

Swadeshi Polytex Limited

Balance Sheet as at March 31, 2017

(Amount in Rupees)

| Particulars                          | Note No | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015  |
|--------------------------------------|---------|----------------------|----------------------|----------------------|
| <b>ASSETS</b>                        |         |                      |                      |                      |
| <b>Non-current asset</b>             |         |                      |                      |                      |
| Property, Plant & Equipment          | 2.1     | 567,421              | 608,126              | 646,147              |
| Deferred Tax Assets (Net)            | 2.2     | 42,381,298           | 48,828,418           | 99,755,501           |
| Other non-current assets             | 2.3     | 10,539,426           | 6,638,081            | 6,255,443            |
| <b>Total non-current assets</b>      |         | <b>53,488,145</b>    | <b>56,074,625</b>    | <b>106,657,091</b>   |
| <b>Current Asset</b>                 |         |                      |                      |                      |
| Inventories                          | 2.4     | 69,283,330           | 68,282,497           | 65,430,672           |
| <b>Financial Assets :</b>            |         |                      |                      |                      |
| (i) Cash and cash equivalents        | 2.5     | 1,526,851            | 434,607              | 3,173,599            |
| (ii) Other Bank Balance              | 2.6     | 6,500,000            | 16,744,978           | 6,469,000            |
| (ii) Loans                           | 2.7     | 5,136,919            | 5,141,027            | 5,141,027            |
| Other Current Assets                 | 2.3     | 26,928               | 263,025              | 60,874               |
| <b>Total current assets</b>          |         | <b>82,474,028</b>    | <b>90,866,134</b>    | <b>80,275,172</b>    |
| <b>Total Assets</b>                  |         | <b>135,962,173</b>   | <b>146,940,759</b>   | <b>186,932,263</b>   |
| <b>EQUITY &amp; LIABILITIES</b>      |         |                      |                      |                      |
| <b>Equity</b>                        |         |                      |                      |                      |
| Equity share capital                 | 2.8     | 39,000,000           | 39,000,000           | 39,000,000           |
| Other equity                         | 2.9     | (557,402,863)        | (568,728,161)        | (500,244,336)        |
| <b>Total Equity</b>                  |         | <b>(518,402,863)</b> | <b>(529,728,161)</b> | <b>(461,244,336)</b> |
| <b>Liabilities</b>                   |         |                      |                      |                      |
| <b>Non-current liabilities</b>       |         |                      |                      |                      |
| <b>Financial liabilities :</b>       |         |                      |                      |                      |
| (i) Other financial liabilities      | 2.10    | 24,982,527           | 25,638,764           | 25,638,764           |
| <b>Total non-current liabilities</b> |         | <b>24,982,527</b>    | <b>25,638,764</b>    | <b>25,638,764</b>    |
| <b>Current liabilities</b>           |         |                      |                      |                      |
| <b>Financial liabilities :</b>       |         |                      |                      |                      |
| (i) Borrowings                       | 2.11    | 254,235,691          | 254,235,691          | 254,235,691          |
| (ii) Trade payables                  | 2.12    | 4,479,833            | 3,636,325            | 2,883,940            |
| (iii) Other Financial Liabilities    | 2.10    | 364,026,983          | 390,723,570          | 362,871,423          |
| Provisions                           | 2.13    | 5,683,903            | 1,500,000            | 1,500,000            |
| Current tax Liabilities (net)        | 2.14    | 956,099              | 934,570              | 1,046,781            |
| <b>Total current liabilities</b>     |         | <b>629,382,509</b>   | <b>651,030,156</b>   | <b>622,537,835</b>   |
| <b>Total Equity and Liabilities</b>  |         | <b>135,962,173</b>   | <b>146,940,759</b>   | <b>186,932,263</b>   |

The accompanying notes form an integral part of the financial statements.

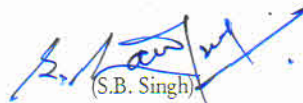
As per our Report of even date attached  
For SANMARKS & ASSOCIATES  
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of Swadeshi Polytex Ltd.



(S.K. Bansal)  
Partner

FRN : 003343N, M.No. : 082242



(S.B. Singh)  
Director  
(DIN 03225016)

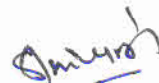


(N.K. Gupta)  
Director  
(DIN 00923080)

Place : Faridabad  
Camp: Ghaziabad

Date : 25-05-2017





(Promod Panday)  
Chief Financial Officer



(Sunita Gujjar)  
Company Secretary

Swadeshi Polytex Limited  
Statement of Profit and Loss for the year ended March 31, 2017

(Amount in Rupees)

| Particulars  | Note No. | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|--|----------|---------------------------|---------------------------|
| <b>CONTINUING OPERATIONS</b>   |          |                           |                           |
| <b>REVENUE</b>   |          |                           |                           |
| Revenue from operations  | 2.15     | 20,334,360                | 17,600,972                |
| Other Income   | 2.16     | 56,499,883                | 21,821,423                |
| <b>Total Income</b>  |          | <b>76,834,243</b>         | <b>39,422,395</b>         |
| <b>EXPENSES</b>  |          |                           |                           |
| Land Development Expenses  |          | 2,633,112                 | 4,659,023                 |
| Changes in inventories   |          | (1,000,833)               | (2,851,825)               |
| Finance Costs  | 2.17     | 33,136,955                | 31,770,071                |
| Depreciation and amortization expense  | 2.1      | 103,905                   | 109,439                   |
| Other expenses   | 2.18     | 21,070,210                | 23,292,429                |
| <b>Total Expenses</b>  |          | <b>55,943,349</b>         | <b>56,979,137</b>         |
| <b>Profit / (Loss) before tax</b>  |          | <b>20,890,894</b>         | <b>(17,556,742)</b>       |
| Less : Tax Expenses - Current tax  |          | 4,520,000                 | -                         |
| - Earlier Years  |          | (1,401,524)               | -                         |
| - Deferred tax   |          | 6,447,120                 | 50,927,083                |
|  |          | <b>9,565,596</b>          | <b>50,927,083</b>         |
| <b>Profit / (Loss) from continuing operations</b>  |          | <b>11,325,298</b>         | <b>(68,483,825)</b>       |
| <b>II Other comprehensive income</b>   |          |                           |                           |
| i) Items that will not be reclassified to profit or loss (net of tax)                        |          | -                         | -                         |
| - Net actuarial gains/ (losses) on defined benefit plans                                     |          | -                         | -                         |
| - Net gains/ (losses) on fair value of equity instruments through other comprehensive income |          | -                         | -                         |
| ii) Items that will be reclassified to profit or loss (net of tax)                           |          | -                         | -                         |
| Other comprehensive income for the year, net of income tax                                   |          | -                         | -                         |
| <b>Total comprehensive income for the year</b>   |          | <b>11,325,298</b>         | <b>(68,483,825)</b>       |
| <b>Earnings per share (of Rs 10/- each):</b>   |          |                           |                           |
| Basic & Diluted  |          |                           |                           |
| (i) Continuing operations  |          | 2.90                      | (17.56)                   |
| (ii) Total operations  |          | 2.90                      | (17.56)                   |

Significant Accounting Policies

1

The accompanying Notes form an integral part of the financial statements.

