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INDEPENDENT AUDITORS' REPORT

To the Members of India Denim Limited

Report on the Financial Statements

We have audited the accompanying financial statements of India Denim Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 and presentations of the financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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.

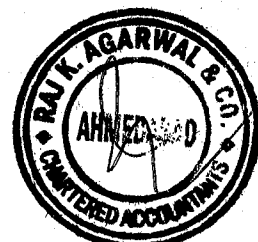
Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made there under 143 (11) of the Act.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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,

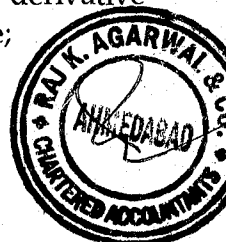
- i) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2016 and
- ii) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date;
- iii) In the case of Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement 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 on the written representation received from the directors as on 31st March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- (g) With respect to the other matters to be included in the Auditors Report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. the Company does not have any pending litigations and therefore no impact or disclosure in relation to the same has been made in the financial statement;
- ii. the Company does not see any foreseeable losses on long-term contracts as on the balance sheet date and the Company has not entered into any derivative contracts, therefore no provision has been made in relation to the same;



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ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 India Denim Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the "Institute of Chartered Accountants of India." These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.



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Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the 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, to the best of our information and according to the explanations given to us, 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 March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For Raj K. Agarwal & Co.
(Chartered Accountants)



Rajendrakumar Agarwal
(Proprietor)

Membership No.070635
Firm Regs. No. 108306W



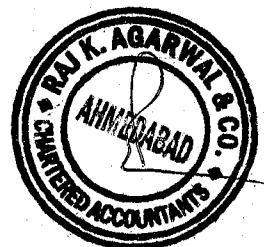
Ahmadabad
28th May 2016

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ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in our Independent Auditors Report to the Members of India Denim Limited on the financial statements for the year ended March 31, 2016 we report that:

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As per the information and explanations given to us the Company has carried out physical verification of fixed assets and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable and adequate in relation to the size of the Company and nature of its business.
- c) The title deeds of immovable properties were found to be held in the name of the company.
2. a) Physical verification of inventory has been conducted at reasonable intervals by the management.
- b) According to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion the company is maintaining proper record of inventories. As explained to us there was no discrepancies noticed on physical verification of inventory as compared to the books record and there were no inventories at year end.
3. The Company has not granted any loan Secured / Unsecured to companies, firm and other parties covered in the register maintained under section 189 of the Companies' Act and thus paragraph 3(iii) of the order is not applicable.
4. According to the information and explanations given to us, the Company has not granted any loans or provided any guarantee under Sec 185 and neither had any investments during the year and therefore compliance in respect to provisions of Section 185 and 186 of the Companies Act 2013 may not be applicable to the Company.
5. The Company did not accept any deposits during the year and therefore compliance with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under may not be applicable to the Company.
6. The Central Government has not prescribed maintenance of the cost records under section 148(1) of the Act, for the company in respect of business activities of the company. Hence this clause is not applicable for the year under review.



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7. i) According to the information and explanations given to us and the records examined by us, the company is regular in depositing with appropriate authorities, undisputed statutory dues including Income Tax, Sale Tax, service Tax, and any other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at March 31, 2016 for a period of more than six months from the date of dues except Income Tax TDS of 59582/- & Penalty on Income Tax TDS Rs 514995/-
- ii) According to the records of the Company the dues of sales tax / income tax or any other applicable statutory dues have not been deposited on account of disputes except TDS of Rs. 59582/- & Penalty on Income Tax TDS Rs514995/-

8. In our opinion and according to the information and explanations given to us, following amount is overdue against the repayment of loan to banks details below :-

Indian Bank	:- Principal Amt. 1388000/- & Interest 74861/-
State bank of Travancore	:- Interest 38863/-
State bank of India	:- Principal Amt. 39081878/-

9. According to the information and explanations given to us, the company has not raised any money by way of initial public offer or by further public offer (including debts instruments) or any term loan during the year.

10. As per the information and explanations given to us, no material fraud by or on the Company by its officer or employees has been noticed or reported during the course of our audit.

11. That no managerial remuneration has been found to be paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Clause (d) of section III of part II of Schedule V of the Companies' Act, 2013.

12. The Company is not the Nidhi Company and therefore paragraph 3(xii) of the order is not applicable to the Company.

13. In our opinion and according to the information and the explanations given to us, the transactions with the related parties were in compliance with section 177 and 188 of the Companies Act and the details of the same have been disclosed as under in conformity with Accounting Standard 18.

