



29th

**ANNUAL REPORT
2016-2017**

SUPREME TEX MART LIMITED

MANAGEMENT

BOARD OF DIRECTORS

Mr. Ajay Gupta
Mr. Gautam Gupta
Mr. Kuldip Singh
Mr. Bhupinder Singh Mann

Managing Director
Jt. Managing Director
Director
Director

Company Secretary

Mr. Gaurav Gupta (w.e.f. 05.07.2017)

Bankers

State Bank of India
Punjab National Bank
UCO Bank
Allahabad Bank
IDBI Bank Limited
Punjab & Sind Bank
Central Bank of India
Union Bank of India
SBER

Registrar & Share Transfer Agent

Ms/- Beetal Financial & Computer
Service (P) Limited, Beetal House
3rd Floor,99, Madangir, Bh-Local Shopping
Complex, Near Daba Harsukhdas
Mandir, New Delhi - 110062
Demat At CDSL & NSDL ISIN
INE651G01027

Registered Office

B-72 Phase-VIII, Focal Point, Ludhiana
E-mail: info@supremetexmart.com
Ph. 0161-5082524, 5086524, 5087524,
Fax No. 0161-5083524, 5088524
CIN: L17117PB1988PLC016933

Works

1. Spinning Unit-1
Village Kangnawal, P.O. Jugiana,
Ludhiana
2. Spinning Unit-2
Village Kanganwal, P.O. Jugiana,
Ludhiana
3. Dyeing Unit B-72
Phase-VIII, Focal Point, Ludhiana.
4. Apparels & Knits Unit
Village Paharuwal,
P.o. Budhewal, Chandigarh Road,
Ludhiana.
5. Hand Knitting Yarn Unit.
B-72, Phase-VIII, Focal Point,
Ludhiana



DIRECTORS' REPORT & MANAGEMENT DISCUSSION & ANALYSIS REPORT

Dear Members,

The Directors hereby present their 29th Annual Report on the business and operations of the Company together with the audited Financial Accounts for the year ended March 31, 2017. The Management Discussion and Analysis has also been incorporated into this report.

1. HIGHLIGHTS OF PERFORMANCE

- The net sale for the year is Rs. 396.00 crores as compared to Rs. 362.34 Crores of previous year.
- The Net Loss for the year ended 31.03.2017 is Rs. 43.38 Crores as compare to Net Loss of Rs. 178.84 Crores for the previous year.

2. FINANCIAL RESULTS

(Amount in Crores)

| Particulars | Year ending 31.03.2017 | Year ending 31.03.2016 |
|--|-----------------------------------|-----------------------------------|
| Gross Sales and other Income | 396.00 | 362.34 |
| Depreciation and amortization | 46.03 | 48.40 |
| Interest | 1.54 | 22.02 |
| Profit Before exceptional and extraordinary Items and tax | (44.82) | (178.84) |
| Exceptional Items & Extraordinary Items | 1.43 | NIL |
| Provision for Tax | NIL | NIL |
| Share of loss transferred to minority | NIL | NIL |
| Profit/ (Loss) After Tax | (43.38) | (178.84) |
| Reserves and Surplus | (225.86) | (220.59) |

3. RESERVE

Due to losses in the current year, the company has not transferred any amount in any reserve.

4. DIVIDEND

In view of heavy losses company has decided not to declare any dividend.

5. SHARE CAPITAL

Company's Issued, Subscribed and paid-up equity share capital as on 31 March, 2017 comprises of the following-

| Class of Share | Authorized Capital | Issued | Subscribed capital | Paid up Capital |
|---|---------------------------|---------------|---------------------------|------------------------|
| Number of equity shares | 9,00,00,000 | 6,82,30,235 | 68,23,0235 | 68,23,0235 |
| Nominal value per share (in rupees) | 5 | 5 | 5 | 5 |
| Total amount of equity shares (in rupees) | 45,00,00,000 | 34,11,51,175 | 34,05,56,075 | 34,05,56,075 |

6. FINANCE

Cash and Cash equivalent as at 31st March, 2017 is Rs. 13.00 Crores. The Company continues to focus on judicious management of working capital. Working Capital parameters are kept under strict check through continuous monitoring.



6.1 DEPOSITS

During the year, Company has not accepted deposit from the public falling within the ambit of Section 73 of Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

6.2 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Detail of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes of Financial Statements.

7. INDUSTRY AND ECONOMIC SCENARIO & OUTLOOK

India emerged as a 'bright spot' in an otherwise subdued world economy when it overtook China in 2016-17 as the fastest-growing major economy in the world. Though India's fundamentals still remain strong, the recent demonetization initiative undertaken by the Indian Government is expected to lower India's GDP growth from 7.6% in FY16 to 6.8% in FY17.

The Indian textiles industry is one of the oldest industries of the country. The textile industry has two broad segments. First, the unorganized sector consisting of handloom, handicrafts and sericulture and the second is the organized sector consisting of spinning, weaving, knitting, garments and home textiles segment. The industry has a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. The sector contributes 14% to industrial production, 4% to India's Gross Domestic Product (GDP) and 15% to the country's export earnings. It is the second largest employment provider in the country employing nearly 51 million people directly and 68 million people indirectly in 2016-17. Exports have been a core feature of India's textile sector. India remains the second largest exporter of Textile and Clothing (T&C) with global share of 4.8%. Overall T&C exports in key Asian geographies have come down over the last year primarily driven by fall in exports for both China and India. Driven by rising labor cost and strong currency, China has been losing market share over the last few years.

India textile exports, on the other hand, have fallen by ~5% in FY16-17 due to fall in cotton textile. While the medium term outlook for Indian textile remains strong, there are many near term challenges that can impact the growth of the sector. Indian currency has been gaining sharply and is likely to impact growth of export. Rising labour cost and high transportation costs are other key challenges facing Indian textile sector. Another key challenge facing Indian textile sector is rapid depreciation of currency by China over the last one year. Sharp depreciation of the yuan will effect India's export competitiveness, thus impacting the export volume growth trends going forward.

8. FINANCIAL / OPERATIONAL PERFORMANCE

Supreme is manufacturer and exporter of cotton yarn, synthetic yarn, blended yarn, knitted fabric (both grey and processed) and knitted garments. During the year under review, the Company's exports (FOB value) were to the tune of Rs. 41.46 crore and accounts for about 10.47% of company's revenues. The company has identified two segment- yarn and garments. The yarn segment comprises production of various types of yarn (from cotton, manmade fibers and blend thereof). Garment segment comprises of knitted garments.

9. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

As part of its initiatives under "Corporate Social Responsibility (CSR)", the Company has formed requisite CSR Committee and CSR policy was also approved by the Board, as per the requirement of Companies Act, 2013. The details of the CSR Committee and CSR Policy is explained in the Corporate Governance Report and also posted on the website of the Company. The Report of the Corporate Social Responsibility (CSR) Activities is annexed herewith as "Annexure 1".

10. HUMAN RESOURCES

The Company believes that Human Resources will play a significant role in its future growth. With an unwavering focus on nurturing and retaining talent, the Company provides avenues for learning and development through functional, behavioral and leadership training programs, knowledge exchange conferences, communication channels for information sharing to name a few.

The Group's Corporate Human Resources plays a critical role in company's talent management process.

11. BUSINESS RISK MANAGEMENT

Pursuant to the requirement of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the Company has constituted a Business Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report. The Company has



a robust Business Risk Management (BRM) framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting.

The key business risks identified by the Company and its mitigation plans are as under.

Foreign Exchange Risks:-

Around 10% of the Total Revenue of the Company is generated through Export sales. In this way the Company has to deal with foreign currency from time to time. The Company uses various types of foreign currency forward & option contracts to hedge the risks associated with fluctuations in the foreign currency.

Risk related to Personnel:-

Our business is increasingly dependent on the skills and competencies of our employees and management team. The general war for talent in our growing economy has created a substantial risk related to the retention of key personnel both in manufacturing and managerial levels. This risk is mitigated through effective HR policies relating to recruitment and retention and a proactive remuneration and rewards policy that is periodically reviewed at the highest management level.

With excellent performance track as well as best HR practices we are able to attract and retain people for growth of our business.

Risk related to Safety:-

The company has taken adequate insurance covers to indemnify the risks associated with the safety of personnel, building, stock and other infrastructure of the Company. These include:

1. Fire Insurance Policies.
2. Marine/ Transit Insurance Policies.
3. Theft Insurance Policies.
4. Other Miscellaneous Policies.

The company has also taken steps to strengthen IT security system as well as physical security system at all our locations

Compliance Related Risks:-

The Company is committed to being a responsible corporate citizen and respects the laws and regulations of the country. All the compliances under various laws applicable to the Company, including under Companies Act 1956/2013, Factories Act, Income Tax Act 1961 etc., are followed in Letter & Spirit.

12. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has designed and implemented a process driven framework for Internal Financial Controls. For the year ended on March 31, 2017, the Board is of the opinion that the Company has sound Internal Financial Controls commensurate with the size, scale and complexity of its business operations. During the year, such controls were tested and no material weakness in their operating effectiveness was observed. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/ or improved controls whenever the effect of such gaps would have a material effect on the Company's operations.

13. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a vigil mechanism named Fraud Risk Management Policy (FRM) to deal with instance of fraud and mismanagement, if any. The details of the FRM Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

14. SUBSIDIARY COMPANIES

Company does not have any Subsidiary Company.

15. EXPANSION PLAN

No expansion was done during the Financial Year 2016-17.



16. DIRECTORS/KMP

During the year, Ms. Kajal Rai (DIN 07366983) was appointed on 24.07.2016 as an additional Independent Director and her appointment as Independent director was being regularized by shareholder in their Extra Ordinary General meeting dated 30.09.2016. Punjab State Industrial & Development Corporation Ltd. (PSIDC) withdrew the nomination of Mr. Sanjay Krishna Ahuja (DIN-00399501) and Mr. Abhay Pal Gupta (DIN 00421536) w.e.f 11.01.2017 from the Board of the Company. Designation of Mr. Kuldip Singh changed from Whole Time Executive Director to Non Executive Director w.e.f. 29.06.2017.

Furthermore, Ms. Simpal Kumari (DIN 07130429) and Ms. Kajal Rai (DIN-07366983) both Independent Directors resigned from the Directorship of the Company on 14.03.2017. Ms. Preeti Pandey (DIN-07864432) was appointed as women Independent Director w.e.f. 29.06.2017. Unfortunately, she resigned from Directorship w.e.f. 22.08.2017 and Mr. Gautam Gupta also resigned from the position of Joint Managing Director w.e.f. 22.08.2017.

Ms. Manpreet Kaur ceased to be Company Secretary of the company vide letter dated 22.05.2017. However, Company appointed Mr. Gaurav Gupta as Company Secretary and Compliance Officer of the company w.e.f. 05.07.2017. Mr. Inder Pal Singh resigned from the position of Chief Financial Officer of the company from 05.07.2017

Mr. Kuldip Singh Director (DIN 05327381) is liable to retire by rotation at the ensuing Annual General Meeting of the Company.

17. Board Evaluation

The Board has carried out an annual evaluation of its own performance, the directors and also committees of the Board based on the guideline formulated by the Nomination & Remuneration Committee. Board composition, quality and timely flow of information, frequency of meetings, and level of participation in discussions were some of the parameters considered during the evaluation process. A note on the familiarizing programmes adopted by the Company for the orientation and training of the Directors and the Board evaluation process undertaken in compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the Corporate Governance Report which forms part of this Report.

Further, a Separate Meeting of the Independent Directors of the Company was held once during the year on 12.08.2016 which also reviewed the performance of the Non-executive directors, Chairman of the Company and performance of the Board as a whole.

Declarations by Independent Directors

All Independent Directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

Remuneration Policy

The criteria for Directors' appointment has been set up by the Nomination, Remuneration and Compensation Committee, which includes criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Sub-section (3) of Section 178 of Companies Act, 2013 ("the Act"). The Remuneration Policy is attached as "**Annexure 2**" to this Board's Report.

18. Meetings

The details of the number of meetings of the Board held during the Financial Year 2016-17 forms part of the Corporate Governance Report.

19. Key Managerial Personnel

The following are the Key Managerial Personnel of the Company:

1. Mr. Ajay Gupta :Managing Director
2. Mr. Gautam Gupta :Joint Managing Director (upto 22.08.2017)
3. Mr. Kuldip Singh : Whole Time Director (upto 29.06.2017)
4. Mr. Inder Pal Singh: Chief Financial Officer (upto 05.07.2017)
5. Ms. Manpreet Kaur : Company Secretary (upto 22.05.2017)
6. Mr. Gaurav Gupta : Company Secretary (w.e.f. 05.07.2017)



20. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013.

- i) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and that there are no material departures;
- ii) that they have, in the selection of the Accounting Policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year viz. 31.03.2017 and of the profit of the Company for that period;
- iii) that they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956/ Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that they have prepared the annual accounts on a going concern basis.
- v) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- vi) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

21. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Hence the Company is not required to disclose details of the related party transactions in Form AOC – 2 pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on a quarterly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis. The statement is supported by a Certificate from MD and CFO. The Company has developed a Related Party Transactions Manual, Standard Operating Procedures for purpose of identification and monitoring of such transactions.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

22. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

During the year under review, there are not any significant and material orders passed by the Regulators or Courts to the Company.

23. AUDITORS

a) Statutory Auditors:-

At the Annual General Meeting held on September 30, 2016, M/s Datta Singla & Co., Chartered Accountants, Mandi Gobindgarh, (Firm Reg. No S06185N) were appointed as the Statutory Auditors of the Company be appointed as the Statutory Auditors of the Company for a period of 5 years, subject to ratification of their appointment by the members at every annual general meeting. The shareholders at the ensuing annual general meeting will consider the appointment of the Statutory Auditors. The Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

In this regard, the ratification in respect with the appointment of M/s. Datta Singla & Co., Chartered Accountants as the Statutory Auditors of the Company is proposed in the Notice of 29th Annual General Meeting of the Company.

Members' attention is invited to the observation made by the Auditors under "Emphasis of matter" appearing in Auditors Reports. The observation made by auditor's in their report along with the management replies on it are as follows:



- i) The company has not provided for finance cost in respect of Banks/Financial Institutions except for Punjab & Sind Bank and UCO Bank but the company has neither provided nor acknowledges the liability in respect of other consortium banks and financial institutions. The exact quantification of interest/finance cost accrued during the year has not been ascertained. However as computed by the company an amount of Rs. 5857.57 Lacs has not been provided for , which has resulted in understatement of loss and liabilities by Rs.5857.57 Lacs. (Refer Note No. 41 to the financial statements)
- ii) In the absence of information of Secured Borrowings (Long Term and Short Term) we are unable to comment upon the exact liabilities towards banks and financial institutions as on balance sheet date and its impact on financial statements.
- iii) In the absence of details and records of liability towards creditors covered under the Micro Small & Medium Enterprises Development Act 2006, we are unable to report the status as required by the Companies, Act 2013.
- iv) The company has credited capital reserve account by Rs. 4231.70 Lacs by writing off the liability towards Banks/FI's and debited capital reserve by Rs. 420.91 Lacs by increasing the liability towards Banks/FI's. The company has not produced any evidence facilitating such adjustment. This has resulted in overstatement of reserves and surplus under the head capital reserve and understatement of the liability by Rs. 3810.79 lacs.
- v) The secured term loan borrowing except that of Punjab National Bank amounting to Rs. 1560.33 lacs and IDBI amounting to Rs.1728.28 lacs should have been classified current liabilities since recall notice under SARFAESI Act by all banks except Punjab & Sind Bank and UCO Bank has been served. This has resulted in overstatement of long term borrowing and understatement of current liabilities by Rs. 15876.18 Lacs.
- vi) In respect of the following receivables the company has not provided complete information justifying their reliability :

| Sr.No. | Particulars | (Rs. In Lacs) |
|--------|---|---------------|
| i) | Interest Receivable On account Interest Subsidy (Tufts) | 1104.04 |
| ii) | Insurance Claim Recoverable | 489.70 |
| iii) | Interest on Insurance Claim Recoverable | 446.51 |
| iv) | Amount Receivable (Union Bank) | 66.88 |
| v) | Amount Receivable (PNB) | 63.79 |
| vi) | FDR Receivable from Bank | 1123.88 |
| vii) | Amount Receivable (Central Bank) | 977.88 |
| viii) | Vat (Notational) | 239.46 |
| | Total | 4512.14 |

The above receivables at Sr. (i) to (iii) amounting to Rs.2279.71 Lacs are outstanding for last few years. The other receivables are due from banks, who are secured creditors of the company. We are of the view that the bank in the normal course have adjusted the amount at Sr. No. (iv) to (vii) amounting to Rs.2232.43 Lacs against their outstanding. The necessary adjustment has not been made by the company. This has resulted in overstatement of receivables and understatement of secured liabilities by Rs. 2232.43 lacs. The consequential impact on the profit and loss amount has not been quantified by the company.

- vii) The company has made a provision for gratuity and leave encashment on estimated basis without actuarial valuation, which is not in accordance with Accounting Standard-15 on Employee Benefits. In the absence of actuarial valuation we are unable to comment on the adequacy of the provision.
- viii) The company has accounted for interest on security deposit with PSPCL amounting to Rs. 47.28 lacs on receipt basis against accrual method of accounting adopted by the company. In the absence of interest recoverable from PSPCL for the current year we are unable to quantify the effect of the same on loss of the company.

Company's Remarks: Company has adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. These systems are in place since the inception of the company.



It is pertinent to note that all the inadequacy of systems referred by the Statutory Auditors were perfect till the last financial year as per their Report of the previous years.

b) Cost Auditors:-

The Board of Directors has on the recommendation of Audit Committee, approved the appointment of M/s Akhilesh Bhuchar and Co., Cost Accountants, (Firm Registration No. 101747) as the Cost Auditors of the company for the year 2017-2018 as fixed by Board of Directors as applicable and re-imburement of out of pocket expenses incurred by them. The proposed remuneration of the Cost Auditors would be approved by the members in the ensuing AGM.

c) Secretarial Audit:-

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Rajeev Bhambri & Associates, (M. No 4327 & C.P. No 9491) a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for Financial year 2016-17. The Report of the Secretarial Audit Report is annexed herewith as “**Annexure 3**”.

The Secretarial Audit Report for the financial year ended March 31, 2017 contains certain reservation and remarks which are given along with the management reply for the same:

- a) The company has not provided for the interest of borrowings from banks which have not charged interest on accounts classified as non-performing assets.
- b) The provision for gratuity and leave encashment is made on an estimated basis, without Actuarial Valuation, which is not in accordance with the Accounting Standard – 15 on Employee Benefits.
- c) Company has delayed/defaulted in payment of statutory payments as required under Employee State Insurance Act, 1948, the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 and the Income Tax Act, 1961.
- d) Company has defaulted in payment of interest and repayment of term loans to State Bank of India, Central Bank of India, SBER Bank, Punjab National Bank, IDBI Bank, Allahabad Bank and Union Bank of India.

Company’s Remarks: Company has adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. These systems are in place since the inception of the company.

The Board on the recommendation of Audit Committee, appointed M/s. Amandeep & Associates (M. No. 48541 & C.P. No. 17858) as Secretarial Auditors for the Financial Year 2017-18.

24. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN MARCH 31, 2015 AND DATE OF THE REPORT.

There were no material changes and commitments affecting the financial position of the Company between the end of financial year (March 31, 2017) and the date of the Report.

25. CORPORATE GOVERNANCE

The report on Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms an integral part of this Report. The requisite certificate from the Practicing Company Secretary of the Company confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

26. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL), ACT, 2013

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

27. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as “**Annexure 4**”.



28. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as “Annexure 5”.

29. LISTING

Shares of the company are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

30. PARTICULARS OF EMPLOYEES

The details required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, in respect of Employees of the Company, are given in “Annexure 6” of this Board's Report.

However, in terms of Section 136 (1) of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the Statement of Particulars of Employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended. The said statement is available for inspection by the Members at the Registered Office of the Company during business hours on working days up to the date of the ensuing Annual General Meeting.

31. APPRECIATION AND ACKNOWLEDGEMENTS

The Directors wish to thank Customers, the Government Authorities, Financial Institutions, Bankers, Other Business Associates and Members for the co-operation and encouragement extended to the Company. The Directors also place on record their deep appreciation for the contribution made by the employees at all levels.

32. CAUTIONARY STATEMENT

Statement in this “Management Discussion and Analysis” describing the Company's objectives, projections, estimates, expectations or predictions may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts businesses and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

For and on behalf of the Board

Place : Ludhiana
Dated : 22.08.2017

(AJAY GUPTA)
Managing Director
00842248

(KULDIP SINGH)
Director
05327381



“ANNEXURE 1”

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. The CSR Policy of the Company was approved by the Board in the Meeting held on 30.05.2014. A brief outline of the Company's CSR policy, including objectives, areas to be covered, Scope etc is mentioned on the Web Site of the Company.
2. **Composition of the CSR Committee:**
 - i) Mr. Bhupinder singh Mann, Chairman
 - ii) Mr. Ajay Gupta, Member
 - iii) Mr. Simpall Kumari, Member (resigned w.e.f 14.03.2017)
3. **Details of CSR spend for the financial year:**

During the year 2016-17, the Company suffered heavy losses. Due to such heavy losses it was decided by the Board not to incur any expenditure on CSR activity during this year.

CSR POLICY

(Approved by the Board of Directors on May 30, 2014)

Supreme Tex Mart Limited (STML) CSR policy intends to:

- i) Strive for economic growth that positively impacts the society at large with a minimal resource footprint.
- ii) Embrace responsibility for the Company's actions and encourage a positive impact through its activities on hunger, poverty, malnutrition, environment, communities, stakeholders and the society.

SCOPE

In accordance with the requirements under the Companies Act, 2013, STML CSR activities will focus on:

- i. Education
- ii. Water Supply including drinking water.
- iii. Health care by providing Indoor medical facilities and medicines
- iv. Employment
- v. Sports and culture.
- vi. Generation of employment
- vii. Infrastructure Support
- viii. Grant/donation/financial assistance/sponsorship to reputed NGOs of the Society/locality doing/involve in upliftment of the standard of the society.
- ix. Empowerment of women for education/health & self employment.
- x. Relief of victims of Natural Calamities like Earth Quake, Cyclone, Draught and Flood situation in any part of the country.



“ANNEXURE-2”
REMUNERATION POLICY

1. Preamble

This Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI Listing Regulations]. On the recommendation of Nomination, Remuneration and Compensation Committee, this policy has been approved by the Board of Directors.

2. Objective

The Policy relates to designing the remuneration for the Directors, Key Managerial Personnel (KMPs), Senior Management Personnel (SMPs) and other employees of the Company.

3. Definitions

For the purpose of this Policy:

- 'Act' shall mean the Companies Act, 2013;
- 'Board' shall mean the Board of Directors of Supreme Tex Mart Limited;
- 'Committee' shall mean the Nomination and Remuneration committee of the Company, constituted and re constituted by the Board from time to time;
- 'Company' shall mean Supreme Tex Mart Limited;
- 'Directors' shall mean the directors of the Company;
- 'Independent Director' shall mean a director referred to in Section 149 (6) of the Companies Act, 2013;
- 'Key Managerial Personnel (KMP)' shall mean the following:
 - (i) Chairman and Managing Director
 - (ii) Dy. Managing Director (DMD);
 - (iii) Chief Financial Officer (CFO);
 - (iv) Company Secretary (CS);
 - (v) Such other officer as may be prescribed.
- 'Senior Management' shall mean personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

4. KEY PRINCIPLES

The following principles guide the design of remuneration under this Policy-

- i. Attract, retain and motivate the right talent, including the Directors and Employees as required to meet the goals of the Company.
- ii. Remuneration to the Directors, KMPs, and SMPs is aligned with the short term and long term goals and performance of the Company.
- iii. Promote the culture of meritocracy, performance and accountability. Give appropriate weightage to individual business and overall Company's performance.
- iv. Reflect market trends and practices, competitive positions to attract the required talent.

