

27th Annual Report

2018-2019

Going Beyond Tomorrow...

CLC INDUSTRIES LIMITED

(Formerly known as Spentex Industries Ltd.)



BOARD OF DIRECTORS

Mr. Mukund Choudhary – Managing Director – cum – CEO
Mr. Kapil Choudhary – Deputy Managing Director – cum – COO
Ms. Honey Deep Kaur – Independent Woman Director
Mohd. Asim – Independent Director

BANKERS / INSTITUTIONS

State Bank of India
Kotak Mahindra Bank
Bank of Baroda
Indusind Bank
Canara Bank
Indian Bank
ICICI Bank Ltd.
IDBI Bank Ltd.
Axis Bank Ltd.
Oriental Bank of Commerce

COMPANY SECRETARY

Mr. Bharat Kapoor

AUDITORS

R. N. Marwah & Co. LLP

REGISTERED & CORPORATE OFFICE

A-60, Okhla Industrial Area
Phase-II, New Delhi-110020
Ph.: 011-26387738, 41614999
Fax : 011-26385181
E-mail : secretarial@clcindia.com

PLANTS

B-1, MIDC, Chincholi - Kondi
Dist. - Solapur, Maharashtra - 413255 (India)

D-48, MIDC, Baramati, Dist. Pune
Maharashtra - 413133 (India)

51-A, Industrial Area, Sector-III, Pithampur
Distt. Dhar, Madhya Pradesh - 454774 (India)

31-A, MIDC Industrial Area, Butibori
Nagpur - 441122, Maharashtra (India)

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CLC INDUSTRIES LIMITED
(Formerly known as SPENTEX INDUSTRIES LIMITED)
CIN: L74899DL1991PLC138153

Registered & Corporate Office: A - 60, Okhla Industrial Area, Phase - II, New Delhi - 110020
Tel.No: +91-11-46598900; Fax: +91-11-26385181, Email- secretarial@clcindia.com ; Website- www.clcindia.com

NOTICE

Notice is hereby given that the **27th Annual General Meeting** of the Members of **CLC Industries Limited (Formerly known as Spentex Industries Limited)** will be held on **Thursday, the 26th day of September, 2019 at 10.00 A.M at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110019** to transact the following business

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (including consolidated financial statements) of the Company for the financial year ended on 31st March, 2019 including Balance Sheet of the Company as at 31st March, 2019, Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Kapil Choudhary (DIN 00051580) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. Ratification of remuneration payable to Cost Auditor for the financial year ending 31st March, 2020.

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration of Rs. 50,000/- (Rupees Fifty Thousand Only) plus out-of-pocket expenses and applicable taxes, if any, payable to Mr. Rajesh Goyal, Cost Accountant of M/s. K G Goyal & Associates, Cost Accountants (Firm Registration No.000024), who was appointed as Cost Auditor by the Board of Directors of the Company on the recommendation of the Audit Committee to conduct the audit of cost records of the Company for the financial year ended 31st March, 2020, be and is hereby ratified and confirmed."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do and perform all such acts, matters, deeds and things as may be considered necessary, proper or expedient to give effect to the above resolution."

4. Appointment of Ms. Honey Deep Kaur (DIN: 08332913) as Non-Executive Independent Director of the Company.

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule IV of the said Act and applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Articles of Association of the Company, Ms. Honey Deep Kaur (DIN: 08332913), who was appointed as an Additional Director under the category of Non-Executive Independent Director by the Board of Directors of the Company with effect from January 16, 2019 and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received notice in writing under section 160 of the Companies Act, 2013 from a Member proposing her candidature for the office of Director of the Company, be and is hereby appointed as an Independent Non-Executive Woman Director of the Company for a period of three years with effect from January 16, 2019 to January 15, 2022 and that she shall not be liable to retire by rotation."

5. Appointment of Mohd. Asim (DIN: 08284990) as Non-Executive Independent Director of the Company.

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule IV of the said Act and applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Articles of Association of the Company, Mohd. Asim (DIN: 08284990), who was appointed as an Additional Director under the category of Non-Executive Independent Director by the Board of Directors of the Company with effect from January 16, 2019 and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received notice in writing under section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Non-Executive Director of the Company for a period of three years with effect from January 16, 2019 to January 15, 2022 and that he shall not be liable to retire by rotation."

6. Re-appointment of Mr. Mukund Choudhary (DIN: 00051529) as Managing Director-cum-CEO of the Company and payment of remuneration to him.

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made there under and Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with Articles of Association of the Company and recommendation of Nomination & Remuneration Committee and further approval of the Board of Directors and subject to such sanctions, approvals and consents as may be necessary, the approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Mukund Choudhary (DIN 00051529) as Managing Director-cum-CEO of the Company for a further period of five years from the expiry of his present term of office i.e. with effect from 21st June, 2019 to 20th June, 2024 as well as payment of remuneration to him for a period of three years w.e.f 1st April, 2019 to 31st March, 2022 (including the remuneration to be paid to him in the event of loss or inadequacy of profits in any financial year during the aforesaid period) , on the terms and conditions as set out in the Explanatory Statement annexed to the notice convening this meeting and as enumerated in the agreement to be entered into between the Company and Mr. Mukund Choudhary, with liberty to the Board of Directors or a committee thereof to alter/vary/modify/amend the terms and conditions of the said re-appointment and/or remuneration in such manner as may be agreed to between the Board of Directors and Mr. Mukund Choudhary within the overall limits as specified in Schedule V of the Companies Act, 2013."

"RESOLVED FURTHER THAT the Board of Directors or any committee thereof, be and is, hereby severally authorized to do and perform all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

7. Amendment/Alteration in Article of Association of the Company.

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made there under (including any statutory amendment(s) or modification(s) or re-enactment thereof, for the time being in force), the Article of Association of the Company be and are hereby amended and altered in the manner specified below:

A. Insertion of following new Article 123A after the existing Article 123

Sr. No. 123A "The Board of Directors shall have the power to appoint the same individual, at the same time, to hold and occupy both the positions of Chairman and Managing Director or Chief Executive Officer of the Company."

B. Deletion of Article 126- Subject to the provisions of Section 152 of the Act, Managing Director(s), Joint Managing Director(s) and wholetime Director(s) shall not, while he/they continue(s) to hold that office, be subject to retirement by rotation and he/they shall not be reckoned as a director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but (subject to the provisions of any contract between him/them and the Company) he/they shall be subject to the same provisions as to resignation and removal as the other Directors and he/they shall, ipso facto and immediately, cease to be the managing Director if he ceases to hold the office of Director for any Cause.

RESOLVED FURTHER THAT Mr. Mukund Choudhary, Managing Director & CEO, Mr. Kapil Choudhary, Deputy Managing Director-cum-COO and/or Mr. Bharat Kapoor, Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed proper, necessary, or expedient, including filing the requisite forms with Ministry of Corporate Affairs or submission of documents with any other authority, for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

Registered Office:

A - 60, Okhla Industrial Area
Phase - II, New Delhi - 110020

By Order of the Board

For CLC INDUSTRIES LIMITED
(Formerly known as SPENTEX INDUSTRIES LIMITED)
(CIN:L74899DL1991PLC138153)

Sd/-

Bharat Kapoor
Company Secretary
ACS 54267

Date : August 14, 2019

NOTES

- Explanatory Statement setting out all material facts regarding Special Business contained in Item Nos. 3 to 7 as required under Section 102 (1) of the Companies Act, 2013, is annexed hereto.
- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT PROXY/PROXIES TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY/PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder. Instrument appointing proxy in order to be effective should be deposited at the registered office of the company, duly completed, signed and stamped, not less than 48 hours before the commencement of the meeting.
- Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from **Saturday, the 21st September, 2019 to Thursday, the 26th September, 2019 (both days inclusive)** for the purpose of this Annual General Meeting.
- Brief details of Directors proposed to be appointed/re-appointed/continued as Director as required under Regulation 36(3) of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings, are furnished in "Annexure-1" to this Notice.
- Relevant documents referred in the accompanying notice and statement are available for inspection at the Registered Office of the Company on working days between 10:00 A.M. to 1:00 P.M. upto the date of this Annual General Meeting and also at the meeting.
- Members/Proxies should bring the attendance slips duly filled in and signed for attending the meeting.
- Members desiring any information about the accounts and/or operations of the Company are requested to write to the Company at least seven days before the date of the Meeting so as to enable the Company to keep the information ready.
- Members are requested to intimate the change, if any, in their registered address immediately.
- The shareholders holding the shares in physical form are requested to update his/her PAN and bank account details with the Company.
- The Notice of the AGM alongwith Annual Report for the financial year 2018-19 are being sent by electronic mode to all the members whose email address are registered with the Company / Depository Participant(s). For members who have not registered their email address, physical copies of the above documents are being sent by the permitted mode of dispatch. Notice of the Annual General Meeting and the Annual Report is available on the Company's website www.clcindia.com for download. Members desiring to receive the reports in physical form, even after registering for e-mail mode, may request for the same, upon which reports will be dispatched.
- Members who have not registered their email address, are requested to register their email address for receiving all communication from the Company electronically in order to support "Green Initiative".
- As per the provisions of the Companies Act, 2013, facility for making nomination is available to the Members in respect of the shares held by them.
- For any issue relating to e-voting or any other query, please contact to Mr. Bharat Kapoor-Company Secretary, A - 60, Okhla Industrial Area, Phase - II, New Delhi - 110020; Email: bharatk@clcindia.com; Tel: 011-26387738.
- VOTING THROUGH ELECTRONIC MEANS**
In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rules 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide a facility to its members to exercise their rights to vote on resolutions proposed to be considered at the 27th Annual General Meeting by electronic means and the business to be transacted through e-voting services. The Company has engaged the services of National Securities Depository Limited (NSDL) as the Agency to provide remote e-voting facility. The Members may cast their votes using an electronic voting system from a place other than the venue of the meeting (remote e-voting).

The instructions for shareholders voting electronically are as under:

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-into NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login.
Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
- Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password? (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
7. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/ folio number, your PAN, your name and your registered address.
Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.
8. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
9. Now, you will have to click on "Login" button.
10. After you click on the "Login" button, Home page of e-Voting will open.
Details on Step 2 is given below:
How to cast your vote electronically on NSDL e-Voting system?
 - i. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
 - ii. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
 - iii. Select "EVEN" of company for which you wish to cast your vote.
 - iv. Now you are ready for e-Voting as the Voting page opens.
 - v. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
 - vi. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - vii. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
 - viii. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

- a. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to cshanda.associates@gmail.com with a copy marked to evoting@nsdl.co.in.
- b. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
- c. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in
16. The Remote e-voting period begins on Sunday, 22nd September, 2019 (9:00 AM) and ends on Wednesday, 25th September, 2019 (5:00 PM). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Thursday, 19th September, 2019 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.
17. The members can opt for only one mode of voting, i.e., either by Ballot/Poll paper or e-voting. In case members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Ballot/Poll will be treated as invalid.
18. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Thursday, 19th September, 2019.
19. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
20. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. Thursday, 19th September, 2019, only shall be entitled to avail the facility of remote e-voting or voting at the AGM through polling paper.
21. Any person who acquires shares of the Company and becomes member of the Company after dispatch of the notice of AGM and holding shares as on the cut-off date i.e. Thursday, 19th September, 2019, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if the person is already registered with the CDSL for remote e-voting then the existing user ID & password can be used for casting vote. The instructions for members relating to remote e-voting which inter alia would contain details about user ID & password are given above.
22. Mr. Loveneet Handa of M/s Loveneet Handa & Associates, Practicing Company Secretary (FCS 9055; CP- 10753) has been appointed as the Scrutinizer to scrutinize the remote e-voting and ballot/poll process to be carried out at the AGM in a fair and transparent manner.
23. Voting shall be allowed at the end of discussion on the resolutions with the assistance of Scrutinizer, by use of electronic voting system/ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
24. The Scrutiniser, after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than Forty Eight hours of the conclusion of the AGM, a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or to a person authorised by the Chairman in writing, who shall countersign the same and declare the result of the voting forthwith.
24. The result declared alongwith the Scrutinizer's Report shall be placed on the website of the Company www.clcindia.com and on the website of NSDL www.evoting.nsdl.com and the same shall be communicated to the stock exchanges, where the shares of the Company are listed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

ITEM NO. 3

The Board of Directors of the Company, on the recommendation of the Audit Committee, at its meeting held on 30th May, 2019, approved the appointment of Mr. Rajesh Goyal, Cost Accountant of M/s. K G Goyal & Associates, Cost Accountants (Firm Registration No.000024) as Cost Auditor to the Company to conduct audit of cost accounting records for the financial year ending on 31st March, 2019 at a remuneration of Rs. 50,000/- (Rupees Fifty Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses.

Pursuant to Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration as approved by the Board of Directors of the Company, is required to be subsequently ratified by the Members of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 3 of this Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending on March 31, 2019.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends the Ordinary Resolution set forth in Item No. 3 of the accompanying Notice for the approval of the Members of the Company.

ITEM NO. 4 & 5

The Board of Directors appointed Ms. Honey Deep Kaur and Mohd. Asim as Additional Independent Non-Executive Directors of the Company w.e.f 16th January, 2019.

In terms of Section 161(1) of the Companies Act, 2013, the aforesaid directors viz. Ms. Honey Deep Kaur and Mohd. Asim hold office upto the date of this Annual General Meeting and are eligible for re-appointment. The Company has received notices in writing from members proposing the candidature of each of the appointees viz Ms. Honey Deep Kaur and Mohd. Asim respectively for the office of Non-Executive Independent Directors of the Company in terms of section 160 of the Companies Act, 2013.

In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 and read with rules made thereunder and Schedule IV of the Companies Act, 2013, it is proposed to appoint Ms. Honey Deep Kaur and Mohd. Asim as Independent Directors for a period of 3 consecutive years from the date of their first appointment in the Company, not liable to retire by rotation. Ms. Honey Deep Kaur and Mohd. Asim would bring valuable experience to the Board and the Company would benefit from their appointment as Directors. The aforesaid directors will be entitled to sitting fees as per Nomination & Remuneration Policy of the Company.

Ms. Honey Deep Kaur and Mohd. Asim have given their declarations to the Board of Directors of the Company that they meet the criteria of independence as required under section 149 of the Companies Act, 2013 along with their consent to act as Director of the Company.

In the opinion of the Board of Directors, Ms. Honey Deep Kaur and Mohd. Asim fulfill the conditions as specified in the Companies Act, 2013 and rules made thereunder, for their appointment as Independent Directors of the Company and they are independent of the management respectively.

Brief details of Ms. Honey Deep Kaur and Mohd. Asim as required under Regulation 36(3) of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings, are furnished in Annexure - I to this Notice.

Ms. Honey Deep Kaur and Mohd. Asim being appointees are interested in their respective appointment. Save and except above, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item Nos. 4 & 5.

The Board recommends the Ordinary Resolutions set out at Items No. 4 & 5 of the accompanying Notice for the approval of the members of the Company.

Item no. 6

The members of the Company at the 21st Annual General Meeting held on 30th September, 2013, had approved re-appointment of Mr. Mukund Choudhary (DIN-00051529) as Managing Director of the Company for a period of five years w.e.f from 21st June, 2014 to 20th June, 2019. Further, the members of the Company at their 24th Annual General Meeting held on 27th September, 2016, had approved the limit of maximum remuneration (including the minimum remuneration to be paid in case of loss or inadequacy of profits) payable to Mr. Mukund Choudhary for a period of three years w.e.f 1st April, 2016 to 31st March, 2019. The current term of appointment of Mr. Mukund Choudhary expired on 20th June, 2019 and term of remuneration payable to Mr. Mukund Choudhary expired on 31st March, 2019. Subsequently, the Board of Directors, at their meeting held on 14th November, 2018, re-designated Mr. Mukund Choudhary as Managing Director-cum-Chief Executive Officer of the Company.

