN of the Company for dematerialization is INE569D01028.

As on 31st March 2017, 19,172,157 Equity Shares of the Company constituting 99.64% of the paid-up share capital of the Company are held in dematerialized form and 69,123 Equity Shares of the Company constituting 0.36% are held in physical form. The company's shares were traded on BSE Limited.

Shares held in demat and physical modes as on 31st March, 2017

Category	Number of		% to total paid up share capital
	Shareholders	Shares	
Demat Mode			
NSDL	760	16,078,850	83.56
CDSL	554	3,093,307	16.08
Total	**1314**	**19,172,157**	**99.64**
Physical Mode	2580	69,123	0.36
Grand Total	**3894**	**19,241,280**	**100.00**

Outstanding GDR / ADR / warrants or any convertible instruments, conversion date and likely impact on equity

The Company does not have any outstanding GDR / ADR / warrants or any convertible instruments as on 31st March, 2017.

Commodity Price Risk / Foreign Exchange Risk

The Company does not deal in commodity hedging. As regards foreign exchange risks, the Company evaluates foreign exchange rate exposure arising from these transactions and enter into foreign currency derivative instruments to mitigate such exposure. The Company has in place hedging policy designed to minimize the impact of volatility in foreign exchange fluctuations.

Plant Location

Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatkanangale,
District Kolhapur – 416109, Maharashtra.

Address for Correspondence

The Shareholders may contact the Company or Registrar and Transfer Agent on below address:

The Company Secretary Pranavaditya Spinning Mills Limited 301, 3rd Floor, "Arcadia" Nariman Point, Mumbai - 400 021 Phone: 022 - 4341 9500 / 501 Fax: 022 - 2282 3098 Email Id: investors@pranavaditya.com	**Bigshare Services Private Limited** Unit: Pranavaditya Spinning Mills Limited E-2/3, Ansa Industrial Estate Sakivihar Road, Sakinaka, Andheri (East), Mumbai - 400 072 Phone No. 022 - 4043 0200 Fax No. 022 - 2847 5207 Email id: investor@bigshareonline.com

For PRANAVADITYA SPINNING MILLS LIMITED

S. K. AGRAWAL
CHAIRMAN
DIN: 00400892

Date : 11th May, 2017
Place : Mumbai

Annexure I

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

Pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Board Members and Senior Management Personnel of Pranavaditya Spinning Mills Limited have affirmed compliance with the Code of Conduct for the year ended 31st March, 2017.

For **PRANAVADITYA SPINNING MILLS LIMITED**

ASHOK HALASANGI
CHIEF EXECUTIVE OFFICER

Dated : 11th May, 2017
Place : Mumbai

Annexure II

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To
The Members,
Pranavaditya Spinning Mills Limited

We have examined the compliance of conditions of Corporate Governance by Pranavaditya Spinning Mills Limited ("the Company"), for the financial year ended on 31st March, 2017, as per relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the 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 conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountant of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC)1, Quality Control for Firms that performs Audits & Reviews of Historical Financial information and other Assurance & related service engagements.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, as applicable.

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 B.K.Shroff & Co.
Chartered Accountants
Firm Reg. No. : 302166E

Kavita Nangia
Partner
Membership Number :90378

Place : Mumbai
Date : 11th May, 2017

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Pranavaditya Spinning Mills Limited

Report on the Standalone Financial Statements

We have audited the accompanying financial statements of Pranavaditya Spinning Mills Limited ("the Company") which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including other comprehensive income), Cash Flow Statement and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under sec 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act and the rules made thereunder including 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 of the standalone Ind AS Financial Statements 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 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 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 standalone Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS Financial Statements.

Opinion

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, of the state of affairs of the Company as at 31st March, 2017, and its Loss (including other comprehensive income), its cash flows and the changes in equity for the period ended on that date.

Other Matter

The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 2, 2016 and May 9, 2015, respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory requirements

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 Companies Act, 2013, we give in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 purposes 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 (including other comprehensive income), the Cash Flow Statement and statement of changes in equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

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) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

  i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS Financial Statements- Refer note nos. 25 and 34.

  ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

  iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

  iv. The company has provided requisite disclosures in the 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. Based on audit procedures and relying on the management representation we report that these are in accordance with books of account maintained by the company – Refer note no. 39.

For B.K.Shroff & Co.
Chartered Accountants
Firm Reg. No. : 302166E

Kavita Nangia
Partner
Membership No.: 90378

Mumbai, May 11, 2017

Annexure A referred to in Paragraph 5(I) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Pranavaditya Spinning Mills Limited on the standalone Ind AS Financial Statements for the year ended 31st March 2017.

(i) (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 during the year as per the phased program designed to cover all the fixed assets over a period, which in our opinion is reasonable having regard to the size of the company and nature of its assets. Discrepancies noticed on such verification, which are not material, have been properly dealt with in the books of accounts.

(c) The title deeds of immovable properties are held in the name of the company.

(ii) As explained to us, the inventories have been physically verified by the management during the year except stocks lying with third parties in respect of whom confirmations have been obtained and the discrepancies noticed on physical verification as compared to book record, which are not material, have been properly dealt with in the books of account. In our opinion, the frequency of such verification is reasonable.

(iii) As explained to us, the company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and as such clauses (iii) (a), (b) and (c) of the order are not applicable to the company.

(iv) In our opinion and according to the information and explanations given to us no loans, investments, guarantees and security covered under section 185 and 186 of the Companies Act, 2013 has been given by the company. Therefore, the provisions of clause (iv) of the order are not applicable to the company.

(v) According to the information and explanation given to us, the company has not accepted any deposit from the public. Therefore, the provisions of clause (v) of the order are not applicable to the company.

(vi) We have broadly reviewed the books of account maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records under section 148(1) of the Act, and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we are neither required to carry out nor have carried out detailed examination of such cost accounting records with a view to determine whether they are accurate or complete.

(vii) I. According to the records of the company, examined by us and information and explanations given to us:

(a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and others as applicable have generally been regularly deposited with the appropriate authorities except delay in few cases. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) There are no disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax outstanding as at 31st March 2017.

(viii) In our opinion and according to the information and explanations given to us, the company has no outstanding loans or borrowings from financial institutional, bank or government hence provisions of clause (viii) of the order are not applicable to the company.

(ix) In our opinion, during the year no money has been raised by way of initial public offer or further public offer (including debt instruments) or term loans hence provisions of clause (ix) of the order are not applicable to the company.

(x) 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.

(xi) In our opinion, and according to the information and explanation given to us, during the year the company has not paid/provided any managerial remuneration and hence provisions of clause (xi) of the order are not applicable to the company.

(xii) The company is not a nidhi company and hence provisions of clause (xii) of the order are not applicable to the company.

(xiii) According to the records examined by us, and information and explanations given to us, all transactions with the related parties are in compliance with Sections 188 and 177 of the Act and necessary details as required by the accounting standards have been disclosed in note 35 of the standalone Ind AS Financial Statements.

(xiv) The Company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year ended 31 March 2017.

(xv) The company has not entered into any non cash transactions with directors or persons connected with him.

(xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934

For B.K.Shroff & Co.
Chartered Accountants
Firm Reg. No. : 302166E

Kavita Nangia
Partner
Membership No.: 90378

Mumbai, May 11, 2017

Annexure - B referred to in paragraph 5(II)(f) to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Pranavaditya Spinning Mills Limited.

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 **Pranavaditya Spinning Mills Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the Standalone Ind AS 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 (the "Guidance Note") 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 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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, 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 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:

a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, 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 31 March 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 issued by the ICAI”.

For B.K.Shroff & Co.
Chartered Accountants
Firm Reg. No. : 302166E

Kavita Nangia
Partner
Membership No.: 90378

Mumbai, May 11, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

₹ in lakhs

Particulars	Note No.	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
ASSETS				
(1) Non-Current Assets				
(a) Property, Plant and Equipment	5	2,797.58	2,812.25	2,751.82
(b) Capital work-in-progress	5	10.09	-	13.40
(c) Financial Assets				
(i) Investments	6	0.16	0.16	0.16
(ii) Others	7	-	11.84	8.50
(d) Other Non-Current Assets	8	42.25	3.82	120.44
(2) Current assets				
(a) Inventories	9	1,110.41	604.27	562.48
(b) Financial assets				
(i) Trade receivables	10	598.64	503.02	547.95
(ii) Cash and cash equivalents	11	83.24	127.70	95.27
(iii) Bank balances other than (ii) above	12	38.34	-	-
(iv) Loans	13	0.01	0.01	0.01
(v) Others	14	-	1.25	-
(c) Current Tax Assets (Net)	15	170.39	169.57	166.18
(d) Other Current Assets	16	96.26	161.84	175.72
TOTAL ASSETS		**4,947.37**	**4,395.73**	**4,441.93**
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital	17	1,924.13	1,924.13	1,924.13
(b) Other Equity		1,524.43	1,571.02	1,606.27
LIABILITIES				
(1) Non-Current Liabilities				
(a) Provisions	18	58.55	65.49	84.61
(b) Deferred Tax Liabilities (Net)	19	201.63	238.62	253.39
(2) Current Liabilities				
(a) Financial Liabilities				
(i) Trade Payables	20	651.97	452.39	374.60
(ii) Other Financial Liabilities	21	14.76	17.68	15.10
(b) Other Current Liabilities	22	563.56	116.84	169.63
(c) Provisions	23	8.34	7.15	4.29
(d) Current Tax Liabilities (Net)	24	-	2.41	9.91
TOTAL EQUITY AND LIABILITIES		**4,947.37**	**4,395.73**	**4,441.93**
CONTINGENT LIABILITIES AND COMMITMENTS	**34**			
SIGNIFICANT ACCOUNTING POLICIES	**3**			