5. REMUNERATION PAID TO EXECUTIVE DIRECTORS/MANAGING DIRECTORS

- (i) The Remuneration to Executive Directors will be approved by the Board of Directors based on the recommendations of the Committee, subject to the approval of shareholders and such other authorities as may be applicable. The concerned Executive Director will not participate in such discussions of the Board/Committee.



(ii) The compliance of the relevant provisions of the Companies Act, 2013 and SEBI Listing Regulations regarding the limits of remuneration will be ensured.

(iii) The remuneration will include the following components :

a) Basic Salary

- Provides for a fixed, per month, base level remuneration to reflect the scale and dynamics of business to be competitive in the external market.
- Will be subject to an annual increase as per the recommendations of the Committee and the approval of the Board of Directors.

b) Commision

- Executive Directors will be allowed remuneration, by way of commission in addition to the Basic Salary, Perquisites and any other Allowances, benefits and amenities.
- The total amount of remuneration along with Commission paid to all Executive Directors shall not exceed the limits laid down in Sections 197 and 198 of the Companies Act, 2013.
- The amount of commission shall be paid subject to recommendation of the committee and approval of the Board of Directors.

c) Perquisites and Allowances

- Perquisites and Allowances commensurate to the position of Executive Directors.

d) Contribution to Provident, Superannuation fund and Gratuity payments

e) Minimum Remuneration

- In the event of absence or inadequacy of profits in any financial year, the remuneration approved by the shareholders excluding commission is paid to Executive Directors as a minimum remuneration, subject to necessary approvals, if any.

6. REMUNERATION PAID TO NON-EXECUTIVE AND INDEPENDENT DIRECTORS

The Non-Executive and Independent Directors would be paid remuneration by way of sitting fees for attending meetings of Board or Committee thereof and profit related commissions as approved by Board and Shareholders. The amount of such fees and commissions shall be subject to ceiling/limits as provided under the Companies Act, 2013 and Rules made there under or any other enactment for the time being in force.

7. KMPs/SENIOR MANAGEMENT PERSONNEL/OTHER OFFICERS &STAFF

The Remuneration to be paid to KMPs/Senior Management Personnel/other officers & staff is based on the grade, role and position in the Company, the experience, qualification, skills and competencies of the related personnel/employees, the market trends, practices and benchmarks. The positioning strategy is to see that the compensation provides adequate opportunity to attract the required talent and retain the same to be able to meet the requirements of the job and business.

The remuneration is subject to review on the basis of individual and business performance. The performance of employees is reviewed based on competency assessment and key results delivered, along with using a forced distribution method/bell curve. The performance assessment, more specifically, is used as an input to determine merit/special increments, performance bonus, rewards, incentives (short term and long term) and other recognitions/promotions.

The remuneration includes salary, allowances, perquisites, awards, loans/advances as per Company's scheme, retirement benefits, benefits under welfare schemes, subsidies, etc.

The objective is to ensure that the compensation engage the employees to give their best performance.

8. WORKMEN COMPENSATION

Workmen are paid wages in accordance to the settlement with the recognized union of the workers as per best industry practice, as applicable. Where there is no union, workmen wages are as per the best industry practice and applicable law. All our remuneration components will be in accordance with applicable statutory compliance.

The remuneration includes salary, allowances, perquisites, awards, loans/advances as per Company's scheme, retirement benefits, benefits under welfare schemes, subsidies, etc.



9. DIRECTORS' AND OFFICERS' INSURANCE

Where any insurance is taken by the Company on behalf of its Directors, KMPs/Senior Management Personnel etc. for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

10. AMENDMENTS

Notwithstanding the above, the applicable provisions and amendments, if any, under the Companies Act, 2013 and/or SEBI Listing Regulations in respect of this policy and related matters shall be implemented by the Company. The Committee may recommend amendments to this Policy from time to time as it deems appropriate.

11. DISCLOSURE

The Policy shall be disclosed as required under the Companies Act, 2013 and SEBI Listing Regulations and in the Annual Report as prescribed



“ANNEXURE 3”

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2017

**[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,
The Members,
Supreme Tex Mart Limited,
424, Industrial Area - A,
Ludhiana.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Supreme Tex Mart Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2017 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2017, to the extent applicable and according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):—
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) SEBI (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi) We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with laws relating to, inter alia:
 - All labour & industrial laws;
 - The Competition Act, 2012;



- All environmental laws;
- Textiles (Consumer Protection) Regulations, 1988;
- Textiles (Development and Regulation) Order, 2001;
- Textiles Committee Act, 1963;
- Additional Duties of Excise (Textiles and Textiles Articles) Act, 1978.
- Indian Boilers Act, 1923

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India to the extent of its applicability.
- (ii) The Listing Agreement entered into by the Company with the BSE Limited & NSE read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- a) **The company has not provided for the interest of borrowings from banks which have not charged interest on accounts classified as non-performing assets.**
- b) **The provision for gratuity and leave encashment is made on an estimated basis, without Actuarial Valuation, which is not in accordance with the Accounting Standard – 15 on Employee Benefits.**
- c) **Company has delayed/defaulted in payment of statutory payments as required under Employee State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Income Tax Act, 1961.**
- d) **Company has defaulted in payment of interest and repayment of term loans to State Bank of India, Central Bank of India, SBER Bank, Punjab National Bank, IDBI Bank, Allahabad Bank and Union Bank of India.**

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

Rajeev Bhambri & Associates

Company Secretary in whole time practice

C.P. No. 9491

Place: Ludhiana

Dated: 31.05.2017

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE' and forms an integral part of this report.



'ANNEXURE'

To,

The Members

Supreme Tex Mart Limited

424, Industrial Area - A,

Ludhiana.

Our report of even date is to be read along with this letter.

1. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
2. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company as we have relied upon the Audit done by Statutory Auditors as required under Companies Act, 2013.
3. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Rajeev Bhambri & Associates

Company Secretary in whole time practice

C.P. No. 9491

Place: Ludhiana

Dated: 31.05.2017



“ANNEXURE 4”

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

[Section 134(3) (m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

1. CONSERVATION OF ENERGY:

With continuous efforts, company keeps on trying to reduce and control the consumption of fuel & electricity.

| A. Power & Fuel Consumption | 2016-17 | 2015-16 |
|---|--------------------|----------------|
| 1. Electricity- Own Generation | | |
| Unit Produced | KWH in Lakh | |
| Unit Produced /Ltr. of Diesel | KWH | |
| Total Amount Rs. | 4.30 | 1.68 |
| Cost Per Unit Rs. | 3.65 | 3.44 |
| | 17.78 | 13.29 |
| 2. Electricity – Purchased | | |
| Unit Purchased | KWH in Lakh | |
| Total Amount | 605.02 | 550.74 |
| B. Electricity Consumed Per Kg of Production | | |
| Yarn | KWH/Kg | 2.17 |
| Dyeing | KWH/Kg | 0.95 |
| Garment | KWH/Kg | 4.13 |
| | | 1.76 |

C. Energy Conservation measures:

- i) Improvisation and continuous monitoring of Power Factor and replacement of Weak capacitors by conducting periodical checking of capacitors.
- ii) The Company has endeavored to optimize the use of energy resources and taken the adequate steps to avoid the wastage and use the latest production technologies and equipments.

2. TECHNOLOGY ABSORPTION:

Technology absorption, Innovation and Research & Development (R & D) is a continuing Process and a continued emphasis is given on quality improvement and product upgradation.

RESEARCH & DEVELOPMENT (R & D)

(a) Specific Areas in which R & D carried by the Company:

The Company has adopted latest new technology. However, R & D has been carried in the areas of new product development, improvement in the production process and quality of products.

(b) Benefits desired as a result of above R & D:

The efforts have resulted in cost competitiveness.

(c) Future Course of action:

The management is committed to continue R&D to increase market competitiveness.

(d) Expenditure on R & D

| | 2016-17 | 2015-16 |
|---|----------------|----------------|
| | | (Rs. In Crore) |
| a. Capital | NIL | NIL |
| b. Recurring (Gross) | NIL | NIL |
| TOTAL | | |
| Total R & D expenditure as percentage of total turnover (%) | NA | NA |

3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. in crore)

| | | |
|---|-------|-------|
| Foreign Exchange Earned (FOB value of export) | 41.46 | 65.69 |
| Foreign Exchange Used (CIF Value of Imports) | 7.60 | 2.87 |



“ANNEXURE 5”

EXTRACT OF ANNUAL RETURN

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

FORM NO MGT -9

I. Registration and Other Details

| | |
|--|--|
| CIN | L17117PB1988PLC016933 |
| Registration Date | 25/10/1988 |
| Name of the Company | SUPREME TEX MART LIMITED |
| Category/Sub- category of the Company | Company limited by shares / Non Government company |
| Address of the Registered Office and Contact Details | B-72, Focal Point, Phase-VIII, Ludhiana 141010 |
| Whether Listed | Yes |
| Name, address and contact details of Registrar and Transfer Agents, If any | Ms/- Beetal Financial & Computer Service (P) Limited Address:- Beetal House, 3rd Floor 99, Madangir, Bh-Local Shopping Complex, Near Daba Harsukhdas Mandir, New Delhi - 110062 |

II. Principal Business Activities of the Company

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

| Name and Description of main Products /Services | NIC Code of the Product/Service* | % to total turnover of the Company |
|---|----------------------------------|------------------------------------|
| Yarns | 1313 | 72.69 |

* As per National Industrial Classification – Ministry of Statistics and Programme Implementation

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and address of the company | CIN/GLN | Holding/ Subsidiary / associate | % of shares held | Applicable Section |
|---------|---------------------------------|---------|---------------------------------|------------------|--------------------|
| 1. | NIL | NA | NA | NA | NA |

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

(i) Category - Wise Shareholding

| Category of Shareholders | No. of shares held at the beginning of the year (01.04.2016) | | | | No. of Shares held at the end of the year (31.03.2017) | | | | % change during the year |
|---------------------------|--|----------|-----------------|-------------------|--|----------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total Shares | Demat | Physical | Total | % of Total shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) individual / HUF | 30734409 | 0 | 30734409 | 45.04 | 14039496 | 0 | 14039496 | 20.58 | -24.46 |
| b) Central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) state Govt. | 0 | 0 | 0 | 0 | 1645222 | 0 | 1645222 | 2.41 | 2.41 |
| d) Bodies Corporate | 7350000 | 0 | 7350000 | 10.77 | 4150000 | 0 | 4150000 | 6.09 | -4.68 |
| e) Banks/ FI | 1645222 | 0 | 1645222 | 2.41 | 0 | 0 | 0 | 0 | -2.41 |
| f) Any Others | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub -Total (A)(1): | 39729631 | 0 | 39729631 | 58.22 | 19834718 | 0 | 19834718 | 29.08 | -29.14 |
| (2) Foreign | | | | | | | | | |



SUPREME TEX MART
2016-2017

| | | | | | | | | | |
|--|-----------------|----------|-----------------|--------------|-----------------|----------|-----------------|--------------|---------------|
| a) NRIs - Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Others - Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corporate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Any others | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub Total (A)(2): | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Shareholding of Promoters (A)= (A)(1) + (A)(2) | 39729631 | 0 | 39729631 | 58.22 | 19834718 | 0 | 19834718 | 29.08 | -29.14 |
| B. Public Shareholding | | | | | | | | | |
| (1) Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| a) Mutual Funds/UTI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Banks /FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) State Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| g) FIs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) others (Specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub -Total (B)(1): | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (2) Non - Institutions | | | | | | | | | |
| a) Bodies Corporate | | | | | | | | | |
| i) Indian | 3851567 | 0 | 3851567 | 5.65 | 3940922 | 0 | 3940922 | 5.78 | 0.13 |
| ii) Overseas | 0 | 0 | 0 | 0 | | | | | 0 |
| b) Individual | | | | | | | | | |
| i) Individual Shareholders holding nominal share capital upto 2 lakh | 4104684 | 216400 | 4321084 | 6.33 | 31880771 | 216400 | 32097171 | 47.04 | 40.71 |
| ii) Individual Shareholders holding nominal | 7319718 | 0 | 7319718 | 10.72 | 11320779 | 0 | 11320779 | 16.60 | 5.88 |



| | | | | | | | | | |
|--|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|--------------|
| share capital in excess 2 lakh | | | | | | | | | |
| c) others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Foreign Bodies Corporates | 12614719 | 0 | 12614719 | 18.49 | 0 | 0 | 0 | 0 | -18.49 |
| ii) Clearing Members / Clearing House | 111033 | 0 | 111033 | 0.15 | 231870 | 0 | 231870 | 0.34 | -0.19 |
| iii)NRI- Non Repatariable | 0 | 0 | 0 | 0 | 19150 | 0 | 19150 | 0.03 | 0.03 |
| iv) NRI- Repatariable | 58212 | 0 | 58212 | 0.08 | 165714 | 0 | 165714 | 0.25 | 0.17 |
| v)Individual/HUF | 224271 | 0 | 224271 | 0.33 | 619911 | 0 | 619911 | 0.91 | 0.58 |
| Sub -Total (B)(2): | 28284204 | 216400 | 28500604 | 41.78 | 48179117 | 216400 | 48395517 | 70.92 | 29.14 |
| Total Public Shareholding (B)= (B)(1) + (B)(2) | 28284204 | 216400 | 28500604 | 41.78 | 48179117 | 216400 | 48395517 | 70.93 | 29.14 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B+C) | 67969221 | 261014 | 68230235 | 100.00 | 68013835 | 216400 | 68230235 | 100.00 | 0 |

ii) Shareholding of Promoters

| Shareholder Name | Shareholding at the beginning of the year (01.04.2016) | | | Shareholding at the end of the year (31.03.2017) | | | % change in shareholding during the year |
|---|--|----------------------------------|---|--|----------------------------------|---|--|
| | No. of Shares | % of total Shares of the Company | % of Shares/ Pledged / encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares/ Pledged / encumbered to total shares | |
| Shukla Gupta | 16350 | 0.02 | 0 | 16350 | 0.02 | 0 | Nil |
| Ishita Gupta | 312000 | 0.46 | 0 | 312000 | 0.46 | 0 | Nil |
| Manju Gupta | 931061 | 1.36 | 0 | 931061 | 1.36 | 0 | Nil |
| Shikha Gupta | 1355200 | 1.99 | 0 | 0 | 0 | 0 | (1.99) |
| Gautam Gupta | 3075865 | 4.51 | 0 | 0 | 0 | 0 | (4.51) |
| Bhavna Gupta | 3534665 | 5.18 | 0 | 0 | 0 | 0 | (5.18) |
| Ajay Gupta | 9575445 | 14.03 | 8.37 | 5875445 | 8.62 | 8.37 | (5.41) |
| Sanjay Gupta | 11933823 | 17.49 | 8.37 | 6904640 | 10.12 | 8.37 | (7.37) |
| Venus Tex Spin Limited | 3350000 | 4.91 | 0 | 3350000 | 4.91 | 0 | Nil |
| Gold leaf International (p) limited | 4000000 | 5.86 | 0 | 800000 | 1.17 | 0 | (4.69) |
| Punjab State Industrial Development Corporation Limited | 1645222 | 2.41 | 0 | 1645222 | 2.41 | 0 | Nil |
| Total | 39734302 | 58.22 | 16.74 | 19834718 | 29.08 | 16.74 | (29.14) |



iii) Change in Promoters' Shareholding (Please specify, if there is no change)

| S.No. | Particulars | Shareholding at the beginning of the year (01.04.2016) | | Date | Increase/ Decrease in Shareholding | Reason | Shareholding at the end of the year (31.03.2017) | |
|------------|----------------------------------|--|----------------------------------|------------|------------------------------------|--------|--|----------------------------------|
| | | No. Of Shares | % of Total Shares of the company | | | | No. Of Shares | % of Total Shares of the company |
| 1. | Shikha Gupta | 1355200 | 1.98 | 07.10.2016 | (1355200) | Sale | 0.00 | 0.00 |
| 2. | Gautam Gupta | 3075865 | 4.50 | 26.08.2016 | (3075865) | Sale | 0.00 | 0.00 |
| 3. | Bhavna Gupta | 3534665 | 5.18 | 05.08.2016 | (15000) | Sale | 3519665 | 5.15 |
| | | | | 19.08.2016 | (650000) | Sale | 2869665 | 4.20 |
| | | | | 26.08.2016 | (2869665) | Sale | 0.00 | 0.00 |
| 4. | Goldleaf International Pvt. Ltd. | 4000000 | 5.86 | 26.08.2016 | (1335000) | Sale | 2665000 | 3.90 |
| | | | | 02.09.2016 | (1350000) | Sale | 1315000 | 1.92 |
| | | | | 09.09.2016 | (515000) | Sale | 800000 | 1.17 |
| 5. | Ajay Gupta | 9575445 | 14.03 | 19.08.2016 | (2400000) | Sale | 7175445 | 10.51 |
| | | | | 26.08.2016 | (1300000) | Sale | 5875445 | 8.62 |
| 6. | Sanjay Gupta | 11933823 | 17.49 | 08.07.2016 | (25000) | Sale | 11908823 | 17.45 |
| | | | | 15.07.2016 | (250862) | Sale | 11657961 | 17.0862 |
| | | | | 29.07.2016 | (30000) | Sale | 11627961 | 17.0422 |
| | | | | 05.08.2016 | (1324521) | Sale | 10303440 | 15.101 |
| | | | | 19.08.2016 | (2459800) | Sale | 7843640 | 11.4958 |
| | | | | 26.08.2016 | (339000) | Sale | 7504640 | 10.999 |
| | | | | 02.09.2016 | (300000) | Sale | 7204640 | 10.5593 |
| 09.09.2016 | (300000) | Sale | 6904640 | 10.1196 | | | | |

iv) Shareholding Pattern of Top 10 Shareholders (Other Than Directors, Promoters and Holders of GDRs and ADRs)

| For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Date | Increase/ Decrease during the year | Reason | Shareholding at the end of the year | |
|-------------------------------------|---|----------------------------------|------------|------------------------------------|----------|-------------------------------------|----------------------------------|
| | No. Of Shares | % of Total Shares of the company | | | | No. Of Shares | % of Total Shares of the company |
| 1.Sindia Investment Group Pte Ltd | 12614719 | 18.49 | 29.04.2016 | (3000000) | Transfer | 9614719 | 14.09 |
| | | | 17.06.2016 | (5000) | Transfer | 9609719 | 14.08 |
| | | | 15.07.2016 | (200000) | Transfer | 9409719 | 13.79 |
| | | | 02.09.2016 | (4000) | Transfer | 9405719 | 13.79 |
| | | | 07.10.2016 | (4102159) | Transfer | 5303560 | 7.77 |
| | | | 14.10.2016 | (717175) | Transfer | 4586385 | 6.72 |
| | | | 11.11.2016 | (5000) | Transfer | 4581385 | 6.71 |
| | | | 31.12.2016 | (200000) | Transfer | 4381385 | 6.42 |
| | | | 03.02.2017 | (1546637) | Transfer | 2834748 | 4.15 |
| | | | 17.02.2017 | (557423) | Transfer | 2277325 | 3.34 |
| 03.03.2017 | (323702) | Transfer | 1953623 | 2.86 | | | |
| 10.03.2017 | (1953623) | Transfer | 0 | 0.00 | | | |
| 2.Whitestone Yarns Pvt. Ltd | 516800 | 0.76 | 13.05.2016 | (100000) | Transfer | 368264 | 0.53 |
| | | | 15.07.2016 | (300000) | Transfer | 68264 | 0.1 |



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| | | | | | | | |
|------------------------|---------|------|------------|-----------|----------|---------|--------|
| | | | 29.07.2016 | (68264) | Transfer | 0.00 | 0.00 |
| 3.Rohit Kareer | 1431170 | 2.09 | 13.07.2017 | (1431170) | Transfer | 0.00 | 0.00 |
| 4.Rajneesh Sharma | 1403880 | 2.05 | 26.08.2016 | (1000000) | Transfer | 403880 | 0.59 |
| | | | 02.09.2016 | (200000) | Transfer | 203880 | 0.29 |
| | | | 09.09.2016 | (203880) | Transfer | 0.00 | 0.00 |
| 5.Ravinder Kumar Sood | 1330030 | 1.94 | - | - | - | 1330030 | 1.94 |
| 6.Vishal Arora | 1206711 | 1.76 | 28.10.2016 | (772165) | Transfer | 434746 | 0.6372 |
| | | | 06.01.2017 | (434546) | Transfer | 200 | 0.00 |
| 7. LSE Securities Ltd. | 577485 | 0.85 | 15.04.2016 | 1800 | Transfer | 578127 | 0.84 |
| | | | 22.04.2016 | 1900 | Transfer | 580027 | 0.85 |
| | | | 29.04.2016 | (41500) | Transfer | 538527 | 0.78 |
| | | | 06.05.2016 | (17800) | Transfer | 520727 | 0.76 |
| | | | 13.05.2016 | 7970 | Transfer | 528697 | 0.77 |
| | | | 20.05.2016 | (2837) | Transfer | 525860 | 0.77 |
| | | | 27.05.2016 | 4952 | Transfer | 530812 | 0.78 |
| | | | 03.06.2016 | (1940) | Transfer | 528872 | 0.77 |
| | | | 10.06.2016 | 950 | Transfer | 529822 | 0.77 |
| | | | 17.06.2016 | 5000 | Transfer | 534822 | 0.78 |
| | | | 24.06.2016 | (4000) | Transfer | 530822 | 0.77 |
| | | | 30.06.2016 | (9000) | Transfer | 521822 | 0.76 |
| | | | 08.07.2016 | (8022) | Transfer | 513800 | 0.75 |
| | | | 15.07.2016 | (3100) | Transfer | 510700 | 0.74 |
| | | | 22.07.2016 | 11500 | Transfer | 522200 | 0.76 |
| | | | 29.07.2016 | 1799 | Transfer | 523999 | 0.76 |
| | | | 05.08.2016 | (510) | Transfer | 523489 | 0.76 |
| | | | 12.08.2016 | (18000) | Transfer | 505489 | 0.74 |
| | | | 19.08.2016 | (102) | Transfer | 505387 | 0.74 |
| | | | 26.08.2016 | 13646 | Transfer | 519033 | 0.76 |
| | | | 02.09.2016 | (5920) | Transfer | 513113 | 0.75 |
| | | | 09.09.2016 | 750 | Transfer | 513863 | 0.75 |
| | | | 23.09.2016 | (104550) | Transfer | 409313 | 0.59 |
| | | | 30.09.2016 | (265938) | Transfer | 143375 | 0.21 |
| | | | 07.10.2016 | 813 | Transfer | 144188 | 0.21 |
| | | | 14.10.2016 | (8) | Transfer | 144180 | 0.21 |
| | | | 21.10.2016 | 1150 | Transfer | 145330 | 0.21 |
| | | | 28.10.2016 | 1800 | Transfer | 147130 | 0.21 |
| | | | 04.11.2016 | 3350 | Transfer | 150480 | 0.22 |
| | | | 11.11.2016 | (24775) | Transfer | 125705 | 0.18 |
| | | | 18.11.2016 | (32065) | Transfer | 93640 | 0.13 |
| | | | 25.11.2016 | 49535 | Transfer | 143175 | 0.20 |
| | | | 02.12.2016 | (75000) | Transfer | 68175 | 0.10 |