Further, as recommended by the Nomination & Remuneration Committee, Board of Directors, at their meeting held on 13th February, 2019, has, subject to approval of the shareholders, approved the re-appointment of Mr. Mukund Choudhary as Managing Director-cum-CEO for a further period of five years from the date of expiry of his present term of office i.e. with effect from 21st June, 2019 to 20th June, 2024 and payment of remuneration for a period of three years w.e.f 1st April, 2019 to 31st March, 2022.

The main terms and conditions of appointment including remuneration are furnished below:

Sl. No.	Description	Mr. Mukund Choudhary
1.	Period of Agreement (Appointment)	Five years from 21st June, 2019 to 20th June, 2024
2.	Salary*	Not exceeding Rs. 6,50,000 per month (for the period of Three years from 1st April, 2019 to 31st March, 2022)
	Salary includes additional Salary, Special Allowance, Performance Salary, Performance linked incentive, Choice Pay and any other allowance as may be determined by the Committee/Committee from time to time.	
3.	Perks/Perquisites	a). Company Car(s) with Chauffeur(s), b). Mobile, Data Card, Land line & Fax connection with Internet facility at residence. c). Club Fee subject to maximum of two clubs. d). Personal Accident Insurance, Medi claim Insurance as per Company policy. e). Company's contribution to Provident Fund, Superannuation Fund or Annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. f). Leave encashment/ encashment of un-availed leave in accordance with rules specified by the Company. g). Gratuity payable at a rate not exceeding half a month's salary for each completed year of service under the provisions of Payment of Gratuity Act, 1972.
4.	Other Terms	a). No sitting fees shall be paid to the Managing Director for attending meetings of Board of Directors/Committee thereof. b). Reimbursement of all entertainment, travelling, hotel and other expenses actually incurred by him in connection with the business of the Company. c). Normal annual Increment, subject to maximum 15% per annum during the aforesaid tenure as may be granted by the Board of Directors. d). Mr. Mukund Choudhary may claim remuneration voluntarily, less than Rs. 6,50,000/-p.m. for such period at his discretion, if he so desired.

As per provisions of Section 197 read with Schedule V of the Companies Act, 2013, where in any financial year during the currency of tenure of a managerial person, a company has no profits or its profits are inadequate, it may, without Central Government approval, pay remuneration to the managerial person not exceeding the limits stipulated under Schedule V of Companies Act, 2013. Accordingly, In case of absence or inadequacy of profits in any financial year of the Company, Mr. Mukund Choudhary will be entitled to above salary, perquisites, and other allowances as the minimum remuneration subject to the maximum limits prescribed in Section II of Part II of Schedule V to the Companies Act, 2013. The perquisites mentioned above shall not be included in the computation of remuneration in terms of provisions of Schedule V to the Companies Act, 2013.

As required under Schedule V of the Companies Act, 2013, the relevant information to be given alongwith the notice calling the General Meeting, are as under:

I. General Information

- Nature of Industry** - Textiles Industry
- Date or expected date of commencement of commercial production:** The Company was incorporated on 25.11.1991 and had already commenced commercial production thereafter.
- In case of new Companies, Expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not applicable, as the Company was incorporated on 25.11.1991.
- Financial performance based on given indicators (as per audited financial statements for the year ended 31.03.2019)**

Particulars	Rs. In Lakh
Sales and other Income	29,151.52
EBIDTA	(1,193.30)
Net Profit/(Loss)	(2,119.68)

- Export performance and net foreign exchange collaborations (as per audited financial statements for the year ended 31.03.2019) Earnings in foreign exchange by exports (FOB value):. Rs. 553.25 Lakh
- Foreign investments or collaborations, if any: Nil

II. Information about the appointee (Mr. Kapil Choudhary):

Sl. No.	Description	Mr. Mukund Choudhary
1.	Background Details and Experience	Mr. Mukund Choudhary is Managing Director-cum-CEO of the Company. He is one of the promoters and whole-time director of the Company. He is having rich and varied experience in the textile Industry and operational aspects. He is overall in charge of entire affairs of the Company, strategizing or future planning for the growth and profitability of the Company
2.	Past Remuneration (Rs.)	4,10,714/- per month*
3.	Job profile and his responsibility	He provides Overall supervision to the Company and looking after day to day activities of the Company, as assigned to him.
4.	Remuneration proposed (Rs.)	Not exceeding Rs. 6,50,000/-* per Month
5.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.	Considering the size of the Company, the profile of the Managing Director, the duties and responsibilities shouldered by him, indepth knowledge in operations and the industry benchmarks, the proposed remuneration is commensurate with the industry standards and board leveled positions held in similar sized businesses.
6.	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	Mr. Mukund Choudhary does not have any material pecuniary relationship with the Company other than drawing his remuneration in the capacity as Managing Director-cum-CEO of the Company. However, he is brother of Mr. Kapil Choudhary, Dy. Managing Director-cum-COO.

*Mr. Mukund Choudhary has received last remuneration for the month of April, 2017. He did not receive remuneration for the period from May, 2017 to March, 2019 in view of financial crunch of the Company.

The draft of Agreement to be entered into between the Company and Mr. Mukund Choudhary for appointment and remuneration is available for inspection by the members at the Registered Office of the Company during the business hours on any working day. The explanatory statement may also be regarded as a disclosure under SEBI (LODR) Regulations.

Considering the long association with the Company, adequate experience and contribution made by Mr. Mukund Choudhary, it would be in the interest of the Company to re-appoint Mr. Mukund Choudhary as Managing Director-cum-CEO. The Company is in process to obtain approval from lenders in this regard. Therefore, the Company seeks consent of the members by way of special resolution for his re-appointment as Managing Director-cum-CEO of the Company.

III. Other information:

(1) Reasons of loss or inadequate profits :

During the year under review, only three plants were working on suboptimal capacity due to shortage of working capital resulting decline in turnover and EBDITA of the Company. Baramati plant was non operational throughout the year due to non availability of funds.

(2) Steps taken or proposed to be taken for improvement.

The Company has been taking all measures within its control to maximize efficiencies of its operations and optimize costs to lower the cost of production. With due strategic focus on efficient plant operations keeping in view the market trends, the Company is confident of attaining improvement in its operational performance in near future. The management has approached the banks/financial institutions to bailout the Company from the present situation and hopefully, the Company would be successful, to get restructuring of its debts done in due course and make concerted efforts to recover its dues from the revenue, which have been pending for some time.

(3) Expected increase in productivity and profits in measurable terms.

With the increase in demand of cotton yarn in domestic market, initiation of economic reforms by the new Government as well as pursuance of encouraging export promotion policy for textile sector, market sentiments have started improving and the same is showing some signs of recovery and improvement in the business environment. Further, with the strategic efficiency improvement and cost containment measures being adopted by the company, besides the continued support and co operation of the company's bankers/lenders, your directors have confidence that sales volumes are reasonably expected to shore up with consequent strengthening of the margins in due course. In view of the facts stated above, the Company expects that the productivity and profitability may improve and would be comparable with the industry average, however it is difficult to forecast the productivity and profitability in measurable terms. Mr. Mukund Choudhary, being the appointee, is interested in the resolution set out at Item No. 6 of the Notice. Mr. Kapil Choudhary, Dy. Managing Director-cum-COO being related to Mr. Mukund Choudhary may be deemed to be interested in the said resolution. The other relatives of Mr. Mukund Choudhary may be deemed to be interested in the said resolution of the Notice, to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out in Item No. 6.

The Board of Directors recommends the Special Resolution set forth in Item No. 6 of the accompanying Notice for the approval of the Members of the Company.

ITEM NO. 7

The Board of Directors at their meeting held on 14th August, 2019 have recommended amendment of Articles of Association of the Company by inserting new article(s)/amendment to existing article(s) namely (a) inserting new article 123A for appointing same individual as Chairman and Managing Director at the same time and (b) deletion of Articles 126.

In terms of Section 14 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 consent of the members of the Company by way of special resolution is required for alteration of AOA of the Company.

The Board of Directors recommends the Resolution in Item No.7 of the Notice for approval by the Members. A copy of the Articles of Association together with the proposed amendments will be available for inspection by the members during office hours on any working day.

The Promoters, Directors, Key Managerial Personnel of your Company and their relatives and other Companies of which they are Directors / Members are interested in this Resolution to the extent of their respective shareholding/s in the Company.

The Board of Directors of your Company has approved this item in the Board Meeting held on 14th August, 2019 and commends the Special Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

A - 60, Okhla Industrial Area
Phase - II, New Delhi - 110020

By Order of the Board
For CLC INDUSTRIES LIMITED
(Formerly known as SPENTEX INDUSTRIES LIMITED)
(CIN:L74899DL1991PLC138153)

Sd/-
Bharat Kapoor
Company Secretary
ACS 54267

Date : August 14, 2019

Annexure-I

Details of Directors proposed to be appointed/re-appointed/continued as Director as required under Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings.

Name of the Director	Mr. Kapil Choudhary	Ms. Honey Deep Kaur	Mohd. Asim	Mr. Mukund Choudhary
DIN	00051580	08332913	08284990	00051529
Age	46	28	27	48
Qualifications	B.Com	Company Secretary	B.Com	B.Com
Date of joining the Board	5th May, 2004	16th January, 2019	16th January, 2019	5th May, 2004
Brief resume and Nature of Expertise in specific functions	Mr. Kapil Choudhary is having rich and varied experience in the textile Industry and has developed a very strong marketing network all over the world.	Ms. Honey Deep Kaur has good knowledge and experience in Corporate Law, SEBI Regulations, RBI Regulations and other Secretarial functions.	Mohd. Asim is having two years of experience in Corporate Law & Secretarial Functions and Compliances.	Mr. Mukund Choudhary is having rich and varied experience in the textile Industry and operational aspects. He is overall in charge of entire affairs of the Company
Shareholding in the Company	52,28,530 equity	NIL	NIL	52,73,083 equity shares
Last Drawn Remuneration	Rs. 4,10,714/-	Sitting fees of Rs. 21,000 paid during the financial year 2018-19	Sitting fees of Rs. 16,000 paid during the financial year 2018-19	Rs. 4,10,714/-
Relationship with other directors or key managerial personnel of the Company	Mr. Kapil Choudhary is brother of Mr. Mukund Choudhary	None	None	Mr. Mukund Choudhary is brother of Mr. Kapil Choudhary
Directorship in other companies	Schoeller Textile Netherlands B.V., CLC & Sons Private Limited, Himalayan Crest Power Private Limited, CLC Technologies Private Limited, CLC Enterprises Limited and CLC Power Limited.	Nil	Elahi Taxway Private Limited Usman Expert Solutions Private Limited	Spentex Netherlands B.V., CLC & Sons Private Limited, Himalayan Crest Power Private Limited, CLC Technologies Private Limited, CLC Enterprises Limited, CLC Textile Park Pvt. Ltd., Chhindwara Infrastructure Pvt. Ltd, Ramya Agrotech Pvt. Ltd. and CLC Power Limited
Membership/ Chairmanship in committees of other Board	NIL	NIL	NIL	NIL
Number of meeting of the Board attended during the year	4	1	4	4

CLC INDUSTRIES LIMITED

CIN: L74899DL1991PLC138153

Registered & Corporate Office: : A-60, Okhla Industrial Area, Phase II, New Delhi 110020

PROXY FORM

Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of Companies (Management and Administration) Rules, 2014

CIN : L74899DL1991PLC138153
 Name of the Company : CLC Industries Limited
 Registered Office : A-60, Okhla Industrial Area, Phase II, New Delhi -110020

Name of the Member (s) :	
Registered address :	
E-mail Id :	
Folio No :	
DP ID / Client Id :	

I/We being the member(s) of shares of the above named Company, hereby appoint:

1.Name : Address :

E-Mail Id : Signature :

2.Name : Address :

E-Mail Id : Signature :

3.Name : Address :

E-Mail Id : Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the company, to be held on Thursday, the 26th day of September, 2019 at 10.00 A.M. at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi- 110019 in respect of such resolutions as are indicated below:

Resolution No.	Resolutions
	Ordinary Business
1.	To receive, consider and adopt the Audited Financial Statements (including consolidated financial statements) of the Company for the financial year ended on 31st March, 2019 including Balance Sheet of the Company as at 31st March, 2019, Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon..
2.	To appoint a Director in place of Mr. Kapil Choudhary (DIN 00051580) who retires by rotation and being eligible, offers himself for re-appointment.
	Special Business :
3.	Ratification of remuneration payable to Cost Auditor for the financial year ending 31st March, 2020.
4.	Appointment of Ms. Honey Deep Kaur (DIN: 08332913) as Non-Executive Independent Director of the Company.
5.	Appointment of Mohd. Asim (DIN: 08284990) as Non-Executive Independent Director of the Company.
6.	Re-appointment of Mr. Mukund Choudhary (DIN: 00051529) as Managing Director-cum-CEO of the Company and payment of remuneration to him.
7.	Amendment/Alteration in Article of Association of the Company.

Signed thisday of 2019.

Signature of Shareholder

Signature of Proxy holder (s)

Affix One Rupee
Revenue Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

CLC INDUSTRIES LIMITED

CIN: L74899DL1991PLC138153

Registered & Corporate Office: : A-60, Okhla Industrial Area, Phase II, New Delhi 110020

DP ID

Regd. Folio No.

Client ID

No. of Shares held

I certify that I am a registered Member/Proxy for the registered member of the Company. I hereby record my presence at the 27th Annual General Meeting of the Company on Thursday, the 26th day of September, 2019 at 10:00 A.M. at Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi 110019

.....
Name of the Member/Proxy (in BLOCK LETTERS)

.....
Signature of Member/Proxy

Note: Please complete this attendance slip and hand it over at the Entrance of the Meeting Hall

ROUTE MAP OF AGM VENUE



BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 27th Annual Report on the business and operation of the Company along with the Audited Financial Statements for the financial year ended at March 31, 2019.

Financial Results

The highlights of the financial results for the year ended 31st March, 2019 are as under:

(Rs in Lakh except EPS)

Particulars	2018-2019		2017-2018	
	Consolidated	Standalone	Consolidated	Standalone
Revenue from operations	24,516.95	24,516.95	48,053.43	48,053.43
Other Income	4,634.57	4,634.57	9,797.21	1,217.44
Profit/(Loss) before depreciation, finance costs and Tax (PBDIT) inclusive of other income	(1,193.30)	(1,193.30)	5,904.52	(2,675.25)
Finance Costs	1,958.49	440.86	1,935.61	874.17
Depreciation and amortization expenses	1,001.58	1,001.58	1,055.46	1,055.46
Profit/(Loss) before Exceptional items, Extraordinary items and tax (PBT)	(4,153.37)	(2,635.74)	2,913.45	(4,604.88)
Exceptional items (expenses)/income	516.06	516.06	(14,502.58)	(12,203.82)
Profit/(Loss) before tax	(3,637.31)	(2,119.68)	(11,589.13)	(16,808.70)
Tax expenses	-	-	(44.13)	(44.13)
Net Profit/(Loss)	(3,637.31)	(2,119.68)	(11,545.00)	(16,764.57)
EPS	(4.05)	(2.36)	(12.86)	(18.67)

Management Discussion and Analysis Report :

Textile Industry

Textile industry plays a pivotal role in providing one of the most basic needs of people-clothing. It is not only second largest employment provider after agriculture, but is one of the critical drivers of Indian economy. Globally, textile industry has seen an unprecedented growth, paving the way for increasing role of Indian Textile companies in the global textile industry. The textile and apparel industry has been growing proportionally with the changes in the world of garments. The global textile industry has seen both rise and fall in the year 2019.

Global Textile Market Overview

The global textile and apparel industry has grown over the years and is expected to further grow along with growing consumption of textile and apparel products in developing countries and a gradual economic recovery of major developed markets. China, European Union (EU28), and India remained the world's top three exporters of textiles in 2017. Altogether, these top three accounted for 66.3% of world textile exports in 2017, up from 65.9% in 2016. All the top three countries also enjoyed a faster-than-average export growth in 2017, including 5.0% of China, 5.8% of EU(28) and 5.9% of India.