The accompanying notes form an integral part of financial statements

As per our Report of even date

For and on behalf of Board of Directors

For **B.K. Shroff & Co.,**
Chartered Accountants
Firm Regd. No.: 302166E

S. K. Agrawal
Chairman
DIN - 00400892

Anil Kumar Jain
Director
DIN - 00086106

Kavita Nangia
Partner
Membership No.: 90378
Mumbai, May 11, 2017

Dilip Kumar Ghorawat
Chief Financial Officer

Amruta Avasare
Company Secretary

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

₹ in lakhs

	Particulars	Note No.	For the year ended 31.03.2017	For the year ended 31.03.2016
CONTINUING OPERATIONS				
I	**INCOME**			
	Revenue from operations	26	5,776.47	6,048.36
	Other income	27	79.74	32.89
	TOTAL INCOME		**5,856.21**	**6,081.25**
II	**EXPENSES**			
	Cost of materials consumed	28	4,112.92	3,988.80
	Changes in inventories of finished goods, work in progress and stock-in-trade	29	(17.61)	108.10
	Employee benefit expense	30	610.06	648.13
	Finance cost	31	17.85	23.48
	Depreciation and amortisation expense	32	115.54	128.80
	Other expense	33	1,115.72	1,225.96
	TOTAL EXPENSES		**5,954.48**	**6,123.27**
III	**Profit/ (loss) before exceptional items and tax (I-II)**		**(98.27)**	**(42.02)**
IV	Exceptional items		-	-
V	**Profit/ (loss) before tax (III-IV)**		**(98.27)**	**(42.02)**
VI	**Tax expense**			
	a) Current tax		-	3.54
	b) Previous years tax		0.52	5.21
	c) Deferred tax		(42.02)	(13.89)
	d) MAT credit entitlement for current year		-	(3.54)
	e) MAT credit entitlement for earlier years		-	0.14
VII	**Profit/ (loss) for the year (V-VI)**		**(56.77)**	**(33.48)**
VIII	**Other comprehensive income**			
	A Items that will not be reclassified to profit or loss			
	(i) Remeasurement of the net defined benefit liability / asset		15.21	(2.65)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(5.03)	0.88
IX	**Total comprehensive income for the year (VII+ VIII)**		**(46.59)**	**(35.25)**
X	**Earnings per equity share**	**36**		
	a) Basic		(0.30)	(0.17)
	b) Diluted		(0.30)	(0.17)
	SIGNIFICANT ACCOUNTING POLICIES	**3**		

The accompanying notes form an integral part of financial statements

As per our Report of even date | **For and on behalf of Board of Directors**

For B.K. Shroff & Co.,
Chartered Accountants
Firm Regd. No.: 302166E

S. K. Agrawal
Chairman
DIN - 00400892

Anil Kumar Jain
Director
DIN - 00086106

Kavita Nangia
Partner
Membership No.: 90378
Mumbai, May 11, 2017

Dilip Kumar Ghorawat
Chief Financial Officer

Amruta Avasare
Company Secretary

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

₹ in lakhs

	Particulars		For the year ended 31.03.2017		For the year ended 31.03.2016
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit/ (loss) before exceptional items and tax		**(98.27)**		**(42.02)**
	Adjustments for:-				
	Depreciation and amortisation		115.54		128.80
	Profit on sale of assets		(26.32)		(10.44)
	Loss on sale of assets		41.00		0.13
	Finance Cost		17.85		23.48
	Interest income		(15.50)		(7.70)
	Other Comprehensive Income		15.21		(2.65)
	Operating profit before working capital changes		**49.51**		**89.60**
	Changes in working capital :				
	Adjustment for (increase)/decrease in operating assets				
	Non Current Financial Assets	11.84		(3.34)	
	Other Non Current Assets	(38.43)		116.62	
	Inventories	(506.14)		(41.79)	
	Trade Receivables	(95.62)		44.94	
	Current Financial Assets	(37.09)		(1.25)	
	Other Current Assets	65.58	**(599.86)**	13.88	**129.06**
	Adjustment for increase/(decrease) in operating liabilities				
	Non Current Provisions	(6.95)		(19.12)	
	Trade Payables	199.58		77.79	
	Other Current Financial Liabilities	(2.92)		2.58	
	Other Current Liabilities	446.72		(52.79)	
	Current Provisions	1.20	**637.63**	2.86	**11.32**
	Net income tax(paid)/refunds		(3.74)		(16.25)
	Net Cash flow from /(used in) operating activities (A)		**83.54**		**213.73**
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of tangible assets		(174.79)		(183.11)
	Proceeds from sale of assets		49.14		17.59
	Interest income		15.50		7.70
	Net Cash flow from/(used in) investing activities (B)		**(110.15)**		**(157.82)**
C	**Cash Flow from financing activities**				
	Finance Cost		(17.85)		(23.48)
	Net Cash flow from /(used in) financing activities (C)		**(17.85)**		**(23.48)**
	Net Increase /(decrease) in cash and cash equivalents (A+B+C)		(44.46)		32.43
	Cash and cash equivalents at the beginning of the year		127.70		95.27
	Cash and cash equivalents at the end of the year		**83.24**		**127.70**
	Reconciliation of cash and cash equivalents with the balance sheet :				
	Cash and cash equivalents as per Balance sheet		**83.24**		**127.70**
	Cash and cash equivalents at the end of the year				
	Comprises of:				
	(a) cash in hand		0.14		0.25
	(b) in current accounts		83.10		127.45

Notes: Figures in bracket represents cash outflow.

As per our Report of even date

For and on behalf of Board of Directors

For B.K. Shroff & Co.,
Chartered Accountants
Firm Regd. No.: 302166E

S. K. Agrawal
Chairman
DIN - 00400892

Anil Kumar Jain
Director
DIN - 00086106

Kavita Nangia
Partner
Membership No.: 90378
Mumbai, May 11, 2017

Dilip Kumar Ghorawat
Chief Financial Officer

Amruta Avasare
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

A. EQUITY SHARE CAPITAL

	Note	₹ in lakhs
As at 1st April 2015		1924.13
Changes in Equity Share Capital	17(a)	-
As at 31st March 2016		**1924.13**
Changes in Equity Share Capital	17(a)	-
As at 31st March 2017		**1924.13**

B. OTHER EQUITY

₹ in lakhs

Particulars	Reserves & Surplus		Total
	Capital Reserve	Retained Earnings	
Balance as at 01.04.2015	**25.00**	**1,581.27**	**1,606.27**
Total Comprehensive Income for the year	-	(35.25)	(35.25)
Balance as at 31.03.2016	**25.00**	**1,546.02**	**1,571.02**
Total Comprehensive Income for the year	-	(46.59)	(46.59)
Balance as at 31.03.2017	**25.00**	**1,499.43**	**1,524.43**

The accompanying notes form an integral part of financial statements

As per our Report of even date

For and on behalf of Board of Directors

For B.K. Shroff & Co.,
Chartered Accountants
Firm Regd. No.: 302166E

S. K. Agrawal
Chairman
DIN - 00400892

Anil Kumar Jain
Director
DIN - 00086106

Kavita Nangia
Partner
Membership No.: 90378
Mumbai, May 11, 2017

Dilip Kumar Ghorawat
Chief Financial Officer

Amruta Avasare
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31ST March, 2017

1. CORPORATE INFORMATION

Pranavaditya Spinning Mills Limited (the 'Company') is a limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at Office No.2, Plot No.266, Village Alte, Kumbhoj Road, Taluka Hatkanagale, Dist. Kolhapur-416109, Maharashtra, India.

The Company is a Spinning in manufacturing of cotton yarn.

The Financial statements of the Company for the year ended 31st March 2017 were authorized for issue in accordance with a resolution of the Board of Directors on 11th May 2017.

2. BASIS OF PREPARATION

Ministry of Corporate Affairs notified roadmap to implement Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. As per the said roadmap, the company is required to apply Ind AS starting from financial year beginning on or after 1st April, 2016. Accordingly, the financial statements of the Company have been prepared in accordance with the Ind AS.

For all periods up to and including the year ended 31st March, 2016, the Company prepared its financial statements in accordance with the Accounting Standards notified under the section 133 of the companies Act 2013, read together with Companies (Accounts) Rules 2014 (Indian GAAP). These financial statements for the year ended 31st March, 2017 are the first the company has prepared in accordance with Ind AS (Refer Note- 44 for information on how the Company has adopted Ind AS).