**SUPREME TEX MART
2016-2017**

| | | | | | | | |
|------------------------------|--------|------|------------|----------|----------|--------|------|
| | | | 09.12.2016 | (11000) | Transfer | 57175 | 0.08 |
| | | | 16.12.2016 | 1000 | Transfer | 58175 | 0.08 |
| | | | 23.12.2016 | (9996) | Transfer | 48179 | 0.07 |
| | | | 31.12.2016 | 16476 | Transfer | 64655 | 0.09 |
| | | | 06.01.2017 | (12475) | Transfer | 52180 | 0.07 |
| | | | 13.01.2017 | (26215) | Transfer | 25965 | 0.03 |
| | | | 20.01.2017 | 300 | Transfer | 26265 | 0.03 |
| | | | 03.01.2017 | 4250 | Transfer | 30515 | 0.04 |
| | | | 10.02.2017 | 4000 | Transfer | 34515 | 0.05 |
| | | | 17.02.2017 | 7000 | Transfer | 41515 | 0.06 |
| | | | 24.02.2017 | 5000 | Transfer | 46515 | 0.06 |
| | | | 03.03.2017 | 2400 | Transfer | 48915 | 0.07 |
| | | | 10.03.2017 | (4800) | Transfer | 44115 | 0.06 |
| | | | 17.03.2017 | (3263) | Transfer | 40852 | 0.05 |
| | | | 24.03.2017 | (3679) | Transfer | 37173 | 0.05 |
| | | | 31.03.2017 | (9850) | Transfer | 27323 | 0.04 |
| 8. Competent Finman Pvt. Ltd | 436265 | 0.64 | 26.08.2016 | 6000 | Transfer | 442265 | 0.64 |
| | | | 02.09.2016 | (150900) | Transfer | 291365 | 0.42 |
| | | | 09.09.2016 | (57558) | Transfer | 233807 | 0.34 |
| | | | 16.09.2016 | (4000) | Transfer | 229807 | 0.33 |
| | | | 23.09.2016 | 10900 | Transfer | 240707 | 0.35 |
| | | | 30.09.2016 | (14200) | Transfer | 226507 | 0.33 |
| | | | 07.10.2016 | 109900 | Transfer | 336407 | 0.49 |
| | | | 14.10.2016 | (100000) | Transfer | 236407 | 0.34 |
| | | | 21.10.2016 | (5000) | Transfer | 231407 | 0.33 |
| | | | 28.10.2016 | 20000 | Transfer | 251407 | 0.36 |
| | | | 04.11.2016 | 48840 | Transfer | 300247 | 0.44 |
| | | | 18.11.2016 | 110000 | Transfer | 410247 | 0.60 |
| | | | 02.12.2016 | (2001) | Transfer | 408246 | 0.59 |
| | | | 09.12.2016 | 1 | Transfer | 408247 | 0.59 |
| | | | 16.12.2016 | (25795) | Transfer | 382452 | 0.56 |
| | | | 23.12.2016 | 6000 | Transfer | 388452 | 0.56 |
| | | | 31.12.2016 | (20000) | Transfer | 368452 | 0.54 |
| | | | 06.01.2017 | (6000) | Transfer | 362452 | 0.53 |
| | | | 13.01.2017 | (15000) | Transfer | 347452 | 0.50 |
| | | | 03.02.2017 | 9980 | Transfer | 357432 | 0.52 |
| | | | 10.02.2017 | 5000 | Transfer | 362432 | 0.53 |
| | | | 24.02.2017 | (5000) | Transfer | 357432 | 0.52 |
| | | | 03.03.2017 | (327683) | Transfer | 29749 | 0.04 |
| | | | 10.03.2017 | 11931 | Transfer | 41680 | 0.06 |
| | | | 31.03.2017 | 6998 | Transfer | 48678 | 0.07 |



**SUPREME TEX MART
2016-2017**

| | | | | | | | |
|--|--------|------|------------|-----------|----------|---------|------|
| 9.Comfort Securities Ltd | 389949 | 0.57 | 22.07.2016 | (23741) | Transfer | 366208 | 0.53 |
| | | | 29.07.2016 | 500 | Transfer | 366708 | 0.53 |
| | | | 05.08.2016 | (75195) | Transfer | 291513 | 0.42 |
| | | | 12.08.2016 | (277633) | Transfer | 13880 | 0.02 |
| | | | 19.08.2016 | 33113 | Transfer | 46993 | 0.06 |
| | | | 26.08.2016 | 314104 | Transfer | 361097 | 0.52 |
| | | | 02.09.2016 | 2200 | Transfer | 363297 | 0.53 |
| | | | 16.09.2016 | (136111) | Transfer | 227186 | 0.33 |
| | | | 23.09.2016 | (221985) | Transfer | 5201 | 0.01 |
| | | | 30.09.2016 | 693770 | Transfer | 698971 | 1.02 |
| | | | 07.10.2016 | (486309) | Transfer | 212662 | 0.31 |
| | | | 14.10.2016 | (100000) | Transfer | 112662 | 0.16 |
| | | | 21.10.2016 | (109462) | Transfer | 3200 | 0.01 |
| 10. Creative Vision Industries Private Limited | 383427 | 0.56 | 29.04.2016 | 3000000 | Transfer | 3383427 | 4.96 |
| | | | 15.04.2016 | (857548) | Transfer | 2525879 | 3.7 |
| | | | 29.07.2016 | (2525879) | Transfer | 0 | 0 |
| | | | 19.08.2016 | 1725000 | Transfer | 1725000 | 2.52 |
| | | | 26.08.2016 | 961415 | Transfer | 2686415 | 3.93 |
| | | | 30.08.2016 | (1854423) | Transfer | 831992 | 1.24 |
| | | | 07.10.2016 | (831992) | Transfer | 0 | 0 |
| | | | 28.10.2016 | 183058 | Transfer | 183058 | 0.26 |
| | | | 04.11.2016 | 116942 | Transfer | 300000 | 0.43 |
| | | | 11.11.2016 | (50000) | Transfer | 250000 | 0.36 |
| | | | 13.01.2017 | (250000) | Transfer | 0 | 0 |

v) Shareholding of Directors and Key Managerial Personnel

| For Each of the Director | Shareholding at the beginning of the year (01.04.2016) | | Shareholding at the end of the year (31.03.2017) | |
|--------------------------|--|--------------------------------------|--|--------------------------------------|
| | No. of Shares | % of the total Shares of the company | No. of Shares | % of the total shares of the Company |
| Mr. Ajay Gupta | 9575445 | 14.03 | 5875445 | 8.62 |
| Mr. Gautam Gupta | 3075865 | 4.51 | 0 | 0 |
| Mr. Kuldip Singh | 0 | 0 | 0 | 0 |
| Mr. S.K. Ahuja | 0 | 0 | 0 | 0 |
| Mr. A. P. Gupta | 0 | 0 | 0 | 0 |
| Ms. Simpal Kumari | 0 | 0 | 0 | 0 |
| Mr. Bhupinder Singh Mann | 0 | 0 | 0 | 0 |
| Ms. Kajal Rai | 0 | 0 | 0 | 0 |



V) INDEBTNESS

Indebtness of the company including interest outstanding /accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtness (Rs. in Crores) |
|---|--|--------------------|----------|-------------------------------------|
| Indebtedness at the beginning of the year (01.04.2016) | | | | |
| i) Principal Amount | 475.19 | 12.05 | - | 487.24 |
| ii) Interest due but not paid | 16.07 | - | - | 16.07 |
| iii) Interest accrued but not due | - | - | - | |
| Total (i+ii+iii) | 491.26 | 12.05 | - | 503.31 |
| Change in Indebtness During the Financial year | | | | |
| Addition | - | - | - | |
| Reduction | (40.67) | - | - | (40.67) |
| Net Change | (40.67) | - | - | (40.67) |
| Indebtness at the end of the financial Year (31.03.2017) | | | | |
| i) Principal Amount | 450.59 | 17.59 | - | 468.18 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 450.59 | 17.59 | - | 468.18 |

*Mr. Sanjay Krishna Ahuja resigned from directorship w.e.f. 11.01.2017

**Mr. Abhay Pal Gupta resigned from directorship w.e.f. 11.01.2017

*** Ms. Simpal Kumari resigned from directorship w.e.f. 14.03.2017

**** Ms. Kajal Rai resigned from directorship w.e.f. 14.03.2017

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

| A. Remuneration to Managing Director, Whole-time Director and / or Manager: | | | | | |
|---|---|---|--------------|--------------|------------------------------|
| Sr. No. | Particulars of Remuneration | Name of Managing Director / Whole - Time Director | | | Total Amounts (In Rs.) |
| | | Ajay Gupta | Gautam Gupta | Kuldip Singh | |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961 | NIL | NIL | NIL | NIL |
| 2. | Stock Option | NIL | NIL | NIL | NIL |
| 3. | Sweat Equity | NIL | NIL | NIL | NIL |
| 4. | Commission - as % of profit - others, specify... | NIL | NIL | NIL | NIL |
| 5. | Others, please specify | NIL | NIL | NIL | NIL |
| | Total (A) | NIL | NIL | NIL | NIL |
| | Ceiling as per the Act | As per Schedule V of Companies Act, 2013 | | | |



B. REMUNERATION TO OTHER DIRECTORS:

| Sr No. | Particulars of Remuneration | Name of Directors | | | Total Amount (in Rs.) |
|--------|---|--------------------------|---------------|-------------------|-----------------------|
| | | Mr. Bhupinder Singh Mann | Ms. Kajal Rai | Ms. Simpal Kumari | |
| | 1. Independent Directors Fee for attending board / committee meetings · Commission · Others, please specify* | 91000 | 91000 | 84000 | 266000 |
| | Total (1) | 91000 | 91000 | 84000 | 266000 |
| | 2. Other Non-Executive Directors · Fee for attending board / committee meetings · Commission · Others, please specify | NIL | NIL | NIL | NIL |
| | Total (2) | NIL | NIL | NIL | NIL |
| | Total (B)=(1+2) | NIL | NIL | NIL | NIL |
| | Total Managerial Remuneration | 91000 | 91000 | 84000 | 266000 |
| | Overall Ceiling as per the Act | NA | NA | NA | NA |

*Please note that the detail includes only sitting fee paid for Board Meeting and other committee Meeting.

**No remuneration as a sitting fees paid to Mr. S. K. Ahuja and Mr. A. P. Gupta as Nominee Directors.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| Sr No. | Particulars of Remuneration | KEY MANAGERIAL PERSONNEL | | Total (Amount in Rs.) |
|--------|--|--------------------------|--|-----------------------|
| | | Ms. Manpreet Kaur | Mr. Inderpal Singh (Chief Financial Officer) | |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 300918 - - | 481640 | 782558 - - |
| 2. | Stock Option | NIL | NIL | NIL |
| 3. | Sweat Equity | NIL | NIL | NIL |
| 4. | Commission - as % of profit - others, specify | NIL | NIL | NIL |
| 5. | Others, please specify | NIL | NIL | NIL |
| 6. | Total | 300918 | 481640 | 782558 |

VII. PENALTIES /PUNISHMENT / COMPOUNDING OF OFFENCES:

NIL



“Annexure-6”

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

| Sr. No. | Requirements | Disclosure | |
|--|---|---|--|
| 1. | The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year | Name of the Director | |
| | | | Ratio |
| | | Mr. Ajay Gupta | N.A. |
| | | Mr. Gautam Gupta | N.A. |
| | | Mr. Kuldip Singh | N.A. |
| | | Mr. Bhupinder Singh Maan | N.A. |
| | | Mr. Sanjay Krishan Ahuja* | N.A. |
| | | Mr. Abhay Pal Gupta** | N.A. |
| | | Ms. Simpall Kumari*** | N.A. |
| | | Ms. Kajal Rai**** | N.A. |
| | | Mr. Inder Pal Singh (Chief Financial Officer) | 7.50:1 |
| | | Ms. Manpreet Kaur (Company Secretary) | 4.86:1 |
| | | The median remuneration of employees of the Company was Rs. 64,428 For this purpose, Sitting Fees paid to the Directors have not been considered as remuneration. Figures have been rounded off wherever necessary. | |
| | | 2. | The percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary in the financial year |
| Mr. Gautam Gupta | N.A. | | |
| Mr. Kuldip Singh | N.A. | | |
| Mr. Bhupinder Singh Maan | N.A. | | |
| Mr. Sanjay Krishan Ahuja* | N.A. | | |
| Mr. Abhay Pal Gupta** | N.A. | | |
| Ms. Simpall Kumari*** | N.A. | | |
| Ms. Kajal Rai**** | N.A. | | |
| Mr. Inder Pal Singh (Chief Financial Officer) | 33.79% | | |
| Ms. Manpreet Kaur (Company Secretary) | 5.95% | | |
| | *Mr. Sanjay Krishna Ahuja resigned from directorship w.e.f. 11.01.2017 | | |
| | **Mr. Abhay Pal Gupta resigned from directorship w.e.f. 11.01.2017 | | |
| | *** Ms. Simpall Kumari resigned from directorship w.e.f. 14.03.2017 | | |
| | **** Ms. Kajal Rai appointed on 24.07.2016 and resigned from directorship w.e.f. 14.03.2017 | | |
| 3. | The percentage increase in the median remuneration of employees in the financial year | There is no increase in the median remuneration of employees in the financial year 16-17 | |
| 4. | The number of permanent employees on the rolls of company | There were 1099 employees as on March 31, 2017 | |
| 5. | Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. | NIL | |
| 6. | Affirmation that the remuneration is as per the remuneration policy of the Company | Yes, it is confirmed. | |



CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2017, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("The Listing Regulations").

1. Company's Philosophy on Corporate Governance:

The Company, while conducting its business has been upholding the core values such as transparency, integrity, honesty, accountability and compliance of laws. In continuation of its efforts towards performance, the Company intends to seize opportunities of tomorrow and create a future that will make it the best Company in its area of operations. This in turn will help to improve the quality of life of the communities it serves, e.g. customers, suppliers, Government, shareholders, local community, etc.

Your company is committed to follow the best & established corporate practices. We are happy to inform you that your company's practices and policies are significantly in conformity with the requirements stipulated by the SEBI.

2. BOARD OF DIRECTORS

a) Size & Composition of Board

The Board is in conformity with SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015 of listing agreement and the composition as on 31.03.2017 was as under:

| Category | No. of directors |
|--|------------------|
| Non Executive Nominee Directors (PSIDC) | 2 |
| Executive Directors | 3 |
| Non Executive Independent Director (Including one Woman Independent Director) | 3 |
| TOTAL | 8 |

The Chairman of the Board of Directors is Non executive Director.

As required under Section 149(3) of the Companies Act, 2013, Ms. Simpal Kumari, a woman Director appointed as Independent Director on the Board.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as per SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015(l)c(ii)) across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions held by them in other companies. The detail of the Composition of the Board, number of directorship and committee position held by each of the directors are given here under:

| Name of Directors | Date of appointment | Category | No of Directorship in listed entities (Including STML) | Committee(s) position in listed entities (Including STML) | |
|---|---------------------|---|--|---|----------|
| | | | | Member | Chairman |
| Mr. S.K. Ahuja (DIN 00399501) | 16.04.2003 | Chairman & Non Executive Independent Director | 2 | - | - |
| Mr. A.P Gupta (DIN 00421536) | 29.03.2011 | Non Executive /Nominee Director | 3 | - | - |
| Mr. Ajay Gupta (DIN 00842248) (reappointed as on 13.02.2016) | 13.02.2013 | Executive Director | 1 | 1 | - |
| Mr. Gautam Gupta (DIN 02642545) (reappointed as on | 21.01.2010 | Executive Director | 1 | - | - |



| | | | | | |
|---|------------|----------------------|---|---|---|
| 13.02.2016) | | | | | |
| Mr. Kuldip Singh (DIN05327381) (reappointed as on 21.07.2015) | 21.07.2012 | Executive Director | 1 | 1 | - |
| Mr. Bhupinder Singh Mann (DIN 01211549) | 12.08.2015 | Independent Director | 1 | 2 | 2 |
| Mrs. Shimpla Kumari (DIN 07130429) | 31.03.2015 | Independent Director | 1 | 2 | - |
| Ms. Kajal Rai | 24.07.2016 | Independent Director | 1 | - | - |

- Other Directorships and Committee Memberships details are based on the disclosures received from the directors, as on March 31, 2017.
- Directorship in other Companies excludes Private Limited Companies, Foreign Companies and Membership of Companies under Section 8 of the Companies Act, 2013.
- Committee Membership and Chairmanship is only in respect of Audit Committee and Stakeholder's Relationship Committee of Indian Public Limited Companies (excluding Supreme Tex Mart Limited).
- Mr. Sanjay Krishna Ahuja resigned from directorship w.e.f. 11.01.2017
- Mr. Abhay Pal Gupta resigned from directorship w.e.f. 11.01.2017
- Ms. Simpal Kumari resigned from directorship w.e.f. 14.03.2017
- Ms. Kajal Rai resigned from directorship w.e.f. 14.03.2017

DIRECTORS' PROFILE

| Sr. No. | Name of the Director | Profile | Membership/ Chairmanship in Committees |
|---------|---------------------------|--|---|
| 1. | Mr. Ajay Gupta | Mr. Ajay Gupta is a graduate. He has been managing affairs of Supreme Tex Mart Limited and Venus Texspin Limited. He is looking after raw material purchase, sale of finished products, exports and production. | Member in Audit Committee |
| 2. | Mr. Gautam Gupta | Mr. Gautam Gupta is a graduate. He has been managing the garment and fabric dyeing unit of the STML. He is also actively involved in conceptualization of new projects of the Group. | - |
| 3. | Mr. Kuldip Singh | His qualification is BSC and he is Whole time Director on the Board of the Company having experience of more than 20 years in administration and matters related to labour law. | Member in Stake holders relationship Committee |
| 4. | Bhupinder Singh Mann | He is Independent Director on the Board of the Company. He is Businessman by profession having competent industry experience of 20 years. | Chairman in Stake holders relationship Committee Chairman in Audit Committee |
| 5. | Mr. Sanjay Krishna Ahuja* | He is Nominee Director of PSIDC and Chairman of the Company. His qualification is FCA, he is having experience of more | - |



| | | | |
|----|-----------------------|--|--|
| | | than 20 years in Accounts and Finance related matters. | |
| 6. | Mr. Abhay Pal Gupta** | He is Nominee Director of PSIDC. His qualification is graduation. | - |
| 7. | Ms. Simpal Kumari*** | She is Woman Independent Director on the Board of the Company. Her qualification is CS. She is having more than 7 years of experience in Legal and Corporate Law related matter. | Member in Audit committee Member in stakeholders Relationship committee |
| 8. | Ms. Kajal Rai**** | She is Independent Director on the Board of the Company. Her qualification is CS. She is having more than 8 years of experience in Legal and Corporate Law related matter. | - |

* Mr. Sanjay Krishna Ahuja resigned from directorship w.e.f. 11.01.2017

** Mr. Abhay Pal Gupta resigned from directorship w.e.f. 11.01.2017

*** Ms. Simpal Kumari resigned from directorship w.e.f. 14.03.2017

**** Ms. Kajal Rai resigned from directorship w.e.f. 14.03.2017

b) Board Meeting held during the year:

| Date on which Board Meetings were held | Total strength of the Board | No. Of Directors present |
|--|-----------------------------|--------------------------|
| May 30, 2016 | 7 | 5 |
| August 12, 2016 | 8 | 6 |
| August 31, 2016 | 8 | 6 |
| September 20, 2016 | 8 | 6 |
| November 14, 2016 | 8 | 6 |
| February 14, 2017 | 6 | 6 |

c) Directors Attendance Record:

Attendance of Directors at Board Meeting and at Annual General Meeting (AGM)

| Name of the Director | Attendance at Board Meeting held | | | | | | Attendance at AGM held on 30.09.2016 |
|--------------------------|----------------------------------|------------------|------------------|------------------|------------------|------------|--------------------------------------|
| | 30.05.2016 | 12.08.2016 | 31.08.2016 | 20.09.2016 | 14.11.2016 | 14.02.2017 | |
| Mr. S.K. Ahuja | Leave of Absence | Leave of Absence | Leave of Absence | Leave of Absence | Leave of Absence | N.A. | Absent |
| Mr. A.P Gupta | Leave of Absence | Leave of Absence | Leave of Absence | Leave of Absence | Leave of Absence | N.A. | Absent |
| Mr. Ajay Gupta | Present | Present | Present | Present | Present | Present | Present |
| Mr. Gautam Gupta | Present | Present | Present | Present | Present | Present | Present |
| Mr. Kuldip Singh | Present | Present | Present | Present | Present | Present | Present |
| Mrs. Simpal Kumari | Present | Present | Present | Present | Present | Present | Present |
| Mr. Bhupinder Singh Maan | Present | Present | Present | Present | Present | Present | Present |
| Ms. Kajal Rai | N.A. | Present | Present | Present | Present | Present | Present |

* Mr. Sanjay Krishna Ahuja resigned from directorship w.e.f. 11.01.2017

** Mr. Abhay Pal Gupta resigned from directorship w.e.f. 11.01.2017

*** Ms. Simpal Kumari resigned from directorship w.e.f. 14.03.2017

**** Ms. Kajal Rai appointed on 24.07.2016 and resigned from directorship w.e.f. 14.03.2017

d) BOARD PROCEDURE

The annual calendar of Board Meetings is the beginning of the financial year. The Agenda is circulated in advance to the Board members. The items in the Agenda are backed by comprehensive background information



to enable the Board to take appropriate decisions. The Board is also kept informed of major events/items and approvals taken wherever necessary.

e) SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

None of the Non-executive director as on March 31, 2017 was holding shares of the company. However, Mr. S.K. Ahuja and Mr. A.P Gupta are nominee Directors of a shareholder namely PSIDC (holding 1645222 Equity Shares)

f) FAMILIARISATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

The Company has also formulated familiarization programmes to familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates etc. The details of such familiarization programmes are also available on the website of the Company i.e. www.supremetextmart.com.

g) INTER-SE RELATIONSHIPS BETWEEN DIRECTORS

Directors do not have any inter-se relationship.

3. COMMITTEES OF THE BOARD

The Board of Directors have constituted Board Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Board Committees are formed with the approval of the Board and function under their respective Charters. These Committees play an important role in the overall management of day-to-day affairs and governance of the Company. The Board Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. The Minutes of the Committee meetings are also placed before the Board in the next board meeting for noting.

The Board currently has following Committees.

a. AUDIT COMMITTEE

The audit committee has been constituted as per Section 177 of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015 of the listing Agreement.

Composition and Attendance

During the year ended 31st March, 2017, Four Meetings of the Audit Committee were held on the following dates:

| NAME OF THE MEMBER | Designation | Attendance at the Audit Committee Meeting held on | | | |
|--------------------------|---|---|------------|------------|------------|
| | | 30.05.2016 | 12.08.2016 | 14.11.2016 | 14.02.2017 |
| Mr. Bhupinder Singh Mann | Chairperson/ independent director | P | P | P | P |
| Ms. Simpal Kumari* | Member/ independent/ woman director | P | P | P | P |
| Mr. Ajay Gupta | Member/ Executive Director | P | P | P | P |

* Ms. Simpal Kumari resigned from directorship w.e.f. 14.03.2017

All the members have requisite financial and management expertise. The Company Secretary acts as the Secretary to the Committee. Minutes of meeting of Audit Committee are circulated to members of the committee and Board kept apprised.

Brief Description of Charter/terms of reference of Audit Committee-

The brief Description of Charter/terms of reference of Audit Committee are broadly as under:

- Oversight of the Company's financial reporting process and the disclosure of its financial information submitted to the Stock Exchanges, regulatory authorities or the public.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company and
- Approval of payment for any other services rendered by the statutory auditors;



- Reviewing with the Management the quarterly unaudited financial statements and the Auditors' Limited Review Report thereon/audited annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter alia, include reviewing changes in the accounting policies and reasons for the same, major accounting estimates based on exercise of judgment by the Management, significant adjustments made in the financial statements and / or recommendation, if any, made by the Statutory Auditors in this regard.
- Review the Management Discussion & Analysis of financial and operational performance.
- Discuss with the Statutory Auditors its judgment about the quality and appropriateness of the Company's Accounting principles with reference to the Generally Accepted Accounting Principles in India (IGAAP).
- Review the investments made by the Company.

Internal Controls and Governance Processes

The Company continuously invests in strengthening its internal control and Governance processes. The Audit Committee along with the CFO formulates a detailed plan to the Internal Auditors for the year, which is reviewed at the Audit Committee Meetings.

Besides the above, the representatives of the Cost Auditor also attend the meetings of the Audit Committee where matters relating to the Cost Audit Report are discussed at length. The Company Secretary acts as a Secretary to the Committee as required by Regulation 18(1)(e) of the SEBI Listing Regulation.