As per our Report of even date attached  
For SANMARKS & ASSOCIATES  
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of Swadeshi Polytex Ltd.

  
(S.K. Bansal)  
Partner

(S.B. Singh)  
Director  
(DIN 03225016)

  
(N.K. Gupta)  
Director  
(DIN 00923080)

FRN : 003343N, M.No. : 082242

Place : Faridabad  
Camp: Ghaziabad  
Date : 25-05-2017



  
(Promod Panday)  
Chief Financial Officer

  
(Sunita Gujjar)  
Company Secretary

Swadeshi Polytex Limited


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

|   | Year Ended<br>31-03-2017<br>Amount (Rs) | Year Ended<br>31-03-2016<br>Amount (Rs) |
|---|---|---|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>                                  |   |   |
| Profit before Tax   | 20,890,894                              | -17,556,742                             |
| <u>Adjustments for :</u>  |   |   |
| Depreciation and amortization expenses  | 103,905                                 | 109,439                                 |
| Finance Costs   | 33,136,955                              | 31,770,071                              |
| Interest received   | -56,296,875                             | -21,821,423                             |
| Changes in Liabilities to Erstwhile personnel                                 | -656,237                                | -                                       |
| Operating Profit before working capital changes                               | -2,821,358                              | -7,498,655                              |
| <u>Adjustments for working capital changes :</u>                              |   |   |
| (Increase)/ Decrease in long term loans & advances                            | -                                       | -                                       |
| (Increase)/ Decrease in Short term loans & advances                           | 4,108                                   | -397,065                                |
| Increase/(Decrease) in Current Tax Liabilities                                | 21,529                                  | -                                       |
| Increase/(Decrease) in Other Financial liabilities                            | -                                       | 14,396,872                              |
| (Increase)/ Decrease in Other current assets                                  | 236,097                                 | -55,086                                 |
| (Increase)/ Decrease in inventories   | -1,000,833                              | -2,851,825                              |
| Increase/(Decrease) in short Term Provision                                   | -                                       | -                                       |
| Increase/(Decrease) in Trade payables   | 843,508                                 | 752,385                                 |
| Increase/(Decrease) in Other Financial Liabilities                            | -26,696,587                             | -                                       |
| Increase/(Decrease) in Provisions   | 4,183,903                               | -                                       |
| (Increase)/ Decrease in trade receivables                                     | -                                       | -                                       |
| Cash generated from Operations  | -25,229,633                             | 4,346,626                               |
| Direct Taxes Paid   | -7,019,821                              | -382,638                                |
| Net Cash flow from Operating activities                                       | (A) -32,249,454                         | 3,963,988                               |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>                                  |   |   |
| Purchase of Fixed Assets including Intangible assets & CWIP                   | -63,200                                 | -71,418                                 |
| Interest received   | 56,296,875                              | 21,821,423                              |
| Liabilities/ Provisions no longer required written back                       | -                                       | -                                       |
| Net cash used in Investing activities   | (B) 56,233,675                          | 21,750,005                              |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>                                  |   |   |
| Proceeds / (repayment) of Borrowings  | -                                       | 13,593,064                              |
| Finance Costs   | -33,136,955                             | -31,770,071                             |
| Net cash from / (used in) financing activities                                | (C) -33,136,955                         | -18,177,007                             |
| <b>Net increase / (Decrease) in Cash and Cash Equivalents (A + B + C)</b>     | -9,152,734                              | 7,536,986                               |
| Cash and Cash Equivalents at the beginning of the year (Refer Note 2.5 & 2.6) | 17,179,585                              | 3,173,599                               |
| Cash and Cash Equivalents at the end of the year (Refer Note 2.5 & 2.6)       | 8,026,851                               | 17,179,585                              |

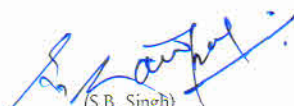
The accompanying notes form an integral part of the financial statements.


As per our Report of even date attached  
For SANMARKS & ASSOCIATES  
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of Swadeshi Polytex Limited


  
(S.K. Bansal)  
Partner

FRN : 003343N, M.No. : 082242

  
(S.B. Singh)  
Director  
(DIN 03225016)

  
(N.K. Gupta)  
Director  
(DIN 00923080)

  
(Promod Panday)  
Chief Financial Officer

  
(Sunita Gujjar)  
Company Secretary

Place : Faridabad  
Camp: Ghaziabad  
Date : 25-05-2017



1 SIGNIFICANT ACCOUNTING POLICIES & PRACTICES

1.1 BASIS OF PREPARATION

- (a) Swadeshi polytex Limited is a listed company engaged for carrying the business of transacting in, owning, purchasing, selling, leasing, subleasing, letting, sub letting, renting and developing and other related activity of any type of real estate including land ,plot, buildings, factories, warehouses, infrastructures whether residential, commercial, agricultural, industrial, rural ,urban or otherwise that may belong to Company or to any other person or persons of whatever nature and to deal in real estate, land, immovable properties and other related assets of any description or nature as owners, syndicators, developers , advisors, service providers, brokers, agents and any other capacity and to do all such activities related to such business, having its registered office at New Kavi Nagar Industrial Area, Ghaziabad. These financial statements, for the year ended 31st March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

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

The financial statements have been prepared on the historical cost basis except for the following:

- Certain financial assets and liabilities measured at Fair Value, as applicable.