The global textile market was valued at approximately USD 858 billion in 2018 and is expected to generate around USD 1,207 billion by 2025, at a CAGR of around 5% between 2019 and 2025. By region, North America is projected to grow significantly in the upcoming years. The U.S. textile industry primarily depends on importers and suppliers of textile materials. Asia Pacific is anticipated to grow at the highest CAGR in the global textile market in the years ahead. The growing regional population, increasing disposable income of the people, and changing lifestyles are expected to drive the textile market in this region. Moreover, the surging requirement of industrial apparels and fabrics in emerging economies like China and India is also likely to propel the textile market in this region. Additionally, China, India, and Bangladesh are the largest producers of textile raw materials, such as raw cotton and silk. This is anticipated to further boost the textile market in the Asia Pacific region. The European textile market is expected to grow substantially in the upcoming years. Germany, UK, and France are the top textile producers in the region. Germany is the most dominating nation in the European textile market. (Source: Zion Market Research)

Apparel is anticipated to witness a CAGR of 4.42% from 2019 to 2025 owing to increasing demand for luxury and trending fashionable clothes. It is expected that apparel market size of the countries like India and China will grow at a CAGR of 12% and 11% respectively in coming 10 years whereas the growth rate of other countries will be comparatively very low. The apparel consumption is forecast to grow at a CAGR of 4% and reach US\$2.6 trillion by 2025.

It is expected that the combined apparel market size of China and India, i.e., \$795 billion is expected to exceed combined market size of EU and USA, i.e., \$775 billion, by 2025. Trends facilitating the growth in India are increasing youth population and high purchasing power, shift from need-based purchase to aspiration-based purchase, growing urbanization increasing the market demand, increased penetration of technology and greater access to internet resulting in significant growth in online retail sales.

Indian Textile Market Overview

The Indian domestic consumption of textile and apparel is valued at US\$ 80 billion in 2015. Within this, apparel retail contributes US\$ 59 billion, technical textiles contribute US\$ 15 billion and home textiles contribute US\$ 6 billion. The domestic apparel market worth US\$ 59 billion has registered a robust CAGR of 10% since 2005 despite global demand uncertainties. Indian domestic market has performed better than the largest consumption regions like US, EU and Japan, where depressed economic conditions led to lower demand growth. Due to presence of strong fundamentals, the domestic apparel market size of India is expected to reach a level US\$ 180 billion by 2025.

Overview of the Global Trade/Economy

The Global Textile Industry over last several years has become one of the most important industries. There is no denying that textile industry

contributes significantly to economic growth in the global economy. The current global apparel market is worth US\$ 1.7 trillion and it constitutes around 2% of the world's GDP. At 18% of the global total, India is the world's largest producer of cotton. It also has the largest area under cotton cultivation in the world, representing about 25% of the world's area under cultivation. The cotton industry in India leans towards apparel exports, contributing approximately 51% to overall apparel exports in FY 18. Approximately 74% of the apparel exported from India is made of cotton. India's cotton yarn exports between April and June this year was 33% lower compared to the same period last year, leading to concern among textile mills. The Cotton Textiles Export Promotion Council (Texprocil) has pointed out that cotton yarn exports from April to June 2019 was 226 million kg as against 338 million kg during the same period last year. In June, the exports were just 59 million kg, which is 50.74% less compared to June 2018. The World Bank has retained projections for India's economic growth at 7.5 per cent for the current fiscal year even as it cut global economic expansion by 0.3 percentage points. In its Global Economic Prospects report, the World Bank, however, pegged the growth at the same pace of 7.5 per cent for the next two fiscal years.

For the current fiscal year, the growth is quite high, given the fact that India's economy grew just 6.8 per cent in 2018-19, a five-year low. Also, the growth plunged to 5.8 per cent in the fourth quarter of the fiscal year, also a five-year bottom. Also, the International Monetary Fund (IMF) had earlier cut economic growth of India to 7.3 per cent from earlier projection of 7.5 per cent. The Government's push towards manufacturing sector and digital economy and "Make in India" initiatives, will further provide the thrust for fuelling economic growth, in times to come. In this process, investment of about US\$ 180 billion to US\$ 200 billion would take place and about 35 million additional jobs would get created.

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

Overall Company Performance Review

Your Company has integrated Cotton, Polyester & blended Yarn manufacturing facilities in India with a capacity of 2,14,416 spindles and stable customer base with long term mutually beneficial business relationship both in India and abroad. Your company has presence across the entire value chain of cotton and polyester yarn with ability to offer varied products as required by the Indian and global markets.

During the year under review, only three plants were working on suboptimal capacity due to shortage of working capital, resulting decline in turnover and EBDITA of the Company. Baramati plant was non operational throughout the year due to non availability of funds. All debt whether long term or working capital is NPA as on date .

The reason for distress starts when Company's debt was restructured first time under CDR in 2008 owing to Global meltdown and Industry / economy recession. Assets of SPENTEX Tashkent-To'yetpa Tekstil Limited (STTTL), nationalized illegally by Uzbekistan Govt. and matter are pending at international Courts. In 2011, due to adverse change in government policies like imposing ban on yarn export & withdrawal of drawback resulted into piling up inventories which led to the steep volatility in raw cotton and sudden falling of yarn prices, had adverse impact on the health of Textile (spinning) sector.

Management Perception on Opportunities, Risks, Concern & Outlook

Opportunities & Outlook

Your Company has been taking several initiatives for restructuring of business processes, improving plant efficiency and cost savings which should bear fruits in the future. Your Company has approached the banks/financial institutions to bailout the Company from the present situation, by restructuring its loans and to extend financial assistance to address its requirement of working capital, and other needs. Hopefully, your Company would be successful, to get restructuring of its debts done in due course. With adequate working capital and a strong export base built over the years, your Company will continue to offer market driven quality product mix for progressively improving its operational profile and outcomes.

Your Company is in process of reviewing its strategy and tools to find ways to increase its turnover, reduce its costs and achieve a higher value addition so that it could come out with the positive result in the near future. Management is keeping a close watch on various threats/risks being faced by the company and taking all appropriate steps to improve the performance of the Company.

With due strategic focus on efficient plant operations, cost cutting, close monitoring of operations by management and other administrative & operational initiatives taken by the company, and keeping in view the market trends & the emerging business scenario, your Company is confident of achieving improvement in its operational performance in near future.

Risks and Concerns

The Indian textile sector is facing major challenges in the form of rising production costs due to increasing, wages, power and interest cost which has an adverse cascading effect on the industry as a whole.

Further due to fluctuating cotton and yarn prices and uncertainties in the foreign exchange market, increase in power cost and lack of adequate working capital, the EBIDTA levels may remain stagnant during the year. However, your directors and management would take all necessary measures to hedge these risks and increase the EBIDTA levels in coming quarters and with that your Company expects business environment to improve going forward. With the strong domestic consumption trend and initiatives formulated by the company with regard to product mix, waste material control & other related issues, your directors are confident that sales volumes would reasonably shore up with consequent strengthening of the margins in due course.

Internal Control Systems and Adequacy

The Company has well-established processes and defined the roles and responsibilities for people at various levels. The control mechanism also involves well documented policies, authorization guidelines commensurate with the level of responsibility specific to the respective businesses. Adherence to these processes is ensured through frequent internal audits. The internal audits conducted are reviewed by the Audit Committee and requisite guidelines and procedures augment the internal controls. The internal control system is designed to ensure that financial and other records are reliable for preparing financial statements and other information which ensures that all transactions are properly reported and classified in the financial records. Based on the internal audit reports, process owners undertake corrective actions in their respective areas and thereby further strengthen the controls, significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Human Resources/Industrial Relations

The Company and its management value the talent, commitment and dedication of its employees and acknowledge their contribution. All employees in the Company work as a team and integral part of the family, sharing their ideas and concerns through discussions and intranet network installed across the units. Industrial Relations scenario at all units continues to be healthy and enthusiastic.

Cautionary Statement

Statements in this Management Discussion and Analysis Report 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 raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulation, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors, including availability of adequate working capital etc.

Financial Analysis and Performance Review

During the financial year ended at 31st March, 2019 the Company's operations were adversely impacted due to continuing constraints of working capital, leading to non optimal utilization of plant capacities, low production volumes, high power tariff, increase in Fiber/Raw Material cost and delayed realization of Government Revenue. The Company's turnover and other income, on standalone basis, for the year under review was Rs. 29,151.52 Lakh as against Rs. 49,270.87 Lakh in the previous year. The Net Loss has been registered at Rs. 2,119.68 Lakh against a net loss of Rs. 16,764.57 Lakh in the previous year as during the year the Company has booked expenses of write-off/provision made with regard to erosion of its investment in its erstwhile subsidiary – Amit Spinning Industries Ltd.

The Company is in negotiation with the lenders for a comprehensive deep restructuring of debts through ARC route or otherwise so as to bailout the Company from the present tough situation and the same is expected to be implemented in current financial year. 78% of the Company's secured debts have been assigned by the lenders together with the underlying securities/rights/titles/security interest in favour of Asset Reconstruction Company of India Ltd (ARCIL) under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFESI) Act, 2002.

Yarn Manufacturing

During the year under review, the Company on standalone basis has manufactured 19,949.42 MT of yarn as compared to 30,372.50 MT of yarn produced during the previous year. Decrease in Production, has been mainly due to non-availability of adequate working capital, not able to run plants to their optimal capacities and slow progress in restructuring by the Banks, due to their cautious approach under the changed environment. The Company had decided to run its units/plants, partially or wholly, on job work basis, by converting fiber into yarn or otherwise and accordingly, the Company has entered into job work agreements with various parties for manufacturing yarns on job work basis.

Subsidiaries

The Company has following subsidiaries including step down subsidiaries, as on March 31, 2019.

- (a) M/s Spentex Netherlands B.V. (SNBV, a Netherlands based Subsidiary)
- (b) M/s Schoeller Textile Netherlands B.V. (a Netherlands based step down subsidiary of SNBV)

There are no associate companies or joint venture companies within the meaning of section 2(6) of the Companies Act, 2013 ("Act").

Spentex Netherlands B.V, Netherlands (SNBV) & M/s. Schoeller Textile Netherlands B.V (STNBV):

The Company holds 18,200 ordinary shares in SNBV and remaining 1,800 ordinary shares of SNBV are held by the promoters of the Company. STNBV is wholly owned subsidiary of SNBV. Further, as Schoeller Litvinov k.s., erstwhile step-down subsidiary of the Company, had been taken over by secured creditors, in view of that, the Company has made provision of SNBV's investment in Schoeller Litvinov k.s. in its books of accounts.

Consolidated Financial Statements

As stipulated by Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015"), the Company has prepared Consolidated Financial Statement in accordance with the applicable accounting standards as prescribed under the Companies (Accounts) Rules, 2014 of the Companies Act, 2013 ("the Act"). The Consolidated Financial Statement reflects the results of the Company and that of its subsidiaries. As required under Regulation 34 of SEBI Listing Regulations, 2015, the Audited Consolidated Financial Statement together with the Independent Auditors' Report thereon, is annexed and the same forms part of this Report.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014, a statement containing salient features of financial statements of subsidiaries of the Company in Form AOC-1 is appended as **Annexure-1** to the Board's Report.

In accordance with the provisions of Section 136 of the Companies Act, 2013, the audited financial statements including consolidated financial statements of the Company and audited accounts in respect of each of the subsidiary companies are available on website of the Company www.clcindia.com. These documents shall also be kept open for inspection during business hours at the Registered Office of the Company on or before ensuing Annual General Meeting. The Company will also make available these documents upon request by any Member of the Company interested in obtaining the same.

Share Capital

As on 31st March, 2019, the Company's issued and paid up capital stands Rs. 89,77,20,350/- divided into 8,97,72,035 fully paid up equity shares of Rs. 10/- each. During the year, under review, the Company has not issued any share capital. Further the Company has also not issued any share with differential Voting Rights/Sweat Equity shares/under Stock Option Scheme (ESOS) earlier and during the year. The Company has no scheme or provision of money for purchase of its own shares by employees or by trustees, for the benefit of its employees. Hence the details under rule 16 (4) of Companies (Share Capital and Debentures) Rules, 2014 are not required to be disclosed.

The Company had issued 500 non-convertible debentures of Rs. 10.00 lakh each, however during the year under review, no debenture has been issued. However, the maturity date of redemption of aforesaid NCDs expired on 31st March, 2018 and the Company is in process to seek extension in the redemption of such NCDs till the restructuring of its debts.

Directors and Key Managerial Personnel

As on 31st March, 2019, the Company had the following Whole-time Key Managerial Personnel (KMPs) in accordance with the provisions of Section 203 of the Companies Act, 2013:

1. *Mr. Ajay Kumar Choudhary – Chairman
2. Mr. Mukund Choudhary – Managing Director-cum-CEO
3. Mr. Kapil Choudhary – Deputy Managing Director-cum-COO

4. *Mr. Koushal Madan- Chief Financial Officer
5. Mr. Bharat Kapoor – Company Secretary

*Mr. Ajay Kumar Choudhary, Chairman has resigned as member of the Board of Directors of the Company w.e.f closure of business hours on 31st March, 2019 due to health reasons and other social commitments.

Mr. Koushal Madan, CFO has resigned w.e.f the closure of business hours on 19th July, 2019 due to personal reasons.

In accordance with the provisions of section 152(6) of the Act and the Articles of Association of the Company, Mr. Kapil Choudhary (DIN-0051580) retires by rotation at the ensuing Annual General Meeting (AGM), and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

Change in Directors or Key Managerial Personnel (KMPs)

During the period under review, the following appointment/re-appointment/cessation have been made in directors/Key Managerial Personnel in terms of provisions of the Companies Act, 2013 read with SEBI Listing Regulations, 2015:

1. Mrs. Charul Jain, Additional Director (Independent Director) has vacated her office of directorship at Annual General Meeting held on 27th September, 2018 in terms of Section 161 of the Companies Act, 2013.
2. Mr. Deepak Diwan has resigned as Non-Executive Independent Director of the Company w.e.f 22nd November, 2018 due to advanced age and other commitments.
3. Mrs. Shivani Gupta was appointed as Non-Executive Independent Director w.e.f 17th July, 2018 and she has resigned from the post of independent Director of the Company w.e.f 29th November, 2018 due to her personal reasons.
4. Mr. Rajinder Kumar Jain, Nominee Director of the Company has resigned as member of the Board w.e.f 23rd November, 2018 due to personal reasons.
5. Mr. Koushal Madan was appointed as Chief Financial officer & KMP of the Company w.e.f 14th November, 2018 and he has resigned w.e.f 19th July, 2019 due to personal reasons.
6. Mr. Kapil Choudhary has been re-designated as Deputy Managing Director-cum-Chief Operating Officer of the Company w.e.f 17th October, 2018.
7. Mr. Mukund Choudhary has been re-designated as Managing Director-cum-Chief Executive Officer of the Company w.e.f 14th November, 2018 by the Board of Directors.
8. Ms. Honey Deep Kaur and Mohd. Asim have been appointed as Additional Director – Independent Directors of the Company w.e.f. 16th January, 2019.
9. Mr. Kapoor Chand Garg was appointed as Non-Executive Independent Director w.e.f 17th July, 2018 and he has resigned as member of the Board w.e.f 11th June, 2019 due to his personal reasons.

Number of Meetings of the Board

During the year under review, four meetings of the Board were held. The detailed information of the Board Meetings is mentioned in the Corporate Governance Report which forms part to this report.

Declaration by Independent Directors

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than getting the sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

Board evaluation

In terms of the applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015, annual evaluation of the performance of the Board, its committees and of individual directors has been made. The Board and the Nomination and Remuneration Committee reviewed the performance of the individual directors on the basis of laid down criteria.

Independent Directors of the Company had, in their separate meeting held on 13th February, 2019, reviewed the performance of non-independent directors and Chairperson of the Company, taking into account the views of Executive and Non-Executive Directors. Further, the Independent Directors hold unanimous opinion that the Non-Independent Directors as well as the Chairman bring to the Board, abundant knowledge in their respective field and are experts in their areas. Besides, they are insightful, convincing, astute, with a keen sense of observation and have a deep knowledge of industry. They have been performing reasonably well, under the prevailing circumstances.