Unsecured Loans/ current liabilities from Parties related Rs.431017643.06

14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review under section 42 of the Companies Act, 2013 and therefore paragraph 3(xiv) of the order is not applicable to the Company.

15. The Company has not entered into any non cash transactions with directors or persons connected with him and therefore paragraph 3(xv) of the Order is not applicable to the Company.



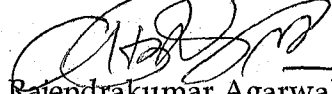
RAJ K. AGARWAL & CO.,
(Chartered Accountants)

C/502, Shilalekh,
Opp. Police Stadium,
Shahibaug, Ahmedabad-380004
M No. 09426278269

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16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and therefore paragraph 3 (xvi) of the Order is not applicable to the Company.

For Raj K. Agarwal & Co.
(Chartered Accountants)



Rajendrakumar Agarwal
(Proprietor)

Membership No.070635
Firm Regs. No. 108306W



Ahmadabad
28th May 2016



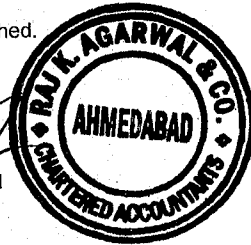
Balance Sheet as at 31st March, 2016

Amount in (₹)

Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015
		Amount	Amount
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	114,459,000	114,459,000
(b) Reserves and surplus	4	(78,941,111)	(2,485,060)
		35,517,889	111,973,940
2 Non-current liabilities			
Long-term borrowings	5	381,768,105	329,576,886
		381,768,105	329,576,886
3 Current liabilities			
(a) Short-term borrowings	6	202,978,399	188,341,756
(b) Trade payables	7	15,039,688	16,961,003
(c) Other current liabilities	8	87,991,269	122,868,357
(d) Short-term provisions	9	8,350,845	6,829,369
		314,360,201	335,000,485
TOTAL		731,646,195	776,551,311
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
Tangible assets	10	262,391,153	285,554,548
(b) Deferred tax assets (Net)	11	20,319,855	20,319,855
(c) Long Term advances & receivables	12	10,079,402	10,079,402
		292,790,410	315,953,804
2 Current assets			
(a) Inventories	13	174,092,370	199,077,690
(b) Trade receivables	14	143,490,910	140,032,888
(c) Cash and cash equivalents	15	70,534	389,914
(d) Short-term loans and advances	16	121,181,652	120,899,418
(e) Other current assets	17	20,320	197,597
		438,855,786	460,597,507
TOTAL		731,646,196	776,551,311
See accompanying notes forming part of the financial statements			

In terms of our report attached.
For Raj K Agarwal & Co.
Chartered Accountants

RajendraKumar Agarwal
(Proprietor)
Membership No. 70635
Firm Regs. No. 108306W



For and on behalf of the Board of Directors

Prakashchand Dalmia

Prakashchand Dalmia
Chairman & Managing Director

R.B. Somany
R.B. Somany
Director

Place : Ahmedabad
Date : 28-5-20016

Place : Ahmedabad
Date : 28-5-20016



Statement of Profit and Loss for the year ended 31st March 2016

Particulars		Note No.	Amount in (₹)	
			For the year ended 31st March, 2016	For the year ended 31st March, 2015
			Amount	Amount
1	Revenue from operations (gross)	18	158,304,923	400,289,638
2	Other income	19	556,067	972,404
3	Total revenue (1+2)		158,860,990	401,262,042
4	Expenses			
	(a) Cost of materials consumed	20.a	129,600,384	308,991,444
	(b) Changes in inventories of finished goods and work-in-progress	20.b	26,377,860	(6,282,400)
	(c) Employee benefits expense	21	13,811,677	22,378,312
	(d) Finance costs	22	19,107,388	34,553,036
	(e) Depreciation and amortisation expense	10	23,202,095	23,261,053
	(f) Other expenses	23	22,900,545	57,104,218
	Total expenses		234,999,949	440,005,663
5	Profit / (Loss) before exceptional and extraordinary items and tax (3-4)		(76,138,959)	(38,743,621)
6	Exceptional items (Loss on sale of Car)		0	(150,551)
7	Profit / (Loss) before extraordinary items and tax (5 + 6)		(76,138,959)	(38,894,172)
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 + 8)		(76,138,959)	(38,894,172)
10	Tax Exp.			
	(a) Current tax expense for current year			-
	(b) Earlier year tax		317,092	-
	(c) Deferred tax Asser (Liability)		-	12,599,837
11	Profit / (Loss) from operations (9 + 10)	11	(76,456,051)	(26,294,335)
12	Earnings per equity share	24		
	(a) Current tax expense for current year		(6.68)	(2.30)
	(b) Diluted		(6.68)	(2.30)

