



# PRANAVADITYA SPINNING MILLS LIMITED

Annual Report 2017-18





## Pranavadiya 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  
Dr. Ashok Desai (w.e.f. 1<sup>st</sup> August, 2018)

## Chief Financial Officer

Mr. Dilip Kumar Ghorawat

## Company Secretary and Compliance Officer

Mrs. Amruta Avasare

## Auditors

M/s. Suresh Kumar Mittal & Co.

## Corporate Office

301, Arcadia, 3<sup>rd</sup> 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.  
1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opp, Vasant Oasis, Makvana Road,  
Marol, Andheri (East), Mumbai - 400 059

## Bankers

Union Bank of India  
HDFC Bank Ltd.

# BOARD'S REPORT

Dear Members,

On behalf of the Board of Directors of your Company ("the Board"), it gives me pleasure to present the 28<sup>th</sup> Annual Report on the business and operations of your Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2018.

## Financial Results (As per IND AS)

(₹ In Lakhs, except EPS)

Particulars	2017-18	2016-17
Total Income	7,204.14	5,856.21
EBIDTA	(70.74)	35.12
Less : Finance Cost	34.71	17.85
Less : Depreciation	124.36	115.54
Profit / (Loss) before Tax	(229.81)	(98.27)
Less: Provision for taxation	(66.05)	(41.50)
Net Profit / (Loss) after tax	(163.76)	(56.77)
Other Comprehensive Income	6.73	10.18
Total Comprehensive Income	(157.03)	(46.59)
EPS (in ₹)	(0.85)	(0.30)

## Dividend

In view of loss incurred by the Company for the year ended 31<sup>st</sup> March, 2018, 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

During the year 2017-18, the FOB value of exports increased from ₹ 1320.70 lakhs to ₹ 3563.97 lakhs. Further, your Company achieved total revenue of ₹ 7,204.14 Lakhs as compared to ₹ 5,856.21 in previous year registering growth of 23% over previous year. This indicates positive outlook for demand for yarn. However, cotton prices continued to remain high and volatile during the year under review. Further, volatility in foreign currency, power cost, GST and disparity between cotton and yarn price resulted in net loss of ₹ 163.76 lakhs for the year ended 31<sup>st</sup> March 2018.

### Industry Structure and Development

India's textiles sector is one of the oldest industries in Indian economy and even today, it is one of the largest contributors to India's exports with approximately 13 per cent of total exports. The textiles sector is the second largest provider of employment after agriculture employs about 45 million people directly and 20 million people indirectly and the growth and all round development of this industry has a direct bearing on the improvement of India's economy.

The Indian textiles industry, currently estimated at around US\$ 120 billion, is expected to reach US\$ 230 billion by 2020. The Indian Textile Industry contributes approximately 2 per cent to India's Gross Domestic Product (GDP), 10 per cent of manufacturing production and 14 per cent to overall Index of Industrial Production (IIP).

### Outlook 2018-19, Opportunities and Threats

The future outlook for cotton spinning industry looks positive. Favorable weather conditions and remunerative prices are expected to improve the cotton supply situation in India in the next one year. The cotton production in India is likely to increase by around 6 per cent to 36 million bales in CS 2017-2018 versus 33.7million bales last year.

Even though the crop output in CY2019 will continue to be comfortably higher than CY2015 and CY2016, it is expected to fall short of consumption. This may result in a decline in cotton stocks to a seven-year low level next year. Correction in stocks is expected to keep the cotton prices firm over the next 12-18 months.

While domestic demand will be supported by a consumption recovery for the Indian economy, a better economic outlook for most

of textile trade partners and restoration of export incentives, though lower than the pre-GST period, would also support higher growth and firm up yarn prices next fiscal. Besides, supply coming on-stream will be slower in fiscal 2019, which will aid the operating margins of spinners due to higher pricing flexibility. The strong capacity additions over the past 2-3 years, though, will restrict the margins from breaching the levels attained in fiscal 2016.

Any change in government policies related to cotton and yarn, higher raw material cost, competition from peer group, power cost, seasonal fluctuations, non-availability of skilled manpower have impact on spinning industry and are perceived as threats.

## **Segment**

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

## **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 authorization 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 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. Adequate safety measures are taken at plant for prevention of any untoward incidents. Various processes required for pollution control and environmental protection are strictly adhered to.

## **Human Resources**

Your Company believes and acknowledges competitive advantage of dedicated workforce. Industrial relations continued to be cordial during the year under review.

As on March 31, 2018, your Company has employed 189 permanent employees out of which 44 are permanent staff and 145 are permanent workers.

## **Share Capital**

The paid up equity share capital of the Company as on 31<sup>st</sup> March, 2018 is ₹ 19,24,12,800/- comprising of 1,92,41,280 Equity shares of Face Value of ₹ 10/- each. During the financial year 2017-18, your Company has neither issued equity shares with differential rights as to dividends, voting or otherwise nor has issued Sweat Equity shares. Your 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 the Board of Directors of your Company.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Anil Kumar Jain, 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. Anil Kumar Jain, 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").

As on 31<sup>st</sup> March, 2018, 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 in terms of Section 203 of the Companies Act, 2013.

### **Number of Board Meetings**

During the year under review, 4 Board Meetings were held on 11<sup>th</sup> May, 2017, 4<sup>th</sup> August, 2017, 6<sup>th</sup> November, 2017 and 12<sup>th</sup> February, 2018. 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 Committees 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 evaluation 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 11<sup>th</sup> May, 2017 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 in 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:

- in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- such accounting policies as mentioned in the notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2018 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 31<sup>st</sup> March, 2018 and of the loss of the Company for the year ended on that date;
- 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;
- the annual financial statements for the year ended 31<sup>st</sup> March, 2018 have been prepared on a going concern basis;
- 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;
- 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 31<sup>st</sup> March, 2018, 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**

In accordance with the provisions of Section 139 of the Companies Act, 2013, at the Annual General Meeting ("AGM") held on 21<sup>st</sup> August, 2017, M/s. Suresh Kumar Mittal & Co., Chartered Accountants (Firm Registration No. 500063N) were appointed as the Statutory Auditors of the Company for a period of 5 years to hold office from the conclusion of the 27<sup>th</sup> AGM till the conclusion of 32<sup>nd</sup> AGM subject to the ratification by members at every AGM.

The Audit Committee and the Board of Directors of the Company at their meetings held on 30<sup>th</sup> April, 2018 have recommended to the members of the Company, ratification of appointment of M/s. Suresh Kumar Mittal & Co., Chartered Accountants (Firm Registration No. 500063N) as Statutory Auditors of the Company to hold office from the conclusion of the 28<sup>th</sup> Annual General Meeting till the conclusion of 29<sup>th</sup> Annual General Meeting of the Company. The Company has received a letter from M/s. Suresh Kumar Mittal & Co., Chartered Accountants confirming that they are eligible for ratification of their appointment.

### **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.

### **Secretarial Auditors 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 Practising Company Secretaries to conduct Secretarial Audit of the Company for the year ended 31<sup>st</sup> March, 2018. 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 remarks.

### **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**

Your Company does not have any subsidiaries or joint ventures or associate companies as defined under Companies Act, 2013.

However, your 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 31<sup>st</sup> March, 2018 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 31<sup>st</sup> March, 2018 in Form No. MGT-9 is provided as "Annexure 2" to this Report.

### **Secretarial Standards**

During the year under review, your Company has complied with all applicable standards.

## **Related Party Transactions**

All Related Party Transactions entered during FY 2017-18 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 related transactions are provided in the notes to financial statements. On the basis of Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March 2018, the transactions pertaining to sale of yarn entered into with Indo Count industries Limited, Holding Company for the year ended 31<sup>st</sup> March 2018 qualify for material related party transactions under Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and approval of members is sought for the same at the ensuing Annual General Meeting. Pursuant to the provisions of Section 134 of the Companies Act, 2013, particulars of contracts/arrangements with Related Parties are provided in Form AOC-2 as "Annexure 3" to this Report.

The prior omnibus approval of Audit Committee is obtained for all Related Party Transactions. A statement of all Related Party Transactions is reviewed by the Audit Committee and Board on quarterly basis. Your Company has adopted a policy on Related Party Transactions and is uploaded on the website of the Company at <https://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 are 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](http://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 31<sup>st</sup> March, 2018.

## **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 4" 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 5-(I)” and “Annexure 5-(II)” to this report regarding remuneration of Directors, Key Managerial Personnel and other related disclosures.

### **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 2017-18 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 your 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, bankers and stakeholders for their consistent support and co-operation to the Company.

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

Dated : 30<sup>th</sup> April, 2018  
Place : Mumbai

**S. K. AGRAWAL**  
**CHAIRMAN**  
DIN: 00400892

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration 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, 2018 ('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, 2018 according to the provisions of:
  - i. The Companies Act, 2013 (the Act) and the rules made thereunder;
  - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - v. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
    - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (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, 2013 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. Essential Commodities Act, 1955 and Textiles (Development and Regulation) Order, 2001.

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** 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**  
Membership No. 6038  
Certificate of Practice No. 5502

Place : Mumbai  
Date : 30<sup>th</sup> April, 2018

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.

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**  
Membership No. 6038  
Certificate of Practice No. 5502

## EXTRACT OF ANNUAL RETURN

Form No. MGT-9  
as on the financial year ended on 31<sup>st</sup> March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

## I. Registration &amp; other details:

CIN	L17119PN1990PLC058139
Registration Date	12 <sup>th</sup> September, 1990
Name of the Company	Pranavadiya 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 1 <sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai- 400059 Tel.: 022-62638200/40430200 Fax : 022 – 28475207/62638299 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.	L72200PN1988PLC068972	Holding Company	74.53%	2 (87)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning [As on 01.04.2017]				No. of Shares held at the end of the year [As on 31.03.2018]				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) 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 others (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total (A)(1)</b>	<b>14341280</b>	<b>0</b>	<b>14341280</b>	<b>74.53</b>	<b>14341280</b>	<b>0</b>	<b>14341280</b>	<b>74.53</b>	<b>0.00</b>
<b>2) Foreign</b>									
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
<b>Sub Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>14341280</b>	<b>0</b>	<b>14341280</b>	<b>74.53</b>	<b>14341280</b>	<b>0</b>	<b>14341280</b>	<b>74.53</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>									
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 Investors	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
<b>Sub Total (B)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>2) Non-Institutions</b>									
a) Bodies Corporate									
i. Indian	1897081	850	1897931	9.86	1875083	850	1875933	9.75	(0.11)
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	608150	58313	666463	3.46	625292	53033	678325	3.53	0.06