(b) USE OF ESTIMATES

The preparation of financial statements in conformity with Ind AS requires management to make adjustments, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expense and related disclosure concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Estimates and underlying assumptions are reviewed on an ongoing basis and revised if management became aware of changes in circumstances surrounding the estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and, if material, their effects are disclosed in the notes to the financial statements. Application of accounting policies that require critical accounting estimates involving complex and critical judgement is disclosed in notes to accounts

1.2 PROPERTY, PLANT & EQUIPMENT AND DEPRECIATION

- (a) The company has elected the option to continue the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the date of transition as per Ind AS 101. Property, plant and equipment are stated at original cost net of tax/duty credit availed, less accumulated depreciation and accumulated impairment losses, if any.
- (b) Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the costs to the item can be measured reliably.
- (c) Depreciation on Building, Plant & Machinery and Computer is being provided on Straight Line Method.
- (d) When part of an item of property, plant & equipment have different useful life's then they are recognized and depreciated separately. Gains & Losses on disposal of an item of property, plant & equipment are determined by comparing the proceed from disposal with carrying amount of PPE and are recognized within other income in the statement of profit & loss.

1.3 IMPAIRMENT OF ASSETS

- (a) Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis. In such cases, the recoverable amount is determined for the Cash Generating units (CGU) to which the assets belongs . If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of asset.
- (b) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exists or have decreased.



1.4 **REVENUE**

- (a) Revenue from transfer of rights in leasehold land is recognized when the company receives full payment from buyer & there is relinquishment of right in favour of the buyer by the company.
- (b) Interest on receivables are accounted only when no significant uncertainty as to measurability or collectability exists. Other interest income is recognised on time proportion basis.

**SWADESHI POLYTEX LIMITED**

1.5 **INVENTORIES**

Valuation of stocks is done as mentioned below:

|                       |  |
|-----------------------|--|
| Leasehold Plot Rights | At lower of book value or net realizable value |
|-----------------------|--|

- (a) Cost of Leasehold hand is determined after including the proportionate expenditure incurred on the development thereof.

1.6 **TAXATION**

(a) **Current Tax**

Current tax expense is recognized in statement of profit and loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current income taxes are recognized under "income tax payable" net of payments on account, or under "tax receivables" where there is a credit balance.

(b) **Deferred Tax**

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax is recognized in statement of profit and loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

1.7 **Refunds of Taxes and Duties**

Refund claims arising out of monies paid under protest or under appeals and charged to Revenue are accounted for at the time of receipt of orders or actual refunds whichever is earlier.

1.8 **Provisions, Contingent Liabilities and Contingent Assets**

Disclosure of contingencies as required by the Indian accounting standard is furnished in the Notes on accounts.

1. Provisions are made when (a) the Company has a present obligation as a result of past events; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate is made of the amount of the obligation.

2. Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities are not recognized but are disclosed in notes. Contingent assets are not recognized. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, and is recognized as an asset. Information on contingent liabilities is disclosed in the notes to the financial statement. A contingent asset is disclosed where an inflow of economic benefits is probable.

1.8.1 **Contingent Liabilities & Commitments (To the extent not provided for)**

Claims against the Company not acknowledged as debts including excise, sales tax, Income Tax, Labour Disputes, Legal and other Disputes Rs. 4,14,03,844/- (Previous year Rs. 4,62,07,430/-).

| Particulars  | Current Year | Previous Year |
|--|--------------|---------------|
| (a) PF Cases pending at various forums                           | 5,895,381    | 5,895,381     |
| (b) Labour Matters relating settlement pending at various forums | 4,314,776    | 3,898,476     |
| (c) Sales Tax cases under litigation                             | 9,412,675    | 14,937,402    |
| (d) Excise matters under litigation                              | 16,417,659   | 16,417,659    |
| (e) Other Matters  | 5,363,353    | 5,058,512     |



Additional interest and penalty is not computable at this point of time hence not considered in the contingent liability.

**SWADESHI POLYTEX LIMITED**

- 1.9 Based on the confirmations from the parties, who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), received so far with the company, no balance is due to Micro and Small Enterprises as defined under the MSMED Act, 2006 as at 31st March 2017 & 31st March 2016. Hence no further details as required by Notification dated 04-09-2015 issued by the Ministry of Corporate Affairs are applicable.
- 1.10 Balances appearing for Trade Payables, and loans & borrowings are subject to confirmation, reconciliation and adjustments, if any.
- 1.11 Amount due to Erstwhile employees, Note 2.10 is being contested before the Honorable High Court at Rs. 2,25,84,045/- (out of total Rs. 24,982,527/-). Hence it has not been fair valued.
- 1.12 Company has started developing the Plots as per the approved plan of UPSIDC and accordingly has incurred an expenditure of Rs. 18,99,116/- (Previous year Rs. 36,08,319/-), which is allocated proportionately on the saleable area and unallocated portion made a part of stock in Trade.
- 1.13 In the opinion of the Board and to the best of their knowledge and belief the value on realization of loans, advances and current assets in the ordinary course of business will not be less than the amount at which they are stated in Balance Sheet and provision for all known liabilities has been made.
- 1.14 Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

| Particulars                           | SBNs   | Other denomination Notes | Total   |
|---------------------------------------|--------|--------------------------|---------|
| Closing cash in hand as on 08-11-2016 | 54,000 | 413                      | 54,413  |
| (+) Permitted receipts                | -      | 183,000                  | 183,000 |
| (-) Permitted payments                | -      | 70,837                   | 70,837  |
| (-) Amount deposited in Banks         | 54,000 | -                        | 54,000  |
| Closing cash in hand as on 30-12-2016 | -      | 112,576                  | 112,576 |

**1.15 Related Party Disclosure**

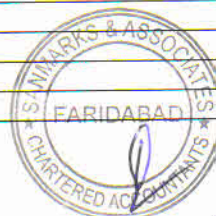
**1.15.1 List of Key Management of Personnel**

| Name   | Designation             |
|--|-------------------------|
| Mr. Bhuwan Chaturvedi                              | Chief Executive Officer |
| Mr. Promod Pandey                                  | Chief Financial Officer |
| Ms. Sunita Gujjar - from 11 Feb, 2016 to till date | Company Secretary       |
| Ms. Bhawna Gupta- till 24 Sept, 2015               | Company Secretary       |
| Mr. Naveen Aggarwal                                | Director                |
| Mr. N.K. Gupta                                     | Director                |
| Mr. S.S. Madan                                     | Director                |
| Mr. Y.J. Dastoor                                   | Director                |
| Ms. Purni Marwaha                                  | Director                |