RISK MANAGEMENT

The Company is not mandatorily required to constitute Risk Management Committee. Further, the Audit Committee and the Board of Directors review the risks involved in the Company and appropriate measures to minimize the same from time to time. The Board of the Company has also adopted a Risk management policy for the Company.

b. STAKEHOLDERS' RELATIONSHIP COMMITTEE -

Terms of Reference:

The Stakeholders' Relationship Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with section 178 of the Companies Act, 2013. The Board has clearly defined the terms of reference for this Committee, which generally meets once in a quarter. The Committee looks into the matters of Shareholders / Investors grievances along with other matters listed below:

- transfer/transmission of shares/debentures and such other securities as may be issued by the Company from time to time;
- issue of duplicate share certificates for shares/debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;
- issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates/certificates relating to other securities;
- issue and allot right shares/bonus shares pursuant to a Rights Issue/ Bonus Issue made by the Company, subject to such approvals as may be required;
- to grant Employee Stock Options pursuant to approved Employees' Stock Option Scheme(s), if any, and to allot shares pursuant to options exercised;
- to issue and allot debentures, bonds and other securities, subject to such approvals as may be required;
- to approve and monitor dematerialization of shares / debentures / other securities and all matters incidental or related thereto;
- to authorize the Company Secretary and Head Compliance / other Officers of the Share Department to attend to matters relating to non-receipt of annual reports, notices, non-receipt of declared dividend / interest, change of address for correspondence etc. and to monitor action taken;
- monitoring expeditious redressal of investors / stakeholders grievances;
- all other matters incidental or related to shares, debenture etc.

This committee comprises of Bhupinder Singh Mann, Chairman, Simpal Kumari, Member and Kuldip Singh, Member.



During the year ended 31st March, 2017, the company has not received any shareholders complaint from Stock Exchange/SEBI/Department of Company Affairs/Registrar of Companies. During the year, the committee met four (4) times on 30.05.2016, 12.08.2016, 14.11.2016 and 14.02.2017 at which all the members were present.. No requests for share transfer are pending with the company. As on March 31, 2017, no complaints were outstanding.

Ms. Manpreet Kaur, Company Secretary and Compliance Officer of the Company for complying with requirement of Securities Laws and Listing agreements with Stock Exchanges.

| Name of Member | Designation | 30.05.2016 | 12.08.2016 | 14.11.2016 | 14.02.2017 |
|----------------------|-------------|------------|------------|------------|------------|
| Bhupinder Singh Mann | Chairperson | Present | Present | Present | Present |
| Simpal Kumari* | Member | Present | Present | Present | Present |
| Kuldip Singh | Member | Present | Present | Present | Present |

* Ms. Simpall Kumari resigned from directorship w.e.f. 14.03.2017

Name and Designation of Compliance officer:

Name : Mr. Gaurav Gupta (appointed w.e.f. 05.07.2017)

Designation : Company Secretary & Compliance Officer

Address : B-72, Focal Point, Phase-VIII, Ludhiana-141010

Phone : 0161-5082524

Fax : 0161-5083524

E-mail : cs@supremetextmart.com

Details of the Shareholder's complaints received, redressed/pending during the financial year 2016-17 :

The details of total number of complaints received, resolved/pending during the financial year 2016-2017 is as follow:-

| Particulars | No. of Complaints |
|---|-------------------|
| Number of complaints received from the investors (including the opening Balance as on 1st April, 2016) comprising of Non-receipt of Dividend Warrants where reconciliation is completed after end of the quarter, securities sent for transfer and transmission, annual report & complaints received from Regulatory/Statutory Bodies | 3 |
| Number of complaints resolved | 3 |
| Complaints pending as at March 31, 2017 | 0 |

c. Nomination and Remuneration Committee -

Composition of Nomination and Remuneration Committee

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI Listing Regulation, the Board has constituted its Nomination and Remuneration Committee. As at March 31, 2017 the Nomination and Remuneration Committee consists of three members i.e Mr. Bhupinder Singh Mann as its Chairman with Mr. Kuldip Singh and Mr. S.K. Ahuja as its co-members.

The brief terms of reference of the Nomination and Remuneration Committee, inter alia, includes the following:

- Succession planning of the Board of Directors and Senior Management Employees;
- Identifying and selection of candidates for appointment as Directors / Independent Directors based on certain laid down criteria;
- Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions;
- Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration;
- Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board.

The details of the Members participation at the Meetings of the Committee are as under:

| Name of Members | 12.08.2016 | 14.02.2017 |
|--------------------------|------------------|------------------|
| Mr. Bhupinder Singh Mann | Present | Present |
| Mr. Kuldip Singh | Present | Present |
| Mr. S K Ahuja* | Leave of Absence | Leave of Absence |

*Mr. S.K. Ahuja resigned w.e.f. 11.01.2017



Ms. Simpal Kumari was appointed in place of Mr. S.K. Ahuja on 14.02.2017

Nomination and Remuneration Policy:

The Board of the Company has also adopted the Nomination and Remuneration Policy for the Company in Compliance with Regulation 19 of SEBI Listing Regulation read with Provisions of Section 178 of the Companies Act, 2013. The details relating to Remuneration Policy and remuneration to Directors as required under SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015, have been given under a separate Section i.e. **POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION.**

The Objective and Purpose of this policy is as follows:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine remuneration of such Directors, Key Managerial personnel and Other employees.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer Companies in the steel industry.
- To provide them reward linked directly to their efforts, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

Details of Remuneration Paid to Directors for the Year ended March 31, 2017

• Non-Executive Directors

The Non-Executive Directors are paid remuneration by way of Sitting Fees for each of the meeting of the Board or Committees of Directors attended by them. The Details of Sitting fees paid to them during the Financial year 2016-2017 are as under:-

| Name of Directors | Sitting Fees paid for Board Meetings (Rs.) | ESOP granted (No. of shares) |
|--------------------------|--|------------------------------|
| Mr. S.K. Ahuja | NIL | NIL |
| Mr. A.P Gupta | NIL | NIL |
| Mrs. Simpal Kumari | 84000 | NIL |
| Mr. Bhupinder Singh Maan | 91000 | NIL |
| Ms. Kajal Rai | 91000 | NIL |

* Mr. Sanjay Krishna Ahuja resigned from directorship w.e.f. 11.01.2017

** Mr. Abhay Pal Gupta resigned from directorship w.e.f. 11.01.2017

*** Ms. Simpal Kumari resigned from directorship w.e.f. 14.03.2017

**** Ms. Kajal Rai appointed on 24.07.2016 and resigned from directorship w.e.f. 14.03.2017

• Executive Directors

The appointment and remuneration of Executive Directors including Chairman and Managing Director and Whole time Director is governed by the recommendation of the Nomination & Remuneration Committee, through resolutions passed by the Board of Directors and shareholders of the Company.

The Details of Remuneration paid to Executive Director during the Financial year 2016-2017 are as under:-

| Name of Directors | Salary (Rs.) | Notice Period | ESOP granted (No. of shares) |
|-------------------|--------------|---------------|------------------------------|
| Mr. Ajay Gupta | NIL | 1 Month | NIL |
| Mr. Gautam Gupta | NIL | 1 Month | NIL |
| Mr. Kuldip Singh | NIL | 1 Month | NIL |

PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS:

The Nomination and Remuneration policy of the Company lays down the criteria for Directors/Key Managerial Personnel's appointment and remuneration including criteria for determining qualification, positive attributes, independence of Directors, criteria for performance evaluation of Executive and Non-Executive Directors (including Independent Directors) and other matters as prescribed under the provisions of the Companies Act, 2013 and the Listing Regulations as well as the performance evaluation criteria for Independent Directors is determined by the Nomination and Remuneration committee. An indicative list of factors that may be evaluated



include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgment.

Shareholding and Pecuniary Relationship of Non-Executive Directors :

During the financial year 2016-2017, none of non-executive directors hold any shares in the Company.

Further, there has been no pecuniary relationship or transactions of the non-executive directors' vis-à-vis the Company during the financial year 2016-2017 except the sitting fees paid for meetings of the Board & Committee(s) of Directors attended by them.

d. Corporate Social Responsibility Committee -

The terms of reference of the Corporate Social Responsibility Committee (CSR) broadly comprises:

- To prepare and implementation of CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- To provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress.

The composition of the Corporate Social Responsibility Committee as at March 31, 2017 is as under:

1. Mr. Bhpinder Singh Mann
2. Mr. Ajay Gupta
3. Ms. Simpall Kumari

The terms of reference of CSR Committee shall, inter-alia, include the following:

To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;

- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- To monitor the CSR policy of the Company from time to time;
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

During the year, there is no committee meeting.

e. Risk Management Committee

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

The objectives and scope of the Risk Management Committee broadly comprises:

- Oversight of risk management performed by the executive management;
- Reviewing the BRM policy and framework in line with local legal requirements and SEBI Guidelines; Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.
- Within its overall scope as aforesaid, the Committee shall review risks trends, exposure, potential impact analysis and mitigation plan.

f. Independent Directors' Meeting

During the year under review, the Independent Directors met on November 14, 2016, inter alia, to discuss:

- Evaluation of performance of Independent Directors and the Board of Directors as a whole;
- Evaluation of performance of Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.



All the Independent Directors were present at the Meeting.

g. Finance Committee - Non Mandatory Committee

The Finance Committee plays an important role discussing the finance requirement and uses of funds, which is essential for sustainable growth. The composition of the Finance committee is as under:

1. Mr. Bhupinder Singh Mann
2. Mr. Ajay Gupta
3. Mr. Gautam Gupta

4. GENERAL BODY MEETINGS

A. Details of Last Three Annual General Meetings (AGM) Held :

| AGM | Date & Time | Place of Meeting | Details of Special Resolution Passed |
|----------------------|--------------------------|---|---|
| 28 th AGM | 30.09.2016 12.00 NOON | 424, Industrial Area-A, Ludhiana-141003, Punjab | No Special Resolution Passed |
| 27 th AGM | 05.08.2015 12.00 NOON | | <ol style="list-style-type: none"> 1. Reappointment of Mr. Ajay Gupta(DIN 00842248) as a Managing Director. 2. Reappointment of Mr. Gautam Gupta (DIN 02642545) as a Joint Managing Director of the Company. 3. Reappointment of Mr. Kuldeep Singh (DIN 05327381) as a whole-time director of the Company. 4. Approval for entering into related party transactions by the Company. |
| 26 th AGM | 30.09.2014 12.00 NOON | | <ol style="list-style-type: none"> 1. To approve the Transactions with Related Parties u/s 188 of the Companies Act, 2013 2. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 |

5. DISCLOSURES RELATED TO POSTAL BALLOT

During the Financial year ended 31st March, 2017 the Company has not passed any Resolution through Postal Ballot. Further, till the date of signing of this report, no Special Resolution is proposed to be conducted through postal ballot.

6. PROCEDURE OF POSTAL BALLOT

Resolutions, if required, shall be passed by Postal Ballot during the year ending on 31st March, 2017, as per the prescribed procedure under the Companies Act, 2013 and Listing Regulations.

7. MEANS OF COMMUNICATION

- The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within two months from the close of the financial year as per the requirements of the Listing Agreement with the Stock Exchanges. The aforesaid financial results are sent to BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) where the Company's securities are listed, immediately after these are approved by the Board. The results are thereafter given by way of a Press Release to various news agencies/analysts and are published within forty-eight hours in English and Punjabi newspaper. The audited financial statements form a part of the Annual Report which is sent to the Members well in advance of the Annual General Meeting.
- The Annual Report of the Company, the quarterly / half yearly and the annual results and the press releases of the Company are also placed on the Company's website: www.supremetexmart.com and can be downloaded.
- In compliance with the Listing Regulations 2015, the quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the Stock Exchanges viz. BSE Limited and National Stock Exchange of India Limited are filed electronically on BSE's and NSE. The Company has complied with filing submissions through BSE's BSE Online Portal.
- A separate dedicated section under 'Corporate Governance' on the Company's website gives information on quarterly compliance reports/communications with the Stock Exchanges and other relevant information of interest to the investors / public.



8. DISCLOSURES

MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS AND RELATED PARTY POLICY

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulation during the financial year were in the ordinary course of business and on arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with Related Parties during the financial year. Related party transactions have been disclosed under the Note No. 31 of significant accounting policies and notes forming part of the financial statements in accordance with "Accounting Standard 18". A statement in summary form of transactions with Related Parties in ordinary course of business and arm's length basis is periodically placed before the Audit committee for review and recommendation to the Board for their approval.

As required under Regulation 23(1) of the Listing Regulation, the Company has formulated a policy on dealing with related party transactions. The policy is also available on the website of the company. www.supremetexmart.com.

DETAILS OF NON COMPLIANCE BY THE COMPANY, PENALTIES, AND STRICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANGES OR SEBI OR ANY STATUTORY AUTHORITY, ON ANY MATTER RELATED TO CAPITAL MARKETS, DURING THE LAST THREE YEARS.

The Company has complied with all requirements Specified under Listing Regulations as well as other regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

CODE OF CONDUCT

The Company had adopted the Code of Conduct for all the Board members and senior management personnel. Further all the Board members and senior management personnel (as per SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015 of the listing Agreement) have affirmed the compliance with the respective Code of Conduct. A declaration to this effect signed by the Managing Director forms part of this report.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

The Company has a Fraud Risk of fraud and mismanagement Policy (FRM) to deal with instances of fraud and mismanagement, if any. The FRM Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

A high level Committee has been constituted which looks into the complaints raised. The Committee reports to the Audit Committee and the Board.

MATERIAL SUBSIDIARY POLICY

As the Company has no subsidiary, it is not required to maintain the policy for Determining Material Subsidiaries of the Listing Regulations.

COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF NON-MANDATORY REQUIREMENTS

The Company has complied with all the mandatory requirements of Listing Regulations. The Company has not adopted any non-mandatory requirement of the Listing Regulations.

PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary & Head Compliance is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

DISCLOSURE OF ACCOUNTING TREATMENT

The Financial statement of the Company is prepared as per the prescribed Accounting Standards and reflects true and fair view of the business transactions in the Corporate Governance and there is no deviation in following the treatment prescribed in any Accounting Standards (AS) in the preparation of financial statements of the company.

CEO/CFO CERTIFICATION

As required by Regulation 17 of Listing Regulations, 2015, the certificate signed by Managing Director and Joint Managing Director was placed before the Board of Directors.



DISCLOSURE OF COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND REGULATION 46 OF LISTING REGULATIONS

The Company has complied with the applicable provisions of Listing Regulations including Regulation 17 to 27 and Regulation 46. The Company submits a quarterly compliance report on corporate governance signed by Compliance officer to the Stock Exchange within 15 days from the close of every quarter. Such quarterly compliance reports on corporate governance are also posted on the Company's website.

Compliance of the Conditions of Corporate Governance has also been audited by Practicing Company Secretary. After being satisfied of the above compliances, they have issued a compliance certificate in this respect. The said certificate is reproduced in below point for ready reference of the members of the Company. This certificate will be forwarded to the Stock Exchanges alongwith the Annual Report of the Company, which is annexed to this report.

9. GENERAL SHAREHOLDERS INFORMATION

ENSUING ANNUAL GENERAL MEETING

Day, Date & Time: Thursday, 28th September, 2017 at 12:00 Noon

Venue: B-72, Focal Point, Phase-VIII, Ludhiana-141010

FINANCIAL YEAR CALENDAR 2017-18 (TENTATIVE)

The Company follows the period of 1 April to 31 March as the Financial Year

Financial year ending : 31st March

Audited Annual Results : 30 May, 2017

First Quarter Results : on or before 14th August, 2017

Half Yearly Results : on or before 14th November, 2017

Third Quarter Results : on or before 14th February, 2018.

Fourth Audited Annual Results : on or before 30th May, 2018

DIVIDEND PAYMENT: No dividend has been recommended for the Financial Year 2016-17

Name and Address of the Compliance Officer:

Mr. Gaurav Gupta

Company Secretary

B-72, Focal Point, Phase-VIII, Ludhiana-141010

Ph. 0161-5082524, 5086524, 5087524

Fax No. 0161-5083524, 5088524

E-mail – cs@supremetexmart.com

Date of Book Closure

Thursday, 21st day of September, 2017 to Thursday, 28th day of September, 2017.

(Both days inclusive – for the purpose of AGM/Annual closure of books).

Listing

The share of the company is listed on

Bombay Stock Exchange Limited, Mumbai

National Stock Exchange of India Limited

Series

EQ

Scrip code **531934**

Symbol **SUPREMETEX**

The Company has paid the Annual Listing fees, for the financial years 2016-17

Registrar and Transfer Agent:

Share transfer, dividend payment and all other investor related matters are attended to and processed by our Registrar and Transfer Agents. Details of Registrar and Transfer Agents are as under-

Registrar and Transfer Agents

: Beetal Financial & Computer Services (P) Limited

Address

: Beetal House, 3rd Floor,

99, Madangir, BH-Local Shopping Complex

: Near Dada Harsukhdas Mandir,

New Delhi – 110062.

Contact Details

: Mr. Punit Mittal

Phone

: 011- 29961281 – 82

E-mail

: beetal_99@sify.com

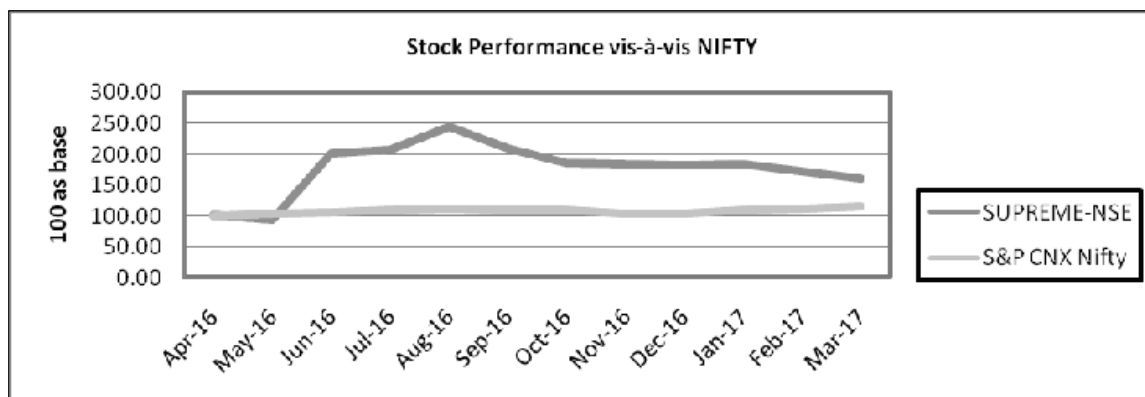
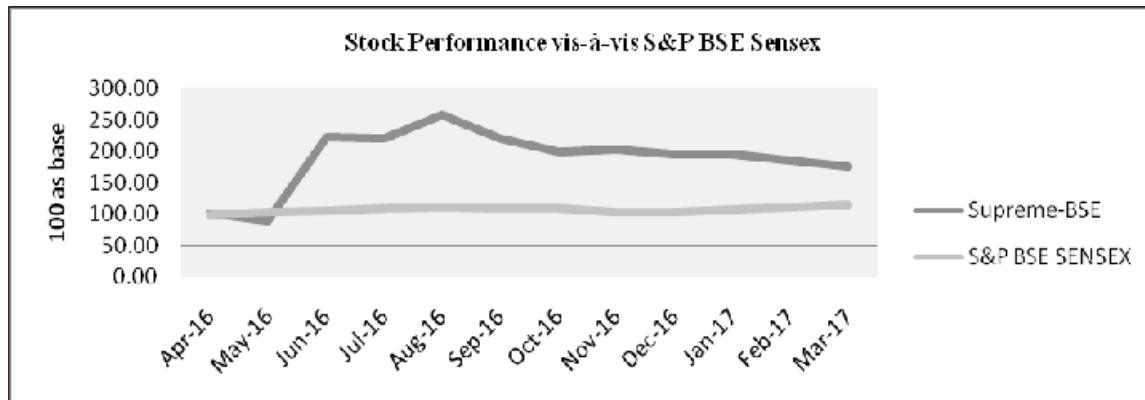


Market Price Data for the year 2016-17:

| Month | BSE(Sensex) | | NSE (Nifty) | |
|-----------------|-------------|------|-------------|------|
| | HIGH | LOW | HIGH | LOW |
| April, 2016 | 3.76 | 3.04 | 3.7 | 2.95 |
| May, 2016 | 4.78 | 3.13 | 4.65 | 3.15 |
| June, 2016 | 7.5 | 3.26 | 6.7 | 3.25 |
| July, 2016 | 9.55 | 6.1 | 9.7 | 6.3 |
| August, 2016 | 10.24 | 5.23 | 10.2 | 5.3 |
| September, 2016 | 11.14 | 5.2 | 11.2 | 5.45 |
| October, 2016 | 8.29 | 4.94 | 8.15 | 4.9 |
| November, 2016 | 6.06 | 3.6 | 5.9 | 3.65 |
| December, 2016 | 5.38 | 3.9 | 5.1 | 3.9 |
| January, 2017 | 7.07 | 4.59 | 7.1 | 4.75 |
| February, 2017 | 5.2 | 4.21 | 5.2 | 4.15 |
| March, 2017 | 4.43 | 3.43 | 4.25 | 3.45 |

STOCK PERFORMANCE:

The performance of the Company's share relative to the S&P BSE Sensitive Index and CNX Nifty (on closing rates at the end of each month in respective stock exchange) considering 100 as the base is given in the Chart below:





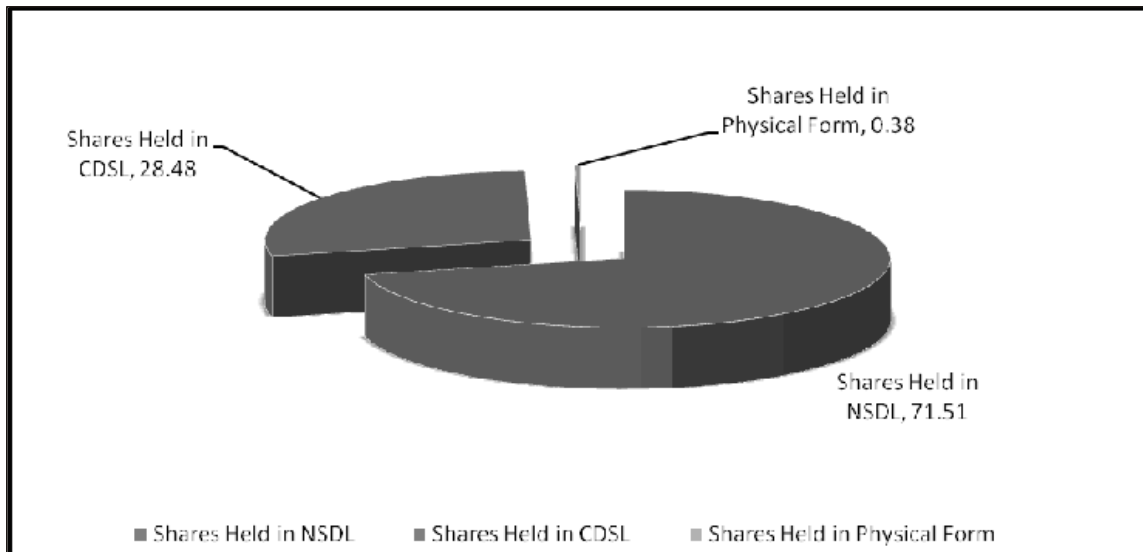
Share transfers system

Physical Shares sent for transfer are duly transferred within 15 days of receipt of documents, if found in order. Shares under objection are in general returned within 15 days. MCS Share Transfer Agent Ltd, Share Transfer Agents of the Company, is authorized to sign the share certificates on behalf of the Company for expeditious disposal of transfer requests.

In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the SEBI Listing Regulation, a Practicing Company Secretary carries out audit of the System of Transfer and a certificate to that effect is issued.

Dematerializations of Shares and liquidity

As at March 31, 2017, 99.62 % of Equity capital was held in electronic form with NSDL and CDSL. Normally, requests of dematerialization of shares are processed and confirmed within 15 days of receipt to NSDL and CDSL.