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The financial statement are presented in Indian Rupees ('INR') and all values are rounded to the nearest lakhs, except otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment:

As on 1st April, 2015 "transition date", the company opted to continue with the carrying value for all of its Property, plant and equipment as recognised in its previous GAAP financials as deemed cost. Accordingly, revaluation reserve standing in books as on transition date transferred to retained earnings. Gross block, accumulated depreciation and WDV amounts of revalued assets are added to cost of respective class of assets. After transition to IND-AS, company opted to follow cost model.

Property, plant and equipment are stated at original cost inclusive of incidental expenses related to acquisition net of tax / duty credit availed, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

Depreciation on the property, plant and equipment is provided over the useful life of assets as specified in schedule II to the Companies Act, 2013. Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis with reference to the date of addition / deletion.

The Company, based on technical assessment made by technical expert and management estimate, depreciates the certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

In case of some items of plant, depreciation has been provided in range of 26 years (minimum) to 35 years (maximum) based on the technical evaluation of the remaining useful life which is different from the one specified in schedule II to the Companies Act, 2013.

In case of pre-owned assets, the useful life is estimated on a case basis.

3.2 Investment properties

Investment properties comprise portions of freehold land and office building that are held for long-term rental yields and/or for capital appreciation. Investment properties are initially recognized at cost. Subsequently, investment property comprising of building is carried at cost less accumulated depreciation and impairment losses.

The cost includes the cost of replacing parts and borrowing cost for long term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit and loss as incurred.

Depreciation on building is provided over the estimated useful lives as specified in schedule II to the Companies Act, 2013. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted on prospective basis as appropriate, at each financial year end. The effects of any revision are included in the statement of profit and loss when the change arise.

Though the company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of profit and loss in the period of derecognition.

3.3 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Research and Development Cost:

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss.

During the period of development, the asset is tested for impairment annually.

3.4 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

3.5 Impairment of non-financial assets:

As at each balance sheet date, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognized in the previous periods. If any indication exits or when annual impairment testing for an asset is required, if any, the Company determines the recoverable amount and impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In the case of an individual asset, at the higher of the fair value less cost to sell and the value in use; and
- In the case of cash generating unit (a group of assets that generates identified, independent cash flows) at the higher of the cash generating unit's fair value less cost to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transaction are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculation are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in profit and loss section of the statement of profit and loss, except for properties previously revalued with the revaluation taken to other Comprehensive Income (the OCI). For Such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

3.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition is accounted for as follows:

a) Raw material, packing material, construction material, stores & spares:
Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

b) Finished goods and work in progress:
Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

c) Traded goods:
Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

d) Wastage and rejections are valued at estimated realizable value.

Slow and non-moving material, obsolesces, defective inventories are duly provided for and valued at net realisable value. Goods and materials in transit are valued at actual cost incurred upto the date of balance sheet. Materials and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks which are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.8 Foreign currency transactions

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they are arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on transaction of non-monetary items is recognized in line with the gain or losses of the item that gave arise to the translation difference (i.e. translation differences on items whose gain or loss is recognized in other comprehensive income or the statement of profit and loss is also recognized in other comprehensive income or the statement of profit and loss respectively).

3.9 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.10 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.11 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of Services:

Revenue from sale of service is recongised as per terms of the contract with customers when the outcome of the transactions involving rendering of services can be estimated reliably.

Interest Income:

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividends:

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Lease Income:

Lease agreements where the risks and rewards incident to the ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals are recognized on straight-line basis as per the terms of the agreements in the statement of profit and loss.

3.12 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

3.13 Earnings per share

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

3.14 Taxes

Current Income Tax:

- Tax on income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals.
- Current income tax relating to items recognized directly in equity and not in the statement of profit and loss. Management periodically evaluates position taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax:

Deferred Tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred Tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The break-up of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

3.15 Segment accounting

The Chief Operational Decision Maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The operating segments have been identified on the basis of the nature of products / services.

a) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.

b) Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.

c) Income which relates to the Company as a whole and allocable to segments is included in unallocable income.

d) Segment result includes margins on inter-segment and sales which are reduced in arriving at the profit before tax to the Company.

e) Segment assets and liabilities include those directly identifiable with respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

Inter-Segment transfer pricing

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

3.16 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainly that the Company will obtain ownership by the end of the lease term, the asset is depreciated over shorter of the estimated useful life of the asset and the lease term.

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Lease rentals are charges to the statement of profit and loss on straight line basis.

3.17 Employee benefits

i) Short-term employee benefits

All employee benefits payable only within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, etc. and the excepted cost of bonus, ex-gratia, and incentives are recognized in the period during which the employee renders the related service.

ii) Post-employment benefits

a) Defined contribution plans

State Government Provident Scheme is a defined contribution plan. The contribution paid / payable under the scheme is recognized in the statement of profit and loss during the period in which the employee renders the related services.

b) Defined Benefit Plans

The employee Gratuity Fund scheme and Leave Encashment scheme managed by different trusts are defined benefit plans.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gain and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods. Past service cost is recognized in the statement of profit and loss in the period of plan amendment.

Net Interest is calculated by applying the discount rate to the net defined benefit liability or asset.
The Company recognizes the following changes in the net defined benefit obligation under employee benefit expenses in the statement of profit and loss.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income.

Long-term employee benefit
Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

Termination benefits
Termination benefits are recognized as an expenses in the period in which they are incurred.

3.18 Provision, Contingent liabilities, Contingent assets and Commitments

General
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.
Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provision, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Liquidated damages
Provision for liquidated damages are recognized on contracts for which delivery dates are exceeded and computed in reasonable manner.

Other Litigation claims
Provision for litigation related obligation represents liabilities that are expected to materialize in respect of matters in appeal.

Onerous contracts
A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognizes impairment on the assets with the contract.

3.19 Exceptional Items
Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activates of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

3.20 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Assets and liabilities classified as held for distribution are presented separately from other assets and liabilities in the balance sheet.

A disposal group qualifies as discontinued operation if it is a component of the Company that either has been disposed of, or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations,
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations,
  Or
- is a subsidiary acquired exclusively with a view to resale.

An entity shall not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

3.21 Financial Instruments

i) Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.
Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two broad categories:

- Financial asset at fair value
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognized in other comprehensive income (i.e fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- Business model test: The Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting

mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different basis.
All other financial asset is measured at fair value through profit or loss.

All Equity investments are measured at fair value in the balance sheet, with value changes recognized in the statement of profit and loss, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income'.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognized in the statement of profit and loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement and either;

a) The Company has transferred substantially all the risks and rewards of the asset, or
b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Investment in associates, joint venture and subsidiaries
The Company has accounted for its investment in associates, joint venture, and subsidiaries at cost.

Impairment of financial assets
The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI);

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12- months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognize impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increase in credit risk to be identified on a timely basis.

ii) Financial liabilities:

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowing are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms of an existing liability are substantially modified, such as exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability .The difference in the respective carrying amounts is recognized in the statement of profit and loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

iv) Derivative financial instruments and hedge accounting

The company enters into derivative contracts to hedge foreign currency / price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognized at fair value on the date on which a derivate contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, expect for the effective portion of cash flow hedges, which is recognized in other comprehensive income and presented as a separate component of equity which is later reclassified to statement of profit and loss when the hedge item affects profit or loss.

3.22 Business combination under common control

Common control business combinations include transactions, such as transfer of subsidiaries or businesses, between entities within a group.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method. Under pooling of interest, the assets and liabilities of the combining entities are reflected at their carrying amounts, the only adjustments that are made are to harmonise accounting policies.

The financial information in the financial statements in respects of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information is restated only from that date.

The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose in the notes.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made judgements, which have the most significant effect on the amounts recognised in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revaluation surplus under Indian GAAP

The Company has elected cost model for its PP& E and thus, the revaluation surplus existing as on the transition date under Indian GAAP has been derecognised in the retained earnings on the date of transition. Accordingly, depreciation on revaluation adjusted against revaluation surplus under Indian GAAP have been reversed under Ind AS and charged to statement of profit & loss.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31ST March, 2017