Nomination and Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The aforesaid Policy is stated in the Corporate Governance Report and is available on the website of the Company www.clcindia.com. During the year under review, neither the Managing Director nor the Whole-time Directors of the Company received any remuneration or commission from any of its subsidiaries. Mr. Ajay Kumar Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary, the promoter directors of the Company have not received any remuneration for the financial year 2018-19 from the Company, in view of the financial difficulties being faced by the Company. The Company does not pay any remuneration to the Non-Executive/Independent Directors of the Company other than sitting fee for attending the meetings of the Board and Committees of the Board. The Executive Director(s) do not take any sitting fee for attending such meetings.

Committees of the Board

As on March 31, 2019, the Board has seven committees namely the Audit Committee, the Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, the Risk Management Committee, Banking Committee and Fund Management Committee respectively. A detailed note on the composition of the Board and its committees is provided in the Corporate Governance Report.

Audit Committee

Audit Committee of the Board has been constituted as per the SEBI Listing Regulations and section 177 of the Companies Act, 2013. The composition and other details of the Audit Committee are provided in Corporate Governance Report which is part of this Report.

Corporate Social Responsibility

In accordance with the provisions of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility (CSR) Committee of the Board has been constituted and the Company has framed a CSR Policy in compliance with the provisions of the Act and the same is placed on the Company's website www.clcindia.com. The composition of committee is disclosed in Corporate Governance Report forming part to this report. However, the Company does not fall under any of the threshold limits given in Section 135 of the Companies Act, 2013, the provisions of Section 135 are not applicable to the Company.

Risk Management

The Board of Directors of the Company has constituted a Risk Management Committee to oversee the risk management plan in the Company. 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 Risk Management Policy has also been hosted on the website of the Company www.clcindia.com.

A detailed note on the composition of the Board and its various committees is provided in the Corporate Governance Report forming part to this Annual Report.

Vigil Mechanism

The Company has framed and implemented a vigil mechanism named as Whistle Blower Policy to deal with instances of fraud and mismanagement, if any, in terms of Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI Listing Regulations, 2015. The details of the Whistle Blower Policy are provided in the Corporate Governance Report and also posted on the website of the Company.

Directors' Responsibility Statement

Pursuant to the requirement of Section 134(3)(c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts for the financial year ended 31st March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2019 and of the profit and loss of the company for that period;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors have prepared the annual accounts on a going concern basis;
- (e) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Related Party Transactions

In compliance with the provisions of the Act and SEBI Listing Regulations, 2015, all related party transactions are placed before the Audit Committee for prior approval and also before the Board wherever necessary. A prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of a foreseen and repetitive in nature in terms of Regulation 23(2) of SEBI Listing Regulations, 2015.

During the year under review, all Contracts/arrangements/transactions entered into by the Company with related parties were on an arm's length basis and largely in the ordinary course of business, details of which are provided in the notes to the financial statements. There were no materially significant related party transactions with related parties during the financial year under review, which may have a potential conflict with the interest of the Company at large. All related party transactions are mentioned in the notes to the accounts. The policy on Related Party Transactions is available on the Company's website www.clcindia.com.

Significant and Material Orders passed by the Regulators or Courts

During the year under review, there are no significant or material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

AUDITORS**Statutory Auditors**

Pursuant to Section 139 of the Companies Act, 2013 and rules framed there under, M/s. R. N. Marwah & Co. LLP, Chartered Accountants, (Firm Registration No. 001211N) were appointed as Statutory Auditors of the Company at 25th Annual General Meeting held on 25th September, 2017 for a term of three consecutive years to hold office from the conclusion of 25th Annual General Meeting till conclusion of 28th Annual General Meeting subject to ratification of their appointment at every Annual General Meeting. However, as per Companies Amendment Act, 2017 effective from 7th May, 2018, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting. Hence the resolution seeking ratification of the members for continuance of their appointment at this AGM is not being sought. Management's response to the various observations of the Auditors made in their report, have been explained wherever necessary through appropriate notes to accounts.

Auditors Report

During the year under review, the Statutory Auditors has not found any instance of fraud committed against the Company by its officers or employees and accordingly, reporting to the audit committee or Central Government, under Section 143 (12) of the Companies Act, 2013 is not required. The Auditors' Report read with the Notes to Accounts is self-explanatory and does not call for any further explanation under Section 134 of the Companies Act, 2013, except for the responses in respect of some observations as mentioned here in below.

Management's view on Auditor's Observations

Directors' response to the various observations of the auditors made in their report, even though, Management's view has been explained wherever necessary through appropriate notes to accounts, however such views are reproduced hereunder in compliance with the relevant legal requirements:

Note No. 48 of the Financial Statement qualified by Auditors

Auditor's Comment: The Company has not charged to statement of Profit and loss interest expense of Rs. 56,91,49,755 for the year and related penal interest and other charges, if any, in respect of delay in repayment of borrowings from banks. Therefore, Auditors are unable to

comment on the adequacy of interest and other charges provided for, in the statement of Profit & Loss.

Management's View: The Company's accounts had become Non performing assets (NPA) with the banks and as per extant applicable guidelines, the lenders have stopped charging interest from the company on their outstanding debts amount from the dates on which their accounts become NPA. Further, company is in advanced discussion with its lenders for a comprehensive deep restructuring and the same is expected to be implemented in current financial year. In view of the above, the Company has not charged to statement of profit and loss account, interest expenses and related other charges.

Note No. 46 of the Financial Statement, wherein without qualifying, the Auditors, have drawn attention, to the following comments:

Auditor's Comment: The Company had made 100% provision of the value of long term Investments held in Amit Spinning Industries Limited (ASIL), erstwhile subsidiary of the Company during F.Y. 2017-18. National Company Law Tribunal (NCLT) vide order dated 01.08.2017 had admitted ASIL's petition and had appointed Resolution Professional for ASIL under the Insolvency and Bankruptcy Code. The NCLT vide its order dated 31st July 2018, has approved the resolution plan as per which the Company was required to transfer its entire shareholding held in ASIL at a total consideration of Rs. One only in favour of Resolution Applicants. The Company was holding 2,09,81,077 equity shares (50.96%) in ASIL and the Company is in the process of complying with the Resolution plan. Further we are unable to determine the amount of liability that may arise on account of Corporate Guarantee given on behalf of subsidiary, and compliance of IND-AS 109 in respect to accounting of corporate guarantee.

Management's View: NCLT vide its order dated 31st July, 2018, had approved the Resolution Plan for ASIL and as per Resolution Plan as approved by NCLT, all the debts of secured lenders will get finally satisfied and extinguished after final payment of the offer as accepted in the approved Resolution Plan and afterwards there will not be any amount left for payment/distribution to employees, creditors and statutory authorities. Further, as the Company's shareholding in ASIL was pledged with Edelweiss Asset Reconstruction Company Ltd. (EARC), the Company has, vide its letter dated 2nd November, 2018, requested EARC to revoke the pledged shares but till now, the Company has not received any reply from EARC. Accordingly, the Company could not transfer its shareholding held in ASIL in favour of Resolution Applicants.

Note No. 21 of the Financial Statement wherein without qualifying Auditors, have drawn attention, to the following comments:

Auditor's Comment: The Company had not allotted shares against share application amount of Rs.11,09,50,000/- which was brought in by the promoters in various instalments up to 30th December 2015 and accordingly not complied with the provision of Section 42 of the Companies Act, 2013. During the year under audit, such Share application money pending allotment amounting to Rs.11,09,50,000/- has been treated as Deposits as per Companies (Acceptance of Deposits) Rules, 2014 made under Chapter V of the Companies Act, 2013 at the Board Meeting held on 13th February 2019 vide resolution no.19(ii).

Necessary compliances under Section 42 and Section 73 of Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules and regularisation of continuing defaults thereof are pending by the Company.

Management's View: In terms of SEBI (LODR) Regulations, 2015 the Company had applied to BSE Limited ("BSE) and National Stock Exchange of India Limited ("NSE) for obtaining In-principal approval before issuing shares but BSE and NSE did not grant In-principal approval due to non receipt of undertaking from Lead Bank – State Bank of India in the capacity of pledgee. Due to non receipt of necessary undertakings/ approvals from the Consortium Bank, the company could not issue shares against received share application money. As the Company was constantly trying to convince State Bank of India to give undertaking as required by BSE & NSE, aforesaid application money was still appearing as Pending Share Application Money in the books of accounts. Board of Directors at their meeting held on 13th February, 2019 approved to treat the aforesaid pending share application money as deposit in terms of Companies Act, 2013 read with deposit rules, 2014.

Note No. 51 of the Financial Statement wherein without qualifying, the Auditors, have drawn attention, to the following comments:

Auditor's Comment: The outstanding balance as on 31st March, 2019 in respect of certain head trade receivable, trade payable and loans & advances, Govt. Authorities, which are subject to confirmation, reconciliation and consequential adjustments, if any. Further, receivable from Govt. Authorities of Rs. 49,27,37,085 out of which Rs 4,96,79,000/- are pending for more than three years.

Management's View: The management, however, does not expect any material variations.

Note No.49 of the Financial Statement wherein without qualifying, the Auditors, have drawn attention, to the following comments:

Auditor's Comment: The Company is required to deposit/invest a sum of at least 15% of the amount of its Debentures maturing during the financial year 2018-19 in one or more of the prescribed methods vide circular no.04/2013 dated February 11, 2013 issued by Ministry of Corporate Affairs. However, the Company has failed to comply with the requirements of the said Circular.

Management's View: In view of financial difficulties and heavy losses of the Company, the company had applied to Securities & Exchange Board of India (SEBI) during the previous year seeking exemption for maintaining at least 15% of the amount of its debenture but the Company did not receive any reply in this regard.

Cost Auditors

Pursuant to Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014, maintenance of cost records is required by the Company and accordingly, such accounts and records are made and maintained. Mr. Rajesh Goyal, Cost Accountant of M/s. K G Goyal & Associates, Cost Accountants (Firm Registration No.000024) has been appointed as Cost Auditors to carry out audit of the Cost Accounts maintained by the Company for the financial year 2019-20 at a remuneration of Rs. 50,000/- Remuneration payable to the Cost Auditor is subject to ratification by the members of the Company at the ensuing AGM.

Secretarial Auditor

The Board appointed M/s. Loveneet Handa & Associate, Practising Company Secretary (having CP No. 10753 & Membership No. 9055) as Secretarial Auditor to conduct secretarial audit for the financial year 2018-2019 pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report for the financial year ended March 31, 2019 in Form MR-3 is annexed herewith as Annexure 2 to this Report in compliance with the provisions of Section 204 of the Companies Act, 2013.

The qualifications/observations/remarks made by the Secretarial Auditors and management's view thereon are given in the aforesaid Report itself.

Internal Auditors and Internal Financial Control Systems and Adequacy

Mr. Amresh Kumar Jha is Internal Auditor of the Company. The Company has in place an adequate system of internal control to ensure that the resources of the Company are used efficiently and effectively, all assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly, financial and other data are reliable for preparing financial information and for maintaining accountability of assets. The internal control is supplemented by extensive programme of internal audits, review by management, documented policies, guidelines and procedures. All operating parameters are continuously monitored and controlled. Follow up mechanism is in place to monitor the implementation of the various recommendations.

Extract of the Annual Return

As provided under section 92(3) and 134 (3) (a) of the Companies Act, 2013 the extract of annual return as on the financial year ended 31st March, 2019, in the prescribed Form MGT-9 is placed on the website of the Company www.clcindia.com.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Company has implemented energy conservation initiatives as well as methods and such action has resulted into major savings in energy consumption as well as in cost control. The information as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014 is set out in the **Annexure – 3** to this Report.

Particulars of Employees

The statement containing particulars of employees as required under section 197(12) of the Act read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, is given herein under:

Sl. no.	Name	Designation	Remuneration Received (Rs. Per month)	Qualification	Exp. In years	Date of Birth	date of Commencement of the employment	Last employment held by the employee before joining the Company	D.O.L
1	Mr. Chandra Bhan kataria	President Management	270000	Master in Science	30	1-Mar-1967 India Limited	16-Jul-2018	Indo Rama Synthetics	-
2	Mr. Rajesh Sehgal*	VP-Marketing	266667	B.Tech	28	25-Apr-1966	9-May-2018	Alps Industries Ltd	16 Jul, 2019
3	Mr. Virender Kumar Chaudhry	AVP	215000	MBA-Marketing	38	14-Oct-1961	5-Nov-2018	-	-
4	Mr. Koushal Madan*	GM-MIS	187450	ICWA-Inter	23	10-Jan-1971	30-Nov-2009	Auro Spinning Mills	19 Jul, 019
5	Mr. M.P. Ranga Vitthal	DGM - Marketing	182663	B.Com	37	30-Jul-1962	15-Oct-2004	Pasupati Spinning & Waving Mills Ltd.	-
6	Mrs. Suman Kataria	AGM-Marketing	180000	-	-	27-Apr-1968	16-Jul-2018	-	-
7	Mr. Vinod Kodhol	DGM-Procurement (RM)	162000	B.COM	16	26-Oct-1980	1-Jun-2014	Rama Spinners	-
8	Mr. Rajeev Sharma	DGM- Marketing	158333	MBA	19	13-Mar-1976	1-Jun-2017	Vardhman Spinning Mills	-
9	Mr. Pankaj Kumar	DGM-Legal	150000	LLB	14	19-Jan-1977	7-Jan-2019	ISGEC Heavy Eng. Limited	-
10	Mr. Chetan Choudhary	DGM-Marketing	150000	B.COM	13	24-Jan-1980	6-Jun-2006	-	-

Mr. Ajay Kumar Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary, being the promoters and executive directors, are related to each other. However, Mr. Ajay Kumar Choudhary, Mr. Mukund Choudhary and Mr. Kapil Choudhary, the promoter directors of the Company have not received any remuneration for the financial year 2018-19 from the Company, in view of the financial difficulties being faced by the Company. There has been no increase in the remuneration of directors, CFO and Company Secretary during the financial year 2018-19. There were 65 permanent employees on the rolls at the Corporate Office of the Company as on 31st March, 2019. There was no employee who received remuneration in excess of limit prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Company affirms that remuneration is as per the remuneration policy of the Company.

The detailed statement as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is available for inspection at the Registered Office of the Company during business hours on all working days, 21 days before the Annual General Meeting and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

Deposits

The Company has not accepted or renewed any deposit during the year and there are no outstanding and/or overdue deposits as at 31st March, 2019.

Particulars of Loans, Guarantees or Investments

Details of loans, Guarantees and Investments covered under the provision of Section 186 of the Companies Act, 2013 are disclosed in the notes to the Financial Statements provided in this Annual Report.

Dividend

In view of loss suffered by the Company for the financial year ended on 31st March, 2019, your Directors do not recommend payment of any dividend.

Transfer of Reserves

The Board of Director of the Company, has decided not to transfer any amount to the Reserves for the year under the review.

Material changes and commitments affecting the financial position of the Company between the date of Board Report and end of Financial Year

There is no such material change and commitment affecting the financial position of the Company which have occurred between the end of financial year of the Company to which the financial statements relate and the date of the report.

Prevention of Sexual Harassment

To foster a positive workplace environment, free from harassment of any nature, the Company has in place a policy on Prevention of Sexual Harassment of Employees. The Company has complied with provisions relating to constitution of internal complaint committee to address and redress complaints of sexual harassment at the workplace in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, the Company has not received any complaint on sexual harassment.

Information Technology

Information Technology continues to be an integral part of the Company's business strategy. Recently, the Company has taken proactive technology and compliance software for the purpose of ensuing and monitoring timely regulatory and statutory compliances alongwith system controls in respect of risk and governance. The Company is working on SAP platform integrating all its units located at different places/ locations, its business processes, financial parameters, customer transactions and people, effectively on real time basis. Comprehensive security strategies have been framed and the controls have been designed to mitigate the risks and enhanced resistance to cyber-attacks.