In terms of our report attached.
For Raj K Agarwal & Co.
Chartered Accountants

Rajendrakumar Agarwal
(Proprietor)
Membership No. 70635
Firm Regs. No. 108306W



For and on behalf of the Board of Directors

Prakashchand Dalmia
Chairman & Managing Director

R.B. Somany
Director

Place : Ahmedabad
Date : 28-5-20016

Place Ahmedabad
Date 28-5-20016



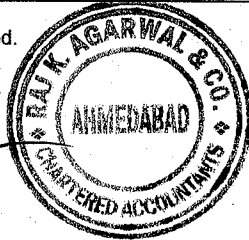
Cash Flow Statement for the year ended 31st March, 2016

Amount in (₹)

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Amount	Amount	Amount	Amount
A. Cash flow from operating activities				
Net Profit (Loss) before extraordinary items and tax		(76,456,051)		(38,894,172)
Adjustments for:				
Depreciation and amortisation	23,222,415		23,281,373	
Finance costs	19,107,388		34,553,036	
Interest income	556,067		(959,729)	
Loss on sale of Car	-		150,551	
Operating profit before working capital changes		42,885,870		57,025,231
Changes in working capital:		(-33,570,181)		18,131,059
Adjustments for (increase) / decrease in operating assets:				
Inventories	24,985,320		172,540	
Trade receivables	(3,458,022)		(12,761,868)	
Short-term loans and advances	(282,234)		(55,209,593)	
Other current assets	156,957		(156,957)	
Long term Advance & Recievable		21,402,021		(67,955,878)
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(1,921,315)		(9,703,199)	
Other current liabilities	(34,877,088)		14,072,421	
Short-term provisions	1,521,476		4,289,146	
		(35,276,927)		8,658,368
Cash flow from extraordinary items		-		-
Cash generated from operations		(47,445,087)		(41,166,451)
Net income tax (paid) / refunds		-		-
Net cash flow from / (used in) operating activities (A)		(47,445,087)		(41,166,451)
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(38,700)		(552,669)	
Sale of Motor Car	-		61,000	
Interest received	(556,067)		959,729	
Net cash flow from / (used in) investing activities (B)		(594,767)		468,060
C. Cash flow from financing activities				
Proceeds from long-term borrowings (Unsecured Loan)	52,885,664		116,601,633	
Repayment of long-term borrowings	(694,445)		(56,465,012)	
Net increase / (decrease) in working capital borrowings	14,636,643		13,160,911	
Finance cost	(19,107,388)		(34,553,036)	
Net cash flow from / (used in) financing activities (C)		47,720,474		38,744,496
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(319,380)		(1,953,895)
Cash and cash equivalents at the beginning of the year		389,914		2,343,809
Cash and cash equivalents at the end of the year		70,534		389,914