5. PROPERTY, PLANT AND EQUIPMENT

₹ in lakhs

Particular	Land - Freehold	Buildings	Plant & Machinery	Furniture & Fixtures	Factory & Office Equipments	Vehicles	Total	Capital Work in Progress *
Gross Carrying Amount As at 01.04.2015	846.21	1,008.39	4,062.61	53.81	122.48	32.43	6,125.93	13.40
Additions	-	7.74	187.02	-	1.75	-	196.51	-
Disposals / Transfers	-	-	128.13	-	3.05	-	131.18	13.40
As at 31.03.2016	**846.21**	**1,016.13**	**4,121.50**	**53.81**	**121.18**	**32.43**	**6,191.25**	**-**
Additions	-	0.84	163.78	-	0.07	-	164.69	10.09
Disposals / Transfers	-	-	295.39	-	-	5.59	300.98	-
As at 31.03.2017	**846.21**	**1,016.97**	**3,989.89**	**53.81**	**121.25**	**26.84**	**6,054.96**	**10.09**
Accumalated Depreciation								
As at 01.04.2015	-	268.20	2,927.71	51.23	106.74	20.23	3,374.11	-
Depreciation charged for the year	-	22.95	98.98	0.01	2.67	4.20	128.81	-
Disposals / Transfers	-	-	121.00	-	2.91	-	123.91	-
As at 31.03.2016	**-**	**291.15**	**2,905.69**	**51.24**	**106.50**	**24.43**	**3,379.01**	**-**
Depreciation charged for the year	-	19.93	90.06	0.01	2.35	3.19	115.54	-
Disposals / Transfers	-	-	231.85	-	-	5.31	237.16	-
As at 31.03.2017	**-**	**311.08**	**2,763.90**	**51.25**	**108.85**	**22.31**	**3,257.39**	**-**
Net Carrying Amount								
As at 01.04.2015	**846.21**	**740.19**	**1,134.90**	**2.58**	**15.74**	**12.20**	**2,751.82**	**13.40**
As at 31.03.2016	**846.21**	**724.98**	**1,215.81**	**2.57**	**14.68**	**8.00**	**2,812.25**	**-**
As at 31.03.2017	**846.21**	**705.89**	**1,225.99**	**2.56**	**12.40**	**4.53**	**2,797.58**	**10.09**

Note :-

* Does not include Capital Advance of ₹ 41.66 lakhs (31.03.2016 ₹ 3.18 lakhs, 01.04.2015 ₹120.34 lakhs).

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31ST March, 2017

6. NON-CURRENT INVESTMENTS

Particulars	No. of Shares			₹ in lakhs		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Unquoted -						
In fully paid up equity shares of ₹10 each						
Shri Datta Nagari Sah Pat Sanstha Ltd	1,050	1,050	1,050	0.11	0.11	0.11
Choudeswari Co-op Bank Ltd.	200	200	200	0.05	0.05	0.05
TOTAL				**0.16**	**0.16**	**0.16**
Aggregate value of :						
Unquoted investments				0.16	0.16	0.16

7. OTHER NON-CURRENT FINANCIAL ASSETS

Particulars	₹ in lakhs		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Balances with Banks			
Held as margin / Fixed deposits (a)	-	11.84	8.50
TOTAL	**-**	**11.84**	**8.50**

(a) Includes receipts of ₹ Nil (31.03.2016 ₹ 11.84 lakhs, 01.04.2015 ₹ 8.50 lakhs) held with bank as margin money against guarantee given to MSEDCL.

8. OTHER NON-CURRENT ASSETS

(Unsecured-considered good)

Particulars	₹ in lakhs		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Capital Advances	41.66	3.18	120.34
Security Deposits	0.59	0.64	0.10
TOTAL	**42.25**	**3.82**	**120.44**

9. INVENTORIES

Particulars	₹ in lakhs		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Raw Materials (a)	899.01	404.00	262.30
Work in Progress	177.54	151.17	204.74
Finished Goods	2.68	11.75	66.99
Waste	8.38	8.07	7.36
Stores & Spares (b)	22.80	29.28	21.09
TOTAL	**1,110.41**	**604.27**	**562.48**

(a) Including Goods in transit ₹ Nil (31.03.2016 ₹ 86.60 lakhs, 01.04.2015 ₹ 35.89 lakhs).
(b) Including Goods in transit ₹ 1.44 lakhs, (31.03.2016 ₹ 3.19 lakhs, 01.04.2015 ₹ 0.78 lakhs).

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST March, 2017

10. CURRENT TRADE RECEIVABLES
(Unsecured-considered good)

Particulars	₹ in lakhs		
	As at 31.03.2017	**As at 31.03.2016**	**As at 01.04.2015**
Exceeding Six Months	-	-	-
Others	598.64	503.02	547.95
TOTAL	**598.64**	**503.02**	**547.95**

11. CASH AND CASH EQUIVALENTS

Particulars	₹ in lakhs		
	As at 31.03.2017	**As at 31.03.2016**	**As at 01.04.2015**
Cash in hand	0.14	0.25	2.01
Balances with Banks			
-In Current Acounts	83.10	127.45	92.71
-Fixed Deposits	-	-	0.55
TOTAL	**83.24**	**127.70**	**95.27**

12. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	₹ in lakhs		
	As at 31.03.2017	**As at 31.03.2016**	**As at 01.04.2015**
Balances with Banks			
-Held as margin / Fixed deposits (a)	38.34	-	-
TOTAL	**38.34**	**-**	**-**

(a) Includes receipts of ₹ 11.84 lakhs (31.03.2016 ₹ Nil, 01.04.2015 ₹ Nil) held with bank as margin money against guarantee given to MSEDCL and ₹ 26.50 lakhs (31.03.2016 ₹ Nil, 01.04.2015 ₹ Nil) held with bank as margin money against guarantee given to private supplier of Electricity.

13. CURRENT FINANCIAL LOANS
(Unsecured-considered good)

Particulars	₹ in lakhs		
	As at 31.03.2017	**As at 31.03.2016**	**As at 01.04.2015**
Security Deposits	0.01	0.01	0.01
TOTAL	**0.01**	**0.01**	**0.01**

14. OTHER CURRENT FINANCIAL ASSETS
(Unsecured - considered good)

Particulars	₹ in lakhs		
	As at 31.03.2017	**As at 31.03.2016**	**As at 01.04.2015**
Derivative Asset	-	1.25	-
TOTAL	**-**	**1.25**	**-**

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31ST March, 2017

15. CURRENT TAX ASSETS

Particulars	₹ in lakhs		
	As at 31.03.2017	**As at 31.03.2016**	**As at 01.04.2015**
Advance Income Tax (including tax deducted at source)	0.09	-	-
Refund Due	12.72	12.00	12.00
MAT Credit Entitlement	157.58	157.57	154.18
TOTAL	**170.39**	**169.57**	**166.18**

16. OTHER CURRENT ASSETS
(Unsecured-considered good)

Particulars	₹ in lakhs		
	As at 3 31.03.2017	**As at 31.03.2016**	**As at 01.04.2015**
Export Incentives / Claims recoverable	3.92	16.50	23.45
Balances with Excise / Service Tax Authorities	11.26	5.21	10.76
Balances with VAT Authorities	68.14	122.07	130.03
Interest accrued on Loans & Deposits	2.05	2.14	2.21
Advance to Suppliers	3.78	7.01	3.94
Others	7.11	8.91	5.33
TOTAL	**96.26**	**161.84**	**175.72**

17. SHARE CAPITAL

Particulars	₹ in lakhs		
	As at 31.03.2017	**As at 31.03.2016**	**As at 01.04.2015**
Authorised:			
Equity Shares			
19,270,000 Equity Shares of ₹ 10 each			
(19,270,000 equity shares of ₹ 10 each as at 31.03.2016 and 01.04.2015)	1,927.00	1,927.00	1,927.00
Issued, Subscribed and Paid-up:			
19,241,280 Equity Shares of ₹ 10 each			
(19,241,280 Equity Shares of ₹ 10 Each as at 31.03.2016 and 01.04.2015)	1,924.13	1,924.13	1,924.13

Notes:

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	**₹ in lakhs**	**No. of Shares**	**₹ in lakhs**
Authorised				
Equity Shares of ₹ 10 each				
Balance at the beginning of the year	1,92,70,000	1,927.00	1,92,70,000	1,927.00
Balance at the end of the year	**1,92,70,000**	**1,927.00**	**1,92,70,000**	**1,927.00**
Issued, Subscribed and Paid-up				
Equity Shares of ₹ 10 each				
Balance at the beginning of the year	1,92,41,280	1,924.13	1,92,41,280	1,924.13
Balance at the end of the year	**1,92,41,280**	**1,924.13**	**1,92,41,280**	**1,924.13**

The Company has not issued any equity shares during the current and in the previous year.

(b) Terms / rights attached to equity shares:

(i) The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(ii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company:

Name of the Shareholder	**As at 31.03.2017**		**As at 31.03.2016**		**As at 01-04-2015**	
	%	**No.of Shares**	**%**	**No.of Shares**	**%**	**No.of Shares**
Indo Count Industries Limited (Holding Company)	74.53%	1,43,41,280	74.53%	1,43,41,280	74.53%	1,43,41,280

(d) There are no shares reserved for issue under options and contracts / commitments for the sale of shares /disinvestment.

(e) Nature and purpose of reserves:
Capital Reserve: Standing in books against capital subsidy received for establishing manufacturing unit.