Category of Shareholders	No. of Shares held at the beginning [As on 01.04.2017]				No. of Shares held at the end of the year [As on 31.03.2018]				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2286423	0	2286423	11.88	2306276	0	2306276	11.99	0.10
c) Any other (specify)									
c-i) Clearing Member	9688	0	9688	0.05	4971	0	4971	0.03	(0.02)
c-ii) Trust	7596	0	7596	0.04	7596	0	7596	0.04	0.00
c-iii) NRI	14736	9960	24696	0.13	14736	9960	24696	0.13	0.00
c-iv) NRI (Non Repat)	256	0	256	0.00	256	0	256	0.00	0.00
c-v) NRI (Repat)	1000	0	1000	0.01	1000	0	1000	0.01	0.00
c-vi) NBFC registered with RBI	5947	0	5947	0.03	947	0	947	0.00	(0.03)
<b>Sub Total (B)(2)</b>	<b>4830877</b>	<b>69123</b>	<b>4900000</b>	<b>25.47</b>	<b>4836157</b>	<b>63843</b>	<b>4900000</b>	<b>25.47</b>	<b>0.00</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>4830877</b>	<b>69123</b>	<b>4900000</b>	<b>25.47</b>	<b>4836157</b>	<b>63843</b>	<b>4900000</b>	<b>25.47</b>	<b>0.00</b>
C. Shares held by Custodians for GDRs and ADRs	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>19172157</b>	<b>69123</b>	<b>19241280</b>	<b>100.00</b>	<b>19177437</b>	<b>63843</b>	<b>19241280</b>	<b>100.00</b>	<b>0.00</b>

(ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2017)			Shareholding at the end of the year (As on 31.03.2018)			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Indo Count Industries Limited	14341280	74.53	0.00	14341280	74.53	0.00	0.00
	<b>Total</b>	<b>14341280</b>	<b>74.53</b>	<b>0.00</b>	<b>14341280</b>	<b>74.53</b>	<b>0.00</b>	<b>0.00</b>

(iii) Change in Promoters' Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 01.04.2017)		Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		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 (1 <sup>st</sup> April, 2017)	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 (31 <sup>st</sup> March, 2018)	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 (01.04.17 to 31.03.18)	
		No. of Shares at the beginning (01.04.17) / end of the year (31.03.18)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Henko Commodities Private Limited	9,00,500	4.68	01-Apr-2017	0	N.A		
		9,00,500	4.68	31-Mar-2018			9,00,500	4.68
2	Sarita Saraf	5,00,000	2.60	01-Apr-2017	0	N.A		
		5,00,000	2.60	31-Mar-2018			5,00,000	2.60
3	Suresh Kumar Saraf	5,00,000	2.60	01-Apr-2017	0	N.A		
		5,00,000	2.60	31-Mar-2018			5,00,000	2.60
4	PMC Fincorp Limited	4,98,800	2.59	01-Apr-2017	0	N.A		
		4,98,800	2.59	31-Mar-2018			4,98,800	2.59
5	Raghav Poddar	4,90,000	2.55	01-Apr-2017	0	NA		
		4,90,000	2.55	31-Mar-2018			4,90,000	2.55
6	Nishant Inbuild Limited	4,41,197	2.29	01-Apr-2017	0	NA		
		4,41,197	2.29	31-Mar-2018			4,41,197	2.29
7	Anubhav Poddar	3,60,000	1.87	01-Apr-2017	0	NA		
		3,60,000	1.87	31-Mar-2018			3,60,000	1.87
8	Sharad Kanayalal Shah	2,00,726	1.04	01-Apr-2017	0	N.A		
		2,00,726	1.04	31-Mar-2018			2,00,726	1.04
9	Viswanath Chandran Vicha	68,266	0.35	01-Apr-2017	0	N.A		
		68,266	0.35	31-Mar-2018			68,266	0.35
10	Vishal Uday Sheth	48,885	0.25	01-Apr-2017	0	N.A		
		48,885	0.25	31-Mar-2018			48,885	0.25

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		Shares at the Beginning (01.04.2017) / end of the year (31.03.2018)	% of total shares of the Company				No. of shares	% of total shares of the company
<b>A</b>	<b>Directors :</b>							
1	Mr. S. K. Agrawal	0	0.00	01-Apr-2017	0	N.A.	0	0.00
		0	0.00	31-Mar-2018				
2	Mr. Anil Kumar Jain	75	0.00	01-Apr-2017	0	N.A.		
		75	0.00	31-Mar-2018			75	0.00



Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		Shares at the Beginning (01.04.2017) / end of the year (31.03.2018)	% of total shares of the Company				No. of shares	% of total shares of the company
3	Mr. Kamal Mitra	10	0.00	01-Apr-2017	-9	Transfer / Sale		
		1	0.00	31-Mar-2018	1		1	0.00
4	Mr. P. N. Shah	10	0.00	01-Apr-2017	0	N.A.		
		10	0.00	31-Mar-2018			10	0.00
5	Mr. R. Anand	10	0.00	01-Apr-2017	0	N.A.		
		10	0.00	31-Mar-2018			10	0.00
6	Ms. Preeti Sheth	0	0.00	01-Apr-2017	0	N.A.		
		0	0.00	31-Mar-2018			0	0.00
<b>B</b>	<b>Key Managerial Personnel (KMP)</b>							
1	Mrs. Amruta Avasare (Company Secretary)	0	0.00	01-Apr-2017	0	N.A.		
		0	0.00	31-Mar-2018			0	0.00
2	Mr. Dilip Kumar Ghorawat	0	0.00	01-Apr-2017	0	N.A.		
		0	0.00	31-Mar-2018	0		0	0.00
3	Mr. Ashok G. Halasangi	0	0.00	01-Apr-2017	0	Purchase		
		1	0.00	31-Mar-2018	1		1	0.00

#### V. Indebtedness

The Company does not have any indebtedness as on 1<sup>st</sup> April, 2017, during the year and as on 31<sup>st</sup> March, 2018

#### 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 31<sup>st</sup> March, 2018 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.	<b>Independent Directors</b>							
	• Fees for attending Board/ Committee Meetings	60,000	-	-	50,000	50,000	20,000	180,000
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>50,000</b>	<b>20,000</b>	<b>180,000</b>

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	
2.	<b>Other Non-Executive Directors</b>						
	• Fees for attending Board/ Committee Meetings	-	30,000	40,000	-	-	-
	• Commission	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-
	<b>Total (2)</b>	-	<b>30,000</b>	<b>40,000</b>	-	-	<b>70,000</b>
	<b>Total=(1+2)</b>	<b>60,000</b>	<b>30,000</b>	<b>40,000</b>	<b>50,000</b>	<b>50,000</b>	<b>2,50,000</b>
	<b>Total Remuneration (B)</b>	<b>60,000</b>	<b>30,000</b>	<b>40,000</b>	<b>50,000</b>	<b>50,000</b>	<b>2,50,000</b>

**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)	Mrs. Amruta Avasare (Company Secretary)	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	17,51,244	Refer Note below	Refer Note below	17,51,244
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission				
	- as % of profit				
	- others, specify...	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>17,51,244</b>	<b>Nil</b>	<b>Nil</b>	<b>17,51,244</b>

Note: Mr. Dilip Kumar Ghorawat and Mrs. Amruta Avasare are not drawing any remuneration from Pranavaditya Spinning Mills Limited ("the Company") during the year under review as they are also holding position of Chief Financial Officer and Company Secretary of Indo Count Industries Limited (Holding Company) respectively.

**VII. Penalties / Punishment / Compounding of Offences:**

There are no Penalties / Punishment / Compounding of Offences during FY 2017-18.

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

Dated : 30<sup>th</sup> April, 2018  
Place : Mumbai

**S. K. AGRAWAL**  
**CHAIRMAN**  
DIN: 00400892

**FORM AOC-2**  
**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and**  
**Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below:

1. Details of contracts or arrangements or transactions not at arm's length basis : NIL
2. Details of material contracts or arrangements or transactions at Arm's length basis:

Sl. No.	Particulars	Details
a)	Name (s) of the related party	Indo Count Industries Limited
b)	Nature of Relationship	Holding Company
c)	Nature of contracts / arrangements / transaction	Sale of goods / yarn
d)	Duration of the contracts / arrangements / transactions	Ongoing
e)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Value of Goods sold during FY 2017-18 is ₹ 809 Lakhs. The Price for the sale of yarn are negotiated and agreed to by both parties based on estimated total costs and risk and returns considering prevalent market conditions
f)	Date(s) of approval by the Board, if any:	Refer Note Below
g)	Amount paid as advances, if any:	₹ 282.48 Lakhs

Note: Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), no material contracts/arrangements/ transactions which were above threshold limit prescribed under Rule 15 of the Companies (Meetings of the Board & its powers) Rules, 2014 or under Listing Regulations were entered with related parties except the above. The above transaction is with Holding Company and on Arm's Length basis and in ordinary course of business, hence no approvals of Audit Committee/Board/Shareholders is required under the Companies Act, 2013. The omnibus approval for above transaction was obtained in the audit committee meeting held on 11<sup>th</sup> May, 2017 and noted by the board. However, approval of shareholders under the Regulation 23 of the Listing Regulations is sought in the ensuing Annual General Meeting of the Company for above transaction being material related party transaction.

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

Dated : 30<sup>th</sup> April, 2018  
Place : Mumbai

**S. K. AGRAWAL**  
**CHAIRMAN**  
DIN: 00400892

**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:

In order to save power, the Company has replaced normal lights with LED lights in existing plant. Further efforts have been put to optimise energy consumptions in production process and operation of utility.

- (ii) the steps taken by the Company for utilizing alternate sources of energy: NIL.  
 (iii) the capital investment on energy conservation equipment: NIL

**(B) Technology absorption-**

- (i) the efforts made towards technology absorption: The Company has not imported technology, however the Company continuously endeavors to improve its process with the existing resources available.  
 (ii) the benefits derived like product improvement, cost reduction, product development or import substitution: N.A.  
 (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	2017-18	2016-17
Foreign Exchange earned (FOB value of Exports)	3563.97	1320.70
Foreign Exchange outgo (Selling Commission/Claims)	17.11	NIL

Please refer note no. 35 of Notes to the Financial Statements.