In terms of our report attached.
For Raj K Agarwal & Co.
Chartered Accountants

RajendraKumar Agarwal
(Proprietor)
Membership No. 70635
Firm Regs. No. 108306W



For and on behalf of the Board of Directors

Prakashchand Dalmia
Prakashchand Dalmia
Chairman & Managing Director

R.B. Somany
R.B. Somany
Director

Place : Ahmedabad
Date : 28-5-20016

Place : Ahmedabad
Date : 28-5-20016



Note	Particulars
<p>1 Corporate information</p>	<p>India Denim Ltd is a public company (Shares not listed) domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the manufacturing of cotton yarn & Trading of Fabrics. The company caters to both domestic & international markets. The company is having its registered office located at Village: Walthera, Dholka - Bagodara Highway, Tal. Dholka Dist. Ahmedabad. The company has installed spinning unit with installed capacity of 17136 spindles (Ring Spinning) and 576 Rotors (Open end Spinning) at plant.</p>
	<p>2 Significant accounting policies :</p>
<p>2.01 Basis of accounting and preparation of financial statements</p>	<p>The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year, except for the change in accounting policy noted below.</p>
<p>2.02 Change in Accounting Policy</p>	<p>During the year ended 31 March, 2016, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation & presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with requirement applicable in current year.</p>
<p>2.03 Use of estimates</p>	<p>The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.</p>
<p>2.04 Inventories</p>	<p>Inventories are valued as under</p> <ol style="list-style-type: none"> 1) Raw Material - At cost (on FIFO basis). 2) Process stock - At the lower of cost (on FIFO basis) and the net realisable value. 3) Finished Goods - At the lower of cost (on FIFO basis) and the net realisable value. 4) Waste - At net realisable value. 5) Stores Consumable & Spares - At cost (on FIFO basis). <p>The net realisable value derived after providing for obsolescence and other losses, where considered necessary. Cost includes, all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.</p>
<p>2.05 Cash and cash equivalents (for purposes of Cash Flow Statement)</p>	<p>Cash comprises cash on hand and deposits with banks in the terms of Margin Money. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.</p>





Note	Particulars
2.06 Cash flow statement	<p>Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.</p>
2.07 Depreciation and amortisation	<p>Depreciation has been provided on the straight-line method as per Schedule II of Company act 2013 on the basis of systematic allocation of depreciable amount of an asset over its useful life specified in Part C. Depreciation on additions during the year is provided on pro-rata basis with reference to the date of addition and period of use.</p>
2.08 Revenue recognition	<p>Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales exclude sales tax and value added tax.</p>
2.09 Other income	<p>Interest income is accounted on accrual basis.</p>
2.10 Tangible fixed assets	<p>Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.</p>
2.11 Foreign currency transactions and translations	<p><u>Initial recognition</u> Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.</p> <p><u>Measurement of foreign currency monetary items at the Balance Sheet date</u> Foreign currency monetary items of the Company outstanding at the Balance Sheet date are restated at the year-end rates. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.</p>
2.12 Government subsidies	<p>The Company is eligible for 5% Technology Upgradation Fund Scheme, Interest Subsidy. During the year company has received interest subsidy & had also made the provision for interest subsidy receivable for the current financial year</p>
2.13 Investments	<p>The Company has not made any investment.</p>
2.14 Employee benefits	<p>Contribution to Provident fund, Leave encashment benefits are charged to profit and loss account on accrual basis. Gratuity & other retirement benefits have been recorded on cash basis.</p>

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Note	Particulars
2.15	<p>Earnings per share</p> <p>Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.</p>
2.16	<p>Taxes on income</p> <p>Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.</p> <p>Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.</p> <p>Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.</p>
2.17	<p>Impairment of assets</p> <p>The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.</p>
2.18	<p>Provisions and contingencies</p> <p>A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.</p>
2.19	<p>Miscellaneous expenditure</p> <p>Preliminary expenses are amortized over a period of 10 years.</p>





Note 3 Share Capital

Particulars	Amount in (₹)			
	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Amount	Number of shares	Amount
(a) Authorised Equity shares of Rs.10/- each	11500000	115,000,000	11500000	115,000,000
(b) Issued Equity shares of Rs.10/- each	11445900	114,459,000	11445900	114,459,000
(c) Subscribed and fully paid up Equity shares of Rs.10/- each	11445900	114,459,000	11445900	114,459,000
Total	11,445,900	114,459,000	11,445,900	114,459,000

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Reduction	Closing Balance
Equity shares				
Year ended 31 March, 2016				
- Number of shares	11,445,900	-	-	11,445,900
Amount in (₹)	114,459,000	-	-	114,459,000
Year ended 31 March, 2015				
- Number of shares	11,445,900	-	-	11,445,900
Amount in (₹)	114,459,000	-	-	114,459,000

(ii) Details of shares held by each shareholder holding more than 5% shares:

Name of shareholder	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
1. Konark Synthetic Ltd	7001000	61.17%	7001000	61.17%
2. Kayo Investment & Finance Ltd	1735900	15.17%	1735900	15.17%
3. Trio Meta Chem Pvt Ltd	1065000	9.30%	1065000	9.30%

Note 4 Reserves and surplus

Particulars	Amount in (₹)	
	As at 31st March, 2016	As at 31st March, 2015
	Amount	Amount
(i) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(33,579,755)	-7,285,419
Add: Profit / (Loss) for the year	(76,456,051)	(26,294,336)
Less: Transferred to General reserve	-	-
Closing balance	(110,035,806)	(33,579,755)
(ii) Other Reserve		
Opening balance	-	-
Add: Fixed asset reserve (Depreciation trf to reserve a/c)	(105,305)	(105,305)
Closing balance	(105,305)	-105,305.00
(iii) Security Premium account		
Opening balance	31,200,000	31,200,000
Add: Premium on shares issued during the year	-	-
Less: Utilised during the year for:	-	-
Closing balance	31,200,000	31,200,000
Total	(78,941,111)	(2,485,060)