Change in the nature of Business

During the year, there is no change in the nature of the business of the company.

Corporate Governance and Management Discussion and Analysis

As stipulated under SEBI Listing Regulations, 2015, a report on Corporate Governance is attached separately as a part of the Annual Report and Management Discussion and Analysis (MD & A) is included in this Report.

Secretarial Standards

The Company complies with all applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India.

Unsecured Loans

During the year 2018-19, The Company has received the following loans from the following Directors/promoters.

Sr. No.	Name of Director/Promoter	Amount (Rs.)
1	Mr. Ajay Kumar Choudhary	6,68,643
2	Mr. Mukund Choudhary	79,064
3	Mr. Kapil Choudhary	2,05,41,504
4	Ms. Jyoti Choudhary	4,20,298
5	Ms. Ritu Choudhary	23,11,640
	Total	2,40,21,149

Listing of Shares

Presently Company's shares are listed and traded at the BSE Ltd. and National Stock Exchange of India Ltd.

Conclusion

The Company enjoys leadership position in domestic market with strong competitive advantage in the export segment. However due to sluggish market, shortage of working capital and consequent losses in the recent past, the Company is currently in consolidation mode. We shall, however continue to explore the opportunities to make investments and progress to further strengthen our leadership position, once ongoing debt restructuring by the existing lenders is completed.

Acknowledgements

Your Directors take this opportunity to thank the Financial Institutions, Banks, Central and State Governments authorities, Regulatory authorities, Stock Exchanges, stakeholders, customers and vendors for their continuous support and co-operation, and for the trust reposed by them in the Management. Your Directors also wish to thank all the employees of the Company for their commitment and contributions.

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

Sd/-

Mukund Choudhary

Managing Director – cum - CEO

DIN - 00051529

Place: New Delhi

Dated: August 14, 2019

Annexure - 1 to the Board's Report

Pursuant to first proviso to Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014 AOC-1 (Statement containing salient features of financial statements of subsidiaries of the Company)

Sl. No.	Name of Subsidiary	Spentex (Netherlands)B.V.		Schoeller Textile (Netherlands)B.V.	
		USD	INR	EURO	INR
	Exchange Closing Rate (31.03.2019)	69.179		77.67	
	Date Since Subsidiary acquired/incorporated	24.07.2006		13.06.2007	
1	Share Capital (including share application money)	15,022,755 (15,024,745)	1,039,259,168 (978,246,122)	18,000 (18,000)	1,398,015 (1,454,715)
2	Reserves and Surplus	-50,600,285 (-48,430,819)	-3,500,477,116 (-3,153,282,194)	-17,753,443 (-17,753,443)	-1,378,865,534 (-1,434,788,880)
3	Total Assets (excluding investments)	22,392,077 (22,392,077)	1,549,061,495 (1,457,925,741)	(-) (-)	(-) (-)
4	Total Liability	57,993,764 (55,822,307)	4,011,950,600 (3,634,534,586)	17,735,443 (17,735,443)	1,377,467,519 (1,433,334,165)
5	Investment	24,156 (24,156)	1,671,088 (1,572,773)	- (-)	- (-)
6	Turnover	(-) (-)	(-) (-)	(-) (-)	(-) (-)
7	Profit(Loss) before Taxation	-2,171,457 (-1,647,027)	-151,763,347 (-106,143,973)	- (-2,865,073)	- (-216,056,014)
8	Provision for Taxation (Deferred Tax)	- (-)	- (-)	- (-)	- (-)
9	Profit(Loss) after Taxation	-2,171,457 (-1,647,027)	-151,763,347 (-106,143,973)	- (-2,865,073)	- (-216,056,014)
10	Proposed Dividend	- (-)	- (-)	- (-)	- (-)
11	% of Shareholding	91%		100% of SNBV	

* Figures shown in brackets represents previous year figures

Ex Rate (Closing Rate)	USD/INR	EURO/USD	EURO/INR
31.03.2019	69.18	1.122	77.67
31.03.2018	65.11	1.232	80.82
Ex Rate (Average Rate)	USD/INR	EURO/USD	EURO/INR
31.03.2019	69.89	1.158	80.90
31.03.2018	64.45	1.170	75.41

**Annexure - 2 to the Directors' Report
Form No. MR-3****SECRETARIAL AUDIT REPORT****For The Financial Year Ended On 31st March, 2019**

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,

The Members,

CLC Industries Limited

(formerly known as Spentex Industries Limited)

(L74899DL1991PLC138153)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CLC Industries Limited** (formerly known as Spentex Industries Limited) (hereinafter referred as "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also 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 31st March, 2019, 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 **CLC Industries Limited** (formerly known as Spentex Industries Limited) as given in **Annexure I** for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not applicable during the review period**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; - **Not applicable during the review period**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not applicable during the review period**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not applicable during the review period; and**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. **Not applicable during the review period**
- (vi) **OTHER APPLICABLE ACTS,**
 - (a) Employees' State Insurance Act, 1948, and rules made thereunder,
 - (b) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder,
 - (c) The Water (Prevention & Control of Pollution) Act, 1974, read with Water (Prevention & Control of Pollution) Rules, 1975,
 - (d) Environment (Protection) Act, 1986

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India.
2. The Listing Agreements entered into by the Company with BSE Ltd. and National Stock Exchange of India Ltd.
3. SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called "**SEBI Listing Regulations**").

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above
We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. However, due to resignation of Mr. Deepak Diwan and Mrs. Shivani Gupta, non-executive independent directors w.e.f 22nd November, 2018 and 29th November, 2018 respectively, the composition of the Board of Directors of the Company for the quarter ended as on 31st December, 2018, was inadequate by the shortfall of two Independent Directors as per the requirements stipulated in SEBI Listing Regulations. However, the Company had fulfilled the requirement of composition of Board by appointing Mohd. Asim and Ms. Honey Deep Kaur, Non-executive Independent Directors on 16th January, 2019 within the time period prescribed in Regulation 25(6) of SEBI Listing Regulations and the same was duly intimated to BSE & NSE, vide letter dated 17th January, 2019.
2. As per the provisions of Companies Act, 2013 read with the rules made thereunder and various Regulations of SEBI Listing Regulations, the Company has duly constituted the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee and uploaded the applicable policies at Company's website. However, due to the resignation of non-executive independent directors as explained in para 1, the composition of Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee for the quarter ended 31st December, 2018 was not properly constituted in accordance with the Act and SEBI Listing Regulations, although the

Company had fulfilled the composition of said Committees by appointing two Independent Directors within the time line prescribed under Regulation 25(6) of SEBI Listing Regulations.

Accordingly, as on 31st March, 2019, the Composition of all the aforesaid committees is duly constituted as per the provisions of Companies Act, 2013 and SEBI Listing Regulations. Further, the constitution of Risk Management Committee and Corporate Social Responsibility is not applicable on the Company; however company has deliberately formulated the committees and same is duly constituted.

3. The Company vide special resolution passed by the shareholders on 19th June, 2018 by way of postal ballot/e-voting has changed its name from "Spentex Industries Limited" to "CLC Industries Limited" and Fresh Certificate of Incorporation dated 19th July, 2018 has been issued by Registrar of Companies, NCT of Delhi & Haryana. However, pursuant to Regulation 45(3) of SEBI Listing Regulations, Company had made an application vide letter dated 21st May, 2018 seeking in-principal approval from NSE and BSE, and the said application had only been approved by BSE on 28th June, 2018. However, both the stock exchanges have not issued the approval letter on account of outstanding listing fees payable by the Company and the name of the Company has not been changed in the records of NSE and BSE.
4. The Company has duly complied with the provisions of Regulation 22 of SEBI Listing Regulations and Section 177 of Companies Act, 2013 in respect of formulation of Vigil Mechanism for its Directors and Employees.
5. 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.
6. 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.
7. The Company has not paid the Statutory Dues such as EPF (Employee Provident Fund) Dues, TCS (Tax Collected at Source) and the Statutory Returns in respect of aforesaid have also not been filed. As per management, the Company is in advanced stage for restructuring of its debts and the aforesaid dues will be paid as and when funds are available with the Company.
8. The Company has not paid amount related to TDS (Tax Deducted at Source) for the year ended on 31st March, 2019, and Statutory Returns in respect of aforesaid has been filed after the due dates of respective quarters. As per management, the Company is in advanced stage for restructuring of its debts and the aforesaid dues will be paid as and when funds are available with the Company.
9. Goods and Service Tax Return for the month of March 2019 was not filed by the Company due to the financial crunch.
10. The Board of Directors of the Company has appointed Key Managerial Personnel and Internal Auditor of the Company as required under Sections 203 and 138 of the Companies Act, 2013 read with the rules made thereunder.
11. The Company has not paid Annual Listing Fees to BSE Limited ("BSE") and National Stock Exchange of India Ltd ("NSE"), recognized stock exchange(s) for the Financial Year 2018-19 due to financial crunch and huge losses being incurred by the Company, hence provisions mentioned in Regulation 14 of SEBI Listing Regulation has not been complied with.
12. That Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
13. In the year 2015, the Company had received share application money amounting to Rs. 4,50,50,000/- and Rs. 6,59,00,000/- from CLC Technologies Private Limited and CLC & Sons Private Limited respectively (herein referred as Promoters/Promoter Group), for issuance of 1,10,95,000 equity shares of Rs. 10/- each. Pursuant to Regulation 28 of SEBI Listing Regulations, Company had made an application to NSE and BSE for obtaining in-principle before issuing shares. However, due to the non issuance of No Objection Certificate (NOC) by the Lead Bank -State Bank of India in the capacity of pledgee, the Regulation 167 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (herein referred as "ICDR" Regulations) could not be fulfilled, therefore, In-principal approval was not granted by BSE and NSE. Due to non availability of In-principal approval, Company had not allotted shares and nor repaid the application money.
Board of Directors of the Company, vide its meeting dated 13th February, 2019, approved to treat the share application money pending for allotment amounting to Rs. Rs. 11,09,50,000/- as deposit in terms of the provisions mentioned in Rule 2 (1) (c) of Companies (Acceptance of Deposits) Rules, 2014. However, necessary approvals from respective authorities are still pending.
14. The Company was required to deposit/ invest a sum of at least 15% of the amount of the Debentures maturing during the year 2017-2018 in one or more prescribed methods as detailed vide Ministry of Corporate Affairs (MCA) Circular no. 04/2013 dated February 11, 2013 and it had not complied with the requirement of the said circular. However, the Company has made application to the Securities and Exchange Board of India (SEBI) to provide exemption in this matter, which is still awaited.
15. The Company has duly maintained Minutes of the Board Meetings and Annual General Meeting of the Company, held during the Financial Year 2018-2019, in accordance with Section 118 of the Companies Act, 2013 and applicable Secretarial Standards 1 & 2 (SS1 & SS2) issued by the Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and there were no specific events / actions having a major bearing on the company's affairs except following:

- Based on the Financial Statements for the year ended 31st March, 2019, the Company's net worth has been eroded as on March 31, 2019 and accumulated losses of the Company had exceeded its net worth. It is further to note that, majority of Indian Lenders have categorized borrowing of the Company as Non Performing Assets (NPA) and have issued notice under Section 132(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002, ("SARFAESI Act") and some lenders have also filed application before Debt Recovery Tribunal ("DRT"). As per management view, accumulated losses would be wiped off, the profitability shall be improved and the net worth will turn positive once financial restructuring is carried out by the lenders and requisite capital is raised.

**For Loveneet Handa & Associates
(Practicing Company Secretary)**

Sd/-

Loveneet Handa

FCS NO: 9055

C.P No: 10753

**New Delhi
August 05, 2019**

CLC INDUSTRIES LIMITED

Annexure - I

Documents examined/verified while conducting secretarial audit:

- (a) Books , Papers, as per Section 2 (12) of Companies Act, 2013,"book and paper" and "book or paper" include books of account, deeds, vouchers, writings, documents, minutes and registers maintained on paper or in electronic form. (Registers Maintained by RTA)
- (b) Memorandum of Association
- (c) Articles of Association
- (d) Certificate of Incorporation
- (e) Audited balance sheet(s)
- (f) Statutory Registers maintained by the Company i.e, Register of Members/ Register of Charges/ Register of Directors' Shareholding/ Register of Contract/ Register of Investment etc.
- (g) Minutes of the Board meetings, Annual General Meeting, Stakeholders Relationship Committee Meeting, Audit Committee Meeting and Nomination & Remuneration Committee Meeting.
- (h) Notice of calling Annual General Meeting along with the explanatory statement.
- (i) Copy of documents related to the appointment/Resignation of Statutory Auditor of the company
- (j) Copy of Internal Audit Report given by Internal Auditor appointed u/s 138 of Companies Act, 2013.
- (k) Notices of disclosure of directors' interests in Form No. MBP-1 as well as specific notices received from time to time from the directors and recorded in the minutes of Board meetings

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

ANNEXURE A'

To,

The Members,

CLC INDUSTRIES LIMITED

(formerly known as **Spentex Industries Limited**)

A-60 Okhla Industrial Area,

Phase II, New Delhi-110020

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the company with respect to secretarial compliances.
8. We believe that audit evidence and information obtained from the company's management is adequate and appropriate for us to provide a basis for our opinion.
9. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

NOTE: It is stated that compliance of all the applicable provisions of the Companies Act 2013, is the responsibility of the management. Our examination of test check basis was limited to the procedures followed by the company for ensuring the compliance with the provision. We state that such compliance is neither an assurance as to the viability of the company nor the efficiency of effectiveness with which the management has conducted its affairs.

For Loveneet Handa & Associates
(Practicing Company Secretary)

Sd/-

Loveneet Handa

FCS NO: 9055

C.P No: 10753

New Delhi

August 05, 2019

Annexure-3 to the Board's Report

Information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rule, 2014 and forming part of the Board's Report for the year ended March 31, 2019.

A. CONSERVATION OF ENERGY:

During the year under review continuous efforts were being made to ensure optimum utilization of fuel and electricity and reduction of energy costs.

a. Energy conservation measures taken

The Company is continuously taking steps in energy conservation by installing and developing fuel efficient equipment and accessories such as installation of electronic chokes in place of copper chokes resulting in lower consumption of power. Some energy efficient water pumps etc., humidification plant & energy efficient spindles, were installed in financial year 2016-17 but due to financial crunch, the units were not able to conserve energy which did not show any improvement in consumption of power. Butibori unit took steps to reduce energy cost by negotiating strongly resulting in significant reduction in energy rates.

b. Relevant data in respect of energy consumption is as below:

	Current Year 2018-19	Previous Year 2017-18
A. Power and Fuel Consumption		
Electricity		
a. Purchased		
- Total Units consumed (KWH)	6,10,02,158	9,40,25,036
- Total Amount (Rs. in Lakh)	4,240.43	6,016.48
Rate/unit (Rs.)	6.95	6.40
b. Own Generation (Through Genset)		
- Units (KWH)	Nil	56,120
- Units per litre of Diesel/Furnace Oil	Nil	3.63
- Cost/Unit (Rs)*	Nil	18.88
B. Electricity Consumption (Units) Per Kg. of Production of yarn	3.06	3.10

B. TECHNOLOGY ABSORPTION:

RESEARCH & DEVELOPMENT (R&D):

1. Specific areas in which R&D has been carried out by the Company:

Continuing to identify improvements to processes through property documented systems to strengthen yarn quality, improve productivity and effective maintenance. The Company has carried out Research & Development for development of new products and for improvement in the production process and quality of products. The Company has been able to launch of new products e.g SIRO yarn, Melange yarn, Acrylic /Cotton Blended yarn & Core spun yarn of different fibre mixtures which have been successful in the market.

2. Benefits derived as result of the above R & D

The Company has been continuously improving the quality of its existing products and entered into new products and also been able to reduce the cost of production for meeting customer requirements and effective resource utilization,

3. Future plan of action:

Identifying measures to further improve productivity and there by contribution per unit of production. Management is committed to strengthen R & D activities further to improve its competitiveness in times to come.