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

Dated : 30<sup>th</sup> April, 2018  
 Place : Mumbai

**S. K. AGRAWAL**  
**CHAIRMAN**  
 DIN: 00400892

**Annexure – 5(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**

Sr. No.	Name of the Director / Key Managerial Personnel and Designation	Remuneration of Director / Key Managerial Personnel for the year ended March 31, 2018 (Amount in ₹)	% increase in the remuneration in the year ended March 31, 2018	Ratio of the remuneration of each Director to the median remuneration of the employees
1	Mr. S. K. Agrawal Chairman and Independent Director	60,000/-	Refer Note 1 below	0.41
2	Mr. Anil Kumar Jain Non-Executive, Non-Independent Director	30,000/-		0.20
3	Mr. Kamal Mitra Non-Executive, Non-Independent Director	40,000/-		0.27
4	Mr. P. N. Shah Independent Director	50,000/-		0.34
5	Mr. R. Anand Independent Director	50,000/-		0.34
6	Ms. Preeti Sheth Independent Director	20,000/-		0.14
7	Mr. A. G. Halasangi Chief Executive Officer	17,51,244/-	4%	11.96
8	Mr. Dilip Kumar Ghorawat Chief Financial Officer	NIL	Refer Note 2 below	NA
9	Mrs. Amruta Avasare Company Secretary and Compliance Officer	NIL		NA

**Notes:**

- 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.
  - Mr. Dilip Kumar Ghorawat and Mrs. Amruta Avasare are not drawing any remuneration from Pranavaditya Spinning Mills Limited (“the Company”) during the year under review as they are holding position of Chief Financial Officer and Company Secretary of Indo Count Industries Limited (Holding Company) respectively and drawing remuneration from Indo Count Industries Limited.
- b) During the year ended 31<sup>st</sup> March, 2018, there was no percentage (%) increase in the median remuneration of employees.
- c) As on 31<sup>st</sup> March, 2018, the Company had 189 permanent employees out of which 44 are permanent staff and 145 are permanent workers.
- d) During the Financial year 2017-18, there was an average 4.00% increase in the salaries of employees other than Key Managerial Personnel.
- e) We affirm that the remuneration paid during the year 2017-18 is as per the Remuneration policy of the Company.

**(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 2017-18:**

Details of top ten employees of the Company in terms of remuneration drawn during 2017-18 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 2017-18 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 ₹ 1.2 Crore and above p.a.

**iii) Employees employed for the part of the year and were paid remuneration during the Financial Year 2017-18 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 : 30<sup>th</sup> April, 2018  
Place : Mumbai

**S. K. AGRAWAL**  
**CHAIRMAN**  
DIN: 00400892

# CORPORATE GOVERNANCE REPORT

In compliance with Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), a report on Corporate Governance for the year ended 31<sup>st</sup> March, 2018 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 31<sup>st</sup> March, 2018, 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 31<sup>st</sup> March, 2018 are given below:

Name of the Director	DIN	Category	Number of Directorships held in public companies <sup>#</sup>	Number of Membership/ Chairmanship of Board Committees <sup>@</sup>	
				Member	Chairman
Mr. S. K. Agrawal (Chairman)	00400892	Non- Executive, Independent	6	5	3
Mr. Anil Kumar Jain	00086106	Non - Executive, Non-Independent	3	2	-
Mr. Kamal Mitra	01839261	Non - Executive, Non-Independent	2	3	-
Mr. P. N. Shah	00096793	Non - Executive, Independent	6	1	5
Mr. R. Anand	00040325	Non - Executive, Independent	4	3	-
Ms. Preeti Sheth	00202080	Non - Executive, Independent	1	-	-

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

<sup>@</sup>Only Membership / Chairmanship of Audit Committee and Stakeholders' Relationship Committee of listed and unlisted public limited companies including Pranavadiya 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.

Mr. Ashok G. Halasangi is the Chief Executive Officer of the Company u/s 203 of the Companies Act, 2013 who looks after the day to day operations of the Company. Further, Mr. Anil Kumar Jain and Mr. Kamal Mitra, Non-Executive Non-Independent Directors of the Company are Executive Chairman and Whole Time Director (Director - Works) in Indo Count Industries Limited, Holding Company. However, Mr. Kamal Mitra also oversees business of the Company to some extent.

There is no inter-se relationship among any of the Directors of the 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 containing terms and conditions of their appointment is available on the website of the Company [www.pranavaditya.com](http://www.pranavaditya.com).

During the year under review, a separate Meeting of Independent Directors of the Company was held on 11<sup>th</sup> May, 2017 wherein all Independent Directors were present. At the said meeting, Independent Directors discussed and evaluated performance of the Chairman, Non Executive- Non Independent Directors, Board and its various committees and assessed the quality, quantity and timeliness of flow of information between the management of the Company and the Board.

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 2017-18 are uploaded on the website of the Company [www.pranavaditya.com](http://www.pranavaditya.com) and can be accessed through web-link <http://pranavaditya.com/admin/uploads/pdf/PSML-Familiarisation%20Program.pdf> and <https://www.pranavaditya.com/admin/uploads/pdf/PSML-Familiarisation%20Program%20imparted-2017-2018.pdf> respectively.

**(c) Board Meetings**

During the Financial Year 2017-18, Four (4) Board Meetings were held on 11<sup>th</sup> May, 2017, 4<sup>th</sup> August, 2017, 6<sup>th</sup> November, 2017 and 12<sup>th</sup> February, 2018. The maximum gap between any two consecutive Meetings did not exceed 120 days.

Composition and 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	21 <sup>st</sup> August, 2017
Mr. S. K. Agrawal	4	4	No*
Mr. Anil Kumar Jain	4	4	Yes
Mr. Kamal Mitra	4	4	Yes
Mr. P. N. Shah	4	4	No
Mr. R. Anand	4	4	No
Ms. Preeti Sheth	4	3	No

\* Due to sudden health issues, Mr. S.K. Agrawal, Chairman of the Company was not able to travel to Kolhapur to attend the Annual General Meeting of the Company held on 21<sup>st</sup> August, 2017.

**(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.
- 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 31<sup>st</sup> March, 2018, 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 2017-18.

During the Financial Year 2017-18, Four (4) Audit Committee Meetings were held on 11<sup>th</sup> May, 2017, 4<sup>th</sup> August, 2017, 6<sup>th</sup> November, 2017 and 12<sup>th</sup> February, 2018. The time gap between any two consecutive Audit Committee Meetings was not more than 120 days.

Composition and Physical Attendance of Directors 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	4	4
Mr. P. N. Shah	Non-Executive, Independent	Member	4	4
Mr. R. Anand	Non- Executive, Independent	Member	4	4
Mr. Kamal Mitra	Non-Executive, Non-Independent	Member	4	4

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.

As explained in point 2(c) of this report, Mr. S. K. Agrawal, Chairman of the Audit Committee was not able to travel to Kolhapur to attend the last Annual General Meeting of the Company held on 21<sup>st</sup> August, 2017.

#### 4. Stakeholders' Relationship Committee

##### (a) Composition, Terms of Reference and Meetings

As on 31<sup>st</sup> March, 2018, 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 Membe There was no change in the composition of the Committee during the year under review.

At the Board Meeting held on 11<sup>th</sup> May, 2017, it was decided to dissolve Share Transfer Committee and accordingly, all powers of Share Transfer Committee were transferred to Stakeholders Relationship Committee ("SRC"). The scope and terms of reference of the SRC inter alia includes reviewing and resolving the queries / complaints / grievances received from the shareholders if any, approving transfer /transmission of shares of the Company, issue of duplicate share certificates, 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, 2 (two) Meetings of the Stakeholders' Relationship Committee were held on 11<sup>th</sup> August, 2017 and 18<sup>th</sup> August, 2017 and the said meetings were attended by all members of the Committee except Mr. Kamal Mitra. Leave of absence was granted to Mr. Kamal Mitra from attending the said meetings.

##### (b) Compliance Officer

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

##### (c) Investor Complaints

During the year 2017-18, no complaints were received from the shareholders of the Company and no complaint was pending as on 31<sup>st</sup> March, 2018.

#### 5. Nomination and Remuneration Committee

##### (a) Brief description of terms of reference

The terms of reference of the Nomination and Remuneration Committee ("NRC") includes the role stipulated in Part D of Schedule II of the Listing Regulations and Section 178 of the Companies Act, 2013 which inter alia, covers:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel (KMP) and other employees.
- Lay down criteria for identifying and selection of candidates for appointment as Directors/ Independent Directors and KMP and other Senior Management positions.
- Recommendation to the Board about appointment, re- appointment, removal of Directors, Senior Management Personnel and KMP in accordance with the criteria laid down.
- Recommendation to the Board on remuneration payable to the Directors of the Company.
- Formulation of the criteria for evaluation of performance of every Director and carry out performance evaluation of Directors and to recommend to the Board on whether to extend or continue the term of appointment of Independent Director.
- Devising a policy on Board Diversity.

**(b) Composition, Meetings and Attendance**

As on 31<sup>st</sup> March, 2018, 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. There was no change in the composition of the Committee during the year under review.

During the year under review, 1 (one) Meeting of NRC was held on 11<sup>th</sup> May, 2017 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 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

- i. 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;
- ii. 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, Audit Committee Meetings, Nomination and Remuneration Committee Meetings and Independent Directors Meeting. Details of sitting fees paid to all Directors of the Company for the financial year ended 31<sup>st</sup> March, 2018 are as under:

Name of the Director	Remuneration for the Financial Year ended 31 <sup>st</sup> March, 2018 (Amount in ₹)	No. of equity shares of the Company held by Non-Executive Directors as on 31 <sup>st</sup> March, 2018
	Sitting Fees	
Mr. S. K. Agrawal	60,000/-	NIL
Mr. Anil Kumar Jain	30,000/-	75
Mr. Kamal Mitra	40,000/-	1
Mr. P. N. Shah	50,000/-	10
Mr. R. Anand	50,000/-	10
Ms. Preeti Sheth	20,000/-	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 2017-18.

### 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://ranavaditya.com/admin/uploads/pdf/PSML-Criteria%20for%20making%20payments%20to%20Non Executive%20Directors.pdf](http://ranavaditya.com/admin/uploads/pdf/PSML-Criteria%20for%20making%20payments%20to%20Non%20Executive%20Directors.pdf)

### Stock options

The Company does not have any Employee Stock Option Scheme.

## 7. Finance & Corporate Affairs Committee

The Board at its meeting held on 11<sup>th</sup> November, 2016 have constituted Finance & Corporate Affairs Committee ("FCA") comprising of Mr. Anil Kumar Jain as Chairman, Mr. S. K. Agrawal – Member (Independent) and Mr. Kamal Mitra – Member of the Committee.

The Committee is constituted to deal with routine financial and administrative matters as per the powers delegated to the committee including but not limited to Opening and closing bank accounts of the Company, Revision of signatories & limits of operation of various bank accounts of the Company, availing internet banking, issuance of fax indemnity, authorising Company's officers to represent the Company before statutory / government/semi-government authorities and to sign and file necessary documents with the said authorities and consider and approve borrowings from banks upto certain limits.

During the year under review, 3 (Three) Meetings of FCA Committee were held on 31<sup>st</sup> May, 2017, 15<sup>th</sup> December, 2017 and 26<sup>th</sup> December, 2017 and the said meetings were attended by all members of the Committee except Mr. Kamal Mitra. Leave of absence was granted to Mr. Kamal Mitra from attending the said meetings.