Note 5 Long-term borrowings

Particulars	Amount in (₹)	
	As at 31st March, 2016 Amount	As at 31st March, 2015 Amount
(a) Term loans (Refer Note i) From banks Secured	-	694,445
	-	694,445
(b) Loans and advances from associate concern (Refer Note i) Unsecured	381,768,105	328,882,441
	381,768,105	328,882,441
Total (a+b)	381,768,105	329,576,886

(i) Details of term of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	Secured Amount	Unsecured Amount	Secured Amount	Unsecured Amount
Term loans from banks:				
(i). Bank of Baroda	-	-	-	-
(ii). State Bank of India	-	-	-	-
(iii). State Bank of India (SB Indore)	-	-	-	-
(iv). State Bank of Travancore	-	-	-	-
(v). Indian Bank	-	-	694,445	-
Total	-	-	694,445	-
Loans and advances from associate concern				
Loans from associates Concern (Konark Group)		375,524,267		322,638,603
Others		6,243,838		6,243,838
Total		381,768,105		328,882,441

Note : The aforesaid Term Loan has been shown after giving effect For the current maturities of long-term borrowings, refer items (a) in Note 8 Other current liabilities.

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Note 6 Short-term borrowings

Particulars	Amount in (₹)	
	As at 31st March, 2016	As at 31st March, 2015
	Amount	Amount
Loans repayable on demand		
From banks		
Secured	202,978,399	188,341,756
Total	202,978,399	188,341,756

Notes:

Details of security for the secured short-term borrowings:

Particulars	Amount in (₹)	
	As at 31st March, 2016	As at 31st March, 2015
	Amount	Amount
<u>Loans repayable on demand</u>		
<u>from banks:</u>		
(i). State Bank of India- Cash Credit	77,999,999	77,999,999
(ii). Indian Bank - Cash Credit	60,540,167	47,044,755
(iii). Bank of Baroda - Cash Credit	64,438,233	63,297,002
Total	202,978,399	188,341,756

Disclosure :

Nature of Security :

Loans repayable on demand from all the above banks are secured by Hypothecation on the stock of raw materials, semi-finished, finished goods, Stores & Spares, Packing Material, consumables & Book Debts and second charge on Land & Building and Plant & Machinery of the Company.

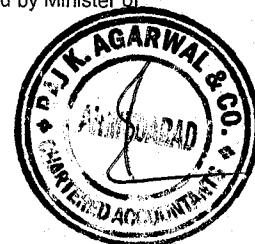
Nature of guarantee :

Loans repayable on demand from all the above banks are personally guaranteed by Promoters, Mr. Prakash Dalmia & Mr. Amitabh Kejriwal along with Corporate Guarantee of M/s. Konark Synthetics Ltd and M/s. Fillmore Trading and Investment Pvt Limited.

Note 7 Trade payables

Particulars	Amount in (₹)	
	As at 31st March, 2016	As at 31st March, 2015
	Amount	Amount
Trade payables:		
(a) Acceptances	-	1,495,087
(b) Other than Acceptances	-	-
(i). Raw Material & Packing Materials	3,995,529	7,465,980
(ii). Expenses & Others	11,044,159	7,999,936
Total	15,039,688	16,961,003

Note : The Company has not received information from the vendor's regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 Hence Disclosure require by notification dated 16th November 2007 issued by Minister of Company Affairs have not been given.





Note 8 Other current liabilities :

Amount in (₹)

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Amount	Amount
(a) Current maturities of long-term debt (refer note i below)	41,277,602	62,546,759
(b) Interest accrued and due on borrowings	-	1,727,175
(c) Other payables		
(i) Statutory remittances	59,582	1,042,521
(ii) Payable to Employees	1,196,499	2,825,098
(iii) Other current liabilities		
(a) Konark Synthetics Limited - current account	5,645,056	14,914,274
(b) Konark Realtech Pvt Limited - current account	39,812,530	39,812,530
Total	87,991,269	122,868,357

Note (i): Current maturities of long-term debt (Refer Notes (i), in Note 5 - Long-term borrowings for details of security and guarantee):