4. Expenditure on R & D.

a. Capital		Nil
b. Revenue		Nil
c. Total		Nil
d. Total R & D Expenditure as percentage of total turnover		Nil

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

a) Efforts: upgrading machines with technologically advanced accessories and spares.

b) Benefits: Higher output and improved quality of product

c) Technology imported during the last 5 years: None

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Efforts: Significant exports to various countries round the globe on very competitive prices have brought in foreign exchange to the National Ex-chequer.

2. Earnings and Outgo : Particulars with regard to foreign exchange earnings and outgo appear in notes to accounts.

For and on behalf of Board of Directors

Sd/-

Mukund Choudhary

Managing Director - cum - CEO

DIN - 00051529

Place : New Delhi

Dated: August 14, 2019

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2018-19

(Pursuant to Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is aimed at conducting business ethically, efficiently and in a transparent manner, fulfilling its corporate responsibilities to various stakeholders retaining and enhancing investor trust. It is based on a firm commitment towards desired accountability, transparency, responsibility and fairness in all aspects of business through effective internal control mechanisms and proactive risk management system for upholding values and ethos of corporate citizenship. The Company is committed to enhance long-term shareholders' value and respect minority rights in addition to complying with all statutory requirements in respect of Corporate Governance.

2. Board of Directors

As on 31st March, 2019, the strength of the Board of Directors is five directors including three Non-executive Independent Directors. However, as on the date of this report, the Board of Directors of the Company comprises of 4 Directors. Out of the 4 Directors, two directors are Executive Directors constituting 50 % and two directors are Non Executive Independent Directors including one woman director constituting 50% of the Board Strength.

During the year under review, 4 Board Meetings were held and the maximum time gap between any two meetings did not exceed 120 days (as stipulated by law in force). The respective dates on which Board Meetings were held are 28th May, 2018, 14th August, 2018, 14th November, 2018, and 13th February, 2019.

The names and category of the Directors on the Board, their attendance at the Board Meetings and last Annual General Meeting and number of Directorships and Committees Chairmanships/Memberships of each Director in other companies are as under:

Name of Director	Relationship with each other	No. of Board Meetings Attended	No. of Directorship(s) and Chairmanship(s)/ Membership(s) of Board/Committees of other companies as on 31.03.2019			Attendance at Last AGM
			Directorship*	Member**	Chairperson **	
Promoters & Executive Directors:						
Mr. Ajay Kumar Choudhary (Chairman) ¹	Father of Mr. Mukund Choudhary and Mr. Kapil Choudhary	3	1	-	-	Yes
Mr. Mukund Choudhary (Managing Director cum CEO)	Son of Mr. Ajay Kumar Choudhary	4	2	-	-	Yes
Mr. Kapil Choudhary (Deputy Managing Director-cum-COO)	Son of Mr. Ajay Kumar Choudhary	4	2	-	-	Yes
Non Executive/Independent Directors:						
Mr. Deepak Diwan ²	No inter-se relation with any director	3	-	-	-	Yes
Mrs. Charul Jain ³	No inter-se relation with any director	1	-	-	-	N.A
Mrs. Shivani Gupta ⁴	No inter-se relation with any director	2	7	2	-	Yes
Mr. Kapoor Chand Garg ⁵	No inter-se relation with any director	3	2	1	-	Yes

Name of Director	Relationship with each other	No. of Board Meetings Attended	No. of Directorship(s) and Chairmanship(s)/ Membership(s) of Board/Committees of other companies as on 31.03.2019			Attendance at Last AGM
Non Executive/Independent Directors:			Directorship*	Member**	Chairperson **	Yes/No
Ms. Honey Deep Kaur ⁶	No inter-se relation with any director	1	-	-	-	NA
Mohd. Asim ⁶	No inter-se relation with any director	1	-	-	-	NA
Nominee Director (Nominated by Axis Trustee Services Ltd.)						
Mr. Rajinder Kumar Jain ⁷	No inter-se relation with any director	1	-	-	-	NA

Note

- A. The Directorship(s) held by Directors do not include Alternate Directorships and Directorships of Foreign Companies, Private Limited Companies and Section 8 Companies.
- B. In accordance with Regulation 26 of SEBI Listing Regulations, 2015, disclosure includes memberships/chairmanship of only Audit Committees and Stakeholders Relationship Committees of all Indian Public Limited Companies (excluding CLC Industries Limited). None of the directors of the Company was a member of more than ten committees of Board nor was a chairperson of more than five committee across all listed entities in which he is a director.
 1. Mr. Ajay Kumar Choudhary, Chairman has resigned as member of the Board and chairman of the Company w.e.f closure of business hours on 31st March, 2019 due to health reasons & social commitment.
 2. Mr. Deepak Diwan has resigned as Non-Executive Independent Director of the Company w.e.f 22nd November, 2018 due to advanced age and other commitments.
 3. Mrs. Charul Jain was appointed as an Additional Director on 29th November, 2017 and her office of directorship has been vacated at Annual General Meeting held on 27th September, 2018 in terms of Section 161 and other applicable provisions of the Companies Act, 2013.
 4. Mrs. Shivani Gupta was appointed as Non-Executive Independent Director of the Company w.e.f 17th July, 2018 and she has resigned as member of the Board w.e.f 29th November, 2018 due to her personal reasons.
 5. Mr. Kapoor Chand Garg was appointed as Non-Executive Independent Directors w.e.f. 17th July, 2018 and he has resigned as member of the Board w.e.f 11th June, 2019 due to his personal reasons.
 6. Ms. Honey Deep Kaur and Mohd. Asim are appointed as Non-Executive Independent Directors w.e.f. 16th January, 2019.
 7. Mr. Rajinder Kumar Jain was appointed as Nominee Director (representing Axis Bank Ltd, a debenture holder of the Company) on the Board of Company w.e.f 28th May, 2018 and he has resigned as member of the Board w.e.f 23rd November, 2018.

Details of shares held by the Non-Executive Directors as on 31st March 2019

Name	No. of shares held	Name	No. of shares held
Mr. Kapoor Chand Garg	Nil	Ms. Honey Deep Kaur	Nil
Mohd. Asim	Nil		

Board Agenda

Meetings are governed and regulated by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are circulated at least seven days prior to the Board meeting.

Information supplied to the Board

1. Annual operating plans of business, Capital budget and updates.
2. Quarterly results of the Company and its operating divisions/manufacturing units, subsidiary and step-down subsidiary companies and business segments.
3. Performance of manufacturing units and functioning of key executives.
4. Performance on Quality Standards

5. Minutes of meetings of audit committee and other committees of the board, and also resolutions passed by circulation.
6. The information on recruitment and remuneration of senior officials just below the Board level, including appointment or removal of the Chief Financial Officer and Company Secretary.
7. Details of joint venture or collaboration agreements entered into.
8. Borrowings, term Loans and Investment of surplus funds as and when happened.
9. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
10. Notices like show cause, demand, penalty, prosecution which are materially important.
11. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
12. Any material default in financial obligations to and by the company and also non-receipt of payments for goods sold by the Company.
13. Significant labor problems and their proposed solutions, significant developments in Human Resources/Industrial Relations front like signing of Wage Agreements etc.
14. Investments in subsidiaries, foreign exchange exposures and steps taken to manage exchange rate movement and adverse exchange ratio etc.
15. Sale of investment/subsidiaries/assets, which are material in nature and is not in normal course of business.
16. Fulfillment of various regulatory and statutory compliances/listing requirements. All other matters required to be placed before the Board for its review / information / approval under the statutes, including SEBI Listing Regulations or as may be directed by the Board are placed before it.

Post-meeting follow-up mechanism

The Governance processes in the Company include an effective post-meeting follow-up, review and reporting process for decisions taken / pending decisions of the Board and Committees. The draft minutes of the Board and its Committees are circulated to the members for their comments and then the minutes are entered in the minutes book within 30 days of the conclusion of the meeting. Action-taken report on decisions / minutes of the previous meeting(s) is placed at the succeeding meeting of the Board for noting.

Disclosure of Appointment/Re-appointment of Directors at the Annual General Meeting

In terms of Articles of Association of the Company, one-third of the Directors, liable to retire by rotation, shall retire by rotation and, if eligible, seek re-appointment at each Annual General Meeting of Shareholders. Mr. Kapil Choudhary, Deputy Managing Director (DIN-00051580) will retire at the ensuing Annual General Meeting and being eligible seeks for re-appointment. The Board has recommended the re-appointment of Mr. Kapil Choudhary.

The Board of Directors, at their meeting held on 14th November, 2018, appointed Mr. Mukund Choudhary, Managing Director as Chief Executive Officer in addition to his current designation as Managing Director of the Company, subject to regulatory and other approvals. Further, the current term of Mr. Mukund Choudhary as Managing Director expired on 20th June, 2019 and the Board of Directors at their meeting held on 13th February, 2019 approved the re-appointment of Mr. Mukund Choudhary as Managing Director-cum-CEO for a further period of five years with effect from 21st June, 2019 to 20th June, 2024 subject to the approval of the members.

Board of Directors has, by way of circular resolution dated 17th October, 2018, designated Mr. Kapil Choudhary as Chief Operating Officer w.e.f 17th October, 2018 in addition to his current designation as Deputy Managing Director and accordingly, Mr. Kapil Choudhary is discharging the functions of Chief Operating Officer simultaneously with his current designation as Deputy Managing Director of the Company.

Ms. Honey Deep Kaur and Mohd. Asim are appointed as Additional Directors - Non-Executive Independent Directors of the Company w.e.f 16th January, 2019, who hold office till the date of conclusion of forthcoming Annual General Meeting of the Company.

As per Regulation 36 of SEBI Listing Regulations, 2015, the brief details of the directors proposed to be appointed/re-appointed/continued are given in the notice of 27th Annual General Meeting.

Independent Directors' Meeting

In compliance with Regulation 25 of SEBI Listing Regulations, 2015, during the year under review, the Independent Directors met on 13th February, 2019, inter alia to discuss:

1. The performance of non-independent directors and the Board as a whole;
2. To review the roles played by the promoter directors and other key managerial personnel on the Board in the functioning of the Company.
3. To assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.

All the independent directors attended the above meeting. In the opinion of the Board, the independent directors fulfill the conditions specified in SEBI Listing Regulations, 2015 and are independent of the management.

Code of Conduct for Independent Directors

Pursuant to the provisions of Sub section (6) of Section 149 read with schedule IV of the Companies Act, 2013 and Regulation 17 of SEBI Listing Regulations, 2015, a "Code of Conduct" has been approved for Independent Directors reflecting underlying core values, commitment of personal integrity, respect for the individual, transparency, fairness, accountability, etc being some of the pursuits for achieving desired excellence in Corporate governance of the Company. The code is available on the website of the Company www.clcindia.com

Familiarization Programme for Independent Directors

Pursuant to Regulation 25 of SEBI Listing Regulations, 2015, the Company has in place a system to familiarize the Independent Directors about the Company, their roles, rights, responsibilities in the company, nature of the business and the on-going events relating to the Company. The Company has formulated a policy on familiarization programme for Independent Directors. The Policy is available on the website of the Company www.clcindia.com.

The Company sends a formal invitation to new appointees to join the Board of the Company, on receipt of acceptance from the appointee, detailed information is provided along with letter of appointment i.e. functions of the Board, duties and responsibilities of director and compliances to be fulfilled under Companies Act, SEBI Listing Regulations and other relevant regulations. The Chairman and Managing Director also have one to one discussion with the newly appointed Director to familiarize him with the Company's operations. Further, on an ongoing basis as a part of Agenda of Board / Committee Meetings, presentations are regularly made to the Independent Directors on various matters inter-alia covering the Company's and its subsidiaries and operations, industry and regulatory updates, strategy, finance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters.

3. Audit Committee

The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures

- ♦ efficiency and effectiveness of operations,
- ♦ safeguarding of assets and adequacy of provisions for all liabilities;
- ♦ reliability of financial and other management information and adequacy of disclosures;
- ♦ compliance with all relevant statutes.

The primary objective of the audit committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures with the highest levels of transparency, integrity and quality of financial reporting. The committee oversees the work carried out in the financial reporting process by the Management, the internal auditors and statutory auditors.

The Audit Committee consists of two Non-Executive Independent Directors and one Executive Director.

During the year under review, the Board of Directors has, by way of circular resolution dated 18th July, 2018 re-constituted the Audit Committee by inducting Mrs. Shivani Gupta in place of Mrs. Charul Jain and accordingly, Audit Committee comprised of two Non-Executive Independent Directors namely Mr. Deepak Diwan (Chairman), Mrs. Shivani Gupta and one Executive Director namely Mr. Kapil Choudhary.

Subsequently, due to resignation of Mr. Deepak Diwan and Mrs. Shivani Gupta as Independent Directors, Board of Directors, by way of circular resolution dated 17th January, 2019, re-constituted Audit Committee by inducting Mr. Kapoor Chand Garg and Ms. Honey Deep Kaur as member of Audit Committee. Accordingly, as on 31st March, 2019, Audit Committee comprised of Mr. Kapoor Chand Garg (Chairman), Ms. Honey Deep Kaur and Mr. Kapil Choudhary members of Audit Committee.

Subsequently, the Board of Directors has, by way of circular resolution dated 30th July, 2019 re-constituted the Audit Committee by appointing Mohd. Asim in place of Mr. Kapoor Chand Garg, who has resigned from the Board w.e.f 11th June, 2019 and accordingly, as on the date of this report, Audit Committee comprises of two Non-Executive Independent Directors namely Ms. Honey Deep Kaur (Chairman), Mohd. Asim and one Executive Director namely Mr. Kapil Choudhary.

The composition of the committee fulfills the requirements as prescribed under Section 177 of the Companies Act, 2013 and Regulations 18 of SEBI Listing Regulations, 2015.

The Audit Committee members have the requisite accounting and financial management expertise. Statutory Auditors and Internal Auditor are invitees at the meetings of Audit Committee. The Company Secretary acts as Secretary to the Audit Committee.

The terms of reference / powers of the Audit Committee include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Review and recommend the Revenue budgets and Capital budgets followed by updates from time to time.
3. Recommendation for the appointment/re-appointment, remuneration and terms of appointment of the Statutory Auditors, Cost Auditor and the fixation of audit fees.
4. Reviewing the efficiency and effectiveness of internal audit function, adequacy of the internal control systems and other services rendered by the statutory auditors.
5. Reviewing the functioning and weaknesses, if any, observed by the internal auditors, management opinion on such weaknesses and solutions from time to time.
6. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to (a) matters required to be included in directors responsibility statement as per clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013, (b) changes in accounting policies and practices, (c) major accounting entries involving estimates based on the exercise of judgement by management, (d) significant adjustment made in the financial statements arising out of audit findings, (e) compliances with listing and other

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legal requirements relating to financial statements; (f) disclosure of related party transactions and (g) modified opinion(s) in the draft audit report.

7. Reviewing, with the management, the quarterly financial results before submitting it to the Board for approval.
8. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
9. approval or any subsequent modification of transactions of the listed entity with related parties;
10. scrutiny of inter-corporate loans and investments;
11. valuation of undertakings or assets of the company, wherever it is necessary;
12. evaluation of internal financial controls and risk management systems;
13. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
14. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
15. discussion with internal auditors on any significant findings and follow up there on;
16. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
18. To look into the reasons for any default/delay, if any, in the payment to the Lenders/Bankers/Financial Institutions, Debenture holder, Creditors and Shareholders (in case of dividend declaration).
19. Reviewing the functioning of the Whistle Blower mechanism;
20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

During the year under review, 4 Audit Committee Meetings were held on 28th May, 2018, 14th August, 2018, 14th November, 2018, and 13th February, 2019.