## 8. General Body Meetings

### (a) Annual General Meetings:

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

AGM	Day, Date & Time	Venue	No. of special Resolutions passed
25 <sup>th</sup>	Saturday, 22 <sup>nd</sup> August, 2015 at 11.00 a.m.	Office No. 2, Plot No.266, Village Alte, Kumbhoj Road, Taluka Hatakanagale, District Kolhapur - 416 109, Maharashtra.	NIL
26 <sup>th</sup>	Tuesday, 26 <sup>th</sup> July, 2016 at 11.00 a.m.	Hotel Pavillion, Conference Room, 1 <sup>st</sup> Floor, 392, E Ward, Assembly Road, Near Basant Bahar Theater, Shahpuri, Kolhapur - 416 001, Maharashtra.	NIL
27 <sup>th</sup>	Monday, 21 <sup>st</sup> August, 2017 at 11.00 a.m.	Hotel Vrishali Executive, Conference Hall, 1 <sup>st</sup> Floor, 39 A/2, Tarabai Park, District Kolhapur – 416 003	One Special Resolution was passed to determine charges for service of documents in a particular mode to the members on their request

(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. At present there is no proposal to pass any resolution through postal ballot.

## 9. Means of Communication

- **Website:** The Company's website [www.pranavaditya.com](http://www.pranavaditya.com) contains the 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 the 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, Directors' Report, Auditors' Report, Corporate Governance Report is sent to all Members of the Company and is also available on the website of the Company [www.pranavaditya.com](http://www.pranavaditya.com).
- **Designated Exclusive Email ID:** The Company has designated Email Id [investors@pranavaditya.com](mailto: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.

## 10. Disclosures

### a) Related Party Transactions

All transactions entered with Related Parties as defined under the Companies Act, 2013 and Listing Regulations during the financial year 2017-18 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 Board's Report in Form AOC-2 and 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%20Transactions.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-%20Vigil%20Mechanism.pdf>.

Your Company affirms that no Director/Employee 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 hosted on website of the Company under the web-link <http://www.pranavaditya.com/admin/uploads/pdf/PSML%20Policy%20on%20Material%20Subsidiaries.pdf>.

### e) Code of Conduct

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 Directors and Senior Management Personnel of the Company have affirmed compliance with Code of Conduct of the Company for the year ended 31<sup>st</sup> March, 2018. 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 the preparation of financial statements for the year 2017-18.

**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 11<sup>th</sup> May, 2017, 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 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, 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 and Nomination and Remuneration Committee also carried out performance evaluation of Independent Directors.

The performance evaluation was carried out through structured questionnaire / assessment sheet circulated to all Directors along with agenda. 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 31<sup>st</sup> March, 2018 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 30<sup>th</sup> April, 2018.

**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 & 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.pranavadiya.com](http://www.pranavadiya.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 the Independent Auditors' Report on Financial Statements for the year ended 31<sup>st</sup> March, 2018 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.

## 11. Certificate on compliance with conditions of Corporate Governance

The certificate regarding compliance of the conditions of corporate governance for the year ended 31<sup>st</sup> March, 2018 given by M/s. Suresh Kumar Mittal & Company, Statutory Auditors is given as Annexure II to this Report.

## 12. General Shareholders' information

### Annual General Meeting :

Day and Date : Tuesday, 11<sup>th</sup> September, 2018

Time : 11.00 a.m.

Venue : Hotel Vrishali Executive, Conference Hall, 39 A/2 Tarabai Park, District Kolhapur - 416003, Maharashtra

Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March

### Tentative Financial Calendar (for Financial Year 2018-19) for approval of:

Financial Results for 1 <sup>st</sup> Quarter 2018-19 (Unaudited)	On or before 14-08-2018
Financial Results for 2 <sup>nd</sup> Quarter 2018-19 (Unaudited)	On or before 14-11-2018
Financial Results for 3 <sup>rd</sup> Quarter 2018-19 (Unaudited)	On or before 14-02-2019
Financial Results for 4 <sup>th</sup> Quarter and Year ended 2018-19 (Audited)	On or before 30-05-2019



**Date of Book Closure:**

The Register of Members and the Share Transfer books will remain closed from Wednesday, 5<sup>th</sup> September, 2018 to Tuesday, 11<sup>th</sup> September, 2018 (both days inclusive) for the purpose of Annual General Meeting.

<b>Dividend</b>	:	No dividend has been declared during the year 2017-18.
<b>Listing on Stock Exchanges</b>	:	BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
<b>Stock / Scrip Code</b>	:	531172
<b>Listing Fees</b>	:	The Company has paid Listing Fees for FY 2017-18 and 2018-19 to BSE Limited within prescribed time.
<b>Annual Custody Fees</b>	:	The Company has paid the Annual Custody Fees to Central Depository Services (India) Ltd. and National Securities Depository Limited for the year 2017-18
<b>ISIN</b>	:	INE569D01028
<b>Corporate Identity Number (CIN)</b>	:	L17119PN1990PLC058139

**Market Price Data**

The monthly high and low quotations of the closing price and volume of shares traded at BSE Ltd. from April, 2017 to March, 2018 are as under and comparison against BSE sensx is as under:

Month	BSE Limited			BSE Sensex	
	High (₹)	Low (₹)	Traded Volume	High (₹)	Low (₹)
April – 2017	29.95	23.05	25,306	30,184.22	29,241.48
May – 2017	29.80	23.75	33,667	31,255.28	29,804.12
June – 2017	27.50	22.60	14,381	31,522.87	30,680.66
July – 2017	28.00	22.25	21,488	32,672.66	31,017.11
August – 2017	28.45	22.00	61,991	32,688.48	31,128.02
September – 2017	27.40	18.65	1,08,152	32,524.11	31,081.83
October – 2017	23.60	19.15	18,389	33,340.17	31,440.48
November – 2017	23.00	18.10	22,972	33,865.95	32,683.59
December – 2017	22.50	18.35	25,681	34,137.97	32,565.16
January – 2018	21.50	18.50	32,632	36,443.98	33,703.37
February – 2018	20.65	16.05	11,878	36,256.83	33,482.81
March – 2018	20.00	14.00	29,770	34,278.63	32,483.84

Source: BSE website

**Registrar & Transfer Agents**

Bigshare Services Private Limited  
1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis, Makwana Road, Marol,  
Andheri (East), Mumbai- 400059  
Tel. : 022-62638200/40430200  
Fax : 022 – 28475207/62638299  
Email id : [investor@bigshareonline.com](mailto: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.

At the Meeting held on 11<sup>th</sup> May, 2017, the Board decided to dissolve the Share Transfer Committee and all powers of Share Transfer Committee i.e. approval of share transfers, transmission, issue of duplicate share certificates, name deletion, split and consolidation requests were delegated to Stakeholders Relationship Committee.

During the period from 1<sup>st</sup> April, 2017 to 11<sup>th</sup> May, 2017, one meeting of Share Transfer Committee was held on 9<sup>th</sup> May, 2017 and the said meeting was attended by Mr. Anil Kumar Jain and Mr. S. K. Agrawal. Leave of absence was granted to Mr. Kamal Mitra from attending the said meeting. The details of meetings of Stakeholders Relationship Committee are provided in point 4(a) of this Report.

### Distribution of shareholding as on 31<sup>st</sup> March, 2018

No. of equity shares of face value of ₹ 10/- each	No. of Shareholders	% of Shareholders	No. of shares held	% of shareholding
Upto 500	3574	92.35	170,000	0.88
501 – 1000	110	2.84	92,169	0.48
1001 – 2000	78	2.02	116,721	0.61
2001 – 3000	33	0.85	82,268	0.43
3001 – 4000	19	0.49	69,089	0.36
4001 – 5000	8	0.21	37,303	0.19
5001 – 10000	25	0.65	175,398	0.91
Above 10001	23	0.59	18,498,332	96.14
<b>Total</b>	<b>3870</b>	<b>100.00</b>	<b>19,241,280</b>	<b>100.00</b>

### Shareholding Pattern as on 31<sup>st</sup> March, 2018:

Category of Shareholder	No. of Equity shares of Face Value of ₹10/- each	As a percentage of total paid up Share Capital
<b>A. Shareholding of Promoter and Promoter Group</b>		
Bodies Corporate (Indian Company- Indo Count Industries Limited )	14,341,280	74.53
<b>Sub Total (A)</b>	<b>14,341,280</b>	<b>74.53</b>
<b>B. Public Shareholding</b>		
(i) Individuals	2,984,601	15.51
(ii) NBFCs registered with RBI	947	0.00
(iii) Bodies Corporate	1,875,933	9.75
(iv) Clearing Members	4,971	0.03
(v) NRI's	25,952	0.14
(vi) Trust	7,596	0.04
<b>Sub Total (B)</b>	<b>4,900,000</b>	<b>25.47</b>
<b>Grand Total (A+B)</b>	<b>19,241,280</b>	<b>100.00</b>

### 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 21<sup>st</sup> March 2000. ISIN of the Company for dematerialization is INE569D01028.

As on 31<sup>st</sup> March 2018, 19,177,437 Equity Shares of the Company constituting over 99.67% of the issued, subscribed and paid-up share capital of the Company are held in dematerialized form and 63,843 Equity Shares of the Company constituting over 0.33% are held in Physical form. The company's shares were traded on BSE Limited.

#### Shares held in demat and physical modes as on 31<sup>st</sup> March, 2018

Category	Number of		% to total equity
	Shareholders	Shares	
<b>Demat Mode</b>			
NSDL	746	16,091,021	83.63
CDSL	547	3,086,416	16.04
<b>Total</b>	<b>1293</b>	<b>19,177,437</b>	<b>99.67</b>
<b>Physical Mode</b>			
	2577	63,843	0.33
<b>Grand Total</b>	<b>3870</b>	<b>19,241,280</b>	<b>100.00</b>

#### 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 31<sup>st</sup> March, 2018.

#### Commodity Price Risk / Foreign Exchange Risk

The Company does not deal in commodity hedging. As regards foreign exchange risks, we evaluate our 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 Company or Registrar & Transfer Agent on below address:

<b>The Company Secretary</b> Pranavaditya Spinning Mills Limited 301, 3 <sup>rd</sup> Floor, "Arcadia" Nariman Point, Mumbai - 400 021 Phone : 91 22 4341 9500 / 501 Fax : 022 - 2282 3098 Email Id : <a href="mailto:investors@pranavaditya.com">investors@pranavaditya.com</a>	<b>Bigshare Services Private Limited</b> Unit: Pranavaditya Spinning Mills Limited 1 <sup>st</sup> Floor, Bharat Tin Works Building , Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai- 400059 Tel. : 022-62638200/40430200 Fax : 022-28475207/62638299 Email id: <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a>
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For and on behalf of Board of Directors

Dated : 30<sup>th</sup> April, 2018  
Place : Mumbai

**S. K. AGRAWAL**  
**CHAIRMAN**  
DIN: 00400892

### 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 Business Conduct and Ethics for the year ended 31<sup>st</sup> March, 2018.

**For PRANAVADITYA SPINNING MILLS LIMITED**

**ASHOK HALASANGI**  
**CHIEF EXECUTIVE OFFICER**

Dated : April 30, 2018  
Place : Mumbai

### 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 31<sup>st</sup> March, 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

#### Managements' Responsibility

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.

#### Auditor's Responsibility

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.

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.

#### Opinion

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 for the year ended 31<sup>st</sup> March, 2018 as stipulated in the above mentioned Listing Regulations, as applicable.