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Amount	Amount
Term loans From Banks :		
Secured	41,277,602	62,546,759
Total	41,277,602	62,546,759

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Amount	Amount
Term loans from banks:		
(i). Bank of Baroda	-	10,551,276
(ii). State Bank of India	38,329,878	39,654,878
(iii). State Bank of India (SB Indore)	752,000	752,000
(iv). State Bank of Travancore	38,863	1,775,036
(vi). Indian Bank	2,156,861	9,813,569
Total	41,277,602	62,546,759

Note 9 Short-term provisions

Amount in (₹)

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Amount	Amount
(a) Provision for Audit Fees	108,000	108,000
(b) Provision for Expenses	8,242,845	6,721,369
Total	8,350,845	6,829,369

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Note 10 Fixed Assets

Amount in (₹)

A.	Tangible assets	Gross block					
		Balance as at 1 April, 2015	Additions	Disposals	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2016
		Amount	Amount	Amount	Amount	Amount	Amount
	(A) Land Freehold Land	9,477,079	-	-	-	-	9,477,079
	(B) Building	110,060,837	-	-	-	-	110,060,837
	(C) Plant and Equipment	330,194,793	31,100	-	-	-	330,225,893
	(D) Furniture and Fixtures	1,348,460	-	-	-	-	1,348,460
	(E) Vehicles	1,214,741	-	-	-	-	1,214,741
	(F) Office equipment	253,699	7,600	-	-	-	261,299
	(G) Computer	644,007	-	-	-	-	644,007
	Total	453,193,616	38,700	-	-	-	453,232,316
	Previous year	452,957,803	552,669	316,856	-	-	453,193,616

Note 10 Fixed assets (contd.)

Amount in (₹)

A.	Tangible assets	Accumulated depreciation and impairment			Net block		
		Balance as at 1 April, 2015	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2016	Balance as at 31 March, 2016	Balance as at 31 March, 2015
		Amount	Amount	Amount	Amount	Amount	Amount
	(A) Land Freehold Land	-	-	-	-	9,477,079	9,477,079
	(B) Building Factory Premises	22,221,372	3,444,471	-	25,665,843	84,394,994	87,839,465
	(C) Plant and Equipment	143,148,802	19,382,586	-	162,531,388	167,694,505	187,045,991
	(D) Furniture and Fixtures	686,042	199,112	-	885,154	463,306	662,418
	(E) Vehicles	811,626	136,981	-	948,607	266,134	403,115
	(F) Office equipment	137,382	34,781	-	172,163	89,136	116,317
	(G) Computer	633,844	4,164	-	638,008	5,999	10,163
	Total	167,639,068	23,202,095	-	190,841,163	262,391,153	285,554,548
	Previous year	144,378,015	23,261,053	-	167,639,068	285,554,548	308,579,788





Note 11 Deferred Tax Asset (Net)

Particulars	Amount in (₹)	
	As at 31st March, 2016 Amount	As at 31st March, 2015 Amount
Deffered Tax Asset	51,318,970	51,318,970
Deffered Tax Liability	30,999,115	30,999,115
Total	20,319,855	20,319,855

Note 12 Long-term advances & receivables

Particulars	Amount in (₹)	
	As at 31st March, 2016 Amount	As at 31st March, 2015 Amount
Balances with government authorities :		
Other Balances	10,079,402	10,079,402
Total	10,079,402	10,079,402

Note 13 Inventories

(At lower of cost and net realisable value)

Particulars	Amount in (₹)	
	As at 31st March, 2016 Amount	As at 31st March, 2015 Amount
(a) Raw materials	35,958,190	34,762,950
(b) Work-in-progress	17,540,500	56,177,850
(c) Finished goods	111,018,180	98,758,690
(d) Packing Material, Stores and spares	5,055,000	5,162,250
(e) Wastage & Others	4,520,500	4,215,950
Total	174,092,370	199,077,690

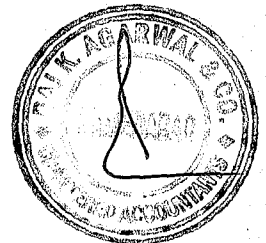
Note 14 Trade receivables

Particulars	Amount in (₹)	
	As at 31st March, 2016 Amount	As at 31st March, 2015 Amount
(i) Trade receivables outstanding for a period exceeding six months from the date they were due for payment Considered good	100,910,966	41,835,758
(ii) Other Trade receivables Considered good	42,579,944	98,197,130
Total	143,490,910	140,032,888

Note 15 Cash and Cash equivalents

Particulars	Amount in (₹)	
	As at 31st March, 2016 Amount	As at 31st March, 2015 Amount
(a) Cash on hand	31,994	69,571
(b) Balances with banks		
(i) In current accounts	38,540	57,243
(ii) In deposit accounts (refer note i below)	-	263,100
Total	70,534	389,914

Note (i) : Balances with banks in deposits accounts shown as margin money held for a period of less than twelve months.