18. NON-CURRENT PROVISIONS

Particulars	**₹ in lakhs**		
	As at 31.03.2017	**As at 31.03.2016**	**As at 01.04.2015**
Provision for Employee Benefits	58.55	65.49	84.61
TOTAL	**58.55**	**65.49**	**84.61**

19. INCOME TAX

The major components of income tax expense for the years ended 31 March 2017 and 31 March 2016 are:
Statement of profit and loss:
Profit or loss section

Particulars	**₹ in lakhs**	
	31.03.2017	**31.03.2016**
Current income tax:		
Current income tax charge	-	-
Adjustments in respect of income tax of previous year	0.52	5.35
Deferred tax:	**-**	**-**
Relating to origination and reversal of temporary differences	(42.02)	(13.89)
Income tax expense reported in the statement of profit or loss	**(41.50)**	**(8.54)**

Other Comprehensive Income (OCI) section
Deferred tax related to items recognised in OCI during the year:

Particulars	**₹ in lakhs**	
	31.03.2017	**31.03.2016**
Net loss/(gain) on remeasurements of defined benefit plans	5.03	(0.88)
Income tax charged to OCI	**5.03**	**(0.88)**

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31ST March, 2017

DEFERRED TAX

Particulars	₹ in lakhs				
	Balance Sheet			Profit & Loss	
	31.03.2017	31.03.2016	31.03.2015	31.03.2017	31.03.2016
Deferred tax relates to the following:					
Expenses allowable on payment basis	30.87	36.29	40.99	5.42	4.70
Incomes allowable on receipt basis	-	(0.41)	-	(0.41)	0.41
Unused tax losses / depreciation	482.78	445.12	419.67	(37.66)	(25.45)
Accelerated depreciation for tax purpose	(715.28)	(719.62)	(714.05)	(4.34)	5.57
	(201.63)	**(238.62)**	**(253.39)**	**(36.99)**	**(14.77)**
Defered tax expenses /(income)					
- Recognised in Profit & loss	-	-	-	(42.02)	(13.89)
- Recognised in OCI	-	-	-	5.03	(0.88)
Defered tax assets/ (liabilities)	(201.63)	(238.62)	(253.39)	-	-
	(201.63)	**(238.62)**	**(253.39)**	**(36.99)**	**(14.77)**

Net Deferred Tax Assets/(Liabilities)
Reflected in the balance sheet as follows:

Particulars	₹ in lakhs		
	31.03.2017	31.03.2016	01.04.2015
Deferred tax assets	513.65	481.41	460.66
Deferred tax liabilities	(715.28)	(720.03)	(714.05)
Deferred tax liabilities, (net)	**(201.63)**	**(238.62)**	**(253.39)**

Reconciliation of deferred tax liabilities (net)	₹ in lakhs	
	31.03.2017	31.03.2016
Opening balance as at 1st April	(238.62)	(253.39)
Tax income/(expense) during the period recognised in profit or loss	42.02	13.89
Tax income/(expense) during the period recognised in OCI	(5.03)	0.88
Closing balance as at 31st March	**(201.63)**	**(238.62)**

20. TRADE PAYABLES

Particulars	₹ in lakhs		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Outstanding dues of Micro Enterprises and Small Enterprises (a)	-	-	-
Payable to Holding Company	163.57	-	-
Others	488.40	452.39	374.60
TOTAL	**651.97**	**452.39**	**374.60**

(a) The company has not received any intimation from other suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31ST March, 2017

21. OTHER CURRENT FINANCIAL LIABILITIES

Particulars	₹ in lakhs		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Current Maturities of Long Term Debts	-	-	1.03
Security deposit	0.35	0.35	0.35
Other Payables	14.41	17.33	13.72
TOTAL	**14.76**	**17.68**	**15.10**

22. OTHER CURRENT LIABILITIES

Particulars	₹ in lakhs		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Advance from Customers:			
- from Holding Company	400.00	-	-
- from Others	0.74	1.15	1.35
Other Payables (a)	162.82	115.69	168.28
TOTAL	**563.56**	**116.84**	**169.63**

(a) There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.

23. CURRENT PROVISIONS

Particulars	₹ in lakhs		
	As at 31.03.2017	As at 3 31.03.2016	As at 01.04.2015
Provision for Employee Benefits	8.34	7.15	4.29
TOTAL	**8.34**	**7.15**	**4.29**

24. CURRENT TAX LIABILITIES (NET)

Particulars	₹ in lakhs		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Provision for Income Tax	-	2.41	9.91
TOTAL	**-**	**2.41**	**9.91**

25. Disclosures as required by Indian Accounting Standard (Ind AS) 37 Provisions, Contingent Liabilities and Contingent Assets.

(a) Movement in provisions /Contingent liabilities

₹ in lakhs

Particulars	Bank Guarantees		Excise duty/ Customs duty/ Service Tax	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Carrying amount at the beginning of the year*	88.34	89.12	1.00	1.00
Additions made during the year#	-	-	-	-
Unused amounts reversed during the year#	-	0.78	1.00	-
Carrying amount at the end of the year*	**88.34**	**88.34**	**-**	**1.00**

Particulars	Other litigation claims		Total	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Carrying amount at the beginning of the year*	5.19	4.12	94.53	94.24
Additions made during the year#	1.49	1.07	1.49	1.07
Unused amounts reversed during the year#	-	-	1.00	0.78
Carrying amount at the end of the year*	6.68	5.19	95.02	94.53

*Carrying amounts comprise of non-current and current provisions.
#Additional provision made during the year and reversal of unused amount are included in the respective head of accounts.

(b) Nature of provisions:

(i) Provision for excise duty /customs duty / service tax represents the differential duty liability that is expected to materialise in respect of matters in appeal.

(ii) Provision for litigation related obligations represents liabilities that are expected to materialise in respect of matters in appeal.

(iii) Bank guarantee amount is given to MSEB for power supply, by way of margin money in form of fixed deposits. Includes ₹ 85.00 lakhs provided by Holding Company.

26. REVENUE FROM OPERATIONS

Particulars	₹ in lakhs	
	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Sale of Products (a)	5,744.71	6,027.27
Export Incentives / Benefits	31.76	21.09
REVENUE FROM OPERATIONS	**5,776.47**	**6,048.36**

(a) Includes sale to Holding Company ₹ 58.57 lakhs (previous year ₹ 26.59 lakhs)

27. OTHER INCOME

Particulars	₹ in lakhs	
	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Interest - Banks	2.75	0.81
Interest - Others	12.75	6.89
Claim Received	20.93	-
Miscellaneous Receipts	1.42	0.12
Insurance Claim Received	-	1.31
Profit on Sale Of Assets	26.31	10.44
Exchange Rate Difference (Net)	2.92	2.60
Mark to Market on Forward Contracts	-	1.25
Sundry balances / Excess provision written back (Net)	0.27	0.02
Liability no Longer Payable written back	12.39	9.45
TOTAL	**79.74**	**32.89**

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FOR YEAR ENDED 31ST March, 2017

28. COST OF MATERIALS CONSUMED

Particulars	₹ in lakhs	
	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Raw material & Components consumed		
Opening Stock	404.00	262.30
Add : Purchases *	4,607.93	4,130.50
SUB-TOTAL	**5,011.93**	**4,392.80**
Less : Closing Stock	899.01	404.00
COST OF MATERIALS CONSUMED	**4,112.92**	**3,988.80**

(a) * Includes purchase from Holding Company ₹ 7.06 lakhs (previous year ₹ 82.99 lakhs)

29. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

Particulars		₹ in lakhs	
		For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Opening Stock			
Finished Goods		11.75	66.99
Stock in Process		151.17	204.74
Waste		8.07	7.36
SUB - TOTAL	**A**	**170.99**	**279.09**
Less : Closing Stock			
Finished Goods		2.68	11.75
Stock in Process		177.54	151.17
Waste		8.38	8.07
SUB-TOTAL	**B**	**188.60**	**170.99**
(INCREASE)/ DECREASE IN STOCK	**A-B**	**(17.61)**	**108.10**

30. EMPLOYEE BENEFITS EXPENSE

Particulars	₹ in lakhs	
	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Salaries & Wages	538.92	587.41
Contribution to Provident & Other Funds	46.42	40.40
Gratuity	19.11	14.48
Staff Welfare Expenses	5.61	5.84
TOTAL	**610.06**	**648.13**

31. FINANCE COST

Particulars	₹ in lakhs	
	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Interest Expense		
-Banks	7.76	7.11
-Others	5.85	5.95
Bank Charges	4.24	10.42
TOTAL	**17.85**	**23.48**

32. DEPRECIATION & AMORTISATION EXPENSE

Particulars	₹ in lakhs	
	For the year 01.04.2016 to31.03.2017	For the year 01.04.2015 to31.03.2016
Depreciation	115.54	128.80
TOTAL	**115.54**	**128.80**

33. OTHER EXPENSES

Particulars	₹ in lakhs	
	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Consumption of Stores, Spares and Packing Materials	154.71	168.99
Power & Fuel	733.20	875.63
Rent	-	0.27
Rates, Taxes & Fees	13.67	11.16
Insurance	8.50	9.34
Repairs to Machinery	9.07	9.09
Repairs to Buildings	2.46	1.14
Commission & Brokerage	57.89	54.20
Freight Outward	20.45	18.13
Loss on Sale of Assets	41.01	0.13
Mark to Market on Forward Contracts	1.25	-
Miscellaneous Expenses (a)	73.51	77.88
TOTAL	**1,115.72**	**1,225.96**

(a) Includes payment to auditors:

Particulars	₹ in lakhs	
	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
As Statutory Audit Fee	2.00	2.00
As Quarterly Audit / Limited Review Fees	1.50	1.50
As Tax Audit Fee	0.50	0.50
For Certification Work	-	0.55
In Other Capacity	0.15	0.20
TOTAL	**4.15**	**4.75**

34. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

A. Contingent Liabilities

Particulars	₹ in lakhs		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
I) Bank Guarantees *	88.34	88.34	89.12
ii) Excise duty demands disputed in appeals	-	1.00	1.00
iii) Pending Labour cases	6.67	5.19	4.12

* Includes ₹ 85.00 lakhs provided by Holding Company held in form of fixed deposit as margin money with banks.