Shareholding Pattern as on 31st March, 2017.

| <u>Category</u> | <u>No. of Shares</u> | <u>%age of Shareholding</u> |
|-------------------------------------|----------------------|-----------------------------|
| 1. Promoters | | |
| Individual | 38084409 | 20.57 |
| Bodies Corporate | 4150000 | 6.08 |
| State Govt-PSIDC | 1645222 | 2.40 |
| Sub Total (1) | 19834718 | 29.05 |
| 2. Public | | |
| Non Institutions | | |
| Individual Upto Rs. 2 Lakhs | 32097171 | 47.04 |
| Individual greater than Rs. 2 Lakhs | 11320779 | 16.60 |
| Others- | | |
| Bodies Corporate | 3940922 | 5.78 |
| Clearing Member | 231870 | 0.34 |
| NRI Non Repatriable | 19150 | 0.028 |
| NRI Repatriable | 165714 | 0.25 |
| Individual/HUF | 619911 | 0.91 |
| Sub Total (2) | 48395517 | 70.95 |
| Total (1)+(2) | 68230235 | 100.00 |



Distribution Schedule as on 31st March, 2017.

Nominal Value of each share is Rs.5

| Shareholding of Nominal Value of Rs. | Number of Share holders | %age to Total | No. of Shares | Amount in Rs. | %age to Total |
|--------------------------------------|-------------------------|---------------|-----------------|------------------|---------------|
| Up to 5000 | 10124 | 63.97 | 4449870 | 22249350 | 6.5218 |
| 5001 to 10000 | 2075 | 13.11 | 3514882 | 17574410 | 5.1515 |
| 10001 to 20000 | 1337 | 8.44 | 4061719 | 20308595 | 5.9530 |
| 20001 to 30000 | 823 | 5.20 | 4178684 | 20893420 | 6.1244 |
| 30001 to 40000 | 270 | 1.70 | 1922782 | 9613910 | 2.8181 |
| 40001 to 50000 | 404 | 2.55 | 3890600 | 19453000 | 5.7022 |
| 50001 to 100000 | 453 | 2.86 | 6654725 | 33273625 | 9.7533 |
| 100001 and above | 339 | 2.14 | 39556973 | 197784865 | 57.9757 |
| Total | 15825 | 100 | 68230235 | 341151175 | 100.00 |

* Note: 216400 shares are partly paid shares with public shareholding.

Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:

As on March 31, 2017, the Company has no outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity.

Dematerialization of shares and liquidity:

Percentage of Shares as on 31.03.2017 held in
Physical form : 0.38
Electronic form with NSDL : 71.51
Electronic form with CDSL : 28.48

The Company's shares are traded on the Bombay Stock Exchange Limited and on The National Stock Exchange of India Limited.

The quarterly results and information regarding next Board Meetings is submitted to Stock Exchanges and is published in the newspapers. It is also posted on the website of the company, viz. www.supremetextmart.com.

The financial year of the company under review is from 1st April 2016 to 31st March 2017.

Plant Location:

Spinning Unit 1 - Village Kanganwal, P.O. Jugiana, Ludhiana,
Spinning Unit 2 - Village Kanganwal, P.O. Jugiana, Ludhiana,
Dyeing Unit - B-72, Phase VIII, Focal Point, Ludhiana
Garment Unit - Village Paharuwal, Ludhiana.

Address for the Correspondence:

Supreme Tex Mart Limited
B-72, Phase VIII, Focal Point, Ludhiana
Ph. 0161-5082524, 5086524, 5087524
Fax No. 0161-5083524, 5088524
E-mail: info@supremetextmart.com
Website: www.supremetextmart.com

| Aggregate Number of Shareholders and the Outstanding Shares in the suspense account lying at the beginning of the year | Number of shareholders who approached the Company for transfer of shares from suspense account during the year | Number of shareholders who approached the Company for transfer of shares from suspense account during the year | Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year | That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares |
|--|--|--|--|---|
| (1) | (2) | (3) | (4) | (5) |
| | | | | |

COMPLIANCE CERTIFICATE OF THE AUDITORS:

A certificate from practicing company secretary has certified that the company has complied with the conditions of corporate governance as stipulated in the listing regulations and the same is annexed to this report.



DECLARATION

I, Ajay Gupta, Managing Director of Supreme Tex Mart Limited, hereby declare that Company has adopted code of conduct for its Directors and the Senior Management personnel and the same is posted on the company's website.

- All the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015(1) (D) (ii) of the Listing Agreement entered into with the stock exchanges, for the year ended March 31, 2017.

For Supreme Tex Mart limited

Ludhiana
August 22, 2017

(Ajay Gupta)
Managing Director
DIN-00842448

CEO/CFO CERTIFICATION

We hereby further certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended 31.03.2017 and that to the best of their knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and We have effective internal audit & control system commensurate with the size & nature of our business;
- d. We are committed to indicate to the auditors and the Audit committee
 - i. significant changes in internal control over financial reporting during the year, if any;
 - ii. significant changes in accounting policies during the year, if any, and that the same shall be disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.
 - iv. We have disclosed all the requisite information to Audit Committee & Auditors;
- e. There was no matter regarding non-compliance by the company of any provision of listing agreement, also there were no penalties, strictures imposed on the company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years;
- f. Secretarial Audit Report regarding reconciliation of shares is being sent regularly to Stock Exchanges.

For Supreme Tex Mart Limited

Place: Ludhiana
Dated: 22.08.2017

(AJAY GUPTA)
Managing Director
00842448



Certificate on Compliance From Practicing Company Secretary with the conditions of Corporate Governance under SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015 of the Listing Agreement

To
The Members of
Supreme Tex Mart Limited

We have examined the compliance of conditions of Corporate Governance by **SUPREME TEX MART LIMITED** ('the Company'), for the year ended on 31st March, 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We further state that this certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Rajeev Bhambri & Associates
Practicing Company Secretaries
C P No. 9491

Place: Ludhiana
Dated: 22.08.2017

(Rajeev Bhambri)
M. No. 4327



INDEPENDENT AUDITORS' REPORT

TO

THE MEMBERS OF SUPREME TEX MART LIMITED

1. REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Supreme Tex Mart Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Profit and Loss Statement and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the 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) Rules, 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. AUDITORS' 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 the Rules made there under.

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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of 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.

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

4. Emphasis on matter

The Company has prepared the accounts on going concern basis. The company has incurred a net loss of Rs. 4338.92 Lacs for the year ended 31st March, 2017 (Rs.17884.09 Lacs), the company's current liabilities exceeded its current assets by Rs.16196.48 lacs and its total liabilities exceeded its total assets by Rs.19180.86 lacs. The lead bank State Bank of India and member banks ie Central Bank of India, Union Bank of India, SBER Bank, Allahabad Bank, IDBI Bank and Canbank Factors Ltd have classified the accounts of the company as Non Performing Assets. The net worth of the company has been completely eroded as on the balance sheet date. The appropriateness of the going concern basis is inter alia dependent on the company's ability to turnaround the operations and ability of infusing requisite funds for meeting its obligations and rescheduling of debts.



5. BASIS FOR QUALIFIED OPINION

Further we report that

- i) *The company has not provided for finance cost in respect of Banks/Financial Institutions except for Punjab & Sind Bank and UCO Bank but the company has neither provided nor acknowledge the liability in respect of other consortium banks and financial institutions. The exact quantification of interest/finance cost accrued during the year has not been ascertained. However as computed by the company an amount of Rs. 5857.57 Lacs has not been provided for , which has resulted in understatement of loss and liabilities by Rs.5857.57 Lacs. (Refer Note No. 41 to the financial statements)*
- ii) *In the absence of information of Secured Borrowings (Long Term and Short Term) we are unable to comment upon the exact liabilities towards banks and financial institutions as on balance sheet date and its impact on financial statments.*
- iii) *In the absence of details and records of liability towards creditors covered under the Micro Small & Medium Enterprises Development Act 2006, we are unable to report the status as required by the Companies, Act 2013.*
- iv) *The company has credited capital reserve account by Rs. 4231.70 Lacs by writing off the liability towards Banks/FI's and debited capital reserve by Rs. 420.91 Lacs by increasing the liability towards Banks/FI's. The company has not produced any evidence facilitating such adjustment. This has resulted in overstatement of reserves and surplus under the head capital reserve and understatement of the liability by Rs. 3810.79 lacs.*
- v) *The secured term loan borrowing except that of Punjab National Bank amounting to Rs. 1560.33 lacs and IDBI amounting to Rs.1728.28 lacs should have been classified current liabilities since recall notice under SARFAESI Act by all banks except Punjab & Sind Bank and UCO Bank has been served. This has resulted in overstatement of long term borrowing and understatement of current liabilities by Rs. 15876.18 Lacs.*
- vi) *In respect of the following receivables the company has not provided complete information justifying their realiseability :*

| Sr.No. | Particulars | (Rs. In Lacs) |
|--------|---|---------------|
| i) | Interest Receivable On account Interest Subsidy (Tuffs) | 1104.04 |
| ii) | Insurance Claim Recoverable | 489.70 |
| iii) | Interest on Insurance Claim Recoverable | 446.51 |
| iv) | Amount Receivable (Union Bank) | 66.88 |
| v) | Amount Receivable (PNB) | 63.79 |
| vi) | FDR Receivable from Bank | 1123.88 |
| vii) | Amount Receivable (Central Bank) | 977.88 |
| viii) | Vat (Notational) | 239.46 |
| | Total | 4512.14 |

The above receivables at Sr. (i) to (iii) amounting to Rs.2279.71 Lacs are outstanding for last few years. The other receivables are due from banks, who are secured creditors of the company. We are of the view that the bank in the normal course have adjusted the amount at Sr. No. (iv) to (vii) amounting to Rs.2232.43 Lacs against their outstanding. The necessary adjustment has not been made by the company. This has resulted in overstatement of receivables and understatement of secured liabilities by Rs. 2232.43 lacs. The consequential impact on the profit and loss amount has not been quantified by the company.

- vii) *The company has made a provision for gratuity and leave encashment on estimated basis without actuarial valuation, which is not in accordance with Accounting Standard-15 on Employee Benefits. In the absence of actuarial valuation we are unable to comment on the adequacy of the provision.*
- viii) *The company has accounted for interest on security deposit with PSPCL amounting to Rs. 47.28 lacs on receipt basis against accrual method of accounting adopted by the company. In the absence of interest recoverable from PSPCL for the current year we are unable to quantify the effect of the same on loss of the company.*



6. QUALIFIED OPINION

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Qualified Opinion and Emphasis on matter paragraphs above*, 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, of the state of affairs of the Company as at March 31, 2017, and its loss and its cash flows for the year ended on that date.

7. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of subsection (11) of Section 143 of the Act, we give in the "Annexure - A", a statement on the matters specified in Paragraphs 3 and 4 of the order, to the extent applicable.

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

- a. We have sought and obtained all the information and explanations, *except for the matters described in the Basis for Qualified Opinion and Emphasis on matter paragraph*, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Profit and Loss Statement, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 *except with the requirement of Accounting Standard (AS)-15 on "Employee Benefits" notified by the Companies (Accounts) Rules, 2014*;
- e. On the basis of the written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note 26 to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts.
 - iii. The company is not required to transfer any amount to the Investor Education and Protection Fund.
 - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management Refer Note 47 to financial statements.

For Datta Singla & Co.
Chartered Accountants
F.R.N. : 006185N

Place: Ludhiana
Dated: 30th May, 2017

Ashish Yashpal Bhardwaj
Partner
M. No. 501320



“Annexure A” to the Independent Auditors’ Report

Referred to in paragraph 7 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of SUPREME TEX MART LIMITED for the year ended March 31, 2017

- (i) Fixed Assets
- (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification. *In our opinion company does not have any reasonable program having regard to the size of the company and the nature of its fixed assets.*
- (c) According to the information and explanations given to us, title deeds of immovable properties are held in the name of the company *however no such title deeds or evidences pertaining to same were produced for verification.*
- (ii) Inventory
- (a) As informed, the management has conducted physical verification of inventory at reasonable intervals during the year. *However based on the discussion the Scope and coverage of physical verification needs to be enhanced, documented and to be effective to make it commensurate with the size and nature of the business of the company.*
- (b) The procedures of physical verification of inventory followed by the management *needs to be strengthened to make it reasonable and adequate in relation to the size of the company.*
- (c) The company is maintaining proper records of inventory and material discrepancies were noticed on physical verification which have been properly dealt with in the books of account. *The company is maintaining inventory records in software different from financial software (Ramco), thus the possibility of errors in integration of financial and inventory records cannot be ruled out. The company needs to strengthen the inventory record procedure to make it commensurate with the size and nature of the business of the company.*
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to information & explanation given to us, the Company has complied with the provisions of section 185 & 186 of the Act, with respect to the loans & investments made.
- (v) In our opinion and according to information & explanation given to us, the company has not accepted any deposits for which directives issued by Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed there under are applicable for compliance.
- (vi) According to the information and explanation given to us, maintenance of cost records has been specified by the Central Government under Section 148 (1) of the Companies Act, 2013. However, such records were not produced before us.
- (vii) a) *The company has not been regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. In the absence of detailed information of due date and actual date of payment, we are unable to verify the outstanding liability if any of undisputed statutory dues.*

However according to the information and explanation given to us, undisputed dues in respect of provident fund, employees’ state insurance and income tax which were outstanding at the year end for a period of more than six months from the date they become payable are as follow:

| Nature of Statue | Nature of Dues | Amount (Rs. In lacs) | Period to which amounts relates | Due date | Date of Payment |
|--------------------------------------|-----------------------|-----------------------------|--|-----------------|------------------------|
| Income Tax Act, 1961 | Income Tax | 480.12 | FY 2012-13 | 30/11/2013 | Not yet paid |
| Employees’ State Insurance Act, 1948 | Employee State | 0.52 | May 2016 | 21/06/2016 | 10/04/2017 |



| | | | | | |
|--|---------------------------------|-------------|----------------------|-------------------|-------------------|
| | <i>Insurance</i> | | | | |
| <i>Employees' State Insurance Act, 1948</i> | <i>Employee State Insurance</i> | <i>0.55</i> | <i>June 2016</i> | <i>21/07/2016</i> | <i>10/04/2017</i> |
| <i>Employees' State Insurance Act, 1948</i> | <i>Employee State Insurance</i> | <i>0.57</i> | <i>July 2016</i> | <i>21/08/2016</i> | <i>10/04/2017</i> |
| <i>Employees' State Insurance Act, 1948</i> | <i>Employee State Insurance</i> | <i>0.60</i> | <i>August 2016</i> | <i>21/09/2016</i> | <i>10/04/2017</i> |
| <i>Employees' State Insurance Act, 1948</i> | <i>Employee State Insurance</i> | <i>0.57</i> | <i>Sept, 2016</i> | <i>21/10/2016</i> | <i>10/04/2017</i> |
| <i>Employees' Provident Fund and Miscellaneous Provision Act, 1952</i> | <i>Provident Fund</i> | <i>1.90</i> | <i>June 2016</i> | <i>20/07/2016</i> | <i>29/04/2017</i> |
| <i>Employees' Provident Fund and Miscellaneous Provision Act, 1952</i> | <i>Provident Fund</i> | <i>1.85</i> | <i>July 2016</i> | <i>20/08/2016</i> | <i>29/04/2017</i> |
| <i>Employees' Provident Fund and Miscellaneous Provision Act, 1952</i> | <i>Provident Fund</i> | <i>3.78</i> | <i>November 2016</i> | <i>20/12/2016</i> | <i>10/04/2017</i> |

a) According to the information and explanation given to us, the disputed statutory dues aggregating to Rs. 4.15 lacs that has not been deposited on account on matters pending before the appropriate authority in respect of Service tax and central Sales Tax are given below: -

| Name of the Statute | Nature of Dues | Disputed Amount (Rs. In lacs) | Period to which amounts relates | Forum Where Dispute is pending |
|----------------------------|---------------------------------|--------------------------------------|--|---|
| Central Sales Tax | Penalty | 1.20 | 2012-13 | Joint director cum Deputy Excise and Taxation Commissioner (Appeal) |
| Central Sales Tax | Penalty | 1.13 | 2013-14 | Joint director cum Deputy Excise and Taxation Commissioner (Appeal) |
| Service Tax | Service Tax, interest & Penalty | 1.82 | 2004-05, 2005-06 | Commissioner of Customs (Appeal) |

(viii) According to information and explanation given to us, the company has default in repayment of dues to banks and financial institutions. The detail of default are as under:

| Sr. No. | Particulars | Amount (Rs. in Lacs) | Nature of dues | Period of default of repayment |
|----------------|---------------------|-----------------------------|-----------------------|---|
| 1. | State Bank of India | 596.57 | Interest (Term loan) | 01.08.2014 to 31.03.2015 (8 months) |
| | | 784.00 | Principal | |
| | | 1071.12 | Interest (Term loan) | 01.04.2015 to 31.03.2016 (12 months) |
| | | 1250.64 | Principal | |
| | | 1004.64 | Interest (Term loan) | 01.04.2016 to 31.03.2017 |



SUPREME TEX MART
2016-2017

| | | | | |
|----|-----------------------|---------|-----------------------------|--|
| | | 1392.00 | Principal | (12 months) |
| 2. | Central Bank of India | 179.63 | Interest (Term loan) | 01.07.2014 to 31.03.2015 (9 months) |
| | | 423.00 | Principal | |
| | | 570.72 | Interest (Term loan) | 01.04.2015 to 31.03.2016 (12 months) |
| | | 564.00 | Principal | |
| | | 534.74 | Interest (Term loan) | 01.04.2016 to 31.03.2017 (12 months) |
| | | 564.00 | Principal | |
| 3. | State Bank of India | 661.95 | Interest (working capital) | 01.07.2014 to 31.03.2015 (9 months) |
| | | 1029.49 | Interest (working capital) | 01.04.2015 to 31.03.2016 (12 months) |
| | | 1037.02 | Interest | 01.04.2016 to 31.03.2017 (12 months) |
| 4. | Union Bank of India | 19.10 | Interest (working capital) | 01.03.2015 to 31.03.2015 (1 month) |
| | | 249.48 | Interest (working capital) | 01.04.2015 to 31.03.2016 (12 months) |
| | | 247.00 | Interest (working capital) | 01.04.2016 to 31.03.2017 (12 months) |
| 5. | Central Bank of India | 56.46 | Interest (working capital) | 01.07.2014 to 31.03.2015 (9 months) |
| | | 208.63 | Interest (working capital) | 01.04.2015 to 31.03.2016 (12 months) |
| | | 208.00 | Interest (working capital) | 01.04.2016 to 31.03.2017 (12 months) |
| 6. | SABER Bank | 157.07 | Interest (working capital) | 01.09.2014 to 31.03.2015 (7 months) |
| | | 299.06 | Interest (working capital) | 01.04.2015 to 31.03.2016 (12 months) |
| | | 278.25 | Interest (working capital) | 01.04.2016 to 31.03.2017 (12 months) |
| 7. | Allahabad Bank | 96.78 | Interest (Term loan) | 01.10.2015 to 31.03.2016 (6 months) |
| | | 35.33 | Principal | 01.04.2015 to 31.03.2016 (12 months) |



| | | | | |
|-----|----------------------|--------|-----------------------------|--|
| | | 235.70 | Interest (Term loan) | 01.04.2016 to 31.03.2017 (12 months) |
| | | 35.33 | Principal | |
| 8. | Punjab National Bank | 995.28 | Interest (Term loan) | 01.04.2016 to 31.03.2017 (12 months) |
| | | 191.40 | Principal | |
| 9. | Punjab National Bank | 641.95 | Interest (working capital) | 01.04.2016 to 31.03.2017 (12 months) |
| 10. | IDBI Bank | 675.00 | Interest (working capital) | 01.04.2016 to 31.03.2017 (12 months) |

Interest includes interest accrued on long term and short term borrowing not provided in the statement of profit and loss.

- (ix) The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and no fresh term loans were raised during the period. Accordingly this paragraph is not applicable.
- (x) According to the information and explanations given to us, no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the company, the company has not paid or provided any the managerial remuneration as the requisite approvals mandated by the provisions of section 197 read with Schedule – V to the Companies Act is not granted by the Central Government.
- (xii) In our opinion and according to the information and explanations given to us, the company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the company, all transactions with the related parties are in compliance with section 177 & 188 of Companies Act, 2013 and the details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the company, company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the company, company has not entered into any non-cash transactions with directors or persons connected with them.
- (xvi) Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Datta Singla & Co.
Chartered Accountants
F.R.N. : 006185N**

**Place: Ludhiana
Dated: 30th May, 2017**

**Ashish Yashpal Bhardwaj
Partner
M. No. 501320**



Balance Sheet As at March 31, 2017

(Amount in ₹)

| Particulars | Note | As at March 31, | |
|--------------------------------|------|---------------------|---------------------|
| | | 2017 | 2016 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 340556075 | 340556075 |
| Reserves and Surplus | 3 | (2258642130) | (2205934374) |
| | | (1918086055) | (1865378299) |
| Non-Current Liabilities | | | |
| Long Term Borrowings | 4 | 1803881723 | 2323181284 |
| Deferred Tax Liability (net) | 5 | 303496030 | 303496030 |
| Long Term Provisions | 6 | 48282380 | 35494633 |
| | | 2155660133 | 2662171947 |
| Current Liabilities | | | |
| Short Term Borrowings | 7 | 2561720870 | 2313756595 |
| Trade Payables | 8 | 650383995 | 735363021 |
| Other Current Liabilities | 9 | 430748888 | 512093425 |
| Short Term Provisions | 6 | 28672409 | 44189673 |
| | | 3671526162 | 3605402714 |
| TOTAL | | 3909100240 | 4402196361 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 10 | 1646317729 | 2119920369 |
| Intangible Assets | 11 | 811683 | 1048650 |
| Capital Work-in-Progress | | 12650882 | 8355596 |
| Long Term Loans and Advances | 12 | 41499767 | 41293387 |
| Other Non-Current Assets | 13 | 155942289 | 155942289 |
| | | 1857222350 | 2326560291 |
| Current Assets | | | |
| Inventories | 14 | 434071333 | 652906546 |
| Trade Receivables | 15 | 624411307 | 642418843 |
| Cash and Bank Balances | 16 | 130024699 | 126473965 |
| Short Term Loans and Advances | 12 | 644181005 | 431618986 |
| Other Current Assets | 13 | 219189545 | 222217730 |
| | | 2051877889 | 2075636070 |
| TOTAL | | 3909100240 | 4402196361 |

Significant Accounting Policies & Notes on Financial Statements 1 to 47

For and on behalf of Board

**As per our Report of even date attached
for DATTA SINGLA & CO.
CHARTERED ACCOUNTANTS
FIRM REGN. NO. 006185N**

Ajay Gupta
Mg. Director

DIN: 00842248

Gautam Gupta
Jt. Mg. Director

DIN: 02642545

Inderpal Singh
Chief Financial
Officer

(ASHISH YASHPAL BHARDWAJ)
PARTNER

M.NO. 501320

Place : LUDHIANA
Date : May 30,2017



Statement of Profit and Loss for the Year Ended March 31, 2017

(Amount in ₹)

| Particulars | Note | For the Year Ended March 31, | |
|--|------|------------------------------|---------------------|
| | | 2017 | 2016 |
| INCOME | | | |
| Revenue from Operations | 17 | 3953230842 | 3505026089 |
| Less: Excise Duty | | 238552 | 888573 |
| Revenue from Operations (net) | 17 | 3952992290 | 3504137516 |
| Other Income | 18 | 7106662 | 119326249 |
| Total Revenue | | 3960098952 | 3623463765 |
| EXPENSES | | | |
| Cost of material consumed | 19 | 2007897268 | 3348913338 |
| Purchases of Stock-in-Trade | 20 | 470716164 | 185660408 |
| Change in Inventories of Finished Goods, Work in Progress and Stock-in-Trade | 21 | 149802754 | 9040179 |
| Employee Benefit Expense | 22 | 250872266 | 195110527 |
| Finance Costs | 23 | 15426983 | 220241973 |
| Depreciation and Amortization Expense | 24 | 460364470 | 484040171 |
| Other Expenses | 25 | 1053240442 | 968866237 |
| Total Expenses | | 4408320348 | 5411872834 |
| Profit Before exceptional and extraordinary Items and tax | | (448221396) | (1788409069) |
| Exceptional Items | | - | - |
| Profit Before extraordinary Items and tax | | (448221396) | (1788409069) |
| Extraordinary Items | | 14329452 | - |
| Profit/(Loss) Before Tax | | (433891944) | (1788409069) |
| Tax Expenses | | | |
| a) Current Tax | | - | - |
| b) MAT Credit Entitlement | | - | - |
| c) Wealth Tax | | - | - |
| d) Deferred Tax | | - | - |
| e) Taxes of Earlier Years | | - | - |
| Profit/(Loss) for the Year From Continuing Operations | | (433891944) | (1788409069) |
| Profit/(Loss) for the Year | | (433891944) | (1788409069) |
| Earning Per Equity Share of Rs 5/- each | | | |
| Basic | | (6.36) | (26.21) |
| Diluted | | (6.36) | (26.21) |