**1.15.2 Compensation of Key Management Personnel**

| Particulars   | For the year ended March 31, 2017(Rs) | For the year ended March 31, 2016 (Rs) |
|---|---------------------------------------|--|
| Short - term benefits                                       | -                                     | -                                      |
| Post-employment benefits                                    | -                                     | -                                      |
| Other long-term benefits                                    | -                                     | -                                      |
| Termination benefits  | -                                     | -                                      |
| Total   | -                                     | -                                      |
| Recovery of Loans & Advances during the                     | -                                     | -                                      |
| Advances released during the year                           | -                                     | -                                      |
| Closing Balance of Loans & Advances (Mr. Bhuwan Chaturvedi) | 5,121,919                             | 5,126,027                              |
| Remuneration paid to Ms. Sunita Gujjar                      | 1,80,000                              | 25,000                                 |
| Remuneration paid to Mr. Pramod Pandey                      | 6,00,000                              | 6,00,000                               |
| Remuneration paid to Mr. Bhuwan Chaturvedi*                 | Nil                                   | Nil                                    |
| Remuneration paid to Ms. Bhawna Gupta                       | Nil                                   | 87,000                                 |
| Sitting Fees paid to Mr. Naveen Aggarwal                    | 200,000                               | 225,000                                |
| Sitting Fees paid to Mr. N.K. Gupta                         | 185,000                               | 195,000                                |
| Sitting Fees paid to Mr. S.S. Madan                         | 50,000                                | 145,000                                |
| Sitting Fees paid to Mr. Y.J. Dastoor                       | 50,000                                | 1,00,000                               |
| Sitting Fees paid to Ms. Purni Marwaha                      | 115,000                               | 155,000                                |

\* Considered Nil as being reimbursed to PCIL as deputation charges.



1.15.2 Associates : National Textile Corporation Ltd. (Holding more than 20% shareholding in the company)

| Nature of Transactions               | Year Ended<br>31-03-2017<br>Amount (Rs.) | Year Ended<br>31-03-2016<br>Amount (Rs.) |
|--------------------------------------|--|--|
| Unsecured Loan taken and outstanding | 17,914,692                               | 17,914,692                               |



**SWADESHI POLYTEX LIMITED**

1.15.3 Associates : Paharpur Cooling Towers Ltd. ( Holding indirectly more than 20% shareholding in the company)

| Nature of Transactions                            | Year Ended<br>31-03-2017<br>Amount (Rs.) | Year Ended<br>31-03-2016<br>Amount (Rs.) |
|---|--|--|
| Reimbursement for various expenses                | 3,387,072                                | 3,388,668                                |
| Interest net off reversal on MOU, if any          | 33,136,955                               | 31,770,071                               |
| Secured Loan repaid                               | 6,000,000                                | 15,000,000                               |
| Outstanding Balance of Secured Loan taken         | 236,320,999                              | 236,320,999                              |
| Outstanding Balance of Interest Accrued & Due     | 57,146,547                               | 33,365,507                               |
| Outstanding Balance of Interest Accrued & Not Due | 520,929                                  | 478,709                                  |

1.15.4 Loans to and from KMP

| Particulars                                   | Mr. Bhuwan Chaturvedi (CEO) |           |
|---|-----------------------------|-----------|
|   | Mar-17                      | Mar-16    |
| Loans at beginning of the year                | 5,126,027                   | 5,126,027 |
| Loan advanced                                 |                             |           |
| Repayment received                            |                             |           |
| Interest charged*                             | 500,000                     | 504,108   |
| Interest received                             | 504,108                     | 504,108   |
| Balance at end of the year including interest | 5,121,919                   | 5,126,027 |

1.16 The figures reported in financial statements have been rounded off to the nearest rupee.

1.17 Previous year figures have been regrouped, rearranged or reclassified where ever necessary as per Ind AS 101.

1.18 Information regarding Goods Traded

1.18.1 Description Lease Plots rights

| Particulars      | Current Year      |              | Previous Year     |               |
|------------------|-------------------|--------------|-------------------|---------------|
|                  | Quantity (in Sqm) | Amount (Rs.) | Quantity (in Sqm) | Amount (Rs.)  |
| Opening Balance* | 180,165.92        | 68,282,497   | 1,82,312.38       | 65,430,672.00 |
| Purchase         |                   |              |                   |               |
| Sales            | 2,479.80          | 20,334,360   | 2,146.46          | 17,600,972.00 |
| Closing Balance* | 177,686.12        | 69,283,330   | 180,165.92        | 68,282,497.00 |

\* Excluding utility area of 13,577.53 Sqm.

1.19 Cash Flow Statement

Cash flows are reported using indirect method as per Ind AS 7, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from regular revenue generating, financing and investing activities of the Company is segregated. Cash and cash equivalents in the balance sheet comprise cash at bank, cash/cheques in hand and short term investments (excluding pledged term deposits) with an original maturity of three months or less.

1.20 Earning Per Share

Basic earnings (loss) per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.





**1.21 Fair Value Measurement**

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.

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

**1.22 Financial Assets and Liabilities**

**FINANCIAL ASSETS & LIABILITIES**

**a) Initial Recognition**

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

**b) Subsequent Measurement**

Non-derivative financial instruments

**(i) Financial assets carried at amortized cost-debt**

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and 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.

**(ii) Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and 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.

**(iii) Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

**(iv) Investment in subsidiaries/associates/joint ventures**

Investment in subsidiaries is carried at cost in the separate financial statements.

**(v) Financial assets at fair value through other comprehensive income**

The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

**(vi) Financial assets at fair value through profit or loss**

A financial asset i.e. equity which is not classified in (v) above are subsequently fair valued through profit or loss.

**(vii) Financial liabilities**

Financial liabilities are subsequently carried at amortized cost using the effective interest method, For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**c.) De-recognition**

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for DE recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

**d) Reclassification of financial assets**

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

**e) Offsetting of Financial Liabilities**

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.



## SWADESHI POLYTEX LIMITED

### 1.23 Expected Credit Loss

For recognition of impairment loss on trade receivable and other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month 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 entity reverts to recognizing impairment loss allowance based on 12-month ECL.