**For Suresh Kumar Mittal & Co.**  
**Chartered Accountants**  
**Reg. No. 500063N**

**Ankur Bagla**  
**Partner**  
**Membership Number : 521915**

Dated : April,30, 2018  
Place : Mumbai

# INDEPENDENT AUDITORS' 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 31<sup>st</sup> March, 2018, 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 31<sup>st</sup> March, 2018, and its Loss (including other comprehensive income), its cash flows and the changes in equity for the period ended on that date.

## 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 31<sup>st</sup> March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2018 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. 22 and 31.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, in respect of long-term contracts including derivative contracts.
  - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For **Suresh Kumar Mittal & Co.**  
**Chartered Accountants**  
Firm Reg. No.: 500063N

**Ankur Bagla**  
**Partner**

Membership Number: 521915

Mumbai, April 30, 2018

**Annexure A referred to in Paragraph (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 31<sup>st</sup> March, 2018.**

- (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) According to the records of the company, examined by us and information and explanations given to us:
  - (a) The company is generally regular in depositing with the appropriate authorities 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. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31<sup>st</sup> March, 2018 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 31<sup>st</sup> March, 2018.
- (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 No. 32 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<sup>st</sup> March, 2018.
- (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 **Suresh Kumar Mittal & Co.**  
**Chartered Accountants**  
Firm Reg. No.: 500063N

**Ankur Bagla**  
**Partner**

Membership Number: 521915

Mumbai, April 30, 2018

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**Annexure B referred to in Paragraph (II)(f) 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 31<sup>st</sup> March, 2018.**

**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 31<sup>st</sup> March, 2018 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 authorizations of management and directors of the Company; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **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<sup>st</sup> March 2018, 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 **Suresh Kumar Mittal & Co.**  
**Chartered Accountants**  
Firm Reg. No.: 500063N

**Ankur Bagla**  
**Partner**

Membership Number: 521915

Mumbai, April 30, 2018

# BALANCE SHEET

## AS AT 31<sup>ST</sup> MARCH, 2018

₹ in lakhs

Particulars	Note No.	As at 31.03.2018	As at 31.03.2017
<b>ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Property, Plant and Equipment	5	2,761.38	2,797.58
(b) Capital work-in-progress	5	-	10.09
(c) Financial Assets			
(i) Investments	6	0.16	0.16
(d) Other Non-Current Assets	7	2.09	42.25
<b>(2) Current Assets</b>			
(a) Inventories	8	826.50	1,110.41
(b) Financial Assets			
(i) Trade Receivables	9	728.55	598.64
(ii) Cash and Cash Equivalents	10	277.12	83.24
(iii) Bank Balances other than (ii) above	11	90.58	38.34
(iv) Loans	12	0.01	0.01
(c) Current Tax Assets (Net)	13	166.48	170.39
(d) Other Current Assets	14	161.03	96.26
<b>TOTAL ASSETS</b>		<b>5,013.90</b>	<b>4,947.37</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	15	1,924.13	1,924.13
(b) Other Equity		1,367.40	1,524.43
<b>LIABILITIES</b>			
<b>(1) Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Provisions	16	64.21	58.55
(ii) Deferred Tax Liabilities (Net)	17	138.86	201.63
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade Payables	18	1,022.57	651.97
(ii) Other Financial Liabilities	19	24.16	14.76
(b) Other Current Liabilities	20	472.57	563.56
(c) Provisions	21	-	8.34
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,013.90</b>	<b>4,947.37</b>
<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>	22, 31		
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	3		

The accompanying notes form an integral part of financial statements

As per our Report of even date

For **Suresh Kumar Mittal & Co.**,  
Chartered Accountants  
Firm Regd. No.: 500063N

**Ankur Bagla**  
Partner  
Membership No.:521915  
Mumbai, April 30, 2018

For and on behalf of Board of Directors

**S. K. Agrawal**  
Chairman  
DIN - 00400892

**Anil Kumar Jain**  
Director  
DIN - 00086106

**Dilip Ghorawat**  
Chief Financial Officer

**Amruta Avasare**  
Company Secretary

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

Particulars	Note No.	₹ in lakhs	
		For the year ended 31.03.2018	For the year ended 31.03.2017
<b>CONTINUING OPERATIONS</b>			
<b>I INCOME</b>			
Revenue from Operations	23	7,137.04	5,776.47
Other Income	24	67.10	79.74
<b>TOTAL INCOME</b>		<b>7,204.14</b>	<b>5,856.21</b>
<b>II EXPENSES</b>			
Cost of Materials Consumed	25	5,222.06	4,112.92
Changes in Inventories of Finished Goods, Work in Progress and Stock-in-Trade	26	(107.22)	(17.61)
Employee Benefit Expense	27	777.85	610.06
Finance Cost	28	34.71	17.85
Depreciation and Amortisation Expense	29	124.36	115.54
Other Expense	30	1,382.19	1,115.72
<b>TOTAL EXPENSES</b>		<b>7,433.95</b>	<b>5,954.48</b>
<b>III Profit/ (Loss) before Exceptional Items and Tax (I-II)</b>		<b>(229.81)</b>	<b>(98.27)</b>
<b>IV Exceptional Items</b>		-	-
<b>V Profit/ (Loss) before Tax (III-IV)</b>		<b>(229.81)</b>	<b>(98.27)</b>
<b>VI TAX EXPENSE</b>			
a) Current Tax		-	-
b) Previous Years Tax		0.04	0.52
c) Deferred Tax		(66.09)	(42.02)
<b>VII Profit/ (Loss) for the Year (V-VI)</b>		<b>(163.76)</b>	<b>(56.77)</b>
<b>VIII OTHER COMPREHENSIVE INCOME</b>			
<b>A Items that will not be reclassified to Profit or Loss</b>			
(i) Remeasurement of the net defined benefit liability asset		10.05	15.21
(ii) Income tax relating to items that will not be reclassified to profit or loss		(3.32)	(5.03)
<b>IX Total Comprehensive Income for the Year (VII+ VIII)</b>		<b>(157.03)</b>	<b>(46.59)</b>
<b>X Earnings per Equity Share (in ₹)</b>			
a) Basic		<b>(0.85)</b>	<b>(0.30)</b>
b) Diluted		<b>(0.85)</b>	<b>(0.30)</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	<b>3</b>		

The accompanying notes form an integral part of financial statements

As per our Report of even date

For **Suresh Kumar Mittal & Co.**,  
Chartered Accountants  
Firm Regd. No.: 500063N

**Ankur Bagla**  
Partner  
Membership No.:521915  
Mumbai, April 30, 2018

For and on behalf of Board of Directors

**S. K. Agrawal**  
Chairman  
DIN - 00400892

**Anil Kumar Jain**  
Director  
DIN - 00086106

**Dilip Ghorawat**  
Chief Financial Officer

**Amruta Avasare**  
Company Secretary

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

## A. EQUITY SHARE CAPITAL

Particulars	Note	₹ in lakhs
<b>As at 31.03.2016</b>		<b>1,924.13</b>
Changes in Equity Share Capital		-
<b>As at 31.03.2017</b>		<b>1,924.13</b>
Changes in Equity Share Capital		-
<b>As at 31.03.2018</b>	<b>15(a)</b>	<b>1,924.13</b>

## B. OTHER EQUITY

Particulars	Reserves & Surplus		TOTAL
	Capital Reserve	Retained Earnings	
<b>Balance as at 31.03.2016</b>	<b>25.00</b>	<b>1,546.02</b>	<b>1,571.02</b>
Total Comprehensive Income for 2016-17	-	(46.59)	(46.59)
<b>Balance as at 31.03.2017</b>	<b>25.00</b>	<b>1,499.43</b>	<b>1,524.43</b>
Total Comprehensive Income for 2017-18	-	(157.03)	(157.03)
<b>Balance as at 31.03.2018</b>	<b>25.00</b>	<b>1,342.40</b>	<b>1,367.40</b>

The accompanying notes form an integral part of financial statements

As per our Report of even date

For **Suresh Kumar Mittal & Co.**,  
Chartered Accountants  
Firm Regd. No.: 500063N

**Ankur Bagla**  
Partner  
Membership No.:521915  
Mumbai, April 30, 2018

For and on behalf of Board of Directors

**S. K. Agrawal**  
Chairman  
DIN - 00400892

**Dilip Ghorawat**  
Chief Financial Officer

**Anil Kumar Jain**  
Director  
DIN - 00086106

**Amruta Avasare**  
Company Secretary

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

₹ in lakhs

Particulars	Fot the year ended 31 <sup>st</sup> March, 2018	Fot the year ended 31 <sup>st</sup> March, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (Loss) before Exceptional Items and Tax	(229.81)	(98.27)
<b>Adjustments for:-</b>		
Depreciation and Amortisation	124.36	115.54
Profit on Sale of Assets	(0.19)	(26.32)
Loss on Sale of Assets	-	41.00
Finance Cost	34.71	17.85
Interest Income	(9.15)	(15.50)
Other Comprehensive Income	10.05	15.21
<b>Operating Profit /(Loss) before Working Capital Changes</b>	<b>(70.03)</b>	<b>49.51</b>
<b>Changes in Working Capital :</b>		
<b>Adjustment for (increase )/decrease in Operating Assets</b>		
Non Current Financial Assets	-	11.84
Other Non Current Assets	40.17	(38.43)
Inventories	283.91	(506.14)
Trade Receivables	(129.91)	(95.62)
Current Financial Assets	(52.24)	(37.09)
Other Current Assets	(64.76)	77.17
<b>Adjustment for increase/(decrease) in Operating Liabilities</b>		
Non Current Provisions	5.66	(6.95)
Trade Payables	370.60	199.58
Other Current Financial Liabilities	9.39	(2.92)
Other Current Liabilities	(91.01)	446.72
Current Provisions	(8.34)	286.30
Net Income Tax(paid) / refunds	3.87	1.20
<b>Net Cash Flow from /(used in) Operating Activities (A)</b>	<b>297.31</b>	<b>83.54</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Tangible Assets	(78.68)	(174.79)
Proceeds from Sale of Fixed Assets	0.81	49.14
Interest Received - Others	9.15	15.50
<b>Net Cash Flow from/(used in) Investing Activities (B)</b>	<b>(68.72)</b>	<b>(110.15)</b>
<b>C. Cash Flow from Financing Activities</b>		
Finance Cost	(34.71)	(17.85)
<b>Net Cash Flow from /(used in) Financing Activities (C)</b>	<b>(34.71)</b>	<b>(17.85)</b>
<b>Net Increase /(decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>193.88</b>	<b>(44.46)</b>
<b>Cash and Cash Equivalents at the beginning of the Year</b>	<b>83.24</b>	<b>127.70</b>
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>277.12</b>	<b>83.24</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet</b>		
<b>Cash and Cash Equivalents as per Balance Sheet</b>	<b>277.12</b>	<b>83.24</b>
<b>Cash and Cash Equivalents at the end of the Year</b>		
Comprises of:		
(a) Cash on Hand	1.24	0.14
(b) In Current Accounts	275.88	83.10

Notes: Figures in bracket represents Cash Outflow.