Significant Accounting Policies & Notes on Financial Statements 1 to 47

For and on behalf of Board

**As per our Report of even date attached
for DATTA SINGLA & CO.
CHARTERED ACCOUNTANTS
FIRM REGN. NO. 006185N**

Ajay Gupta
Mg. Director

DIN: 00842248

Gautam Gupta
Jt. Mg. Director

DIN: 02642545

Inderpal Singh
Chief Financial
Officer

(ASHISH YASHPAL BHARDWAJ)
PARTNER

M.NO. 501320

Place : LUDHIANA
Date : May 30,2017



Cash Flow Statement for the year ended March 31, 2017

(Amount in ₹)

| PARTICULARS | for the year ended March 31, | |
|---|------------------------------|----------------------------------|
| | 2017 | 2016 |
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax and extraordinary items | (433891944) | (1788409069) |
| Adjusted for: | | |
| Depreciation and Amortization | 460364470 | 484040172 |
| Insurance Claim written off | 2790958 | - |
| Miscellaneous balances written off | 449363 | (18661271) |
| Extraordinary Items | 14329452 | - |
| Provisions no longer required written back | - | (99160241) |
| Interest and Financial charges | 15426983 | 220241973 |
| Profit(-)/Loss on sale of Fixed Assets | 23491217 | 516852444 (368753) 586091879 |
| Operating Profit before Working Capital Changes | 82960499 | (1202317190) |
| Adjusted for: | | |
| Increase(-)/Decrease in Trade and Other Receivables | (192182041) | 154161862 |
| Increase(-)/Decrease in Inventories | 218835212 | 948576357 |
| Increase/Decrease(-) in Trade and Other Liabilities | (153535816) | (126882644) 105866833 1208605052 |
| Cash Generated from Operations | (43922145) | 6287863 |
| Taxes Paid | (15517264) | (2417387) |
| Net Cash from Operating Activities | (59439409) | 3870476 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (17413766) | (21146086) |
| Sale of Fixed Assets | 2537400 | 5135247 |
| Subsidy Received | 0 | 43869300 |
| Net Cash used in Investing Activities | (14876366) | 27858461 |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Long Term Borrowings | (519299560) | 50417422 |
| Proceeds from Short Term Borrowings | 247964275 | 137715850 |
| Interest Paid | (15426983) | (220241973) |
| Proceeds from Issue of Share Capital | 0 | 0 |
| Proceeds from Share Application money | 0 | 0 |
| Net Cash from Financing Activities | (286762268) | (32108701) |
| NET INCREASE IN CASH & CASH EQUIVALENTS | (361078043) | (379764) |
| CASH & CASH EQUIVALENTS AS ON 01.04.2016 | 126473965 | 126853729 |
| CASH & CASH EQUIVALENTS AS ON 31.03.2017 | (234604078) | 126473965 |

For and on behalf of Board

**As per our Report of even date attached
for DATTA SINGLA & CO.
CHARTERED ACCOUNTANTS
FIRM REGN. NO. 006185N**

Ajay Gupta
Mg. Director

DIN: 00842248

Gautam Gupta
Jt. Mg. Director

DIN: 02642545

Inderpal Singh
Chief Financial
Officer

(ASHISH YASHPAL BHARDWAJ)
PARTNER

M.NO. 501320

Place : LUDHIANA
Date : May 30,2017



SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Company Overview:

Supreme Tex Mart Ltd (STML) is an integrated textile organization based at Ludhiana. STML manufactures various type of yarns and garments for customers in domestic and international markets.

1. SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Preparation of financial statements:

The financial statements are prepared on accrual basis under the historical cost convention. The financial statements have been prepared to comply with the generally accepted Accounting Principles in India, the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 2013.

B) Use of Estimates:

The preparation of financial statements, in conformity with the generally accepted accounting principals, require estimates and assumptions to be made that effect the reported amount of assets and liabilities as of the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known /materialized.

C) Revenue Recognition:

a) Sales

Sales comprise sale of goods, services and export incentives. Revenue from sale of goods is recognized;

- i) When all significant risk and rewards of ownership is transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership and
- ii) No significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods.
- iii) The revenue in respect of Export incentives is recognized on the post export basis.

b) Interest :

Interest income is recognized on a time proportion basis taking in to account the amount outstanding.

c) Insurance and other claims:

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

D) Employee Benefits:

a) Short Term Employee Benefits:

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the profit and loss account of the year in which the related service is rendered.

b) Post Employment Benefits:

i) Defined Contribution Plans:

Provident Fund:

Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and is charged to the profit and loss account.

ii) Defined Benefit Plans

Gratuity:

Provision for gratuity liability to employees is made on estimated basis and not in accordance with Accounting Standard (AS-15)

Leave Encashment:

Provision for leave encashment is made on estimated basis and not in accordance with Accounting Standard (AS-15)

E) Tangible fixed Assets:

- i) Fixed Assets are stated at historical cost less accumulated depreciation.



- ii) Cost of fixed assets comprises its purchase price and any attributable expenditure (both direct and indirect) for bringing an asset to its working condition for its intended use.
- iii) Subsequent expenditure related to an item of fixed asset is added to book value only if increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses are charged to statement of profit and loss for the period during which such expenses are incurred.
- iv) Gains or losses arising from de-recognition of fixed assets are measured as difference between net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

F) Intangible Assets:

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amount of amortization.

G) Depreciation:

- i) Depreciation on fixed assets is provided on straight line method in accordance with and in the manner specified in the Schedule II to the Companies Act, 2013
- ii) Depreciation on assets costing ₹.5000/- or less is charged @ 100%.

H) Amortization:

- i) The leasehold land is amortized over the period of lease.
- ii) Intangible assets are amortized on straight line method over their estimated useful life.

I) Inventories:

Inventories are valued at cost or net realizable value, whichever is lower. The cost, in respect of various items of inventory is assigned by using the following cost formula;

- i) Raw Materials on FIFO basis plus direct expenses.
- ii) Stores and spares at weighted average basis plus direct expenses.
- iii) Work in process at raw material cost plus conversion cost depending upon the stage of completion.
- iv) Finished Goods at raw material cost plus conversion cost, excise duty if applicable and other overheads incurred to bring the goods to their present condition and location.

J) Cenvat :

Cenvat credit of excise duty paid on inputs, capital assets and input services is recognized in accordance with the Cenvat Credit Rules,2004.

K) Subsidy :

Government grants available to the company are recognized when there is a reasonable assurance of compliance with the conditions attached to such grants and where benefits in respect thereof have been earned and it is reasonably certain that the ultimate collection will be made. Government subsidy in the nature of promoter's contribution is credited to Capital Reserve. The Government subsidy received for specific asset is reduced from the cost of the said asset.

L) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of such asset. Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

M) Segment Information:

Segment information is prepared in conformity with accounting policies adopted for preparing and presenting the financial statements of the enterprises as a whole.

N) Operating Leases:

Assets acquired on leases wherein a significant portion of the risk and rewards of the ownership are retained by the lessor are classified as operating lease. Lease rental paid for such leases are recognized as expense on systematic basis over the term of lease.

O) Foreign Currency Transactions



- (i) Foreign currency transactions are recorded on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction except export sales which are recorded at a rate notified by the customs for invoice purposes as the said rate approximate the actual rate at the date of transaction. The exchange fluctuation arising as a result of negotiation of export bill is accounted for as difference in exchange rates. The amount of such differences in exchange rate is included under the head turnover.
- (ii) Monetary items denominated in a foreign currency are reported at the closing rate as at the date of balance sheet. Non-monetary items which are carried at fair value denominated in a foreign currency are reported at the exchange rate that existed when such values were determined.
- (iii) The premium or discount arising at the inception of a forward exchange contracts is amortized as expense or income over the life of contract. Exchange difference on such a contract is recognized in the statement of profit and loss in the reporting period in which the exchange rate changes. Profit or loss arising on cancellation or renewal of such contract is recognized as income or expense in the period in which such profit or loss arises.
- (iv) The exchange difference to the extent of loss, arising on forward contract to hedge the transactions in the nature of firm commitment and highly probable forecast transactions is recognized in the profit and loss account. The profit if any arising thereon is ignored.

P) Accounting for taxes on income:

The accounting treatment followed for taxes on income its to provide for Current Tax and Deferred Tax. Current Tax is the aggregate amount of Income Tax Determined to be payable in respect of taxable income for a period. Deferred Tax is the tax effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Q) Earning per share:

Basic earning per share is computed 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. Diluted earning per share is computed by taking into account the weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all dilutive potential equity shares into equity shares.

R) Impairment of assets

At each balance sheet an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.

S) Provisions and Contingent Liabilities

- (i) Provision is recognized (for liabilities that can be measured by using a substantial degree of estimation) when:
 - (a) the Company has a present obligation as a result of a past event;
 - (b) a probable outflow of resources embodying economic benefits is expected to settle the obligation; and
 - (c) the amount of the obligation can be reliably estimated.
- (ii) Contingent liability is disclosed in case there is:
 - (a) Possible obligation that arises from past event and existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future event not wholly within the control of the enterprise : or
 - (b) a present obligation arising from a past events but is not recognized
 - (i) when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) a reliable estimate of amount of the obligation cannot be made.



2. Share Capital

| | (Amount in ₹) | |
|--|------------------|------------------|
| | As at March 31, | |
| | 2017 | 2016 |
| Authorized: | | |
| 90000000 (Previous Year 90000000) Equity Shares of ₹5 each | 450000000 | 450000000 |
| Issued, Subscribed and Paid up: | | |
| 68230235 (Previous Year 68230235) Equity Shares of ₹5 each fully paid up | 341151175 | 341151175 |
| Less: Calls in arrear - by others | 595100 | 595100 |
| | 340556075 | 340556075 |

a. Reconciliation of the number of shares outstanding

| | (Amount in ₹) | | | |
|--------------------------------|-----------------|------------------|-----------------|------------------|
| | As at March 31, | | 2016 | |
| | 2017 | 2016 | No. | Amount |
| At the beginning of the period | 68230235 | 341151175 | 68230235 | 341151175 |
| Issued during the period | - | - | - | - |
| | 68230235 | 341151175 | 68230235 | 341151175 |

b. Terms/rights attached to equity shares

The company has one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share.

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

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

| | As at March 31, | | | |
|---|-----------------|------------------------|----------|------------------------|
| | 2017 | | 2016 | |
| | No. | % holding in the class | No. | % holding in the class |
| Equity shares of ₹ 5 each fully paid | | | | |
| Sindia Investment Group Pte Ltd. | 0 | 0.00% | 12614719 | 18.49% |
| Gold Leaf International Pvt. Ltd. | 0 | 0.00% | 4000000 | 5.86% |
| Sanjay Gupta | 6904640 | 10.12% | 11933823 | 17.49% |
| Ajay Gupta | 5875445 | 8.61% | 9575445 | 14.03% |
| Bhavna Gupta | 0 | 0.00% | 3534665 | 5.18% |

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

3. Reserves and Surplus

| | (Amount in ₹) | |
|--|---------------------|---------------------|
| | As at March 31, | |
| | 2017 | 2016 |
| Capital Reserve | | |
| Balance as per last financial statements | 384078830 | 3000000 |
| Securities Premium Account | | |
| Balance as per last financial statements | 1035607501 | 1035607501 |
| Add: Premium on issue of fully paid equity shares | - | 0 |
| Closing balance | 1035607501 | 1035607501 |
| General Reserve | | |
| Balance as per last financial statements | 38829209 | 38829209 |
| Surplus/(deficit) in the Statement of Profit and Loss | | |
| Balance as per last financial statements | (3283371084) | (1494962015) |
| Add (Less) : Profit/(Loss) for the year | (433891944) | (1788409069) |
| Add : Adjustment | 105358 | 0 |
| Net Surplus in the Statement of Profit and Loss | (3717157670) | (3283371084) |
| Total Reserves and Surplus | (2258642130) | (2205934374) |



4. Long-term Borrowings

(Amount in ₹)

| | Non-current portion | | Current maturities | |
|---|----------------------------|-------------------|---------------------------|------------------|
| | As at March 31, | | As at March 31, | |
| | 2017 | 2016 | 2017 | 2016 |
| Secured | | | | |
| Term Loans | | | | |
| Indian rupee loan from banks | 1627788654 | 2201089428 | 314682000 | 233584500 |
| Other loans and advances | | | | |
| Indian rupee loan from banks | 0 | 395393 | 483059 | 764400 |
| From financial institutions | 108532 | 1179163 | 1144644 | 1144644 |
| Unsecured | | | | |
| From directors | 34197986 | 20516555 | - | - |
| From related parties (including inter corporate loans) | 141786552 | 100000745 | - | - |
| | 1803881723 | 2323181284 | 316309703 | 235493544 |
| Amount disclosed under the head "Other Current Liabilities" (note 9) | | | (316309703) | (235493544) |
| Net amount | 1803881723 | 2323181284 | - | - |

(Amount in ₹)

| | Non-current portion | | Current maturities | |
|--|----------------------------|-------------|---------------------------|-------------|
| | As at March 31, | | As at March 31, | |
| | 2017 | 2016 | 2017 | 2016 |
| Unsecured Long-term Borrowings include | | | | |
| -Loans from Gautam Terry Tech Ltd. in which company's managing directors are members | 92500745 | 92500745 | - | - |
| -Loans from Gautam Gupta (Promoter Contribution) | 34197986 | 20516555 | - | - |
| -Loans from Avnisha Gupta (Relative of managerial Personnel) | 4248771 | 7500000 | - | - |
| - Loans from Cimero Industrial Enterprises Ltd | 14869256 | - | - | - |
| - Loans from Goldleaf International Pvt Ltd | 30050000 | - | - | - |

a. Indian rupee term loan amounting to ₹ 8400.00 lacs from State Bank of India carries interest @ 13.10% p.a. net of TUFs subsidy. The loan is repayable in 96 monthly installments, which consists 30 monthly installments of ₹ 42.00 lacs each, next 30 monthly installments of ₹ 98.00 lacs each, next 35 monthly installments of ₹ 116.66 lacs each and last one monthly installment of ₹ 116.90 lacs along with interest. These installments have been started from 01.12.2010. *



b. Indian rupee term loan amounting to ₹7500.00 from Punjab National Bank has been restructured w.e.f 01.07.2014. The original rate of interest with repayment schedule and revised rate of interest with repayment schedule is given below :

| Original Loan Amount (₹ lacs) | Interest Rate | EMI (₹ lacs) | Period | Nos | Revised Interest Rate | EMI (₹ lacs) | Period | Nos |
|--------------------------------------|----------------------|---------------------|----------------------|--------------------------|------------------------------|---------------------|--------------------------|------------|
| 7500.00 | 8% (net of TUFs) | 37.50 | 01/12/10 to 01/05/13 | 30 | 6.5% (net of TUFs) | 37.50 | 01/12/10 to 01/05/13 | 30 |
| | | 87.50 | 01/06/13 to 01/11/15 | 30 | | 87.50 | 01/06/13 to 01/05/14 | 12 |
| | | 104.16 | 01/12/15-01/05/18 | 35 | | 87.00 | 01/06/14 | 1 |
| | | 104.40 | 01/06/18 | 1 | | 5.82 | 01/07/14 to 01/03/15 | 9 |
| | | | | | | 10.91 | 01/04/2015 to 01/04/2017 | 24 |
| | | | | | | 43.65 | 01/05/2017 to 01/04/2018 | 12 |
| | | | | | | 50.20 | 01/05/2018 to 01/04/2019 | 12 |
| | | | | | | 54.56 | 01/05/2019 to 01/04/2020 | 12 |
| | | | | | | 58.93 | 01/05/2020 to 01/04/2021 | 12 |
| | | | | | | 61.11 | 01/05/2021 to 01/04/2023 | 24 |
| | | | 63.29 | 01/05/2023 to 01/04/2024 | 12 | | | |
| | | | 69.84 | 01/05/2024 to 01/07/2024 | 3 | | | |

These Installments have been commencing from 01.12.2010 and subsequently got restructured w.e.f 01.07.2014



c. Indian rupee term loan amounting to ₹1350.00 from Punjab National Bank has been restructured w.e.f 01.07.2014. The original rate of interest with repayment schedule and revised rate of interest with repayment schedule is given below :

| Original Loan Amount (₹lacs) | Interest Rate | EMI (₹lacs) | Period | Nos | Revised Interest Rate | EMI (₹lacs) | Period | Nos |
|-------------------------------------|---------------------------|--------------------|--------------------------------|------------|------------------------------|--------------------|--------------------------------|------------|
| 1350.00 | 8.84% (net of TUFS) | 14.06 | 01/01/2011 to 01/12/2018 | 96 | 6.5% (net of TUFS) | 14.06 | 01/01/2011 to 01/06/2014 | 42 |
| | | | | | | 14.38 | 01/07/14 | 1 |
| | | | | | | 0.83 | 01/08/2014 to 01/04/2015 | 9 |
| | | | | | | 1.55 | 01/05/2015 to 01/04/2017 | 24 |
| | | | | | | 6.21 | 01/05/2017 to 01/04/2018 | 12 |
| | | | | | | 7.14 | 01/05/2018 to 01/04/2019 | 12 |
| | | | | | | 7.76 | 01/05/2019 to 01/04/2020 | 12 |
| | | | | | | 8.38 | 01/05/2020 to 01/04/2021 | 12 |
| | | | | | | 8.69 | 01/05/2021 to 01/04/2022 | 24 |
| | | | | | | 9.00 | 01/05/2022 to 01/04/2023 | 12 |
| | | | | | | 9.93 | 01/05/2023 to 01/07/2023 | 3 |

These Installments have been commencing from 01.01.2011 and subsequently got restructured from 01.07.2014 *



d. Indian rupee term loan amounting to ₹2319.94 lacs from Punjab National Bank has been restructured w.e.f 01.07.2014 The original rate of interest with repayment schedule and revised rate of interest with repayment schedule is given below :

| Original Loan Amount (₹lacs) | Interest Rate | EMI (₹lacs) | Period | Nos | Revised Interest Rate | EMI (₹lacs) | Period | Nos |
|---|--------------------------|------------------------|--------------------------------|------------|--------------------------------------|--------------------|--------------------------------|------------|
| 2319.94 | 9.65% | 30.21 | 01/04/2012 to 01/08/2018 | 77 | 11.50% | 30.21 | 01/04/2012 to 01/05/2014 | 26 |
| | | | | | | 30.62 | 01/06/14 | 1 |
| | | | | | | 1.86 | 01/07/2014 to 01/03/2015 | 9 |
| | | | | | | 3.49 | 01/04/2015 to 01/02/2017 | 24 |
| | | | | | | 13.94 | 01/03/2017 to 01/02/2018 | 12 |
| | | | | | | 16.03 | 01/03/2018 to 01/02/2019 | 12 |
| | | | | | | 17.43 | 01/03/2019 to 01/02/2020 | 12 |
| | | | | | | 18.82 | 01/03/2020 to 01/02/2021 | 12 |
| | | | | | | 19.52 | 01/03/2021 to 01/02/2023 | 24 |
| | | | | | | 20.22 | 01/03/2023 to 01/02/2024 | 12 |
| | | | | | | 22.31 | 01/03/2024 to 01/05/2024 | 3 |

These Installments have been commencing commencing from 01.04.2012 and subsequently got restructured from 01.07.2014 *

e. Indian rupee term loan amounting to ₹900.00 lacs from UCO Bank carries interest @ 7.70% p.a. net of TUFS subsidy. The loan is repayable in 96 monthly installments of ₹9.37 lacs each along with interest commencing from 01.12.2010. *



f. Indian rupee term loan amounting to ₹1295.00 lacs from Allahabad Bank has been restructured w.e.f 01.07.2014. The original rate of interest with repayment schedule and revised rate of interest with repayment schedule is given below :

| Original Loan Amount (₹lacs) | Interest Rate | EMI (₹lacs) | Period | Nos | Revised Interest Rate | EMI (₹lacs) | Period | Nos |
|-------------------------------------|----------------------|--------------------|--------------------------|------------|------------------------------|--------------------|--------------------------|------------|
| 1295.00 | 13.59% (net of TUFs) | 12.00 | 01/04/2010 to 01/03/2019 | 108 | 9.74% (net of TUFs) | 12.00 | 01/04/2010 to 01/05/2014 | 50 |
| | | | | | | 11.00 | 01/06/14 | 1 |
| | | | | | | 0.76 | 01/07/2014 to 01/03/2015 | 9 |
| | | | | | | 1.43 | 01/04/2015 to 01/03/2017 | 24 |
| | | | | | | 5.70 | 01/04/2017 to 01/03/2018 | 12 |
| | | | | | | 6.56 | 01/04/2018 to 01/03/2019 | 12 |
| | | | | | | 7.13 | 01/04/2019 to 01/03/2020 | 12 |
| | | | | | | 7.70 | 01/04/2020 to 01/03/2021 | 12 |
| | | | | | | 7.98 | 01/04/2021 to 01/03/2023 | 24 |
| | | | | | | 8.27 | 01/04/2023 to 01/03/2024 | 12 |
| | | | | | | 9.27 | 01/04/2024 to 01/06/2024 | 3 |

These Installments have been commencing commencing from 01.04.2010 and subsequently got restructured from 01.07.2014 *



g. Indian rupee term loan amounting to ₹1250.00 lacs from Allahabad Bank has been restructured w.e.f 01.07.2014. The original rate of interest with repayment schedule and revised rate of interest with repayment schedule is given below :

| Original Loan Amount (₹lacs) | Interest Rate | EMI (₹lacs) | Period | Nos | Revised Interest Rate | EMI (₹lacs) | Period | Nos |
|------------------------------|----------------------|-------------|--------------------------|-----|-----------------------|-------------|--------------------------|-----|
| 1250.00 | 10.09% (net of TUFs) | 13.02 | 01/01/2011 to 01/12/2018 | 96 | 10.19% (net of TUFs) | 13.02 | 01/01/2011 to 01/03/2014 | 39 |
| | | | | | | 13.22 | 01/04/14 | 1 |
| | | | | | | 0.81 | 01/07/2014 to 01/03/2015 | 9 |
| | | | | | | 1.52 | 01/04/2015 to 01/03/2017 | 24 |
| | | | | | | 6.08 | 01/04/2017 to 01/03/2018 | 12 |
| | | | | | | 6.99 | 01/04/2018 to 01/03/2019 | 12 |
| | | | | | | 7.59 | 01/04/2019 to 01/03/2020 | 12 |
| | | | | | | 8.20 | 01/04/2020 to 01/03/2021 | 12 |
| | | | | | | 8.51 | 01/04/2021 to 01/03/2023 | 24 |
| | | | | | | 8.81 | 01/04/2023 to 01/03/2024 | 12 |
| | | | | | | 9.72 | 01/04/2024 to 01/06/2024 | 3 |