### 1.24 Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules 2017, notifying amendment to IND AS-7 "Statement of Cash Flows" and IND AS 102 "Share Based Payments". These amendments are in accordance with the recent amendments made by International accounting standard board (IASB) to IAS 7 "statement of cash flow and IFRS 2, Share based payment respectively. The amendments are applicable to the company from April 1, 2017.

#### Amendment to IND AS-7

The amendment to IND AS-7 required the entities to provide disclosures that enable users of financial statement to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balance sheets for the liabilities arising from financing activities, to meet the disclosure requirement.

The company is evaluating the requirements of the amendment and the effect on the financial statement is being evaluated.

There are no share based payments in the company, therefore provision of IND AS-102 is not applicable on the company.



Swadeshi Polytex Limited

Note No.

2.1

Property, Plant and Equipment

| Particulars              | Gross carrying value as at March 31, 2016 | Additions | Adjustments/sales during the year | Gross carrying value as at March 31, 2017 | Accumulated depreciation as at March 31, 2016 | Depreciation for the Year | Adjustments/sales during the year | Accumulated depreciation as at March 31, 2017 | Carrying Value as at March 31, 2017 |
|--------------------------|---|-----------|-----------------------------------|---|---|---------------------------|-----------------------------------|---|-------------------------------------|
| Building - Puspak Bhawan | 93,274.00                                 | -         | -                                 | 93,274.00                                 | 10,218.00                                     | 1,703.00                  | -                                 | 11,921.00                                     | 81,353.00                           |
| Plant & Machinery        | 554,084.00                                | 63,200.00 | -                                 | 617,284.00                                | 197,360.00                                    | 75,150.00                 | -                                 | 272,510.00                                    | 344,774.00                          |
| Furniture & Fixtures     | 2,437,610.00                              | -         | -                                 | 2,437,610.00                              | 2,320,623.00                                  | -                         | -                                 | 2,320,623.00                                  | 116,987.00                          |
| Vehicles                 | -   | -         | -                                 | -   | -   | -                         | -                                 | -   | -                                   |
| Computer                 | 297,999.00                                | -         | -                                 | 297,999.00                                | 246,640.00                                    | 27,052.00                 | -                                 | 273,692.00                                    | 24,307.00                           |
| Total                    | 3,382,967.00                              | 63,200.00 | -                                 | 3,446,167.00                              | 2,774,841.00                                  | 103,905.00                | -                                 | 2,878,746.00                                  | 567,421.00                          |

(Amount in Rupees)

| Particulars              | Gross carrying value as at April 1, 2015 | Additions | Adjustments/sales during the year | Gross carrying value as at March 31, 2016 | Accumulated depreciation as at April 1, 2015 | Depreciation for the Year | Adjustments/sales during the year | Accumulated depreciation as at March 31, 2016 | Carrying Value as at March 31, 2016 | Deemed Cost as at April 1, 2015 |
|--------------------------|--|-----------|-----------------------------------|---|--|---------------------------|-----------------------------------|---|-------------------------------------|---------------------------------|
| Building - Puspak Bhawan | 93,274.00                                | -         | -                                 | 93,274.00                                 | 8,515.00                                     | 1,703.00                  | -                                 | 10,218.00                                     | 83,056.00                           | 84,759.00                       |
| Plant & Machinery        | 477,364.00                               | 76,720.00 | -                                 | 554,084.00                                | 132,205.00                                   | 65,155.00                 | -                                 | 197,360.00                                    | 356,724.00                          | 345,159.00                      |
| Furniture & Fixtures     | 2,437,610.00                             | -         | -                                 | 2,437,610.00                              | 2,320,623.00                                 | -                         | -                                 | 2,320,623.00                                  | 116,987.00                          | 116,987.00                      |
| Vehicles                 | 106,058.00                               | -         | (106,058.00)                      | -   | 100,756.00                                   | -                         | (100,756.00)                      | -   | -                                   | 5,302.00                        |
| Computer                 | 297,999.00                               | -         | -                                 | 297,999.00                                | 204,059.00                                   | 42,581.00                 | -                                 | 246,640.00                                    | 51,359.00                           | 93,940.00                       |
| Total                    | 3,412,305.00                             | 76,720.00 | (106,058.00)                      | 3,382,967.00                              | 2,766,158.00                                 | 109,439.00                | (100,756.00)                      | 2,774,841.00                                  | 608,126.00                          | 646,147.00                      |

(Amount in Rupees)



Swadeshi Polytex Limited

Note No.

2.2 Deferred Tax Assets (Amount in Rupees)

| Particulars                                      | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|----------------------|----------------------|---------------------|
| Deferred Tax Assets due to                       |                      |                      |                     |
| Provision for doubtful debts and advances        |                      |                      |                     |
| Unabsorbed Depreciation & Carried forward losses | 42,488,133           | 48,955,574           | 99,898,747          |
|  | 42,488,133           | 48,955,574           | 99,898,747          |
| Deferred Tax Liability due to                    |                      |                      |                     |
| Depreciation                                     | 106,835              | 127,156              | 143,246             |
|  | 106,835              | 127,156              | 143,246             |
| Deferred Tax Assets (Net)                        | 42,381,298           | 48,828,418           | 99,755,501          |

2.3 Other Assets (Amount in Rupees)

| Particulars                            | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|----------------------|----------------------|---------------------|
| Non-Current                            |                      |                      |                     |
| Statutory dues deposited under Protest | 1,324,513            | 1,324,513            | 1,324,513           |
| Advance Tax / TDS                      | 9,214,913            | 5,313,568            | 4,930,930           |
| Total                                  | 10,539,426           | 6,638,081            | 6,255,443           |
| Current                                |                      |                      |                     |
| Unsecured, considered good             |                      |                      |                     |
| Interest accrued                       | 3,494                | 85,627               | 30,541              |
| Recoverable from SPL trust             | -                    | 20,333               | 20,333              |
| Other                                  | 23,434               | 157,065              | 10,000              |
| Total                                  | 26,928               | 263,025              | 60,874              |

2.4 Inventories (Amount in Rupees)

| Particulars           | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|-----------------------|----------------------|----------------------|---------------------|
| Leasehold Plot Rights | 69,283,330           | 68,282,497           | 65,430,672          |
| Total                 | 69,283,330           | 68,282,497           | 65,430,672          |

2.5 Cash & Cash Equivalents (Amount in Rupees)

| Particulars         | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---------------------|----------------------|----------------------|---------------------|
| Cash on hand        | 143,206              | 199,978              | 239,178             |
| Balances with Banks | 1,383,645            | 234,629              | 2,934,421           |
| Total               | 1,526,851            | 434,607              | 3,173,599           |