(a) i) The Board for Industrial and Financial Reconstruction (BIFR) in its order dated 16th Sepetember 2010 has directed that the Company ceases to be a Sick Industrial Company within the meaning of section 3 (1) (o) of the SICA as its net worth has turned positive for the year ended 31.03.2010 and its revival is sustainable. It is therefore discharged from the purview of SICA/BIFR.

ii) The unimplemented provisions of SS-07 as may be there would be implemented by the Company/promoters and the concerned agencies and implementation would be monitored by the Board of Directors of the Company.

iii) The Company would complete necessary formalities with the concerned Registrar of Companies as may be required.

(b) The Company had accordingly not made any provision of MAT/ Income Tax in earlier years on the basis of scheme of rehabilitation sanctioned by the BIFR. In their order dated 16.09.2010, the " Board" has stated that the un implemented provisions of SS-07 would be implemented by the company/ promoters and concerned agencies. Against this order DGIT had filed an appeal before AAIFR challenging the validity of the order. The Company is confident that the directions of BIFR will be upheld and no liability towards MAT/ Income Tax will arise. In case any liability arises, the same will be accounted for as and when arises determined.

B. Commitments

Particulars	₹ in lakhs		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	16.18	33.31	18.23

35. Related Party Disclosure:

Related party disclosures as required by IND - AS 24 "Related Party Disclosures" are given below:-

Holding Company :
Indo Count Industries Ltd.

Transactions with Related Parties during the year and balances at the end of the year.

₹ in lakhs

Nature of transaction	Holding Company		Total	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Transactions during the year:				
- Purchase of goods	7.06	82.99	7.06	82.99
- Purchase of fixed assets	131.06	-	131.06	-
- Reimbursement of expenses	7.18	1.06	7.18	1.06
- Sale of goods	58.57	26.59	58.57	26.59
- Advance received against sale of goods	400.00	-	400.00	-
Balance outstanding at the year end:				
- Creditors for capital goods	163.26	-	163.26	-
- Creditors for others	0.31	-	0.31	-
- Advance from customers	400.00	-	400.00	-

Related parties enlisted above are those having transactions with the company.

36. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 33 EARNINGS PER SHARE

Particulars	UOM	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Face value of equity share	₹	10	10
Weighted average number of equity shares outstanding	Nos.	19,241,280	19,241,280
Profit / (loss) for the year (continuing operations)	₹ in lakhs	(56.77)	(33.48)
Earnings per share (basic and diluted)	₹	(0.30)	(0.17)

37. It is the management's perception that since the Company is exclusively engaged in the activity of manufacture of the cotton yarn which is considered to constitute a single reportable segment, in the context of Indian Accounting Standard (Ind AS) 108 on "Operating Segments" issued by the Institute of Chartered Accountants of India.

38. OTHER INFORMATIONS

Particulars	₹ in lakhs	
	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Expenditure in Foreign Currency		
- Selling Commission / Claims	-	5.53
Earnings in Foreign Currency		
- FOB value of exports	1,320.70	869.98
(including deemed exports of ₹ 429.77 lakhs (previous year ₹168.77 lakhs))		

39. DETAILS OF SPECIFIED BANK NOTES (SBN'S) HELD AND TRANSACTED DURING 08.11.2016 TO 30.12.2017

Particulars	₹ in lakhs		
	SBN'S	Other Notes	Total
Total closing cash in hand as on 08.11.2016	4.24	1.23	5.47
Permitted Receipts	-	1.60	1.60
Permitted payments	-	2.56	2.56
Amount deposited in Bank	4.24	-	4.24
Closing cash in hand as on 30.12.2016	-	0.27	0.27

40. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 19 EMPLOYEE BENEFITS

(a) Defined contribution plans:
Amount of ₹ 46.42 lakhs (previous year ₹ 40.40 lakhs) is recognised as an expense and included in Employee benefits expense as under the following defined contribution plans (Refer Note 30, supra):

Particulars	₹ in lakhs	
	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Benefits (Contribution to):		
Provident fund	38.65	40.08
Employee state insurance scheme	7.52	-
Labour welfare scheme	0.25	0.32
TOTAL	**46.42**	**40.40**

(b) Defined benefit plans:

Gratuity
The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 days' salary for each completed year of service. Vesting occurs upon completion of five continuous years of service in accordance with Indian law.

The Company makes annual contributions to the Life Insurance Corporation of India, which is funded defined benefit plan for qualifying employees.

Leave Encashment benefit
The Company provides for leave encashment, a defined benefit retirement plan covering eligible employees. The Leave Encashment Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 days' salary for each completed year of service, subject to maximum of 90 days till retirement.

The Company makes annual contributions to the Life Insurance Corporation of India, which is funded defined benefit plan for qualifying employees.

Sr. No.	Particulars	₹ in lakhs			
		Gratuity		Leave Encashment	
		2016- 17 (funded)	2015-16 (funded)	2016-17 (funded)	2015-16 (funded)
I	**Change in present value of defined benefit obligation during the year**				
1	Present Value of defined benefit obligation at the beginning of the year	135.13	115.61	22.41	31.99
2	Interest cost	9.51	8.90	1.58	2.46
3	Current service cost	15.41	14.48	4.53	4.44
4	Past service cost	-	-	-	-
5	Liability transfer from other Company	-	-	-	-
6	Liability transferred out/ divestment	-	-	-	-
7	Benefits paid directly by employer	-	-	-	-
8	Benefits paid	(3.08)	(7.07)	(0.32)	(1.73)
9	Actuarial changes arising from changes in demographic assumptions	-	-	-	-
10	Actuarial changes arising from changes in financial assumptions	10.25	4.47	1.43	0.68
11	Actuarial changes arising from changes in experience adjustments	(18.56)	(1.26)	(4.38)	(15.43)
12	Present Value of defined benefit obligation at the end of the year	148.67	135.13	25.25	22.41
II	**Change in fair value of plan assets during the year**				
1	Fair value of plan assets at the beginning of the year	66.41	45.47	18.49	13.23
2	Interest Income	11.78	4.69	2.92	1.33
3	Contributions paid by the employer	9.00	23.32	1.82	5.66
4	Benefits paid from the fund	(3.08)	(7.07)	(0.32)	(1.73)
5	Assets transferred out/ divestments	-	-	-	-
6	Return on plan assets excluding interest income	-	-	-	-
7	Fair value of plan assets at the end of the year	84.11	66.41	22.92	18.49
III	**Net asset/(liability) recognised in the balance sheet**				
1	Present Value of defined benefit obligation at the end of the year	148.67	135.13	(25.25)	(22.41)
2	Fair value of plan assets at the end of the year	84.11	66.41	22.92	18.49
3	Amount recognised in the balance sheet	(64.56)	(68.72)	(2.33)	(3.92)
4	Net (liability)/ asset- current	-	-	-	-
5	Net (liability)/ asset- non-current	(64.56)	(68.72)	-	-
IV	**Expenses recognised in the statement of profit and loss for the year**				
1	Current service cost	15.41	14.48	4.53	4.44
2	Interest cost on benefit obligation (Net)	4.63	4.77	0.22	1.29
3	Actuarial changes arising from changes in demographic assumptions	-	-	-	-

Sr. No.	Particulars	₹ in lakhs			
		Gratuity		Leave Encashment	
		2016- 17 (funded)	2015-16 (funded)	2016-17 (funded)	2015-16 (funded)
4	Actuarial changes arising from changes in financial assumptions	-	-	1.43	0.68
5	Actuarial changes arising from changes in experience adjustments	-	-	(4.38)	(15.43)
6	Return on Plan Assets excluding amount included in 'Net interest on net Defined Liability / (Asset)' above	-	-	(1.57)	(0.16)
7	Total expenses included in employee benefits expense	20.04	19.25	0.23	(9.18)
V	**Recognised in other comprehensive income for the year**				
1	Actuarial changes arising from changes in demographic assumptions	-	-	-	-
2	Actuarial changes arising from changes in financial assumptions	10.25	4.47	-	-
3	Actuarial changes arising from changes in experience adjustments	(18.56)	(1.26)	-	-
4	Return on plan assets excluding interest income	(6.89)	(0.56)	-	-
5	Recognised in other comprehensive income	(15.21)	2.65	-	-
VI	**Maturity profile of defined benefit obligation**				
1	Within the next 12 months (next annual reporting period)	6.54	5.50	1.80	1.62
2	Between 2 and 5 years	30.38	26.78	6.40	6.02
3	Between 6 and 10 years	21.54	17.79	3.00	4.24
VII	**Quantitative sensitivity analysis for significant assumption is as below:**				
	Increase/ (decrease) on present value of defined benefits obligation at the end of the year				
	(I) One percentage point increase in discount rate	(14.98)	(14.08)	(2.11)	(2.13)
	(ii) One percentage point decrease in discount rate	17.81	16.61	2.49	2.51
	(I) One percentage point increase in rate of salary Increase	17.64	16.56	2.46	2.51
	(ii) One percentage point decrease in rate of salary Increase	(14.97)	(14.29)	(2.13)	(2.16)
	(i} One percentage point increase in employee turnover rate	0.05	0.24	0.01	0.13
	(ii) One percentage point decrease in employee turnover rate	(0.06)	(0.24)	(0.01)	(0.15)

Sensitivity Analysis Method

Sensitivity analysis is determined based on the expected movement in liability if the assumptions were not proved to be true on different count.