The accompanying notes form an integral part of financial statements

As per our Report of even date

For **Suresh Kumar Mittal & Co.**,  
Chartered Accountants  
Firm Regd. No.: 500063N

**Ankur Bagla**  
Partner  
Membership No.:521915  
Mumbai, April 30, 2018

For and on behalf of Board of Directors

**S. K. Agrawal**  
Chairman  
DIN - 00400892

**Anil Kumar Jain**  
Director  
DIN - 00086106

**Dilip Ghorawat**  
Chief Financial Officer

**Amruta Avasare**  
Company Secretary

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

## 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 31<sup>st</sup> March, 2018 were authorized for issue in accordance with a resolution of the Board of Directors on 30<sup>th</sup> April, 2018.

## 2. BASIS OF PREPARATION

Ministry of Corporate Affairs notified road map 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 road map, the company is required to apply Ind AS starting from financial year beginning on or after 1<sup>st</sup> April, 2016. Accordingly, the financial statements of the Company have been prepared in accordance with the 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:

The company has opted to follow cost model for accounting of its entire property, plant and equipment. 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

## 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

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

- 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 exists 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 calculations 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.



# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

**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 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 rise 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 is 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

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

## **Rendering of Services:**

Revenue from sale of service is recognised 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

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

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

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 certainty 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 shortterm 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

## 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 activities 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

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,



# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

## 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 derivative 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, except 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.

### **3.23 The MCA has notified Companies (Indian Accounting Standards) (Amendment) Rules, 2018 to amend the following Ind-AS's. The amendment will come into force from accounting period commencing on or after 1<sup>st</sup> April, 2018 :**

#### **i) Ind AS 115 Revenue from Contracts with Customers**

The new standard applies to contracts with customers. The core principle of the new standard is that an entity should recognise revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. The new standard offers a range of transaction options. An entity can choose to apply the new standard to its historical transactions and retrospectively adjust each comparative period.

Alternatively an entity can recognize the cumulative effect of applying the new standard at the date of initial application and make no adjustments to its comparative information.

#### **ii) Ind AS 21 The effects of changes in Foreign Exchange Rates**

The newly inserted Appendix B to Ind As 21, "Foreign Currency Transactions and Advance Consideration" clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The Company intends to adopt these Standards when it becomes effective. The Company is in the process of assessing the possible impact of the above standards and will adopt the amendments on the required effective date.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

## 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.

### 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 31<sup>ST</sup> March, 2018

## 5. PROPERTY, PLANT AND EQUIPMENT

Tangible (At cost)

₹ in lakhs

Particulars	Land Freehold	Buildings	Plant & Machinery	Furniture & Fixtures	Factory & Office Equipments	Vehicles	Total	Capital Work in Progress *
<b>Gross Carrying Amount</b>								
As at 01.04.2017	846.21	1,016.97	3,989.89	53.81	121.25	26.83	6,054.96	10.09
Additions	-	-	88.04	-	0.73	-	88.77	-
Disposals / Transfers	-	-	0.92	-	-	-	0.92	10.09
<b>As at 31.03.2018</b>	<b>846.21</b>	<b>1,016.97</b>	<b>4,077.01</b>	<b>53.81</b>	<b>121.98</b>	<b>26.83</b>	<b>6,142.81</b>	-
<b>Accumulated Depreciation</b>								
As at 01.04.2017	-	311.08	2,763.90	51.25	108.85	22.30	3,257.38	-
Depreciation charged for the year	-	19.53	99.59	0.01	2.04	3.19	124.36	-
Disposals / Transfers	-	-	0.31	-	-	-	0.31	-
<b>As at 31.03.2018</b>	<b>-</b>	<b>330.61</b>	<b>2,863.18</b>	<b>51.26</b>	<b>110.89</b>	<b>25.49</b>	<b>3,381.43</b>	-
<b>Net Carrying Amount</b>								
As at 31.03.2017	846.21	705.89	1,225.99	2.56	12.40	4.53	2,797.58	10.09
As at 31.03.2018	846.21	686.36	1,213.83	2.55	11.09	1.34	2,761.38	-

Note :-

\* Does not include Capital Advance of ₹ 1.50 lakhs (previous year ₹ 41.66 lakhs).

## 6. NON-CURRENT INVESTMENTS

Particulars	No. of Shares		₹ in lakhs	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
<b>Unquoted -</b>				
In fully paid up equity shares of ₹ 10 each				
Shri Datta Nagari Sah Pat Sanstha Ltd	1,050	1,050	0.11	0.11
ChoudeSwari Co-op Bank Ltd.	200	200	0.05	0.05
<b>TOTAL</b>			<b>0.16</b>	<b>0.16</b>
<b>Aggregate value of :</b>				
Unquoted investments			0.16	0.16

## 7. OTHER NON-CURRENT ASSETS

(Unsecured-considered good)

Particulars	₹ in lakhs	
	As at 31.03.2018	As at 31.03.2017
Capital Advances	1.50	41.66
Security Deposits	0.59	0.59
<b>TOTAL</b>	<b>2.09</b>	<b>42.25</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

## 8. INVENTORIES

Particulars	₹ in lakhs	
	As at 31.03.2018	As at 31.03.2017
Raw Materials	508.19	899.01
Work in Progress	205.19	177.54
Finished Goods	82.55	2.68
Waste	8.08	8.38
Stores & Spares (a)	22.49	22.80
<b>TOTAL</b>	<b>826.50</b>	<b>1,110.41</b>

(a) Including Goods in Transit ₹ Nil (previous year ₹ 1.44 lakhs)

## 9. CURRENT TRADE RECEIVABLES

(Unsecured-considered good)

Particulars	₹ in lakhs	
	As at 31.03.2018	As at 31.03.2017
Exceeding Six Months	-	-
Others	728.55	598.64
<b>TOTAL</b>	<b>728.55</b>	<b>598.64</b>

## 10. CASH AND CASH EQUIVALENTS

Particulars	₹ in lakhs	
	As at 31.03.2018	As at 31.03.2017
Cash in Hand	1.24	0.14
Balances with Banks		
- In Current Accounts	275.88	83.10
<b>TOTAL</b>	<b>277.12</b>	<b>83.24</b>

## 11. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	₹ in lakhs	
	As at 31.03.2018	As at 31.03.2017
Balances with Banks		
- Held as Margin / Fixed Deposits (a)	90.58	38.34
<b>TOTAL</b>	<b>90.58</b>	<b>38.34</b>

(a) Includes receipts of ₹ 88.34 lakhs (previous year ₹ 11.84 lakhs) held with bank as margin money against guarantee given to MSEDCL and ₹ Nil (previous year ₹ 26.50 lakhs) held with bank as margin money against guarantee given to private supplier of Electricity.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

## 12. CURRENT FINANCIAL LOANS (Unsecured-considered good)

Particulars	₹ in lakhs	
	As at 31.03.2018	As at 31.03.2017
Security Deposits	0.01	0.01
<b>TOTAL</b>	<b>0.01</b>	<b>0.01</b>

## 13. CURRENT TAX ASSETS

Particulars	₹ in lakhs	
	As at 31.03.2018	As at 31.03.2017
Advance Income Tax (including tax deducted at source)	0.62	0.09
Refund Due	8.28	12.72
MAT Credit Entitlement	157.58	157.58
<b>TOTAL</b>	<b>166.48</b>	<b>170.39</b>

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

Particulars	₹ in lakhs	
	As at 31.03.2018	As at 31.03.2017
Export Incentives / Claims recoverable	4.41	3.92
Balances with Excise / Service Tax Authorities	-	11.26
Balances with VAT Authorities	47.34	68.14
Balances with GST Authorities	98.50	-
Interest accrued on Loans & Deposits	5.45	2.05
Advance to Suppliers	0.41	3.78
Others	4.92	7.11
<b>TOTAL</b>	<b>161.03</b>	<b>96.26</b>

## 15. SHARE CAPITAL

Particulars	₹ in lakhs	
	As at 31.03.2018	As at 31.03.2017
<b>Authorised:</b>		
<b>Equity Shares</b>		
1,92,70,000 Equity Shares of ₹ 10 each	1,927.00	1,927.00
<b>Issued, Subscribed and Paid-up:</b>		
1,92,41,280 Equity Shares of ₹ 10 each	1,924.13	1,924.13

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

## Notes:

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

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs
<b>Authorised</b>				
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
<b>Balance at the end of the year</b>	<b>1,92,70,000</b>	<b>1,927.00</b>	<b>1,92,70,000</b>	<b>1,927.00</b>
<b>Issued, Subscribed and Paid-up</b>				
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
<b>Balance at the end of the year</b>	<b>1,92,41,280</b>	<b>1,924.13</b>	<b>1,92,41,280</b>	<b>1,924.13</b>

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

## (b) Terms / rights attached to equity shares:

- 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.
- 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 31.03.2018		As at 31.03.2017	
	%	No. of Shares	%	No. of Shares
Indo Count Industries Limited (Holding Company)	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.

## 16. NON-CURRENT PROVISIONS

Particulars	₹ in lakhs	
	As at 31.03.2018	As at 31.03.2017
Provision for Employees Benefits	64.21	58.55
<b>TOTAL</b>	<b>64.21</b>	<b>58.55</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

## 17. INCOME TAX

The major components of Income Tax Expense for the years ended 31 March, 2018 and 31 March, 2017 are:

### Statement of profit and loss:

#### Profit or loss section

Particulars	₹ in lakhs	
	31.03.2018	31.03.2017
<b>Current Income Tax:</b>		
Current Income Tax charge	-	-
Adjustments in respect of Current Income Tax of previous year	0.04	0.52
<b>Deferred Tax:</b>		
Relating to origination and reversal of temporary differences	(66.09)	(42.02)
<b>Income Tax expense reported in the Statement of Profit or Loss</b>	<b>(66.05)</b>	<b>(41.50)</b>

#### Other Comprehensive Income (OCI) section

Deferred tax related to items recognised in OCI during in the year:

Particulars	₹ in lakhs	
	31.03.2018	31.03.2017
Net loss/(gain) on remeasurements of Defined Benefit Plans	3.32	5.03
<b>Income Tax charged to OCI</b>	<b>3.32</b>	<b>5.03</b>

## DEFERRED TAX

Particulars	₹ in lakhs			
	Balance Sheet		Profit & Loss	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
<b>Deferred Tax relates to the following:</b>				
Expenses allowable on payment basis	31.39	30.87	(0.52)	5.42
Incomes allowable on receipt basis	-	-	-	(0.41)
Unused Tax losses/depreciation	543.69	482.78	(60.91)	(37.66)
Accelerated Depreciation for Tax purpose	(713.94)	(715.28)	(1.34)	(4.34)
	<b>(138.86)</b>	<b>(201.63)</b>	<b>(62.77)</b>	<b>(36.99)</b>
Deferred Tax Expenses/(Income)				
- Recognised in Profit & Loss	-	-	(66.09)	(42.02)
- Recognised in OCI	-	-	3.32	5.03
Deferred Tax Assets/(Liabilities)	(138.86)	(201.63)	-	-
	<b>(138.86)</b>	<b>(201.63)</b>	<b>(62.77)</b>	<b>(36.99)</b>