2.6 Other Bank Balances (Amount in Rupees)

| Particulars  | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|----------------------|----------------------|---------------------|
| - In term deposit with original maturity upto 3 months | 6,500,000            | 16,744,978           | 6,469,000           |
| Sub-total (B)  | 6,500,000            | 16,744,978           | 6,469,000           |

2.7 Loans (Amount in Rupees)

| Particulars                           | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---------------------------------------|----------------------|----------------------|---------------------|
| Unsecured (considered good)           |                      |                      |                     |
| Security deposit                      | 15,000               | 15,000               | 15,000              |
| Loan due by an officer of the Company | 5,121,919            | 5,126,027            | 5,126,027           |
| Total                                 | 5,136,919            | 5,141,027            | 5,141,027           |



## Share Capital

(Amount in Rupees)

| Particulars                                  | As at March 31, 2017 |                      |                     |
|--|----------------------|----------------------|---------------------|
|  | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| Authorized                                   |                      |                      |                     |
| Equity shares of Rs. 10 each                 | 225,000,000          | 225,000,000          | 225,000,000         |
| 22,500,000 (PY 22,500,000) equity share      |                      |                      |                     |
| Cumulative preference shares of Rs 100/ each |                      |                      |                     |
| 250,000 (PY 250,000) 9.5% Redeemable         | 25,000,000           | 25,000,000           | 25,000,000          |
|  | 25,000,000           | 25,000,000           | 25,000,000          |
| Issued, subscribed and fully paid            |                      |                      |                     |
| Equity shares of Rs. 10 each                 | 39,000,000           | 39,000,000           | 39,000,000          |
| 3,900,000 (PY 3,900,000) equity shares       |                      |                      |                     |
|  | 39,000,000           | 39,000,000           | 39,000,000          |

**The rights, preferences and restrictions attached to each class of shares:**

The company has issued only one class of Equity Shares having the par value of Rs 10/- per share. Each shareholder is entitled to one vote per share.

## Reconciliation of share Capital:

(Amount in Rupees)

| Particulars   | As at March 31, 2017 |            |
|---|----------------------|------------|
|   | No of Shares         | Amount     |
| Opening Equity Shares   | 3,900,000            | 39,000,000 |
| Add: -No. of Shares, Share Capital issued/ subscribed during the year | -                    | -          |
| Closing balance   | 3,900,000            | 39,000,000 |

(Amount in Rupees)

| Particulars   | As at March 31, 2016 |            |
|---|----------------------|------------|
|   | No of Shares         | Amount     |
| Opening Equity Shares   | 3,900,000            | 39,000,000 |
| Add: -No. of Shares, Share Capital issued/ subscribed during the year | -                    | -          |
| Closing balance   | 3,900,000            | 39,000,000 |

## Shares in the company held by shareholder holding more than 5 percent

| Name of the Shareholder         | As at March 31, 2017 |                      |                     |
|---------------------------------|----------------------|----------------------|---------------------|
|                                 | No of Shares (%)     | As at March 31, 2016 | As at April 1, 2015 |
| National Textiles Corporation   | 1311000 (33.61%)     | 1311000 (33.61%)     | 1311000 (33.61%)    |
| M.K.J. Enterprises Limited      | 487525 (12.50%)      | 487525 (12.50%)      | 487525 (12.50%)     |
| Selectopac Private Limited      | 343250 (8.80%)       | 343250 (8.80%)       | 343250 (8.80%)      |
| Paharpur Cooling Towers Limited | 528153 (13.54%)      | 452929 (11.61%)      | 452929 (11.61%)     |
| Doy Pac Systems Private Limited | 277500 (7.12%)       | 277500 (7.12%)       | 277500 (7.12%)      |



# Swadeshi Polytex Limited

## 2.9 A Other Equity as at March 31, 2017

|  | (Amount in Rs)  |  |                            |
|--|-----------------|--|----------------------------|
|  | General Reserve | Reserve and Surplus<br>Capital redemption<br>Reserve | Retained Earnings<br>Total |
| Balance at the beginning of the reporting period | 167,069,581     | 10,975,000   | (568,728,161)              |
| Profit and Loss for the year                     |                 |  | 11,325,298                 |
| Balance at the end of the reporting period       | 167,069,581     | 10,975,000   | (557,402,863)              |

## B. Other Equity as at March 31, 2016

|  | (Amount in Rs)  |                               |                            |
|--|-----------------|-------------------------------|----------------------------|
|  | General Reserve | Capital redemption<br>Reserve | Retained Earnings<br>Total |
| Balance at the beginning of the reporting period | 167,069,581     | 10,975,000                    | (500,244,336)              |
| Profit and loss for the period                   |                 |                               | (68,483,825)               |
| Balance at the end of the reporting period       | 167,069,581     | 10,975,000                    | (568,728,161)              |



## 2.10 Other Financial Liabilities

(Amount in Rupees)

| Particulars   | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|----------------------|----------------------|---------------------|
| <b>Long Term</b>                                      |                      |                      |                     |
| Due to erstwhile personnel                            | 24,982,527           | 25,638,764           | 25,638,764          |
| <b>Total</b>  | <b>24,982,527</b>    | <b>25,638,764</b>    | <b>25,638,764</b>   |
| <b>Short term</b>                                     |                      |                      |                     |
| Interest accrued                                      | 57,667,476           | 33,844,216           | 20,251,152          |
| Retention Money Payable                               | 540,000              | 540,000              | 790,000             |
| Amount received for transfer of Leasehold Plot Rights | 305,819,507          | 356,339,354          | 341,830,271         |
| <b>Total</b>  | <b>364,026,983</b>   | <b>390,723,570</b>   | <b>362,871,423</b>  |

## 2.11 Borrowings ( Current )

(Amount in Rupees)

| Particulars                                | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|----------------------|----------------------|---------------------|
| <i>Secured</i>                             |                      |                      |                     |
| Loan from Related Parties                  | 236,320,999          | 236,320,999          | 236,320,999         |
| <i>Unsecured</i>                           |                      |                      |                     |
| Short Term Borrowings from Related Parties | 17,914,692           | 17,914,692           | 17,914,692          |
| <b>Total</b>                               | <b>254,235,691</b>   | <b>254,235,691</b>   | <b>254,235,691</b>  |

2.11.1 Term loans are secured by way of pari-passu negative lien on the land &amp; building situated at Kavi Nagar, Ghaziabad.