Note 16 Short-term loans and advances

Particulars	Amount in (₹)	
	As at 31st March, 2016 Amount	As at 31st March, 2015 Amount
(a) Security deposits With Uttar Gujarat Viz Co. Ltd & others	6,488,302	6,493,302
(b) Loans and advances to employees/workers	-	168,524
(c) Prepaid insurance expenses	147,990	149,378
(d) Balances with government authorities Unsecured, considered good		
(i) VAT Credit receivable	2,683,074	2,866,821
(ii) VAT Refund receivable	5,950,716	5,950,716
(ii) Tuff Subsidy receivable	4,159,220	5,400,497
(iv) Advance Tax and TDS (Net)	1,902,049	1,529,551
(iv) Other Receivable from UGVCL	1,421,250	-
(e) Other Advances to Suppliers / Receivables	98,429,051	98,340,629
Total	121,181,652	120,899,418

Note 17 Other current assets

Particulars	Amount in (₹)	
	As at 31st March, 2016 Amount	As at 31st March, 2015 Amount
(a) Interest accruals on deposits/ other receivables	-	156,957
(b) Miscellaneous expenditure (to the extent not w/o)	20,320	40,640
Total	20,320	197,597





Note 18 Revenue from operations

Amount in (₹)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Amount	Amount
(a) Sale of products (refer note i below)	156,070,480	394,099,523
(b) Other operating revenues (refer note ii below)	2,234,443	6,190,115
Total	158,304,923	400,289,638

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Amount	Amount
Note : (i) Sale of products comprises :		
<u>Manufactured goods</u>		
Cotton Yarn & Fabrics:		
(a) Domestic	136,634,343	298,268,660
(b) Export	-	44,849,247
(c) Job work of yarn	19,436,137	50,981,616
Total	156,070,480	394,099,523
Note - (ii) Other Operating revenues comprise:		
Sale of scrap & wastage	2,234,443	6,190,115
Total	2,234,443	6,190,115

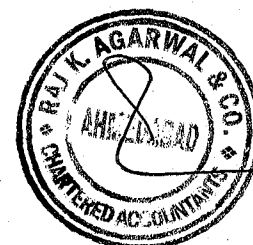
Note 19 Other income

Amount in (₹)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Amount	Amount
(a) Interest income - (Refer Note (i) below)	550,927	959,729
(b) Net gain on foreign currency transactions and translation (other than considered as finance cost)	-	-
(c.) Other non-operating income (net of expenses directly attributable to such income)	5,140	12,675
Total	556,067	972,404

Note (i) : Interest income

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Interest income comprises:	
(i) Interest from banks/others on:		
deposits	3,416	716,095
other balances	547,511	-
(ii) Other Interest	5,140	243,634
Total	556,067	959,729





Note 20.a Cost of materials consumed

Amount in (₹)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Amount	Amount
Opening stock of Raw Material	34,762,950	41,256,090
Add: Purchases of Raw Material & Fabrics	130,795,624	302,498,304
Less: Closing Stock of Raw Material	(35,958,190)	(34,762,950)
Total	129,600,384	308,991,444

Note 20.b Changes in inventories of finished goods, work-in-progress and stock-in-trade

Amount in (₹)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Amount	Amount
Inventories at the end of the year:		
Finished goods	111,018,180	98,758,690
Work-in-progress	17,540,500	56,177,850
	128,558,680	154,936,540
Inventories at the beginning of the year:		
Finished goods	98,758,690	88,703,020
Work-in-progress	56,177,850	59,951,120
	154,936,540	148,654,140
Net (increase) / decrease	26,377,860	(6,282,400)

Note 21 Employee benefits expense

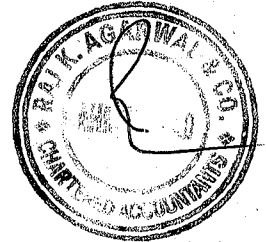
Amount in (₹)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Amount	Amount
(i) Salaries and wages	13,649,354	22,018,472
(ii) Contributions to provident and other funds	59,118	131,136
(iii) Staff welfare expenses	103,205	228,704
Total	13,811,677	22,378,312