The details of attendance of each member at the Audit Committee Meetings during the year 2018-19 are as follows:

Name of the Member	No. of Audit Committee Meetings Attended
Mr. Deepak Diwan ¹	3
Mr. Kapil Choudhary	4
Mrs. Charul Jain ²	1
Mrs. Shivani Gupta ³	2
Ms. Honey Deep Kaur ⁴	1
Mr. Kapoor Chand Garg ⁵	1

Notes:

1. Mr. Deepak Diwan has resigned as Non-Executive Independent Director of the Company and consequently, he ceased to be chairman of the Committee w.e.f 22nd November, 2018.
2. Mrs. Charul Jain ceased to be member of Audit Committee w.e.f 18th July, 2018.
3. Mrs. Shivani Gupta was inducted as member of Audit Committee on 18th July, 2018 and she ceased to member of the Committee w.e.f 29th November, 2018.
4. Ms. Honey Deep Kaur was inducted as member of Audit Committee w.e.f 17th January, 2019.
5. Mr. Kapoor Chand Garg was appointed as Chairman of Audit Committee w.e.f 17th January, 2019 and he ceased to be chairman of Audit Committee w.e.f. 11th June, 2019.

Related Party Transactions

Pursuant to Regulation 23 of SEBI Listing Regulations, 2015, the Company has in place a policy on materiality of Related Party Transactions. The Policy is available on the website of the Company www.clcindia.com.

Pursuant to Regulation 23 of SEBI Listing Regulations, 2015 read with Section 188 of the Companies Act, 2013, all material Related Party Transactions are placed before the Audit Committee on quarterly basis and as per nature of the transactions there was no need to seek approval of the shareholders of the Company as such related party transactions are under the limit/exempted from such approval(s). The Audit Committee has granted omnibus approval for Related Party Transactions on yearly basis as per the particulars placed before the Committee.

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board, inter alia, reviews/recommends to the Board, the appointment and remuneration package of Executive / Non-Executive / Independent Directors and the senior most personnel i.e. one level below the Board of Directors on the basis of performance and defined criteria/HR Policies.

During the year under review, the Board of Directors has, by way of circular resolution dated 18th July, 2018 re-constituted the Nomination & Remuneration Committee by appointing Mrs. Shivani Gupta in place of Mr. Kapil Choudhary. Subsequently, the Board of Directors has, by way of circular resolution dated 28th September, 2018 re-constituted the Nomination & Remuneration Committee by appointing Mr. Kapoor Chand Garg in place of Mrs. Charul Jain and accordingly, Nomination & Remuneration Committee comprised of three Non-Executive Independent Directors namely Mr. Deepak Diwan (Chairman), Mrs. Shivani Gupta and Mr. Kapoor Chand Garg.

Subsequently, due to resignation of Mr. Deepak Diwan and Mrs. Shivani Gupta, Independent Directors - members of the committee, Board of Directors, by way of circular resolution dated 17th January, 2019, re-constituted Nomination & Remuneration Committee by inducting Mohd. Asim and Ms. Honey Deep Kaur as members of Nomination & Remuneration Committee. Accordingly, as on 31st March, 2019, Nomination & Remuneration Committee comprised of Non-Executive Independent Directors namely Mr. Kapoor Chand Garg (Chairman), Mohd. Asim and Ms. Honey Deep Kaur as members of Nomination & Remuneration Committee. Hence, as on 31st March, 2019, the Composition of Nomination and Remuneration Committee meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year, three Nomination and Remuneration Committee Meeting was held on 28th May, 2018, 14th November, 2018 and 13th February, 2019. The details of attendance of each member at the Nomination & Remuneration Committee Meetings during the year 2018-19 are as follows:

Name of the Member	No. of Audit Committee Meetings Attended
Mr. Deepak Diwan ¹	2
Mr. Kapil Choudhary	1
Mrs. Charul Jain ²	1
Mrs. Shivani Gupta ³	1
Ms. Honey Deep Kaur ⁴	1
Mohd. Asim ⁴	1
Mr. Kapoor Chand Garg ⁵	2

Notes:

1. Mr. Deepak Diwan ceased to be chairman of the Committee w.e.f 22nd November, 2018.
2. Mrs. Charul Jain ceased to be member of the Committee w.e.f 27th September, 2018.
3. Mrs. Shivani Gupta was inducted as member of the Committee on 18th July, 2018 and she ceased to member of the Committee w.e.f 29th November, 2018.
4. Ms. Honey Deep Kaur and Mohd. Asim were inducted as member of the Committee w.e.f 17th January, 2019.
5. Mr. Kapoor Chand Garg was inducted as member of the Committee w.e.f 28th September, 2018. He was appointed as Chairman of the Committee w.e.f 17th January, 2019 and he ceased to be chairman of the Committee w.e.f. 11th June, 2019.

The terms of reference of the Committee include the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. Leadership development.
7. Overseeing performance appraisal system.
8. Such other matters as may be decided by the committee from time to time.

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The Remuneration of Executive Directors is in accordance with Schedule V of the Companies Act, 2013 and approved by members of the Company. The Company does not have any ESOP Scheme.

Details of remuneration/sitting fees paid to Directors for the financial year 2018-19 are as under:

(₹ In Lakh)

Name of Director	Sitting Fee for Board Meeting(s)	Sitting Fee for Nomination and Remuneration Committee Meeting(s)	Sitting Fee for Audit Committee Meeting(s)	Salaries and Perquisites p.a. #	Total
Executive Directors					
Mr. Ajay Kumar Choudhary	-	-	-	-	-
Mr. Mukund Choudhary	-	-	-	-	-
Mr. Kapil Choudhary	-	-	-	-	-
Non Executive/ Independent Directors					
Mr. Deepak Diwan	0.43	0.05	0.25	-	0.73
Mrs. Charul Jain	0.11	-	0.05	-	0.16
Mrs. Shivani Gupta	0.22	0.05	0.10	-	0.37
Mr. Kapoor Chand Garg	0.33	0.10	0.05	-	0.48
Ms. Honey Deep Kaur	0.11	0.05	0.05	-	0.21
Mohd. Asim	0.11	0.05	-	-	0.16
Nominee Director:					
Mr. Rajinder Kumar Jain	0.11	-	-	-	0.11

Executive Directors have voluntarily requested the Company not to pay remuneration for the period from April, 2018 to March, 2019 keeping in mind the financial difficulties being faced by the Company.

1. Mr. Ajay Kumar Choudhary, Chairman has resigned as member of the Board and chairman of the Company w.e.f closure of business hours on 31st March, 2019.
2. Mr. Deepak Diwan has resigned as Non-Executive Independent Director of the Company w.e.f 22nd November, 2018.
3. Mrs. Charul Jain was appointed as Additional Director on 29th November, 2017 and she has vacated her office of directorship at Annual General Meeting held on 27th September, 2018 in terms of Section 161 and other applicable provisions of the Companies Act, 2013.
4. Mrs. Shivani Gupta was appointed as Non-Executive Independent Director of the Company w.e.f 17th July, 2018 and she has resigned as member of the Board w.e.f 29th November, 2018
5. Mr. Kapoor Chand Garg was appointed as Non-Executive Independent Directors w.e.f. 17th July, 2018 and he has resigned as member of the Board w.e.f 11th June, 2019.
6. Ms. Honey Deep Kaur and Mohd. Asim are appointed as Non-Executive Independent Directors w.e.f. 16th January, 2019.
7. Mr. Rajinder Kumar Jain was appointed as Nominee Director (representing Axis Bank Ltd, a debenture holder of the Company) on the Board of Company w.e.f 28th May, 2018 and he has resigned as member of the Board w.e.f 23rd November, 2018.

Performance Evaluation

In terms of the applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of Board Committees. As required under SEBI Listing Regulations, 2015, the Company has formulated a policy on Appointment and Evaluation of Board of Directors, Key Managerial Personnel & Senior Management Personnel as defined under the Companies Act' 2013. The criteria for performance evaluation of directors has been laid down in the aforesaid policies and approved by Nomination and Remuneration Committee. The policies are available on the website of the Company www.clcindia.com

5. Stakeholders Relationship Committee:

The Company has constituted a Stakeholders Relationship Committee to ensure timely services to the members/shareholders and to supervise the performance of the Registrar and Share Transfer Agent and to provide the best services to the investors. It is also empowered to approve transfer, transmission and transposition of shares, issue duplicate share certificates, etc. from time to time.

During the year under review, the Board of Directors has, by way of circular resolution dated 17th January, 2019 re-constituted the Stakeholders Relationship Committee by appointing Ms. Honey Deep Kaur as Chairman of Stakeholders Relationship Committee in place of Mr. Deepak Diwan, who has resigned from the Board of the Company on 22nd November, 2018. Accordingly, as on 31st March, 2019, Stakeholders Relationship Committee comprised of three members viz. Ms. Honey Deep Kaur (Chairman) - Non-executive and Independent Director, Mr. Mukund Choudhary and Mr. Kapil Choudhary - Executive Directors of the Company.

The Committee members meet from time to time, inter alia, to look into redressal of shareholders' grievances such as transfer, transmission, dematerialization of shares, issue of duplicate share certificates besides supervising the mechanism of investor grievance redressal to ensure cordial investor relations.

During the year under review, 4 committee meetings were held on 5th April, 2018, 5th July, 2018, 5th October, 2018 and 18th January, 2019. All the members of the Committee attended the meetings.

The details of attendance of each member at the Stakeholders Relationship Committee Meetings during the year 2018-19 are as follows:

Name of the Director	No. of Stakeholders Relationship Committee Meetings Attended
Mr. Deepak Diwan	3
Mr. Mukund Choudhary	4
Mr. Kapil Choudhary	4
Ms. Honey Deep Kaur	1

During the year under review, the Company has not received any complaint from the investors through SEBI SCORE Platform, however, the Company has received 24 complaints directly from investors and the same were redressed. There was no complaint pending as on 31st March 2019.

Presently, Mr. Bharat Kapoor, Company Secretary is the compliance officer of the Company.

6. Banking Committee

The Banking Committee of the Board, inter alia, authorizes company officials to execute/sign various documents/cheques for availing various credit facilities/term loan provided by the Banks from time to time. The Board of Directors review the various credit facilities sanctioned/restructured by Banks from time to time and confirm the minutes approved by the Banking Committee in the succeeding Board Meeting.

During the year under review, the Board of Directors has, by way of circular resolution dated 17th January, 2019 re-constituted the Banking Committee comprising of four members viz. Mr. Ajay Kumar Choudhary, Mr. Mukund Choudhary, Mr. Kapil Choudhary - Executive Directors and Ms. Honey Deep Kaur- Independent Director.

During the year, 6 Committee meetings were held on 21st August, 2018, 19th September, 2018, 13th November, 2018, 18th January, 2019, 13th February, 2019 and 26th March, 2019.

The details of attendance of each member at the Banking Committee Meetings during the year 2018-19 are as follows:

Name of the Director	No. of Banking Committee Meetings Attended
Mr. Mukund Choudhary	6
Mr. Kapil Choudhary	6
Mr. Deepak Diwan	4
Mr. Ajay Kumar Choudhary	2
Ms. Honey Deep Kaur	2

7. Corporate Social Responsibility Committee

In accordance with the provisions of Section 135 of the Companies Act, 2013 and the relevant rules, the Corporate Social Responsibility (CSR) Committee of the Board has been constituted and the Company has framed a CSR Policy in compliance with the provisions of the Act and the same is placed on the Company's website www.clcindia.com. The CSR Policy lays down areas of activities, thrust area, types of projects, programs, modes of undertaking projects/ programs, resources etc.

During the year under review, the Board of Directors has, by way of circular resolution dated 17th January, 2019 re-constituted the Corporate Social Responsibility Committee by appointing Ms. Honey Deep Kaur as Chairman in place of Mr. Deepak Diwan, who has resigned from the Board of the Company on 22nd November, 2018. Accordingly, as on 31st March, 2019, Corporate Social Responsibility Committee comprised of three members viz. Ms. Honey Deep Kaur (Chairman) - Non-executive and Independent Director, Mr. Mukund Choudhary and Mr. Kapil Choudhary - Executive Directors of the Company. During the year, no meeting of the committee is held.

8. Risk Management Committee

The Board of Directors of the Company has constituted a Risk Management Committee and defined its roles and responsibilities. Risk Management Committee comprises of Mr. Mukund Choudhary (Chairman), Mr. Kapil Choudhary, Executive Directors and Mr. Kamal Kant Goyal, Manager - Banking of the Company. No Risk Management Committee meeting was held during the year.

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The Company has in place a Risk Management Policy including inter alia Risk Management and Risk Mitigation Procedures relating to various aspects of the operations of the company. The Policy is available on the website of the Company at www.clcindia.com

9. Fund Management Committee

The Company has a Fund Management Committee and that Committee comprises of Mr. Mukund Choudhary (Chairman), Mr. Kapil Choudhary, Executive Directors and Mr. Kamal Kant Goyal, Manager - Banking of the Company. Every day the Fund Management Committee is meeting with senior executives of the Company and reviewing day to day fund positions and its utilization.

10. Subsidiary Companies

The Company does not have a "material subsidiary" in accordance with Regulation 16 of SEBI Listing Regulations, 2015. However as required under the aforesaid Regulation, the Company has formulated a policy for determining "Material Subsidiary" policy which is placed on the website of the Company. www.clcindia.com .

11. Vigil Mechanism/Whistle Blower Policy:

Pursuant to Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI Listing Regulations, 2015, the company has formulated a Whistle Blower Policy for vigil mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. Head of Internal Audit Team assists the Chairman of Audit Committee to resolve the queries/complaints received under said policy. During the year under review, the Company has not received any complaint.

This mechanism provides for adequate safeguards against victimization of director(s)/ employee(s), if any, who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. No person has been denied access to the Audit Committee. The policy is uploaded on the website of the Company at www.clcindia.com.

12. Code for prevention of insider-trading practices

During the year, the Company has amended the Code of Conduct for Prevention of Insider Trading, Code of Fair Disclosure of Unpublished Price Sensitive Information as well as respective policy(ies) in accordance with SEBI (Prohibition of Insider Trading) Amendment Regulations, 2018.

The revised code/policy lay down guidelines, which guides them on procedures to be followed and disclosures to be made, while dealing with shares of company, and cautioning them of the consequences of violation(s), if any. The trading window is closed during the time of declaration of results, dividend and material events from time to time pursuant to listing provisions.

13. General Body Meetings

(A) Annual General Meetings:

Details of last three Annual General Meetings (AGM) of the Company alongwith Special Resolutions passed there at are as under:

AGM	LOCATION	DATE & TIME	SPECIAL RESOLUTION PASSED
24th AGM	Bipin Chandra Pal Memorial Trust Auditorium, A-81, Chittaranjan Park, New Delhi 110 019	27th September, 2016 11:00 A.M.	1. Approval for the payment of remuneration to Mr. Mukund Choudhary, Managing Director for a period of 3 years w.e.f 1st April, 2016. 2. Approval for the payment of remuneration to Mr. Amrit Agrawal, Director Finance effective from 1st April, 2016 till the completion of his term.
25th AGM	Bipin Chandra Pal Memorial Trust Auditorium, A-81, Chittaranjan Park, New Delhi 110 019	25th September, 2017 10:30 A.M.	1. Re-appointment of Mr. Ajay Kumar Choudhary as Chairman of the Company for a period of three years as well as fixation of remuneration payable to him.
26th AGM	Bipin Chandra Pal Memorial Trust Auditorium, A-81, Chittaranjan Park, New Delhi 110 019	27th September, 2018 10:30 A.M.	1. Re-appointment of Mr. Kapil Choudhary as Deputy Managing Director of the Company for a further period of five years as well as payment of remuneration to him for a period of three years.