These Installments have been commencing from 01.01.2011 and subsequently got restructured from 01.07.2014 *

h. Indian rupee term loan amounting to ₹4500.00 lacs from Central Bank of India carries interest @ 8.75% p.a. net of TUFs subsidy. The loan is repayable in 96 monthly installments of ₹47.00 lacs each along with interest commencing from 01.07.2013. *

i. Indian rupee term loan amounting to ₹1560.00 lacs from Punjab National Bank carries interest @ 11.50% p.a. raise during 2014-15 on account of Interest on Working Capital Limit with Bank. The loan is repayable in 96 monthly installments, which consists 9 monthly installments of ₹1.73 lacs each, next 12 monthly installments of ₹6.50 lacs each, next 12 monthly installments of ₹11.70 lacs each, next 12 monthly installments of ₹15.60 lacs each, next 12 monthly installments of ₹18.20 lacs each, next 12 monthly installment of ₹22.75 lacs each, next 24 monthly installment of ₹23.40 lacs each, next 3 monthly installment of ₹28.60 lacs each commencing from 01.07.2016 and interest on this term loan of ₹ 1560.00 lacs will also be funded till 30.06.2016 by raising another term loan and repayment will commence from 01.07.2016 *



j. Indian rupee term loan amounting to ₹1229.00 lacs from Punjab National Bank carries interest @ 11.50% p.a. raise during 2014-15 by funding Interest on Term Loans with Bank of ₹8850.00 lacs, amount of this term loan of ₹1229.00 Lacs will further increase by funding interest on existing term loans of ₹8850.00 lacs till 31.12.2015. Then after repayments will starts from 01.07.2016 as per below repayment schedule :

| Period | 2016- 17 | 2017- 18 | 2018- 19 | 2019- 20 | 2020- 21 | 2021- 22 | 2022- 23 | 2023- 24 | 2024-25 |
|----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|---------|
| No. of EMLs | 9 | 12 | 12 | 12 | 12 | 12 | 12 | 12.00 | 3.00 |
| % Each Month of principal amount | 0.28% | 0.42% | 0.63% | 0.83% | 1.04% | 1.25% | 1.46% | 1.46% | 4.17% |

k. Indian rupee term loan amounting to ₹142.47 lacs from Allahabad Bank carries interest @ 14.35% p.a. raise during 2014-15 by funding Interest on Term Loans with Bank of ₹2545.00 lacs, amount of this term loan of ₹142.47 Lacs will further increase by funding interest on existing term loans of ₹2545.00 lacs till 31.12.2015. Then after repayments will starts from 01.07.2016 as per below repayment schedule :

| Period | 2016- 17 | 2017- 18 | 2018- 19 | 2019- 20 | 2020- 21 | 2021- 22 | 2022- 23 | 2023- 24 | 2024-25 |
|----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|---------|
| No. of EMLs | 9 | 12 | 12 | 12 | 12 | 12 | 12 | 12.00 | 3.00 |
| % Each Month of principal amount | 0.28% | 0.42% | 0.63% | 0.83% | 1.04% | 1.25% | 1.46% | 1.46% | 4.17% |

l. Indian rupee term loan amounting to ₹210.00 lacs from Punjab & Sind Bank carries interest @ 11.50% p.a. raise during 2014-15 on account of Interest on Working Capital Limit with Bank The loan is repayable in 96 monthly installments, which consists 9 monthly installments of ₹0.23 lacs each, next 12 monthly installments of ₹0.88 lacs each, next 12 monthly installments of ₹1.57 lacs each, next 12 monthly installments of ₹2.10 lacs each, next 12 monthly installments of ₹2.45 lacs each, next 12 monthly installment of ₹3.06 lacs each, next 24 monthly installment of ₹3.15 lacs each, next 3 monthly installment of ₹3.85 lacs each commencing from 01.07.2016.

m. Indian rupee term loan amounting to ₹48.00 lacs from Punjab & Sind Bank carries interest @ 11.50% p.a. raise during 2014-15 on account of Interest on term loan with Bank of ₹210.00 lacs, amount of this term loan of ₹48.00 Lacs will further increase by funding interest on term loan of ₹210.00 lacs till 30.06.2016. Then after repayments will starts from 01.07.2016 as per below repayment schedule :

| Period | 2016- 17 | 2017- 18 | 2018- 19 | 2019- 20 | 2020- 21 | 2021- 22 | 2022- 23 | 2023- 24 | 2024-25 |
|----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|---------|
| No. of EMLs | 9 | 12 | 12 | 12 | 12 | 12 | 12 | 12.00 | 3.00 |
| % Each Month of principal amount | 0.28% | 0.42% | 0.63% | 0.83% | 1.04% | 1.25% | 1.46% | 1.46% | 4.17% |

n. Indian rupee term loan amounting to ₹1092.00 lacs from IDBI Bank carries interest @ 11.50% p.a. raise during 2014-15 on account of Interest on Working Capital Limit with Bank, amount of this term loan will be raised to ₹1500.00 lacs in 2015-16. Then loan will be repayable in 96 monthly installments, which consists 9 monthly installments of ₹1.67 lacs each, next 12 monthly installments of ₹6.25 lacs each, next 12 monthly installments of ₹11.25 lacs each, next 12 monthly installments of ₹15.00 lacs each, next 12 monthly installments of ₹17.50 lacs each, next 12 monthly installment of ₹21.88 lacs each, next 24 monthly installment of ₹22.50 lacs each, next 3 monthly installment of ₹27.50 lacs each commencing from 01.07.2016.

o. Other loan and advance represents term loan on vehicles. Loan from ICICI Bank is taken during the financial year 2015-16 and carries interest @10.24% p.a. The loan is repayable in 34 monthly installments of ₹0.64 lacs & last installement of Rs.0.56 lacs including interest. Another loan from Daimler Financial Services is taken during the financial year 2015-16 and carries interest @8.99% p.a. The loan is repayable in 36 monthly installments of ₹0.95 lacs including interest. These loans are secured by way of hypothecation of respective vehicle. Further the loans have been guaranteed by the personal guarantee of Managing Director of the company.



5. Deferred Tax Liability (net)

| | (Amount in ₹) | |
|---|------------------|------------------|
| | As at March 31, | |
| | 2017 | 2016 |
| Deferred tax liability | | |
| Impact of difference between Income Tax depreciation and depreciation/amortization charged for financial reporting | 317240092 | 317240092 |
| Gross deferred tax liability | 317240092 | 317240092 |
| Impact of unabsorbed depreciation arising under Income Tax Act, 1961 | 11148462 | 11148462 |
| Impact of expenditure charged to the statement of Profit and Loss in the current year but not allowed for Tax purposes on payment basis | 2595600 | 2595600 |
| Gross deferred tax asset | 13744062 | 13744062 |
| Net Deferred Tax Liability | 303496030 | 303496030 |

During the year company has not created the deferred tax asset against Business loss, as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

6. Provisions

| | (Amount in ₹) | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| | Long-term | | Short-term | |
| | As at March 31, | | As at March 31, | |
| | 2017 | 2016 | 2017 | 2016 |
| Provision for Employee Benefits | | | | |
| Provision for gratuity (note 34) | 35715340 | 26996328 | - | - |
| Provision for leave benefits | 12567040 | 8498305 | - | - |
| | 48282380 | 35494633 | - | 0 |
| Other Provisions | | | | |
| Provision for current tax | - | - | 112933620 | 112933620 |
| Less: prepaid taxes | - | - | (84291212) | (68773948) |
| Provision for wealth tax | - | - | 36255 | 36255 |
| Less: prepaid taxes | - | - | (6254) | (6254) |
| | - | - | 28672409 | 44189673 |
| | 48282380 | 35494633 | 28672409 | 44189673 |

7. Short-term Borrowings

| | (Amount in ₹) | |
|---|-------------------|-------------------|
| | As at March 31, | |
| | 2017 | 2016 |
| Secured | | |
| Working Capital Loans From Banks | | |
| Foreign Currency Loans | - | - |
| Indian Rupee Loans | 2561720870 | 2313756595 |
| | 2561720870 | 2313756595 |
| Unsecured | | |
| Working Capital Loans From NBFCs | | |
| Indian Rupee Loans | - | - |
| | 2561720870 | 2313756595 |

Working Capital Loans from banks are secured by first pari-passu charge over current assets and second pari-passu charge over fixed assets of the company. The loan is also secured by equitable mortgage of residential house of Directors Mr. Ajay Gupta and Mr. Gautam Gupta located at 445 Sant Nagar Ludhiana. Further, the loans have been guaranteed by the personal guarantee of Executive Directors of the company and corporate guarantee of Gold Leaf International Pvt. Ltd.



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8. Trade Payables

| | (Amount in ₹) | |
|--|------------------|------------------|
| | As at March 31, | |
| | 2017 | 2016 |
| Trade payables (including acceptances) | | |
| -Total outstanding dues to micro, small and medium enterprises (note 30) | - | - |
| -Others | 650383995 | 735363021 |
| | 650383995 | 735363021 |
| Trade payables (including acceptances) includes | | |
| Dues to Venus Tex Spin Ltd. | - | 160102643 |
| in which company's directors are members | | |

9. Other Current Liabilities

| | (Amount in ₹) | |
|--|------------------|------------------|
| | As at March 31, | |
| | 2017 | 2016 |
| Current maturities of long-term borrowings (note 4) | 316309703 | 235493544 |
| Interest accrued and due on borrowings | 0 | 160659885 |
| Income received in advance from customers | 11397320 | 11309514 |
| Investor Education and Protection Fund will be credited by following amounts (as and when due) | | |
| Unpaid dividend | - | - |
| Other Payables | 464000 | 464000 |
| Service tax payable | 547026 | 252595 |
| TDS/TCS payable | 902076 | 1042699 |
| Employee related expenses payable | 59738607 | 39594253 |
| Electricity expenses payable | 37421060 | 46612982 |
| Security payable | 68000 | 68000 |
| Expenses outstanding | 3744004 | 1717672 |
| Others | 157092 | 14878280 |
| | 430748888 | 512093425 |

11. Intangible Assets

| | (Amount in ₹) | |
|---------------------------------------|---------------|----------------|
| Computer software | | |
| Gross block | | |
| At 1 st April, 2015 | | 8841499 |
| Purchase | | - |
| At 31st March, 2016 | | 8841499 |
| Purchase | | 510000 |
| At 31st March, 2017 | | 9351499 |
| Amortization | | |
| At 1 st April, 2015 | | 6774153 |
| Charge for the year | | 1018696 |
| At 31st March, 2016 | | 7792849 |
| Charge for the year | | 746967 |
| At 31st March, 2017 | | 8539816 |
| Net Block | | |
| At 31st March, 2016 | | 1048650 |
| At 31st March, 2017 | | 811683 |



| 10. Tangible Assets | | | | | | | | | |
|---------------------------------|---------------|----------------|-----------|---------------------|------------------------|----------|------------------|--------------------|------------|
| (Amount in ₹) | | | | | | | | | |
| | Freehold Land | Leasehold Land | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Computer equipment | Total |
| COST OR VALUATION | | | | | | | | | |
| At 1st April, 2016 | 216851705 | 19704372 | 821525212 | 3357852283 | 5512429 | 21458668 | 8491930 | 10429645 | 4461826244 |
| Additions | | | 247860 | 10510166 | 47296 | 2033061 | 133212 | 146885 | 13118480 |
| Disposals | | | | (83780023) | | | | | (83780023) |
| At 31 st March, 2017 | 216851705 | 19704372 | 821773072 | 3284582426 | 5559725 | 23491729 | 8625142 | 10576530 | 4391164701 |
| DEPRECIATION | | | | | | | | | |
| At 1st April, 2016 | - | 1783627 | 224656230 | 2082905063 | 3661680 | 11769576 | 7552378 | 9577321 | 2341905874 |
| Charge for the year | | 199161 | 26272355 | 430452052 | 311659 | 2002486 | 294567 | 85223 | 459617503 |
| Disposals | | | | (56676406) | | | | | (56676406) |
| At 31 st March, 2017 | - | 1982788 | 250928586 | 2456680709 | 3973339 | 13772061 | 7846945 | 9662544 | 2744846971 |
| NET BLOCK | | | | | | | | | |
| At 31 st March, 2016 | 216851705 | 17920745 | 596868982 | 1274947220 | 1850749 | 9689092 | 939552 | 852324 | 2119920370 |
| At 31 st March, 2017 | 216851705 | 17721584 | 570844486 | 827901717 | 1586386 | 9719668 | 778197 | 913986 | 1646317729 |



12. Loans and Advances

(Amount in ₹)

| | Non-current | | Current | |
|---|-----------------|-----------------|------------------|------------------|
| | As at March 31, | | As at March 31, | |
| | 2017 | 2016 | 2017 | 2016 |
| Capital advances | | | | |
| Unsecured, considered good (A) | - | - | - | - |
| Security deposit | | | | |
| Unsecured, considered good (B) | 41499767 | 41293387 | 24500 | 24500 |
| Advances recoverable in cash or kind | | | | |
| Unsecured, considered good (C) | - | - | 273954201 | 275884793 |
| Other loans and advances | | | | |
| Loans and advances to employees | - | - | 5439665 | 18791593 |
| Advances to suppliers (D) | - | - | 364762639 | 136918100 |
| Total (A+B+C+D) | 41499767 | 41293387 | 644181005 | 431618986 |

13. Other Assets

(Amount in ₹)

| | Non-current | | Current | |
|--|------------------|------------------|------------------|------------------|
| | As at March 31, | | As at March 31, | |
| | 2017 | 2016 | 2017 | 2016 |
| Prepaid expenses | - | - | 2087353 | 1461078 |
| Interest accrued on fixed deposits | - | - | 30748 | 30748 |
| Balances with statutory/ government authorities | - | - | 104670358 | 113855262 |
| Mat credit entitlement* | 155942289 | 155942289 | - | - |
| Others | - | - | 112401086 | 106870642 |
| | 155942289 | 155942289 | 219189545 | 222217730 |

*Classification of Mat credit entitlement into non-current and current assets has been done on the basis of estimates made by management.

14. Inventories (valued at lower of cost and net realisable value)

(Amount in ₹)

| | As at March 31, | |
|----------------------------|------------------|------------------|
| | 2017 | 2016 |
| Raw Materials (note 19) | 118539339 | 185819106 |
| Work-in-Progress (note 21) | 86724295 | 133491552 |
| Finished Goods (note 21) | 198325046 | 301360543 |
| Stores and Spares | 30482653 | 32235344 |
| | 434071333 | 652906546 |

15. Trade receivables (considered good unless otherwise stated)

(Amount in ₹)

| | As at March 31, | |
|---|------------------|-----------------|
| | 2017 | 2016 |
| Receivables outstanding for a period exceeding six months from the due date of payment | | |
| Unsecured | | |
| Considered good | 168973414 | 28373243 |
| Considered doubtful | 179481311 | 179481311 |
| Less: Allowance for doubtful debts | 179481311 | 179481311 |
| (A) | 168973414 | 28373243 |



Other receivables

| | | |
|--------------------|------------------|------------------|
| Unsecured | | |
| Considered good | 455437893 | 614045600 |
| (B) | 455437893 | 614045600 |
| Total (A+B) | 624411307 | 642418843 |

Trade receivables (considered good unless otherwise stated) includes

| | | |
|--|----------|----------|
| Dues from Venus Tex Spin Ltd. | 1884230 | - |
| Dues from Ganeshgee Textile Trading Ltd. | 12703438 | 12703438 |
| Dues from Gautam Terrytech Ltd | - | 4834466 |
| in which company's directors are members | | |

16. Cash and bank balances

(Amount in ₹)

| | Non-current | | Current | |
|----------------------------------|-----------------|------|------------------|------------------|
| | As at March 31, | | As at March 31, | |
| | 2017 | 2016 | 2017 | 2016 |
| Cash and cash equivalents | | | | |
| Balance with banks: | | | | |
| On current accounts | - | - | 9405182 | 7038582 |
| On unpaid dividend accounts | - | - | - | - |
| Cash on hand | - | - | 3207435 | 6729365 |
| | - | - | 12612617 | 13767947 |
| Other bank balances | | | | |
| Margin money deposit | - | - | 117412082 | 112706018 |
| | - | - | 117412082 | 112706018 |
| Total | - | - | 130024699 | 126473965 |

17. Revenue from Operations:-

(Amount in ₹)

| | For the Year Ended March 31, | |
|--|------------------------------|-------------------|
| | 2017 | 2016 |
| Sale of Products | | |
| Finished goods | 3069410624 | 2877547859 |
| Traded goods | 501962511 | 254934795 |
| Other Operating Revenue | | |
| Job work charges | 232733106 | 257402643 |
| Waste sales | 94625759 | 75307925 |
| Export Incentives | 54206604 | 38843953 |
| Difference in exchange rate* | 292238 | 988915 |
| Revenue from Operations (gross) | 3953230842 | 3505026089 |
| Less: Excise Duty | 238552 | 888573 |
| Revenue from Operations (net) | 3952992290 | 3504137516 |

*Difference in exchange rate relating to turnover is included in 'Revenue from operations'. Other exchange differences have been disclosed separately under the note 25 relating to 'Other expenses'.

Details of Products Sold

(Amount in ₹)

| | For the Year Ended March 31, | |
|----------------------------|------------------------------|-------------------|
| | 2017 | 2016 |
| Finished goods sold | | |
| Yarn | 2812564281 | 2156282167 |
| Fabrics | 55160473 | 336765397 |
| Garments | 201447318 | 383611722 |
| | 3069172072 | 2876659286 |
| Traded goods sold | | |
| Manmade fibres | 139600630 | 38223110 |
| Cotton | 26072999 | 65582055 |
| Yarn | 60938455 | 150803542 |
| Fabrics | 161699824 | 326088 |
| Garments | 113650603 | 0 |
| | 501962511 | 254934795 |
| | 3571134583 | 3131594081 |



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18. Other Income

| | (Amount in ₹) | |
|-------------------------------------|------------------------------|------------------|
| | For the Year Ended March 31, | |
| | 2017 | 2016 |
| Profit on sale of fixed assets(net) | 1376669 | 1475564 |
| Miscellaneous balances written off | 0 | 18661271 |
| Excess provision written back | 0 | 99160241 |
| Other receipts | 5729993 | 29173 |
| | 7106662 | 119326249 |

19. Cost of Raw Material Consumed

| | (Amount in ₹) | |
|--|------------------------------|-------------------|
| | For the Year Ended March 31, | |
| | 2017 | 2016 |
| Inventory at the beginning of the year | 185819106 | 1123588400 |
| Less: Revaluation of Inventory | 0 | 0 |
| Purchases | 1941306478 | 2413904764 |
| | 2127125584 | 3537493164 |
| Less: Stock Destroyed in fire | 688977 | 2760720 |
| Less: inventory at the end of year | 118539339 | 185819106 |
| Cost of raw material consumed | 2007897268 | 3348913338 |

Details of cost of Raw Material Consumed

| | (Amount in ₹) | |
|----------------|------------------------------|-------------------|
| | For the Year Ended March 31, | |
| | 2017 | 2016 |
| Manmade fibres | 433977971 | 535140991 |
| Cotton | 1208006610 | 1130363243 |
| Yarn | 291091937 | 758466464 |
| Fabrics | 52865864 | 816929508 |
| Garments | 21954886 | 108013132 |
| | 2007897268 | 3348913338 |

Details of Purchases of Raw Material

| | (Amount in ₹) | |
|----------------|------------------------------|-------------------|
| | For the Year Ended March 31, | |
| | 2017 | 2016 |
| Manmade fibres | 395231442 | 525439609 |
| Cotton | 1193861426 | 959202387 |
| Yarn | 302335741 | 507597746 |
| Fabrics | 27922983 | 313651890 |
| Garments | 21954886 | 108013132 |
| | 1941306478 | 2413904764 |

Details of Inventory of Raw Material

| | (Amount in ₹) | |
|----------------|------------------------------|------------------|
| | For the Year Ended March 31, | |
| | 2017 | 2016 |
| Manmade fibres | 32803896 | 71941603 |
| Cotton | 23787068 | 38230052 |
| Yarn | 47026136 | 35782332 |
| Fabrics | 14922239 | 39865119 |
| | 118539339 | 185819106 |

20. Details of Purchase of Traded Goods

| | (Amount in ₹) | |
|----------------|------------------------------|------------------|
| | For the Year Ended March 31, | |
| | 2017 | 2016 |
| Manmade fibres | 111547046 | 38419591 |
| Cotton | 30062725 | 83333789 |
| Yarn | 64046439 | 63490947 |
| Fabrics | 151774022 | 416081 |
| Garments | 113285932 | 0 |
| | 470716164 | 185660408 |



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21. (Increase)/Decrease in Inventories

| | For the Year Ended March 31, | | (Amount in ₹) |
|---|------------------------------|------------------|-----------------------|
| | 2017 | 2016 | (Increase) / Decrease |
| Inventories at the end of the year | | | |
| Work-in-progress | 86724295 | 133491552 | 46767257 |
| Finished goods | 198325046 | 301360543 | 103035497 |
| | 285049341 | 434852096 | 149802754 |
| Inventories at the beginning of the year | | | |
| Work-in-progress | 133491552 | 115476569 | (18014983) |
| Finished goods | 301360543 | 328415706 | 27055163 |
| | 434852096 | 443892275 | 9040179 |
| (Increase)/Decrease in Inventories | 149802754 | 9040179 | |

Details of Inventory

| | For the Year Ended March 31, | | (Amount in ₹) |
|-------------------------|------------------------------|------------------|---------------|
| | 2017 | 2016 | |
| Work-in-Progress | | | |
| Yarn | 62530580 | 114765587 | |
| Fabrics | 2621376 | 46927 | |
| Processed fabrics | - | - | |
| Garments | 17233105 | 18289429 | |
| Other | 4339234 | 389608 | |
| | 86724295 | 133491552 | |
| Finished Goods | | | |
| Yarn | 77917392 | 184763084 | |
| Fabrics | 9929756 | 2728235 | |
| Processed fabrics | 29233690 | 7842856 | |
| Garments | 60706315 | 44542031 | |
| Other | 20537893 | 61484337 | |
| | 198325046 | 301360543 | |

22. Employee Benefit Expense

| | For the Year Ended March 31, | | (Amount in ₹) |
|---|------------------------------|------------------|---------------|
| | 2017 | 2016 | |
| Salaries, wages and bonus | 216878567 | 168864134 | |
| Contribution to provident and other funds | 20518462 | 18909868 | |
| Staff welfare expenses | 13475237 | 7336525 | |
| | 250872266 | 195110527 | |

23. Finance Cost

| | For the Year Ended March 31, | | (Amount in ₹) |
|------------------|------------------------------|------------------|---------------|
| | 2017 | 2016 | |
| Interest | | | |
| -Term loans | 4586920 | 133306580 | |
| -Working capital | 8916762 | 81986473 | |
| Bank charges | 1923301 | 4948920 | |
| | 15426983 | 220241973 | |

24. Depreciation and Amortization Expense

| | For the Year Ended March 31, | | (Amount in ₹) |
|---|------------------------------|------------------|---------------|
| | 2017 | 2016 | |
| Depreciation/Amortization on Tangible Assets | | | |
| Leasehold land | 199161 | 199161 | |
| Building | 26272355 | 28366755 | |
| Plant and machinery | 430452052 | 451056926 | |
| Furniture & fixtures | 311659 | 262605 | |
| Vehicles | 2002486 | 2346954 | |
| Office equipment | 294567 | 533159 | |
| Computer equipment | 85223 | 255916 | |
| | 459617503 | 483021475 | |



Amortization of Intangible Assets

| | | |
|-------------------|------------------|------------------|
| Computer software | 746967 | 1018696 |
| | 746967 | 1018696 |
| Total | 460364470 | 484040171 |

25. Other expenses

(Amount in ₹)

For the Year Ended March 31,

Manufacturing Expenses

| | 2017 | 2016 |
|-----------------------------------|------------------|------------------|
| Consumption of stores and spares | 142839951 | 98158010 |
| Consumption of packing material | 64913018 | 61454234 |
| Consumption of dyes and chemicals | 241619807 | 238393724 |
| Power and fuel | 449239857 | 477041319 |
| Freight and cartage inward | 4248674 | 1897851 |
| Testing charges | 877841 | 1522428 |
| Misc Exp | 383558 | - |
| Water disposal charges | 752579 | 568473 |
| Repairs to Plant and machinery | 20974661 | 14180747 |
| | 925849946 | 893216785 |

Administrative & Other Expenses

| | | |
|---------------------------------------|-----------------|-----------------|
| Lease Rent | 295500 | 262000 |
| Rates and taxes | 572323 | 237798 |
| Insurance | 2122700 | 2783209 |
| Repairs to building | 1346904 | 875076 |
| Travelling and conveyance | 2320852 | 396534 |
| Printing and stationery | 1432293 | 1434585 |
| Telephone and postage | 3243728 | 3421695 |
| Legal and professional | 2935980 | 1785016 |
| Fees & subscription | 2740544 | 1624473 |
| Director's meeting fees | 303240 | 222522 |
| Director's travelling | 1705487 | 688381 |
| Auditors remuneration | 233964 | 160522 |
| Directors remuneration | - | 4526208 |
| Vehicle maintenance | 5754882 | 5021428 |
| Insurance Claim Written off | 2790958 | - |
| Loss on sale of fixed assets(net) | 24867886 | 1106811 |
| Charity and donation | 1001200 | 11000 |
| Penalty | - | 415000 |
| Difference in exchange rate | 335976 | (11040997) |
| Miscellaneous balances written off | 449363 | - |
| Miscellaneous administrative expenses | 1745808 | 1005812 |
| | 56199587 | 14937073 |

Selling Expenses

| | | |
|----------------------------|-------------------|------------------|
| Freight and octroi outward | 50339610 | 50539675 |
| Advertisement | 188130 | 673919 |
| Commission | 7578100 | 7403667 |
| Rebate and Discount | 4629929 | 700835 |
| Service Tax | 1097021 | 814605 |
| Sale Promotion Expenses | 7358119 | 579678 |
| | 71190909 | 60712379 |
| | 1053240442 | 968866237 |

Payment to auditor

As auditor:

| | | |
|---------------|--------|--------|
| Audit fee | 172500 | 109920 |
| Tax audit fee | 57500 | 27480 |

In other capacity:

| | | |
|-------------------------------------|---------------|---------------|
| Other services (certification fees) | 0 | 2280 |
| Reimbursement of expenses | 3964 | 20842 |
| Taxation Matters | - | - |
| | 233964 | 160522 |



26. Contingent Liabilities:

(Amount in ₹)

As at March 31,

| | 2017 | 2016 |
|---|-------------|-------------|
| (a) Bank guarantee outstanding | - | - |
| (b) Bills discounted with banks against irrevocable letter of credit | - | 9887834 |
| (c) The Income Tax Assessments of the company have been completed upto the assessment year (A.Y.) 2014-15 for which no demand has been created. | | |
| (d) The Company has filed an appeal against the order of AETC, ICC before Joint director cum Deputy Excise and Taxation commissioner (Appeal) against imposition of Penalty of ₹ 2.33 lacs. | | |
| (e) The Company has filed an appeal against the order of Assistant Commissioner Central Excise division before Commissioner (Appeal) against collection of Service tax of ₹ 0.88 lacs alongwith interest and penalty of ₹0.94 lacs. | | |

27. Transfer Pricing

The company has entered into specified domestic transactions with related parties. The management is of the opinion that the company maintains necessary documents as prescribed by the Income Tax Act, 1961 to prove that these domestic transactions are at arm's length and believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense.