### Net deferred Tax Assets/(Liabilities)

Reflected in the Balance Sheet as follows:

Particulars	₹ in lakhs	
	31.03.2018	31.03.2017
Deferred Tax Assets	575.08	513.65
Deferred Tax Liabilities	(713.94)	(715.28)
<b>Deferred Tax Liabilities (Net)</b>	<b>(138.86)</b>	<b>(201.63)</b>



# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

Reconciliation of Deferred Tax Liabilities (Net)	₹ in lakhs	
	31.03.2018	31.03.2017
Opening Balance as of 1 April	(201.63)	(238.62)
Tax Income/(expense) during the period recognised in Profit or Loss	66.09	42.02
Tax Income/(expense) during the period recognised in OCI	(3.32)	(5.03)
<b>Closing Balance as at 31 March</b>	<b>(138.86)</b>	<b>(201.63)</b>

## 18. TRADE PAYABLES

Particulars	₹ in lakhs	
	As at 31.03.2018	As at 31.03.2017
Outstanding dues of Micro Enterprises and Small Enterprises (a)	-	-
Payable to Holding Company	176.79	163.57
Others	845.78	488.40
<b>TOTAL</b>	<b>1,022.57</b>	<b>651.97</b>

(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.

## 19. OTHER CURRENT FINANCIAL LIABILITIES

Particulars	₹ in lakhs	
	As at 31.03.2018	As at 31.03.2017
Security Deposit	0.35	0.35
Other Payables	23.81	14.41
<b>TOTAL</b>	<b>24.16</b>	<b>14.76</b>

## 20. OTHER CURRENT LIABILITIES

Particulars	₹ in lakhs	
	As at 31.03.2018	As at 31.03.2017
Advance from Customers		
- from Holding Company	282.48	400.00
- from Others	-	0.74
Other Payables (a)	190.09	162.82
<b>TOTAL</b>	<b>472.57</b>	<b>563.56</b>

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

## 21. CURRENT PROVISIONS

Particulars	₹ in lakhs	
	As at 31.03.2018	As at 31.03.2017
Provision for Employees Benefits	-	8.34
<b>TOTAL</b>	<b>-</b>	<b>8.34</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

## 22. 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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Carrying amount at the beginning of the year*	88.34	88.34	-	1.00
Additions made during the year#	-	-	-	-
Unused amounts reversed during the year#			-	1.00
Carrying amount at the end of the year*	<b>88.34</b>	<b>88.34</b>	-	-

Particulars	Other litigation claims		Total	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Carrying amount at the beginning of the year*	6.67	5.19	95.01	94.53
Additions made during the year#	1.34	1.49	1.34	1.49
Unused amounts reversed during the year#	-	-	-	1.00
Carrying amount at the end of the year*	<b>8.01</b>	<b>6.68</b>	<b>96.35</b>	<b>95.02</b>

\*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.

## 23. REVENUE FROM OPERATIONS

Particulars	₹ in lakhs	
	For the year 01.04.2017 to 31.03.2018	For the year 01.04.2016 to 31.03.2017
Sale of Products (a)	7,098.46	5,744.71
Export Incentives / Benefits	38.58	31.76
<b>REVENUE FROM OPERATIONS</b>	<b>7,137.04</b>	<b>5,776.47</b>

(a) Includes Sale to Holding Company ₹ 809.00 lakhs (previous year ₹ 58.57 lakhs).

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

## 24. OTHER INCOME

Particulars	₹ in lakhs	
	For the year 01.04.2017 to 31.03.2018	For the year 01.04.2016 to 31.03.2017
Interest Banks	6.31	2.75
Interest Others	2.84	12.75
Claim Received	52.56	20.93
Miscellaneous Receipts and Incomes	-	1.42
Profit on Sale of Assets	0.19	26.31
Exchange Rate Difference (Net)	-	2.92
Rent Received	2.74	-
Sundry Balances / Excess Provision written back (Net)	0.10	0.27
Liability no longer payable written back	2.36	12.39
<b>TOTAL</b>	<b>67.10</b>	<b>79.74</b>

## 25. COST OF MATERIALS CONSUMED

Particulars	₹ in lakhs	
	For the year 01.04.2017 to 31.03.2018	For the year 01.04.2016 to 31.03.2017
<b>Raw Material &amp; Components Consumed</b>		
Opening Stock	899.01	404.00
Add : Purchases (a)	4,831.24	4,607.93
<b>SUB-TOTAL</b>	<b>5,730.25</b>	<b>5,011.93</b>
Less : Closing Stock	508.19	899.01
<b>COST OF MATERIAL CONSUMED</b>	<b>5,222.06</b>	<b>4,112.92</b>

(a) Includes purchase from Holding Company ₹ Nil (previous year ₹ 7.06 lakhs).

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

Particulars		₹ in lakhs	
		For the year 01.04.2017 to 31.03.2018	For the year 01.04.2016 to 31.03.2017
<b>Opening Stock</b>			
Finished Goods		2.68	11.75
Stock in Process		177.54	151.17
Waste		8.38	8.07
<b>SUB - TOTAL</b>	<b>A</b>	<b>188.60</b>	<b>170.99</b>
<b>Less : Closing Stock</b>			
Finished Goods		82.55	2.68
Stock in Process		205.19	177.54
Waste		8.08	8.38
<b>SUB-TOTAL</b>	<b>B</b>	<b>295.82</b>	<b>188.60</b>
<b>(INCREASE)/ DECREASE IN STOCK</b>	<b>A-B</b>	<b>(107.22)</b>	<b>(17.61)</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

## 27. EMPLOYEE BENEFITS EXPENSE

Particulars	₹ in lakhs	
	For the year 01.04.2017 to 31.03.2018	For the year 01.04.2016 to 31.03.2017
Salaries & Wages	692.91	538.92
Contribution to Provident & Other Funds	58.05	46.42
Gratuity	17.62	19.11
Staff Welfare Expenses	9.27	5.61
<b>TOTAL</b>	<b>777.85</b>	<b>610.06</b>

## 28. FINANCE COST

Particulars	₹ in lakhs	
	For the year 01.04.2017 to 31.03.2018	For the year 01.04.2016 to 31.03.2017
Interest Expense		
- Banks	2.25	7.76
- Others	19.45	5.85
Bank Charges	13.01	4.24
<b>TOTAL</b>	<b>34.71</b>	<b>17.85</b>

## 29. DEPRECIATION & AMORTISATION EXPENSE

Particulars	₹ in lakhs	
	For the year 01.04.2017 to 31.03.2018	For the year 01.04.2016 to 31.03.2017
Depreciation	124.36	115.54
<b>TOTAL</b>	<b>124.36</b>	<b>115.54</b>

## 30. OTHER EXPENSES

Particulars	₹ in lakhs	
	For the year 01.04.2017 to 31.03.2018	For the year 01.04.2016 to 31.03.2017
Consumption of Stores, Spares and Packing Materials	178.99	154.71
Power & Fuel	956.19	733.20
Rates, Taxes & Fees	12.53	13.67
Insurance	6.43	8.50
Repairs to Machinery	11.42	9.07
Repairs to Buildings	1.22	2.46
Commission & Brokerage	78.76	57.89
Freight Outward	69.96	20.45
Loss on Sale of Assets	-	41.01
Mark to Market on Forward Contracts	-	1.25
Miscellaneous Expenses (a)	66.69	73.51
<b>TOTAL</b>	<b>1,382.19</b>	<b>1,115.72</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

(a) Includes payment to statutory auditors

Particulars	₹ in lakhs	
	For the year 01.04.2017 to 31.03.2018	For the year 01.04.2016 to 31.03.2017
As Statutory Audit Fees	2.00	2.00
As Quarterly Audit / Limited Review Fees	1.50	1.50
As Tax Audit Fees	0.50	0.50
In Other Capacity	0.10	0.15
<b>TOTAL</b>	<b>4.10</b>	<b>4.15</b>

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

### A. Contingent Liabilities

Particulars	₹ in lakhs	
	As at 31.03.2018	As at 31.03.2017
i) Bank Guarantees	88.34	88.34
ii) Pending Labour Cases	8.01	6.67

- (a) i) The Board for Industrial and Financial Reconstruction (BIFR) in its order dated 16<sup>th</sup> September, 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 unimplemented 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 31.03.2018	As at 31.03.2017
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	16.18	16.18

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

## 32. 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	
	31.03.18	31.03.17	31.03.18	31.03.17
<b>Transactions during the year:</b>				
- Purchase of Goods	0.33	7.06	0.33	7.06
- Interest	14.26	-	14.26	-
- Purchase of Fixed Assets	-	131.06	-	131.06
- Reimbursement of Expenses	-	7.18	-	7.18
- Sale of Goods	809.00	58.57	809.00	58.57
- Rent Received	3.24	-	3.24	-
- Advance Received for Sale of Goods	282.48	400.00	282.48	400.00
<b>Balance outstanding at the year end:</b>				
- Creditors for Capital Goods	163.95	163.26	163.95	163.26
- Creditors for Others	12.84	0.31	12.84	0.31
- Debtors for Services	1.08	-	1.08	-
- Advance from Customers	282.48	400.00	282.48	400.00

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

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

Particulars	UOM	For the year 01.04.2017 to 31.03.2018	For the year 01.04.2016 to 31.03.2017
Face value of Equity Share	₹	10	10
Weighted average number of Equity Shares outstanding	Nos.	1,92,41,280	1,92,41,280
Profit / (Loss) for the year (continuing operations)	₹ in lakhs	(163.76)	(56.77)
Earnings per Share (Basic and Diluted)	₹	(0.85)	(0.30)

34. It is the management's perception that since the Company is exclusively engaged in the activity of manufacture of the cotton yarn which are governed by the same set of risks and returns the same are 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.