VIII. The major categories of plan assets as a percentage of total

Particulars	Gratuity		Leave Encashment	
	2016- 17 (funded)	2015-16 (funded)	2016- 17 (funded)	2015-16 (funded)
Insurer managed funds	100%	100%	100%	100%

IX. Actuarial assumptions

	Particulars	Gratuity		Leave Encashment	
		2016-17 (funded)	2015-16 (funded)	2016-17 (funded)	2015-16 (funded)
1	Discount Rate	7.04% p.a.	7.70% p.a.	7.04% p.a.	7.70% p.a.
2	Salary escalation	7.00%	7.00%	7.00%	7.00%
3	Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
4	Mortality post retirement rate	NA	NA	NA	NA
5	Rate Employee Turnover	5.00% p.a.	4.00% p.a.	5.00% p.a.	4.00% p.a.
6	Future Benefit Cost Inflation	NA	NA	NA	NA

Expected contribution to the defined benefit plan for the next annual reporting period

(i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at 31st March, 2017. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

(iii) The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.

41. FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1 Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-term maturities of these instruments.

2 Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to account for the expected lossess of these receivables.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3 : techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

₹ in lakhs

Particulars	Carrying amount	Fair value		
	As at 01.04.2015	Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Trade receivables	547.95	-	-	-
Loans and other receivables (non-current)	8.50	-	-	8.50
Loans and other receivables (current)	0.01	-	-	0.01
Cash and bank balances	95.28	-	-	-
TOTAL	**651.74**	**-**	**-**	**8.51**
Financial assets at fair value through profit or loss:				
Investments	0.16	-	0.16	-
TOTAL	**0.16**	**-**	**0.16**	**-**

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₹ in lakhs

Particulars	Carrying amount	Fair value		
	As at 01.04.2015	Level 1	Level 2	Level 3
Financial liabilities at amortised cost:				
Trade and other payables	374.60	-	-	-
Other financial liabilities (current)	15.10	-	-	15.10
TOTAL	**389.70**	**-**	**-**	**15.10**

₹ in lakhs

Particulars	Carrying amount	Fair value		
	As at 31.03.2016	Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Trade receivables	503.02	-	-	-
Loans and other receivables (non-current)	11.84	-	-	11.84
Loans and other receivables (current)	0.01	-	-	0.01
Cash and bank balances	127.70	-	-	-
TOTAL	**642.57**	**-**	**-**	**11.85**
Financial assets at fair value through profit or loss:				
Derivative instruments	1.25	-	1.25	-
Investments	0.16	-	0.16	-
TOTAL	**1.41**	**-**	**1.41**	**-**
Financial liabilities at amortised cost:				
Trade and other payables	452.39	-	-	-
Other financial liabilities (current)	17.68	-	-	17.68
TOTAL	**470.07**	**-**	**-**	**17.68**

₹ in lakhs

Particulars	Carrying amount	Fair value		
	As at 31.03.2017	Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Trade receivables	598.64	-	-	-
Loans and other receivables (current)	0.01	-	-	0.01
Cash and bank balances	83.25	-	-	-
Bank deposit	38.34	-	-	-
TOTAL	**720.24**	**-**	**-**	**0.01**
Financial assets at fair value through profit or loss:				
Investments	0.16	-	0.16	-
TOTAL	**0.16**	**-**	**0.16**	**-**
Financial liabilities at amortised cost:				
Trade and other payables	651.97	-	-	-
Other financial liabilities (current)	14.76	-	-	14.76
TOTAL	**666.73**	**-**	**-**	**14.76**

During the reporting period ending 31st March, 2017 and 31st March,2016 than were no transfers between level 1 and level 2 fair value measurements

Description of significant unobservable inputs to valuation:
The following table shows the valuation techniques and inputs used for financial instruments

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Derivative instruments	Based on quotes from Banks and Financial Institutions		
Other financial liabilities (non-current)	Discounted Cash Flow mehtod using risk adjusted discount rate		

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

Market rist is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expense and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

The Company is not exposed to significant interest rate risk as at the respective reporting dates.

Foreign currency risk

The Company operates internationally and portion of the business is transacted in serveral currencies and consequently the Company is exposed to foreign exchange risk through its sales in various foreign currencies.

The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Foreign Currency in lakhs

Particulars	USD	TOTAL
Foreign currency exposure as at 31st March, 2016		
Trade receivables	1.53	1.53
Forward contracts for receivables	1.09	1.09
Foreign currency exposure as at 31sh March, 2017		
Trade receivables	1.22	1.22

FORWARD CONTRACTS

Foreign currency exposures taken by the Company against export trade receivables are as under:

Particulars	Numbers of contracts	Foreign currency in lakhs (USD)	Rs in lakhs	Buy / Sell
As at 31.03.2017	-	-	-	-
As at 31.03.2016	2	1.09	73.60	Sell

Foreign currency sensitivity

5% increase or decrease in forien exchange rates will have the following impact on profit before tax.

₹ in lakhs

Particulars	2016-17		2015-16	
	5% Increase	5% Decrease	5% Increase	5% Decrease
USD	-	-	3.61	(3.61)
Increase/(decrease) in profit or loss	**-**	**-**	**3.61**	**(3.61)**

Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivables. Individual risk limits are set accordingly.

The Company considers the probability of default upon initial recoginition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward looking information such as:

- Actual or expected significant adverse changes in business,
- Actual or expected significant changes in the operating results of the counterparty,
- Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- Significant increase in credit risk on other financial instruments of the same counterparty,
- Significant changes in the value of the collateral supporting obligation or in the quality of third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, they are recognised in profit or loss.

The Company measures the expected credit loss of trade receivables and loan from individual customer based on historical trend, industrial practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on historical data, loss on collection of receivable is not material, hence no additional provision considered.

Exposure to credit risk

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Financial assets for which loss allowance is measured using 12 months Expected Credit losses (ECL)		
Investments in Unquoted Shares	0.16	0.16
Non-current loans and advances	-	11.84
Cash and bank balances	83.25	127.70
Bank deposit	38.34	-
Current loans and advances	0.01	0.01

Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Trade receivables	598.64	503.02

Balance with banks is subject to low credit risks due to good credit ratings assigned to these banks.

The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice falls due.

Particulars	₹ in lakhs
As at 31.03.2017	
Not due	441.91
Up to 3 months	156.73
TOTAL	**598.64**

As at 31.03.2016	**₹ in lakhs**
Not due	472.27
Up to 3 months	30.75
3 to 6 months	0.00
TOTAL	**503.02**

During the year the Company has recognised loss allowance of ₹ Nil under 12 months expected credit loss model.
No significant changes in estimation techniques or assumptions were made during the reporting period.

Liquidity risk
Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Maturity profile of financial liabilities
The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

As at 31.03.2017 **₹ in lakhs**

Particulars	**Less than 1 year**	**Total**
Trade payables	651.97	651.97
Other financial liabilites	14.76	14.76

As at 31.03.2016 **₹ in lakhs**

Particulars	**Less than 1 year**	**Total**
Trade payables	452.39	452.39
Other financial liabilites	17.68	17.68

Capital management
For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholder value. The company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The company monitors capital using gearing ratio, which is total debt divided by total capital plus debt.

Particulars	**₹ in lakhs**	
	As at 31.03.2017	**As at 31.03.2016**
Total debt	-	-
Equity	3448.56	3495.16
Capital and net debt	**3448.56**	**3495.16**
Gearing ratio	0%	0%

43. DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013.
There are no loans given, investment made and guarantee given, covered under section 186(4) of the Companies Act, 2013.

44. FIRST-TIME ADOPTION OF IND AS
These financial statements, for the year ended 31st March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on or after 31st March 2017, together with the comparative period data as at and for the year ended 31st March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2015 and the financial statements as at and for the year ended 31st March 2016.

Exemptions applied
Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

Land and buildings, and plant, were carried in the balance sheet prepared in accordance with Indian GAAP on the basis of valuations performed in earlier years. The Company has elected to regard those values as deemed cost at the date of the transition since they were broadly comparable to fair value.