2.11.2 Details of the default amount is as follow : Loan from related Party- Principal Nil (Previous Year Rs. Nil), Interest Rs. 57,146,547/- (Previous Year Rs. NIL)

## 2.12 Trade Payables ( Current )

(Amount in Rupees)

| Particulars   | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|----------------------|----------------------|---------------------|
| A) Total outstanding dues of micro enterprises and small enterprises            | -                    | -                    | -                   |
| B) Total outstanding dues of other than micro enterprises and small enterprises | 4,479,833            | 3,636,325            | 2,883,940           |
| <b>Total</b>  | <b>4,479,833</b>     | <b>3,636,325</b>     | <b>2,883,940</b>    |



2.13 Provisions (Amount in Rupees)

| Particulars              | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--------------------------|----------------------|----------------------|---------------------|
| Provision for Income Tax | 4,520,000            | 1,500,000            | 1,500,000           |
| Provision for sales tax  | 1,163,903            | -                    | -                   |
| <b>Total</b>             | <b>5,683,903</b>     | <b>1,500,000</b>     | <b>1,500,000</b>    |

2.14 Current tax liabilities (Amount in Rupees)

| Particulars                 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|-----------------------------|----------------------|----------------------|---------------------|
| Statutory dues- TDS Payable | 955,999              | 928,194              | 1,046,774           |
| Service Tax Payable         | -                    | 6,276                | -                   |
| EPFO A/C Up Mrt 4797        | 100                  | 100                  | 7                   |
| <b>Total</b>                | <b>956,099</b>       | <b>934,570</b>       | <b>1,046,781</b>    |

2.15 Revenue from Operations (Amount in Rupees)

| Particulars                                | Year Ended 31-03-2017 | Year Ended 31-03-2016 |
|--|-----------------------|-----------------------|
| Revenue from sale of leasehold plot rights | 20,334,360            | 17,600,972            |
|  | 20,334,360            | 17,600,972            |

2.16 Other Income (Amount in Rupees)

| Particulars     | Year Ended 31-03-2017 | Year Ended 31-03-2016 |
|-----------------|-----------------------|-----------------------|
| Interest Income | 56,296,875            | 21,821,423            |
| Misc. Income    | 203,008               | -                     |
|                 | 56,499,883            | 21,821,423            |

2.17 Finance Costs (Amount in Rupees)

| Particulars                  | Year Ended 31-03-2017 | Year Ended 31-03-2016 |
|------------------------------|-----------------------|-----------------------|
| Interest On borrowings (Net) | 33,136,955            | 31,770,071            |
|                              | 33,136,955            | 31,770,071            |

2.18 Other Expenses (Amount in Rupees)

| Particulars                             | Year Ended 31-03-2017 | Year Ended 31-03-2016 |
|---|-----------------------|-----------------------|
| Legal & Professional Expenses           | 8,569,507             | 10,682,791            |
| Conveyance & Travelling Expense         | 2,956,108             | 4,199,913             |
| Fees to Stock Exchange                  | 239,305               | 254,310               |
| Security Expenses                       | 3,166,131             | 3,116,082             |
| Power & Fuel                            | 365,560               | 490,718               |
| Repair Others                           | 44,931                | 66,317                |
| Business Promotion                      | 1,611,446             | 1,719,284             |
| Rates & Taxes                           | 2,260,218             | 586,513               |
| Directors' Sitting Fees                 | 600,000               | 820,000               |
| Payment To Auditors (refer note 2.18.1) | 296,575               | 370,808               |
| Communication Expenses                  | 296,934               | 331,498               |
| Advertisement                           | 27,655                | 50,893                |
| Printing & Stationary                   | 162,256               | 206,440               |
| Other Expenses                          | 473,584               | 396,862               |
|   | 21,070,210            | 23,292,429            |

2.18.1 Payment to Auditors (Amount in Rupees)

| Particulars               | Year Ended 31-03-2017 | Year Ended 31-03-2016 |
|---------------------------|-----------------------|-----------------------|
| Audit Fee                 | 189,750               | 274,500               |
| Tax Audit Fee             | 86,250                | 68,700                |
| Reimbursement of Expenses | 20,575                | 27,608                |
|                           | 296,575               | 370,808               |





2.19 **Discontinuing Operations**

In view of the Economic/Financial non-viability and on-going labour problems etc., the Company had discontinued its operations of manufacturing of Polyester Fibers and Chips in 1998. In previous years, company had entered into a sale agreement for disposal of its entire Plant & Machinery and Building related to the discontinued operations and sold the significant part thereof.

2.19.1 The carrying amount of total assets and liabilities to be disposed off at the year end are as follows. Comparative information for the discontinuing operations is included in accordance with Ind AS-105, Discontinuing Operations:

(Amount in Rupees)

| 2.19.2 | Particulars       | As at March 31, 2017 | As at March 31, 2016 |
|--------|-------------------|----------------------|----------------------|
|        | Total Assets      | 1,324,513            | 1,344,846            |
|        | Total Liabilities | -                    | -                    |
|        | <b>Net Assets</b> | <b>1,324,513</b>     | <b>1,344,846</b>     |

Total assets includes fixed assets for which binding sale agreements have been entered into and are likely to be settled by 31st March 2018.

2.19.3 The net cash flows attributable to the discontinuing operations are as below:

(Amount in Rupees)

| 2.19.3 | Particulars                        | As at March 31, 2017 | As at March 31, 2016 |
|--------|------------------------------------|----------------------|----------------------|
|        | Operating activities               | 20,333               | -                    |
|        | Investing activities               | -                    | -                    |
|        | Financing activities               | -                    | -                    |
|        | <b>Net Cash inflows/(outflows)</b> | <b>20,333</b>        | <b>-</b>             |



**First Time Adoption of IND AS.**

These are the Company's first Financial Statements in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The effective date for Company's Ind AS Opening Balance Sheet is 1 April 2015 (the date of transition to Ind AS).

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS Balance Sheet at 1 April 2015 (the Company's date of transition). According to Ind AS 101, the first Ind AS Financial Statements must use recognition and measurement principles that are based on standards and interpretations that are effective at 31 March 2017, the date of first-time preparation of Financial Statements according to Ind AS. These accounting principles and measurement principles must be applied retrospectively to the date of transition to Ind AS and for all periods presented within the first Ind AS Financial Statements.