## 35. OTHER INFORMATIONS

Particulars	₹ in lakh	
	For the year 01.04.2017 to 31.03.2018	For the year 01.04.2016 to 31.03.2017
<b>Expenditure in Foreign Currency</b>		
Selling Commission / Claims	17.11	-
<b>Earnings in Foreign Currency</b>		
FOB value of Exports (Including Deemed Exports of ₹ 1,022.87 lakhs (previous year ₹ 429.77 lakhs))	3,563.97	1,320.70

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

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

### (a) Defined Contribution Plans:

Amount of ₹ 58.05 lakhs (previous year ₹ 46.42 lakhs) is recognised as an expense and included in Employee Benefits Expense paid under the following defined contribution plans: (Refer Note 27, supra)

Particulars	₹ in lakhs	
	For the year 01.04.2017 to 31.03.2018	For the year 01.04.2016 to 31.03.2017
Benefits (Contribution to):		
Provident Fund	45.00	38.65
Employee State Insurance Scheme	12.77	7.52
Labour Welfare Scheme	0.28	0.25
<b>TOTAL</b>	<b>58.05</b>	<b>46.42</b>

### (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	
		2017-18 (funded)	2016-17 (funded)	2017-18 (funded)	2016-17 (funded)
<b>I</b>	<b>Change in present value of defined benefit obligation during the year</b>				
1	Present Value of defined benefit obligation at the beginning of the year	148.67	135.13	25.25	22.41
2	Interest cost	11.45	9.51	1.94	1.58
3	Current service cost	17.62	15.41	4.41	4.53
4	Past service cost	-	-	-	-
5	Liability transfer from other Company	-	-	-	-
6	Liability transferred out/ divestment	-	-	-	-
7	Benefits paid directly by employer	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

Sr. No.	Particulars	₹ in lakhs			
		GRATUITY		LEAVE ENCASHMENT	
		2017-18 (funded)	2016-17 (funded)	2017-18 (funded)	2016-17 (funded)
8	Benefits paid	(18.19)	(3.08)	(2.37)	(0.32)
9	Actuarial changes arising from changes in demographic assumptions	-	-	-	-
10	Actuarial changes arising from changes in financial assumptions	(10.43)	10.25	(1.59)	1.43
11	Actuarial changes arising from changes in experience adjustments	0.77	(18.56)	0.09	(4.38)
12	Present Value of defined benefit obligation at the end of the year	149.88	148.67	27.73	25.25
	<b>II Change in fair value of plan assets during the year</b>	-	-	-	-
1	Fair value of plan assets at the beginning of the year	84.11	66.41	22.92	18.49
2	Interest Income	6.73	11.78	1.83	2.92
3	Contributions paid by the employer	14.78	9.00	3.60	1.82
4	Benefits paid from the fund	(18.19)	(3.08)	(2.37)	(0.32)
5	Assets transferred out/ divestments	-	-	-	-
6	Return on plan assets excluding interest income	-	-	-	-
7	Fair value of plan assets at the end of theyear	87.42	84.11	25.98	22.92
	<b>III Net asset/ (liability) recognised in the balance sheet</b>	-	-	-	-
1	Present Value of defined benefit obligation at the end of the year	149.88	148.67	27.73	25.25
2	Fair value of plan assets at the end of the year	87.42	84.11	25.98	22.92
3	Amount recognised in the balance sheet	62.46	64.56	1.75	2.33
4	Net {liability}/ asset- current	-	-	-	-
5	Net {liability}/ asset- non-current	(62.46)	(64.56)	(1.75)	(2.33)
	<b>IV Expenses recognised inthe statement of profit and loss for the year</b>	-	-	-	-
1	Current service cost	17.62	15.41	4.41	4.53
2	Interest cost on benefit obligation (Net)	5.10	4.63	0.13	0.22
3	Actuarial changes arising from changes in demographic assumptions	-	-	-	-
4	Actuarial changes arising from changes in financial assumptions	-	-	(1.59)	1.43
5	Actuarial changes arising from changes in experience adjustments	-	-	0.09	(4.38)
6	Return on Plan Assets excluding amount included in 'Net interest on net Defined Liability / (Asset)' above	-	-	(0.02)	(1.57)
7	Total expenses included in employee benefits expense	22.72	20.04	3.02	0.23
	<b>V Recognised in other comprehensive income for the year</b>	-	-	-	-
1	Actuarial changes arising from changes in demographic assumptions	-	-	-	-
2	Actuarial changes arising from changes in financial assumptions	(10.43)	10.25	-	-
3	Actuarial changes arising from changes in experience adjustments	0.77	(18.56)	-	-
4	Return on plan assets excluding interest income	(0.38)	(6.89)	-	-
5	Recognised in other comprehensive income	(10.05)	(15.21)	-	-
	<b>VI Maturity profile of defined benefit obligation</b>	-	-	-	-
1	Within the next 12 months (next annual reporting period}	13.59	6.54	4.89	1.80
2	Between 2 and 5 years	29.52	30.38	4.38	6.40
3	Between 6 and 10 years	58.75	21.54	5.05	3.00



# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

Sr. No.	Particulars	₹ in lakhs			
		GRATUITY		LEAVE ENCASHMENT	
		2017-18 (funded)	2016-17 (funded)	2017-18 (funded)	2016-17 (funded)
VII	<b>Quantitative sensitivity analysis for significant assumption is as below:</b>	-	-	-	-
	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)	(14.98)	(2.11)	(2.11)
	(ii) One percentage point decrease in discount rate	17.81	17.81	2.49	2.49
	(i) One percentage point increase in rate of salary Increase	17.64	17.64	2.46	2.46
	(ii) One percentage point decrease in rate of salary Increase	(14.97)	(14.97)	(2.13)	(2.13)
	(i) One percentage point increase in employee turnover rate	0.05	0.05	0.01	0.01
	(ii) One percentage point decrease in employee turnover rate	(0.06)	(0.06)	(0.01)	(0.01)
	(i) One percentage point increase in medical Inflation rate	N.A	N.A	N.A	N.A
	(ii) One percentage point decrease in medical Inflation rate	N.A	N.A	N.A	N.A

## 2 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	
	2017-18 (funded)	2016-17 (funded)	2017-18 (funded)	2016-17 (funded)
Insurer Managed Funds	100%	100%	100.00%	100.00%

## IX Actuarial assumptions

Sr. No.	Particulars	Gratuity		Leave Encashment	
		2017-18 (funded)	2016-17 (funded)	2017-18 (funded)	2016-17 (funded)
1	Discount Rate	7.70% p.a.	7.04% p.a.	7.70% p.a.	7.04% 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.	5.00% p.a.	5.00% p.a.	5.00% p.a.
6	Future Benefit Cost/Inflation	NA	NA	NA	NA

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

- The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at 31<sup>st</sup> March, 2018. 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.
- 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

- (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.

## 37. 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 counterparty. 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 01-04-2017	Level 1	Level 2	Level 3
<b>Financial Assets at Amortised Cost:</b>				
Trade Receivables	598.64	-	-	-
Loans and Other Receivables (current)	0.01	-	-	0.01
Cash and Bank Balances	83.25	-	-	-
Bank Deposit	38.34	-	-	-
<b>TOTAL</b>	<b>720.24</b>	-	-	<b>0.01</b>
<b>Financial Assets at Fair Value through Profit or /Loss:</b>				
Derivative Instruments	-	-	-	-
Investments	0.16	-	0.16	-
<b>TOTAL</b>	<b>0.16</b>	-	<b>0.16</b>	-
<b>Financial Liabilities at Amortised Cost:</b>				
Trade and Other Payables	651.97	-	-	-
Other Financial Liabilities (Current)	14.76	-	-	14.76
<b>TOTAL</b>	<b>666.73</b>	-	-	<b>14.76</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

₹ in lakhs

Particulars	Carrying amount		Fair value	
	As at 31-03-2018	Level 1	Level 2	Level 3
<b>Financial Assets at Amortised Cost:</b>				
Trade Receivables	728.55	-	-	-
Loans and Other Receivables (current)	0.01	-	-	0.01
Cash and Bank Balances	277.12	-	-	-
Bank Deposit	90.58	-	-	-
<b>TOTAL</b>	<b>1,096.26</b>	-	-	<b>0.01</b>
<b>Financial Assets at Fair Value through Profit or Loss:</b>				
Investments	0.16	-	0.16	-
<b>TOTAL</b>	<b>0.16</b>	-	<b>0.16</b>	-
<b>Financial Liabilities at Amortised Cost:</b>				
Trade and Other Payables	1,022.57	-	-	-
Other Financial Liabilities (Current)	24.16	-	-	24.16
<b>TOTAL</b>	<b>1,046.73</b>	-	-	<b>24.16</b>

During the reporting period ending 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2017, there 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 31-03-2018	As at 31-03-2017
Other Financial Liabilities (Non-Current)		Discounted Cash Flow method using risk adjusted discount rate

## 38. 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 risk 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 expenses 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

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 several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in overseas and purchases from overseas suppliers in various foreign currencies.

Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective 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.

Particulars	Foreign Currency in lakhs	
	USD	TOTAL
<b>Foreign currency exposure as at 31<sup>st</sup> March, 2017</b>		
Trade Receivables	1.22	1.22
<b>Foreign Currency Exposure as at 31<sup>st</sup> March, 2018</b>		
Trade Receivables	5.83	5.83

## 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 recognition 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 forwarding-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 increases in credit risk on other financial instruments of the same counterparty,
- Significant changes in the value of the collateral supporting the 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. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years past due. 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, there 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

## Exposure to Credit Risk

₹ in lakhs

Particulars	As at 31-03-2018	As at 01-04-2017
<b>Financial Assets for which loss allowance is measured using 12 months Expected Credit losses (ECL)</b>		
Investments in Unquoted Shares	0.16	0.16
Cash and Bank Balances	277.12	83.25
Bank Deposit	90.58	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 31-03-2018	As at 01-04-2017
Trade Receivables	728.55	598.64

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
<b>As at 31-03-2018</b>	
Not Due	728.55
<b>TOTAL</b>	<b>728.55</b>
<b>As at 31-03-2017</b>	
Not Due	441.91
Up to 3 months	156.73
<b>TOTAL</b>	<b>598.64</b>

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 met 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 31-03-2018

₹ in lakhs

Particulars	Less than 1 year	1 to 5 years	Total
Trade Payables	817.13	205.44	1,022.57
Other Financial Liabilities	24.16	-	24.16

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> March, 2018

As at 31-03-2017

₹ in lakhs

Particulars	Less than 1 year	1 to 5 years	Total
Trade Payables	651.97	-	651.97
Other Financial Liabilities	14.76	-	14.76

## 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 31-03-2018	As at 31-03-2017
<b>Total Debt</b>	-	-
Equity	3,291.53	3,448.56
Capital and Net Debt	<b>3,291.53</b>	<b>3,448.56</b>
Gearing Ratio	0%	0%

## 39. 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.

### The accompanying notes form an integral part of financial statements

#### As per our Report of even date

For **Suresh Kumar Mittal & Co.**,  
Chartered Accountants  
Firm Regd. No.: 500063N

#### Ankur Bagla

Partner  
Membership No.:521915  
Mumbai, April 30, 2018

#### For and on behalf of Board of Directors

**S. K. Agrawal**  
Chairman  
DIN - 00400892

**Anil Kumar Jain**  
Director  
DIN - 00086106

**Dilip Ghorawat**  
Chief Financial Officer

**Amruta Avasare**  
Company Secretary





**Pranavaditya Spinning Mills Limited**  
(A Subsidiary of Indo Count Industries Ltd.)

**CIN: L17119PN1990PLC058139**

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