Exceptions:
The following mandatory exceptions have been applied in accordance with Ind AS 101 in preparing the financial statements.

a) Estimates
The estimates at 1st April, 2015 and 31st March, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences if any, in accounting policies)apart from the following items where application of Indian GAAP did not require estimation:

- **Impairment of financial assets based on expected credit loss model**

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at the transition date and as of 31st March, 2016.

b) Derecognition of financial assets and financial liabilities
The Company has elected to apply the derecognition requirements for financial assets financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

c) Classification and measurement of financial assets
The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Reconciliation of equity as at 1st April 2015 (date of transition to Ind AS)

Particulars	Footnotes	Indian GAAP ₹ in lakhs	Adjustments ₹ in lakhs	Ind AS ₹ in lakhs
ASSETS				
Non-current assets				
Property, Plant and Equipment	f	2,751.82	-	2,751.82
Capital work-in-progress		13.40	-	13.40
Financial Assets				
- Investments		0.16	-	0.16
- Others		8.50	-	8.50
Deferred Tax Assets (Net)	c	277.32	(277.32)	-
Other Non-Current Assets		120.44	-	120.44
Current assets				
Inventories		562.48	-	562.48
Financial Assets				
- Trade receivables		547.95	-	547.95
- Cash and cash equivalents		95.27	-	95.27
- Loans		0.01	-	0.01
Current Tax Assets (Net)		166.18	-	166.18
Other Current Assets		175.72	-	175.72
TOTAL ASSETS		**4,719.25**	**(277.32)**	**4,441.93**
EQUITY AND LIABILITIES				
EQUITY				
Share Capital		1,924.13	-	1,924.13
Other Equity	c, f	2,136.98	(530.71)	1,606.27
LIABILITIES				
Non-Current Liabilities				
Provisions		84.61	-	84.61
Deferred Tax Liabilities (Net)	c	-	253.39	253.39
Current Liabilities				
Trade Payables		374.60	-	374.60
Other Financial Liabilities		15.10	-	15.10

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31ST March, 2017

Particulars	Footnotes	Indian GAAP ₹ in lakhs	Adjustments ₹ in lakhs	Ind AS ₹ in lakhs
Other Current Liabilities	169.63	-	169.63	
Provisions		4.29	-	4.29
Current Tax Liabilities (Net)		9.91	-	9.91
TOTAL EQUITY AND LIABILITIES		**4,719.25**	**(277.32)**	**4,441.93**

Reconciliation of profit or loss for the year ended 31st March 2016

	Particulars	Footnotes	Indian GAAP ₹ in lakhs	Adjustments ₹ in lakhs	Ind AS ₹ in lakhs
I	**INCOME**				
	Revenue from operations	g, h	6,055.72	(7.36)	6,048.36
	Other income	a, h	26.72	6.17	32.89
	TOTAL INCOME		**6,082.44**	**(1.19)**	**6,081.25**
II	**EXPENSES**				
	Cost of materials consumed		3,988.80	-	3,988.80
	Changes in inventories of finished goods, work in progress and stock-in-trade		108.10	-	108.10
	Emloyee benefit expense	b	656.69	(8.56)	648.13
	Finance cost	b	17.57	5.91	23.48
	Depreciation and amortisation expense	f	65.13	63.67	128.80
	Other expense	g	1,227.58	(1.62)	1,225.96
	TOTAL EXPENSES		**6,063.87**	**59.40**	**6,123.27**
III	**Profit/ (loss) before exceptional items and tax (I-II)**		**18.57**	**(60.59)**	**(42.02)**
IV	Exceptional items		-	-	-
V	**Profit/ (loss) before tax (III-IV)**		**18.57**	**(60.59)**	**(42.02)**
VI	**Tax expense**				
	a) Current tax		3.54	-	3.54
	b) Previous years tax		5.21	-	5.21
	c) Deferred tax	c	6.14	(20.03)	(13.89)
	d) MAT credit entitlement for current year		(3.54)	-	(3.54)
	e) MAT credit entitlement for earlier years		0.14	-	0.14
VII	**Profit/ (loss) for the year (V-VI)**		**7.08**	**(40.56)**	**(33.48)**
VIII	**Other comprehensive income**				
	A Items that will not be reclassified to profit or loss				
	(i) Remeasurement of the net defined benefit liability / asset	d	-	2.65	2.65
	(ii) Income tax relating to items that will not be reclassified to profit or loss	c	-	(0.88)	(0.88)
IX	**Total comprehensive income for the period (VII+VIII)**		**7.08**	**(42.33)**	**(35.25)**

Reconciliation of equity as at 31st March 2016

Particulars	Footnotes	Indian GAAP ₹ in lakhs	Adjustments ₹ in lakhs	Ind AS ₹ in lakhs
ASSETS				
Non-current assets				
Property, Plant and Equipment	f	2,812.25	-	2,812.25
Capital work-in-progress		-	-	-
Financial Assets				
- Investments		0.16	-	0.16
- Others		11.84	-	11.84
Deferred Tax Assets (Net)	c	271.18	(271.18)	-
Other Non-Current Assets		3.82	-	3.82

Particulars	Footnotes	Indian GAAP ₹ in lakhs	Adjustments ₹ in lakhs	Ind AS ₹ in lakhs
Current Assets				
Inventories		604.27	-	604.27
Financial Assets				
- Trade receivables		503.02	-	503.02
- Cash and cash equivalents		127.70	-	127.70
- Bank balances other than (iii) above		-	-	-
- Loans		0.01	-	0.01
- Others	a	-	1.25	1.25
Current Tax Assets (Net)		169.57	-	169.57
Other Current Assets		161.84	-	161.84
TOTAL ASSETS		**4,665.66**	**(269.93)**	**4,395.73**
EQUITY AND LIABILITIES				
EQUITY				
Share Capital		1,924.13	-	1,924.13
Other Equity	a, c	2,079.57	(508.55)	1,571.02
LIABILITIES				
Non-Current Liabilities				
Provisions		65.49	-	65.49
Deferred Tax Liabilities (Net)	c	-	238.62	238.62
CURRENT LIABILITIES				
Trade Payables		452.39	-	452.39
Other Financial Liabilities		17.68	-	17.68
Other Current Liabilities		116.84	-	116.84
Provisions		7.15	-	7.15
Current Tax Liabilities (Net)		2.41	-	2.41
TOTAL EQUITY AND LIABILITIES		**4,665.66**	**(269.93)**	**4,395.73**

Footnotes to the reconciliation of equity as at 1st April, 2015 and 31st March, 2016 and profit or loss for the year ended 31st March, 2016

a **Derivative instruments**

The fair value of forward foreign exchange contracts is recognised under Ind AS, and was not recognised under Indian GAAP. The contracts, which were designated as hedging instruments under Indian GAAP, have been designated as at the date of transition to Ind AS as fair value hedging instrument of expected future sales for which the Company has firm commitments. The corresponding adjustment has been recognised as a separate component of current financial asset. On the date of transition, derivative asset was NIL on 1st April 2015 and net movement of ₹ 1.25 lakhs during the year ended on 31st March 2016 was recognized in statement of profit & loss and subsequently taken to derivative asset.

b **Defined benefit obligation**

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is decreased by ₹ 2.65 lakhs and remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax.

c **Deferred tax**

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to different temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the net impact on deferred tax liabilities is increase of ₹ 530.71 lakhs on 1st April, 2015 and decrease of ₹ 20.91 lakhs lacs on 31st March, 2016.

d **Other comprehensive income**

Under Indian GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind-AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind-AS.

e **Statement of cash flows**

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

f **Revaluation surplus under Indian GAAP**

The Company has elected cost model for its PP& E and thus, the revaluation surplus existing as on the transition date under Indian GAAP amounting to ₹ 1,605.14 lakhs has been derecognised in the retained earnings on the date of transition.

Accordingly, depreciation on revaluation part of ₹ 63.67 lakhs adjusted against revaluation surplus under Indian GAAP have been reversed under Ind AS and charged to statement of profit & loss during the year ended 31st March 2016.

g **Cash Discount & claims paid**

Under Indian GAAP, cash discount of ₹ 0.54 lakhs and claims paid of ₹ 1.08 lakhs were recognised as part of other expenses which has been adjusted against the revenue under Ind AS during the year ended 31st March, 2016.

h **Finance Component in revenue**

Under Indian GAAP, invoice amount were considered as revenue irrespective of different credit terms with different customers adjusted against the revenue under Ind AS during the year ended 31st March, 2016.

As per our Report of even date | **For and on behalf of Board of Directors**

For B.K. Shroff & Co.,
Chartered Accountants
Firm Regd. No.: 302166E

S. K. Agrawal
Chairman
DIN - 00400892

Anil Kumar Jain
Director
DIN - 00086106

Kavita Nangia
Partner
Membership No.: 90378
Mumbai, May 11, 2017

Dilip Kumar Ghorawat
Chief Financial Officer

Amruta Avasare
Company Secretary

NOTES

Pranavaditya Spinning Mills Limited

(A Subsidiary of Indo Count Industries Ltd.)

CIN: L17119PN1990PLC058139
Corporate Office:301, 3rd Floor, Arcadia, Nariman Point,
Mumbai – 400021, Maharashtra
Tel : +91- 22- 43419500 / 501
Fax: +91- 22- 22823098
Email: investors@pranavaditya.com
Website: www.pranavaditya.com