Any resulting differences between carrying amounts of assets and liabilities according to Ind AS 101 as of 1 April 2015 compared with those presented in the Indian GAAP Balance Sheet as of 31 March 2015, were recognized in equity under retained earnings within the Ind AS Balance Sheet.

An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

**2.21 Exemption and exceptions availed**

In the Ind AS Opening Balance Sheet as at 1 April 2015, the carrying amounts of assets and liabilities from the Indian GAAP as at 31 March 2015 are generally recognized and measured according to Ind AS in effect as on 31 March 2017. For certain individual cases, however, Ind AS 101 provides for optional exemptions and mandatory exceptions to the general principles of retrospective application of Ind AS. The Company has made use of the following exemptions and exceptions in preparing its Ind AS Opening Balance Sheet:

**i) Property, plant and equipment & Intangible assets**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

**Reconciliation of equity as at 1 April 2015 and as at 31 March 2016**

Any resulting differences between carrying amounts of assets and liabilities according to Ind AS 101 as of 1 April 2015 compared with those presented in the Indian GAAP Balance Sheet as of 31 March 2015, were recognized in equity under retained earnings within the Ind AS Balance Sheet.

|                               | 1 April 2015       |                    | 31 March 2016      |                    |                |                    |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|----------------|--------------------|
|                               | Previous GAAP*     | Adjustments        | Ind AS             | Previous GAAP*     | Adjustments    | Ind AS             |
| <b>ASSETS</b>                 |                    |                    |                    |                    |                |                    |
| <b>Non-current assets</b>     |                    |                    |                    |                    |                |                    |
| Property, plant and equipment | 561,388.00         | 84,759.00          | 646,147.00         | 609,829.00         | (1,703.00)     | 608,126.00         |
| Other financial assets        |                    |                    |                    |                    |                |                    |
| Deferred tax Asset (net)      | 103,376,756.00     | (3,621,255.00)     | 99,755,501.00      | 48,828,418.00      | -              | 48,828,418.00      |
| Other non-current assets      | 6,255,443.00       | -                  | 6,255,443.00       | 6,638,081.00       | -              | 6,638,081.00       |
| <b>Current Assets</b>         |                    |                    |                    |                    |                |                    |
| Inventory                     | 65,430,672.00      | -                  | 65,430,672.00      | 68,282,497.00      | -              | 68,282,497.00      |
| <b>Financial Assets</b>       |                    |                    |                    |                    |                |                    |
| Trade receivables             | 5,106,805.00       | (5,106,805.00)     | -                  | 17,179,585.00      |                | 17,179,585.00      |
| Cash and cash equivalents     | 9,642,599.19       | -                  | 9,642,599.19       | 5,422,065.00       |                | 5,422,065.00       |
| loans                         | 5,025,000.00       | -                  | 5,025,000.00       | 231,987.00         |                | 231,987.00         |
| Other current assets          | 992,612.00         | (815,711.00)       | 176,901.00         |                    |                |                    |
| <b>Total Assets</b>           | <b>196,391,275</b> | <b>(9,459,012)</b> | <b>186,932,263</b> | <b>147,192,462</b> | <b>(1,703)</b> | <b>147,190,759</b> |





Reconciliation of total comprehensive income for the year ended 31 March 2016

|   | Previous GAAP*  | 31 March 2016<br>Adjustments | Ind Ass         |
|---|-----------------|------------------------------|-----------------|
| <b>INCOME</b>   |                 |                              |                 |
| Revenue   | hk              |                              | 17,600,972.00   |
| Other income  | 21,821,423.00   |                              | 21,821,423.00   |
| <b>Total Income</b>   | 21,821,423.00   |                              | 39,422,395.00   |
| <b>EXPENDITURE</b>  |                 |                              |                 |
| Land development Charges  | 4,659,023.00    |                              | 4,659,023.00    |
| Changes in Inventory  | (2,851,825.00)  |                              | (2,851,825.00)  |
| Finance expenses  | 31,770,674.00   | (603.00)                     | 31,770,071.00   |
| Depreciation and amortization   | 107,736.00      | 1,703.00                     | 109,439.00      |
| Other Exp   | 23,291,826.00   | 603.00                       | 23,292,429.00   |
| <b>Total Expenses</b>   | 56,977,434.00   | 1,703.00                     | 56,979,137.00   |
| <b>Profit before tax</b>  | (35,156,011.00) | (1,703.00)                   | (17,556,742.00) |
| Current tax   |                 |                              |                 |
| Current year  | 50,927,083.00   |                              | 50,927,083.00   |
| Deferred tax  |                 |                              |                 |
| <b>Profit after tax</b>   | (86,083,094.00) | (1,703.00)                   | (68,483,825.00) |
| <b>Other comprehensive income</b>   |                 |                              |                 |
| <b>Items that will not be reclassified to profit or loss (net of tax)</b>                   |                 |                              |                 |
| - Net actuarial gains/(losses) on defined benefit plans                                     |                 |                              |                 |
| - Net gains/(losses) on fair value of equity instruments through other comprehensive income |                 |                              |                 |
| <b>Other comprehensive income for the year, net of income tax</b>                           |                 |                              |                 |
| <b>Total comprehensive income for the year</b>  | (86,083,094.00) | (1,703.00)                   | (68,483,825.00) |

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of total equity as at 31 March 2016 and 1 April 2015

|   | 1 April 2015     | 31 March 2016    |
|---|------------------|------------------|
| Total equity (shareholder's funds) as per previous GAAP | (460,092,129.00) | (529,726,458.00) |
| <b>Adjustments:</b>                                     |                  |                  |
| Depreciation and amortization                           |                  | (1,703.00)       |
| Provision for contingencies                             | 3,200,000.00     |                  |
| Adjustment done in Building held for disposal           | (730,952.00)     |                  |
| Tax effect of above adjustments                         | (3,621,255.00)   |                  |
| <b>Total adjustments</b>                                | (1,152,207.00)   | (1,703.00)       |
| <b>Total equity as per Ind AS</b>                       | (461,244,336.00) | (529,728,161.00) |

Disclosure as per Ind AS 108 'Operating segments'

As on date the Company has no reportable segments as per the Chief operating decision maker (CODM) of the company.