Note 22 Finance costs

Amount in (₹)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Amount	Amount
(a) Interest expense on:		
(i) Borrowings	18,766,054	25,266,013
(ii) Others Interest expenses	128,588	5,836,997
(b) Other borrowing costs	212,746	3,450,026
Total	19,107,388	34,553,036





Note 23 Other expenses

Amount in (₹)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Amount	Amount
(a) Manufacturing Expenses		
Consumption of stores and spare parts	882,518	4,111,871
Consumption of packing materials	1,353,275	3,441,059
Subcontracting	1,631,648	2,193,041
Power and fuel	16,056,897	42,532,873
Repairs and maintenance - Buildings	219,954	175,616
Repairs and maintenance - Machinery	131,216	667,048
Total	20,275,508	53,121,508
(b). Administrative Expenses		
Rent including lease rentals	203,500	189,350
Repairs and maintenance - Others	68,790	266,917
Insurance	479,406	447,491
Rates and taxes , license fess	61,832	131,134
Communication	98,143	241,066
Travelling and conveyance	1,799,202	399,731
Printing and stationery	37,859	116,528
Legal and professional	135,970	267,647
Payments to auditors (Refer Note i below)	120,000	120,000
Moter Car & Scooter Expenses	152,851	664,372
Miscellaneous expenses	258,834	201,499
Total	2,416,387	3,045,735
(c) Selling & Distribution Expenses		
Freight and forwarding	131,581	407,212
Sales commission	48,880	151,012
Sales discount / claim	28,189	378,751
Total	208,650	936,975
Grand Total (a+b+c)	22,900,545	57,104,218

Notes (i) :

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Amount	Amount
Payments to the auditors comprises :		
As auditors - statutory audit	55,000	55,000
For taxation matters	25,000	25,000
For other services / certification	40,000	40,000
Total	120,000	120,000

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Notes forming part of the financial statements



INDIA DENIM LIMITED

Note 24 Other Notes to the financial statements

(A). Depreciation :

Company has provided for depreciation as per Schedule II of Company act 2013 on the basis of systematic allocation of depreciable amount of an asset over its useful life as specified in Part C.

(B). Earning Per Share :

As per Accounting Standard - 20 issued by the Institute of Chartered Accountants of India, the calculation of Earning per share are given below :

Particulars	Amount in (₹)	
	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Earnings per share		
Basic		
1.Net profit/(Loss) for the year	(76,456,051)	(31,174,154)
2.Number of equity shares of Rs. 10 each outstanding during the year	11,445,900	11,445,900
3.Earnings per share	(6.68)	(2.72)
Diluted		
1.Net profit/(Loss) for the year	(76,456,051)	(31,174,154)
2.Number of equity shares of Rs. 10 each outstanding during the year	11,445,900	11,445,900
3.Earnings per share	(6.68)	(2.72)

(C) Tax on Income : In compliance with AS 22 relating to 'Taxes on Income' issued by the Institute of Chartered Accountants of India, Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income. The company has not recognised any Deferred tax liability considering upcoming period.

(D)Segment Reporting :

Since the Company is operating in one segment - Textiles, Segment reporting as required under Accounting Standard 17 is not applicable. There is no reportable geographical segment either.

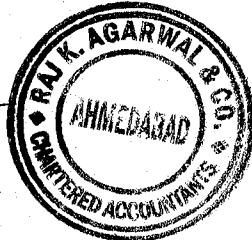
(E) .Previous year figures have been regrouped / rearranged wherever necessary to make there comparable with those of the current year.

(F) Inventory are taken/ valued and certified by the management.

(G). The provision for all liabilities is neither inadequate nor more than what is reasonably necessary. In the opinion of the Board of Directors, Current Assets, Loans and Advances will fetch the amount stated, if realized in the normal course of business. The balance due to / due from parties and loans and advances are subject to confirmation.

For Raj K Agarwal & Co.
Chartered Accountants

RajendraKumar Agarwal
(Proprietor)
Membership No. 70635
Firm Regs. No. 108306W



For and on behalf of the Board of Directors

Prakashchand Dalmia
Chairman & Managing Director

R.B. Somany
Director

Place :Ahmedabad
Date : 28-05-2015

Place :Ahmedabad
Date : 28-05-2015