28. The current assets, loans and advances are having the value at which they are stated in the balance sheet, if realized in the ordinary course of business.

29. The company has leased facilities under cancellable and non cancellable operating leases arrangements with a lease term ranging from one to five years, which are subject to renewal at mutual consent thereafter, The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognized during the year amounts to ₹240000. The future minimum lease payments in respect of non-cancellable operating leases as at 31st March, 2016 are:

| | (Amount in ₹) | |
|--|-----------------|-------------|
| | As at March 31, | |
| | 2017 | 2016 |
| a) not later than one year | 240000 | 240000 |
| b) later than one year but not later than five years | 960000 | 960000 |
| c) later than five years | - | - |

30. a) The Company has identified Micro, Small and Medium Enterprises on the basis of information made available. There are no dues to Micro and Small Enterprises, that are reportable under the Micro, Small and Medium Enterprises Development Act 2006.



b) The detail of amount outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the company are as under:

| Sr. Particular | (Amount in ₹) | |
|---|-------------------------|------|
| | As at March 31, 2017 | 2016 |
| 1. Principle amount due and remaining unpaid | - | - |
| 2. Interest due on (1) above and the unpaid interest | - | - |
| 3. Interest paid on all delayed payments under the MSMED Act | - | - |
| 4. Payments made beyond the appointed day during the year. | - | - |
| 5. Interest due and payable for the period of delay other than (3) above | - | - |
| 6. Interest accrued and remaining unpaid | - | - |
| 7. Amount of further interest remaining due and payable in succeeding years | - | - |

31. Related Party Disclosure

Related party disclosure is in accordance with the Accounting Standards (AS) 18 on "Related Party Disclosure" notified by the Companies (Accounting Standards) Rules, 2006:-

A. Name of related parties and description of relationship:

| a) Key Management Personnel | Designation |
|-----------------------------|-------------------------|
| Sh.Ajay Gupta | Managing Director |
| Sh. Gautam Gupta | Joint Managing Director |
| Mrs. Manpreet Kaur | Company Secretary |
| Sh. Inderpal Singh | Chief Financial Officer |

(b) Relatives of key management personnel having transactions with the company

| | |
|------------------------|--------------------|
| Ajay Gupta | Gautam Gupta |
| Wife Smt. Shikha Gupta | Smt. Avnisha Gupta |

(c) Enterprises over which persons having controlling interest in company / key management personnels along with their relatives are able to exercise significant influence:--

| | |
|-------------------------|-------------------------------------|
| <u>Partnership Firm</u> | -Gttl |
| <u>Group Companies</u> | -Venus Tex Spin Ltd |
| | -Gautam Terry Tech Ltd. |
| | -Goldleaf International Pvt. Ltd. |
| | -Cimero Industrial Enterprises Ltd. |
| | -Ganeshgee Textile Trading Ltd. |

(d) Personal Guarantees of Directors and relatives of Directors for loans Obtained from banks

Personal Guarantees of Directors and relatives of Directors are to the amount of outstanding loans obtained from the banks (Refer Note 8)

(e) Corporate Guarantee of M/s Goldleaf International Pvt. Ltd.

Corporate Guarantee are to the amount of outstanding loans obtained from the banks (Refer Note 7)



(e) Transaction with Related parties

| Particulars | March 31,2017 | | | March 31,2016 | | |
|--|--|--------------------------|-----------------------------------|--|--------------------------|-----------------------------------|
| | Enterprises owned or significantly influenced by key management personnel or their relatives | Key management personnel | Relatives of Management Personnel | Enterprises owned or significantly influenced by key management personnel or their relatives | Key management personnel | Relatives of Management Personnel |
| A) Transactions during the year | | | | | | |
| <u>i) sale of finished goods</u> | | | | | | |
| GAUTAM TERRY TECH LTD | 19392858 | - | - | 11226668 | - | - |
| VENUS TEX SPIN LTD. | 377274015 | - | - | 298837869 | - | - |
| Total | 396666873 | - | - | 310064537 | - | - |
| <u>ii) Purchase of goods</u> | | | | | | |
| GAUTAM TERRY TECH LTD | 9969055 | - | - | 17307028 | - | - |
| VENUS TEX SPIN LTD. | 231897126 | - | - | 358333090 | - | - |
| Total | 241866181 | - | - | 375640118 | - | - |
| <u>iii) Rent</u> | | | | | | |
| VENUS TEX SPIN LTD. | 240000 | - | - | 240000 | - | - |
| Total | 240000 | - | - | 240000 | - | - |
| <u>v) Unsecured loan Received</u> | | | | | | |
| GAUTAM GUPTA (KMP) | - | 17750000 | - | - | 20516555 | - |
| AJAY GUPTA | - | 10056891 | - | - | - | - |
| BHAWNA GUPTA | - | - | 25277500 | - | - | - |
| GAUTAM TERRY TECH LTD | - | - | - | 92500745 | - | - |
| CIMERO INDUSTRIAL ENTERPRISES LTD | 14869256 | - | - | - | - | - |
| GOLDLEAF INTERNATIONAL PVT LTD | 30050000 | - | - | - | - | - |
| AVNISHA GUPTA | - | - | - | - | - | 7500000 |
| Total | 44919256 | 27806891 | - | 38446756 | 20516555 | 7500000 |



| Particulars | March 31,2017 | | | March 31,2016 | | |
|--|--|--------------------------|-----------------------------------|--|--------------------------|-----------------------------------|
| | Enterprises owned or significantly influenced by key management personnel or their relatives | Key management personnel | Relatives of Management Personnel | Enterprises owned or significantly influenced by key management personnel or their relatives | Key management personnel | Relatives of Management Personnel |
| <u>vi) Unsecured loan repaid</u> | | | | | | |
| AJAY GUPTA (KMP) | - | 10056891 | - | - | - | - |
| BHAWNA GUPTA | | | 25277500 | | | |
| AVNISHA GUPTA | | | 3251229 | | | |
| GAUTAM GUPTA (KMP) | - | 4068569 | - | - | - | - |
| Total | - | 14125460 | 28528729 | - | - | - |
| <u>vii) Managerial Remuneration</u> | | | | | | |
| AJAY GUPTA | - | - | - | - | 2051760 | - |
| GAUTAM GUPTA | - | - | - | - | 2051760 | - |
| Total | - | - | - | - | 4103520 | - |
| <u>viii) Contribution to provident and other funds (PF)</u> | | | | | | |
| AJAY GUPTA | - | - | - | - | 21600 | - |
| GAUTAM GUPTA | - | - | - | - | 21600 | - |
| MANPREET KAUR | - | - | - | - | 3473 | - |
| INDERPAL SINGH | - | 18360 | - | - | 17280 | - |
| Total | - | 18360 | - | - | 63953 | - |
| <u>ix) Salary Paid</u> | | | | | | |
| MANPREET KAUR | - | 300918 | - | - | 282985 | - |
| ROBIN VIJAN | - | - | - | - | 71471 | - |
| INDERPAL SINGH | - | 481640 | - | - | 342720 | - |
| Total | - | 782558 | - | - | 697176 | - |
| <u>x) Sale of land & Building</u> | | | | | | |
| SHIKHA GUPTA | - | - | - | - | - | - |
| VENUS TEXSPIN LTD | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |



| Particulars | March 31,2017 | | | March 31,2016 | | |
|--|--|--------------------------|-----------------------------------|--|--------------------------|-----------------------------------|
| | Enterprises owned or significantly influenced by key management personnel or their relatives | Key management personnel | Relatives of Management Personnel | Enterprises owned or significantly influenced by key management personnel or their relatives | Key management personnel | Relatives of Management Personnel |
| B) Balancesheet | | | | | | |
| <u>Outstanding at the end of the year</u> | | | | | | |
| <u>i) Unsecured Loans</u> | | | | | | |
| GAUTAM TERRY TECH LTD | 92500745 | - | - | 92500745 | - | - |
| CIMERO INDUSTRIAL ENTERPRISES LTD | 14869256 | | | - | | |
| GOLDLEAF INTERNATIONAL PVT LTD | 30050000 | | | - | | |
| GAUTAM GUPTA | - | 34197986 | - | - | 20516555 | - |
| AVNISHA GUPTA | - | - | 4248771 | - | - | 7500000 |
| Total | 137420001 | 34197985.65 | 4248770.68 | 92500745 | - | - |
| <u>ii) Trade receivables</u> | | | | | | |
| GTTL | 2415482 | - | - | 2415482 | - | - |
| VENUS TEXSPIN LTD | 1884230 | - | - | - | - | - |
| GANESHGEE TEXTILE TRADING LTD | 12703438 | - | - | 12703438 | - | - |
| GAUTAM TERRY TECH LTD | - | - | - | 4834466 | - | - |
| Total | 17003150 | - | - | 15118920 | - | - |
| <u>iii) Trade payables</u> | | | | | | |
| VENUS TEX SPIN LTD. | - | - | - | 160102643 | - | - |
| Total | - | - | - | - | - | - |

Note: The remuneration to the key managerial personnel does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

C. No amount has been provided as doubtful debts or advances/written off or written back in the year in respect of debts due from or to above said related parties.

D. Related party relationship is as identified by the Management and relied upon by the Auditors'.

E. Transactions with enterprises controlled by KMP has been made against advance payments. Therefore, provisions of Section 185 of Companies Act, 2013 are not applicable to the company.



32. The Company has accrued following export incentives of Rs. 39376520 during the year .

- (a) Incentive under Duty Drawback of Rs. 30532957 (Previous year Rs. 42899450)
(b) Incentive under Rebate of state Levies of Rs. 3528931 (Previous year Rs. NIL)
(c) Incentive under Rebate of state Levies of Rs. 5314632 (Previous year Rs. NIL)

33. Earning Per Share (EPS):

The calculation of Earning per share as disclosed in the statement of profit and loss has been computed in accordance with Accounting Standard - 20 on "Earning per share" notified by the Companies (Accounting Standard) Rules, 2006

| | (Amount in ₹) | |
|---|------------------------------|--------------|
| | For the Year Ended March 31, | |
| | 2017 | 2016 |
| - Weighted Average Number of equity shares (No.) | 68230235 | 68230235 |
| - Profit for the year attributable to equity shareholders | (433891944) | (2083432037) |
| - Nominal value of equity share | 5/- | 5/- |
| - Earning Per Equity Share – Basic | (6.36) | (30.54) |
| - Earning Per Equity Share – Diluted | (6.36) | (30.54) |

34. Employee Benefits

The summarized position of post-employment benefits and long term employee benefits recognized in the statement of profit and loss and balance sheet in accordance with AS[15] is as under:-

a) Changes in the present value of the defined benefit obligation

| | 31 st March, 2017 | | 31 st March, 2016 | |
|---|------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| | Gratuity (Funded) | Leave Encashment (Unfunded) | Gratuity (Funded) | Leave Encashment (Unfunded) |
| Present Value of obligation as at the beginning of the year | 30880390 | 7437736 | 23521194 | 4259089 |
| Interest Cost | 2470431 | 932692 | 1881696 | 534090 |
| Current Service Cost | 8005058 | 4528030 | 6410820 | 3533298 |
| Benefits Paid | (1193989) | (244958) | (933320) | (888741) |
| Actuarial Loss/gain on obligation | | | | |
| Present value of obligation as at the close of the year | 40161890 | 12653500 | 30880390 | 7437736 |

b) Change in Fair Value of Plan Assets

| | 31 st March, 17 | | 31 st March, 16 | |
|---|----------------------------|----------------------|----------------------------|----------------------|
| | Gratuity (Funded) | Gratuity (Funded) | Gratuity (Funded) | Gratuity (Funded) |
| Fair Value of Plan Assets as at the beginning of the year | 3884062 | 3761306 | 562489 | 551257 |
| Expected return on plan assets | - | - | - | - |
| Employer's Contributions | - | - | - | (428501) |
| Benefits Paid | - | - | - | - |
| Actuarial Loss/gain on obligations | - | - | - | - |
| Fair Value of Plan Assets as at the close of the year | 4446551 | 3884062 | - | - |

Reconciliation of the change in Fair Value of Plan Assets in respect of unfunded leave encashment is not applicable

c) Amount recognized in Balance Sheet

| | 31 st March, 2017 | | 31 st March, 2016 | |
|--|------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| | Gratuity (Funded) | Leave Encashment (Unfunded) | Gratuity (Funded) | Leave Encashment (Unfunded) |
| Estimated Present value of obligations as at the end of the year | 40161890 | 12653500 | 30880390 | 7437736 |
| Fair value of Plan Assets as at the end of the year | 4446551 | - | 3884062 | - |
| Net Liability as at the end of the year (Unfunded deficit)/Surplus | 35715339 | 12653500 | 26996328 | 7437736 |



d) Expenses Recognized in Statement of Profit and Loss (Amount in ₹)

| | 31 st March, 2017 | | 31 st March, 2016 | |
|---|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | Gratuity (Funded) | Leave Encashment (Unfunded) | Gratuity (Funded) | Leave Encashment (Unfunded) |
| Current Service Cost | 8005058 | 4528030 | 6410820 | 3533298 |
| Interest Cost | 2470431 | 932692 | 1881696 | 534090 |
| Expected return on Plan Assets | (562489) | - | (551257) | - |
| Net Actuarial (Gain)/Loss recognized in the year | - | - | - | - |
| Total expenses recognized in Statement of profit and loss | 9913000 | 5460722 | 7741259 | 4067388 |

e) Principal actuarial assumption at the balance sheet date (expressed as weighted average) (Amount in ₹)

| | 31 st March, 2017 | | 31 st March, 2016 | |
|--|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | Gratuity (Funded) | Leave Encashment (Unfunded) | Gratuity (Funded) | Leave Encashment (Unfunded) |
| Discount Rate | 8.00% | 8.00% | 8.00% | 8.00% |
| Expected rate of return on Plan Assets | 9.15% | N.A. | 9.15% | N.A. |
| Expected Rate of Salary Increase | 7.00% | 7.00% | 7.00% | 7.00% |
| Method used | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit |

f) The estimates of future salary increases, taking account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

- g) The financial assumption considered for the calculations are as under:
 Discount Rate: The discount rate has been chosen by reference to market yield on government bonds as on date of valuation.
 Expected Rate of Return: on the basis of previous trends
 Salary increase: On the basis of past data provided by the company

(Amount in ₹)
For the Year Ended March 31,

| | 2017 | 2016 |
|---------------------------------------|---------|---------|
| h) Short term employee's benefits | | |
| Short term leave encashment liability | - | - |
| i) Contribution to Provident Fund | 6464509 | 6938207 |

35. Derivative Instruments and unhedged foreign currency exposure

a) Derivatives outstanding as at the balance sheet date

| Particulars | As at March 31, | |
|----------------------------------|-----------------|------|
| | 2017 | 2016 |
| Forward contract to sell US\$ | - | - |
| Forward contract to sell Pound £ | - | - |

Note: The purpose of these forward contracts is to hedge highly probable foreign currency sales.

b) The foreign currency exposures remaining unhedged at the year end

| Particulars | As at March 31, | |
|-----------------------------|-----------------|------|
| | 2017 | 2016 |
| Against Creditors of Import | - | - |
| [In US Dollars] | | |
| Equivalent approximate in ₹ | - | - |



36. In accordance with the Accounting Standard (AS) – 28 on “Impairment of Assets”, the company has assessed as on balance sheet date, whether there are any indications (listed in paragraphs 8 to 10 of the Standard) with regard to impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.

37. Vat Refund amounting to Rs. 136.94 lacs for the F.Y 2010-11 against which appeal is pending before Deputy Excise and Taxation Commissioner, whether it is to be realised or not depend on the decision of the Assessing Authority.

38. The company has Export Incentives recoverable as at March 31,2017 which is included under other current assets, under :

- (a) Incentive under Focus Market License of Rs. 19820387 (Previous year Rs. 17009361)
- (b) Incentive under Duty Drawback of Rs. 12495624 (Previous year Rs. 20842280)
- (b) Incentive under Rebate of State Levies Rs. 3202631 (Previous year NIL)

The company is in the process of negotiation with various parties for sales of licenses mentioned in (a), the management believes that the amount recorded in books is fully recoverable and no adjustments are deemed necessary by the management in the financial statement in this regard.

39. Net worth of company was fully eroded and Company had filed reference u/s 15(1) of Sick Industrial Companies (Special Provision) Act, 1985 which was registered vide No. 100/215 by Board for Industrial and Financial Reconstruction on 30-07-2015.

40. The Company has accumulated losses of Rs. 37171.58 lacs as on 31st March,2017. The loan accounts with consortium banks has turned NPA and some of the member banks (Punjab National Bank, Allahabad Bank, Punjab & Sind Bank & IDBI Bank) has restructured its debt . The Lead Bank (State Bank of India) and other members banks i.e. Central Bank of India, SBER Bank, Union Bank of India and UCO Bank have not restructured their debt upto 31st March 2017. Although these events are conditions indicate material uncertainty that may cast significant doubt about the company's ability to continue on going concern. Based on detailed evaluation of its current situation and plans formulated and active discussions with JLF, the management is confident of financial revival of company.

Accordingly the financial statements have been prepared on the basis that company is going concern and that no adjustments are required to the carrying value of the assets and liabilities.

41. The interest accrued on long term and short term borrowings amount to Rs. 5857.58 lacs (Rs. 2041.66 lacs accrued to SBI for the period from April'16 to March '17, Rs. 742.74 lacs accrued to CBI for the period from April'16 to March '17, Rs. 247.00 lacs accrued to Union Bank of India for the period from April'16 to March '17, Rs. 278.25 lacs accrued to SBER Bank for the period from April'16 to March '17, Rs. 235.70 lacs accrued to Allahabad Bank for the period from April '16 to March '17, Rs.1637.23 lacs accrued to Punjab National Bank for the period from April '16 to March '17 & Rs. 675.00 lacs accrued to IDBI Bank for the period from April '16 to March '17) has not been provided in the statement of profit and loss account as these loans has been categorized as NPA as on 31st March 2017.

42. FDR's amounting to Rs.1119.68 cr in Punjab National Bank & Rs. 4.19 cr in Canera Bank have been discharged & adjusted by Banks towards interest due without the concurrence of the company. However the company is showing FDR's as current assets as on 31-03-2017.

43. CIF value of imports

| | (Amount in ₹) | |
|----------------------------|------------------------------|-----------------|
| | For the Year Ended March 31, | |
| | 2017 | 2016 |
| Raw materials | 68709656 | 22012536 |
| Components and spare parts | 7381952 | 6699831 |
| Capital goods | - | - |
| | 76091608 | 28712367 |



44. Expenditure in foreign currency

| | | |
|------------|------------------------------|----------------|
| | (Amount in ₹) | |
| | For the Year Ended March 31, | |
| | 2017 | 2016 |
| Commission | 2579857 | 2259713 |
| | 2579857 | 2259713 |

45. Earnings in foreign currency

| | | |
|----------------------|------------------------------|------------------|
| | (Amount in ₹) | |
| | For the Year Ended March 31, | |
| | 2017 | 2016 |
| FOB value of exports | 414612343 | 656910031 |
| | 414612343 | 656910031 |

46. Value of raw materials, components and spare parts consumed (including traded goods)

| | | | | |
|-----------------------------------|------------------------------------|---------------|------------------------------------|---------------|
| | 31st March, 2017 | | 31st March, 2016 | |
| | (in₹) | consumption | % of total | % of total |
| | | | (in₹) | consumption |
| Raw materials | | | | |
| Imported | 68709656 | 2.77 | - | - |
| Indigenous | 2409903776 | 97.23 | 2879824840 | 100.00 |
| | 2478613432 | 100.00 | 2879824840 | 100.00 |
| Components and spare parts | | | | |
| Imported | 7381952 | 1.64 | - | - |
| Indigenous | 441990824 | 98.36 | 429563850 | 100.00 |
| | 449372776 | 100.00 | 429563850 | 100.00 |

47. Disclosure in respect of specified bank notes held and transacted

| Particulars | Specified Bank Notes | Other denomination notes & Coins | Total |
|---|----------------------|-------------------------------------|------------------|
| Closing cash in hand as on 8th Nov, 2016 | 15566000.00 | 457175.00 | 16023175.00 |
| (+) Permitted receipts | - | 7986478.00 | 7986478.00 |
| (-) Permitted payments | - | 4256960.00 | 4256960.00 |
| (-) Amounts deposited in banks | 15566000.00 | 3924500.00 | 19490500.00 |
| Closing cash in hand as on 30th Dec, 2016 | - | 262194.00 | 262194.00 |

48. Previous year's figures have been recast/regrouped whenever necessary to make these comparable with current year's figures.

For and on behalf of Board

**As per our Report of even date attached
for DATTA SINGLA & CO.
CHARTERED ACCOUNTANTS
FIRM REGN. NO. 006185N**

Ajay Gupta
Mg. Director

DIN: 00842248

Gautam Gupta
Jt. Mg. Director

DIN: 02642545

Inderpal Singh
Chief Financial
Officer

(ASHISH YASHPAL BHARDWAJ)
PARTNER

M.NO. 501320

Place : LUDHIANA
Date : May 30,2017