(B) Postal Ballot

During the year 2018-19, the Company approached the shareholders through postal ballot, the details of which are as follows:

Date of Postal Ballot Notice: 16th May, 2018

Voting Period : 21st May, 2018 to 19th June, 2018

Date of declaration of results: 20th June, 2018

Date of approval: 19th June, 2018

. The declaration in respect of compliance with Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below:

Name of the resolution	Type of resolution	No. of votes polled	Votes cast in favour		Votes cast against	
			No. of votes cast by them	% of Total number of valid votes	No. of votes cast by them	% of Total number of valid votes
Change of name of the Company	Special Resolution	3,78,48,885	3,78,46,785	99.99	2,100	0.01
Amendment of Memorandum of Associations	Special Resolution	3,78,48,885	3,78,46,785	99.99	2,100	0.01

14. Means of Communication

- The quarterly/half yearly/annual financial results and press releases on significant developments in the Company are submitted to the Stock Exchanges immediately after approval of the Board so as to enable the stock exchanges to put the information on their websites and communicate to their members. The Company also posts/uploads the requisite information on its website www.clcindia.com .
- The quarterly/half-yearly/annual financial results are published in Financial Express (English) & Jansatta (Hindi) language newspapers and the same are also displayed on the Company's website www.clcindia.com. The Company's website also displays all official news releases.
- All periodical compliance filings, inter alia, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others are filed electronically through NEAPS and BSE Listing Centre.
- No presentation has been made to institutional investors or to the analysts.
- The Management Discussions and Analysis is included in Directors' Report.

15. Code of Conduct

In accordance with the requirement under Regulation 17 of SEBI Listing Regulations, 2015, the Company has adopted the Code of Conduct and ethics for Directors, Senior Management and the designated employees of the Company who have affirmed the compliance with the Code. The Code has also been posted on the company's website www.clcindia.com . The declaration in respect of compliance with Regulation 26 of SEBI Listing Regulations, 2015 is given below:

To,
The Shareholders of CLC Industries Limited (Formerly known as Spentex Industries Ltd.)

Sub: Declaration on Compliance with Code of Conduct as required under Schedule V (Part D) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

Dear Sirs,

I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the code of conduct as adopted by the Board of Directors for the year ended 31st March, 2019 in terms of Schedule V (Part D) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Sd/-
Mukund Choudhary
Managing Director - Cum - CEO

Place: New Delhi
Date: August 14, 2019

16. Compliance

a. Mandatory Requirements:

The Company is fully compliant with the applicable mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Accounting Standards) Rules, 2015.

b. Adoption of Non-Mandatory Requirements:

Further, the Company has also complied with the non-mandatory requirement. Although it is not mandatory for the Company, yet three Committees of Board, namely Risk Management Committee, Fund Management Committee and Banking Committee are in place, to expedite, focused decision making, in the related areas. Details of all the above mentioned committees have been provided in this report.

17. Disclosures

- The disclosures relating to related party transactions of material nature are made in the financial statements.

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- The Company has complied with all applicable provisions of the Listing Regulations and other SEBI Regulations wherever applicable. There are no penalties or 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.
- Pursuant to SEBI Listing Regulations, 2015, the Company has designated E-mail ID secretarial@clcindia.com exclusively for the purpose of registering complaints/queries by investors. Pursuant to circular no CIR/OIAE/2/2011 dated June 3, 2011 issued by SEBI, the investors' complaints are processed in a centralized web based complaints redress system 'SCORES'.
- The Company is not dealing in commodities and hence disclosure relating to commodity price risks and commodity hedging activities is not required.
- Adoption of discretionary requirements of SEBI Listing Regulations is being reviewed by the Company from time to time.
- As per Green Initiative introduced by the Ministry of Corporate Affairs vide its circular No. 18/2011 dated 29th April, 2011, members are requested to intimate their e-mail address to the Company to facilitate the Company to send Annual Reports and other reports/notices through e-mail.

18. General Shareholder information

- The 27th Annual General Meeting will be held at Bipin Chandra Pal Memorial Bhavan, A - 81, Chittaranjan Park, New Delhi - 110019 on 26th September, 2019 at 10.00 A.M.
- Financial Calendar (Tentative) :

Financial Year	: 1st April, 2019 to 31st March, 2020
Financial reporting for the Quarter ending June 30, 2019	: on 14th August, 2019
Financial reporting for the Quarter ending September 30, 2019	: on or before 15th November, 2019
Financial reporting for the Quarter ending December 31, 2019	: on or before 15th February, 2020
Annual Results for the Year ending March 31, 2020	: on or before 30th May, 2020
- Date of Book closure : Saturday, the 21st September, 2019 to Thursday, the 26th September, 2019 (both days inclusive)
- Dividend Payment Date : Not Applicable
- Listing of Equity Shares on Stock Exchanges: BSE Ltd., Mumbai (scrip code = 521082) and National Stock Exchange of India Ltd. Mumbai (scrip code = SPENTEX).
- Due to financial crises, the Company has yet to pay the Annual Listing Fee to BSE & NSE and Annual Custody Fees to NSDL for the financial year 2017-18, 2018-19 & 2019-20 and Annual Custody Fee to CDSL for the financial year 2019-20. The management is in process to pay the same in due course.
- ISIN No. INE376C01020
- Market Price Data : High/Low during each month in last financial year 2018-19 at BSE & NSE:

Month	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
BSE												
High	4.47	4.19	3.91	3.40	3.30	3.06	2.60	2.43	2.41	2.09	1.66	1.82
Low	3.75	3.10	3.28	2.76	2.44	2.49	2.07	2.15	1.97	1.44	1.18	1.29
NSE												
High	4.55	3.95	3.90	3.45	3.25	3.60	2.50	2.50	2.40	2.00	1.40	1.75
Low	3.95	3.35	3.20	3.00	2.65	2.65	2.15	2.25	2.00	1.40	1.10	1.25

- Registrars and Transfer Agents: M/s RCMC Share Registry Pvt. Ltd., B-25/1, First Floor, Okhla Industrial Area Phase 2, New Delhi-110020. Ph. No: 011-26387320, 26387321 and Fax No: 011-26387322; Email id: mdnair@rcmcdelhi.com
- Share Transfer System: The Company's shares are compulsorily traded in dematerialised mode. Share in physical mode lodged for transfer are processed and returned to the shareholders within the stipulated time subject to completion of documents in all respects. Share transactions are simple and faster in electronic form and in this, there is no need to sent a separate communication to the Company to register the transfer of shares. SEBI, effective from 1st April, 2019, barred physical transfer of shares of listed companies and mandated transfer only in demat form. However, investors are not barred from holding shares in physical form.
- Members are requested to convert their physical holdings to demat/electronic form through any of the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transaction in respect of the shares held. Further, members are requested to update their email id, PAN and bank details with the

Company/RTA/Depository Participants.

- The Company has not issued any depository receipts or convertible instruments during the year 2018-19 and there is no outstanding GDR/ADR/Warrants or any other convertible instrument.
- Debenture Trustee - Axis Trustee Services Pvt. Ltd for Axis Bank, a debenture holder of the Company.

19. Distribution of shareholding as on 31st March 2019:

Shareholding of nominal value of Rs.	No. of shareholders	Percentage	No. of shares	Percentage
1 to 5,000	31,480	87.58	28,10,606	3.13
5,001 to 10,000	1,821	5.07	15,62,621	1.74
10,001 to 20,000	964	2.68	15,48,781	1.73
20,001 to 30,000	430	1.20	11,26,026	1.25
30,001 to 40,000	190	0.53	6,95,124	0.77
40,001 to 50,000	274	0.76	13,20,753	1.47
50,001 to 1,00,000	378	1.05	29,72,100	3.31
1,00,001 and above	406	1.13	7,77,36,024	86.59
Total	35,943	100.00	8,97,72,035	100.00
Physical Mode			10,93,931	1.22
Electronic Mode			8,86,78,104	98.78

20. Shareholding Pattern as on 31st March 2019:

Sl. No.	Particulars	No. of shares	%
1	Promoter & Promoter Group	3,77,97,226	42.10
2	Bodies Corporate	65,82,884	7.33
3	Mutual Funds	21,225	0.02
4	Banks/Financial Institutions/UTI	2,141	0.00
5	Foreign Company	1,92,52,650	21.45
6	Foreign Institutional Investors	2,717	0.01
7	NRIs	4,34,434	0.48
8	Trust	33,095	0.04
9	Indian Public & Others	2,56,45,663	28.57
	Total	8,97,72,035	100.00

➤ Plant Location(s):

1. D-48, MIDC, Baramati, District. Pune, Maharashtra 413133
2. B-1, MIDC, Chincholi - Kondi, Dist. Solapur, Maharashtra 413255
3. 31-A, MIDC Industrial Area, Butibori, Nagpur, Maharashtra 441122
4. 51-A, Industrial Area, Sector III, Pithampur, Madhya Pradesh 454774

➤ Address for Correspondence :

1. Registered Office Address : A-60, Okhla Industrial Area, Phase II, New Delhi 110 020
Ph. 011 - 26387738, 41614999, Fax: 011 - 2638 5181.
Email: secretarial@clcindia.com
2. Registrars & Transfer Agents : RCMC Share Registry Pvt. Ltd.,
B-25/1, First Floor, Okhla Industrial Area Phase 2,
New Delhi-110020.
Contact Person Mr. Rakesh Kumar, Manager Secretarial; E-mail : mdnair@rcmcdelhi.com
3. Compliance Officer : Mr. Bharat Kapoor, Company Secretary
Ph. 011 - 26387738, 46598900, Fax: 011 - 26385181.
Email: bharatk@clcindia.com; secretarial@clcindia.com

CLC INDUSTRIES LIMITED

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION {Pursuant to Regulation 17(8) of SEBI (LODR) Regulations, 2015}

To,
The Board of Directors
CLC Industries Limited
(Formerly known as SPENTEX INDUSTRIES LIMITED)

Sub: CEO/CFO Certificate

We, Mukund Choudhary, Managing Director-cum-Chief Executive Officer and Koushal Madan, Chief Financial Officer of CLC Industries Limited, to the best of our knowledge and belief, certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2019 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (2) these statements together present a true and fair view of the Company's affairs, and are in compliance with the 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 the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditor and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee;
- (i) significant changes in internal control over financial reporting during the year.
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware, if any, 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.

Place: New Delhi
Date: May 30, 2019

Sd/-
Mukund Choudhary
Managing Director-cum-CEO

Sd/-
Koushal Madan
Chief Financial Officer

Certificate on Corporate Governance (Pursuant to Clause E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members of **CLC Industries Limited**
(Formerly known as SPENTEX INDUSTRIES LIMITED)

We have examined the compliance of conditions of Corporate Governance by CLC Industries Limited ('the Company'), for the financial year ended March 31, 2019, as stipulated in Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
- In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the year ended March 31, 2019.

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

For **Loveneet Handa & Associates**
(Practicing Company Secretary)

Sd/-

Loveneet Handa
FCS NO: 9055
C.P No: 10753

New Delhi
August 14, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of CLC Industries Limited (Formerly Known as Spentex Industries Limited)
Report on the Audit of the Standalone Financial Statements

Qualified Opinion

1. We have audited the accompanying standalone financial statements of CLC Industries Limited (Formerly known as Spentex Industries Limited) ('the Company'), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements")
2. In our opinion and to the best of our information and according to the explanations given to us, **except for the effects of the matter described in the Basis for Qualified Opinion section of our report**, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date
3. **Basis for Qualified Opinion**

a) Refer Note No. 48 of the standalone financial statements which indicates that the Company has not charged to statement of Profit and loss interest expense of Rs. 56,91,49,755 for the year, and related penal interest and other charges if any in respect of delay in repayment of borrowings from banks. Therefore, we are unable to comment on the adequacy of interest and other charges provided for in the statement of Profit & Loss.

We further report that, had the observation made by us in paragraphs (a) is considered, the loss before tax for the year ended March 31, 2019, would have been Rs. 78,11,17,899/- as against the reported figure of Rs. 21,19,68,144/- and Interest Accrued and due on Borrowing understated by Rs.56,91,49,755.

We conducted our audit of the standalone financial statements in accordance with Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the standalone financial statements.

4. Material uncertainty related to going concern

We draw attention to Note 47 of the standalone financial statements, which indicates that the Company's net worth has deteriorated and as of March 31, 2019, the Company's current liabilities exceeded its total assets by Rs. 4,56,26,71,903 as stated in said note, these events or conditions, along with other matters as set forth in said note, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

5. Emphasis of Matter

We draw attention to the following matter in the notes to the Standalone Ind-AS financial statements:

- a) Note No. 46 of the Standalone Financials for the year ended March 31, 2019, wherein the Company had made 100% provision of the value of long term Investments held in Amit Spinning Industries Limited (ASIL), erstwhile subsidiary of the Company during F.Y. 2017-18. National Company Law Tribunal (NCLT) vide order dated 01.08.2017 had admitted ASIL's petition and had appointed Resolution Professional for ASIL under the Insolvency and Bankruptcy Code. The NCLT vide its order dated 31st July 2018, has approved the resolution plan as per which the Company was required to transfer its entire shareholding held in ASIL at a total consideration of Rs. One only in favour of Resolution Applicants. The Company was holding 2,09,81,077 equity shares (50.96%) in ASIL and the Company is in the process of complying with the Resolution plan. Further we are unable to determine the amount of liability that may arise on account of Corporate Guarantee given on behalf of subsidiary, and compliance of IND-AS 109 in respect to accounting of corporate guarantee.
- b) Note No. 21 of the Standalone Financials for the year ended March 31, 2019, wherein the Company had not allotted shares against share application amount of Rs.11,09,50,000/- which was brought in by the promoters in various instalments up to 30th December 2015 and accordingly not complied with the provision of Section 42 of the Companies Act, 2013. During the year under audit, such Share application money pending allotment amounting to Rs.11,09,50,000/- has been treated as Deposits as per Companies (Acceptance of Deposits) Rules, 2014 made under Chapter V of the Companies Act, 2013 at the Board Meeting held on 13th February 2019 vide resolution no.19(ii).
Necessary compliances under Section 42 and Section 73 of Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules and regularisation of continuing defaults thereof are pending by the Company.
- c) Note No. 51 to the Standalone Financials for the year ended March 31, 2019, regarding balances of parties under the head trade receivable, trade payable and loans & advances, Govt. Authorities, which are subject to confirmation, reconciliation and consequential adjustments, if any. Further, receivable from Govt. Authorities of Rs. 49, 27,37,085 out of which Rs 4,96,79,000/- are pending for more than three years
- d) Note No. 49 to the Standalone Financials for the year ended March 31, 2019, where the Company is required to deposit/invest a sum of at least 15% of the amount of its Debentures maturing during the financial year 2018-19 in one or more of the prescribed methods vide circular no.04/2013 dated February 11, 2013 issued by Ministry of Corporate Affairs. However, the Company has failed to comply with the requirements of the said Circular.

Our opinion is not modified in respect of the aforesaid matters.

6. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

CLC INDUSTRIES LIMITED

We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	How our audit addressed the key audit matter
1.	<p>Contingent Liabilities Litigations and claims- provisions and contingent liabilities</p> <p>As disclosed in Note 35 [contingent liability note] to the standalone financial statements, the Company is involved in direct, indirect tax and other legal matters ('litigations') that are pending with different authorities. Whether a liability is recognised or disclosed as a contingent liability in the financial statements is inherently judgmental and dependent on a number of significant assumptions and assessments. The amounts involved are potentially significant and determining the amount, if any, to be recognized or disclosed in the financial statements, is inherently subjective.</p>	<p>We assessed the Company's process for identification and monitoring of significant developments in relation to pending litigations. Our audit procedures to assess litigations include, but not limited to, the following-</p> <ul style="list-style-type: none"> ◆ We understand the current status of litigations and monitored changes in the disputes through discussions with the management. ◆ Critically assessed the Company's assumptions and estimates in respect of litigations, including the provisions recognised or contingent liabilities disclosed in the financial statements. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts; ◆ Performing substantive procedures on the underlying calculations supporting the provisions recorded; ◆ Assessing management's conclusions through understanding precedents set in similar cases and obtaining independent attorney confirmations; ◆ Assessed whether the disclosures detailing significant legal proceedings adequately disclose the Company's potential liabilities. <p>We found that the Company has a process for identifying and monitoring potential exposures arising from legal and regulatory developments as well as determination of the appropriate measurement and disclosures of such litigations in the Company's financial statements. From our audit procedures performed, we found the liabilities recognised and disclosures on litigations are within a reasonable range of our expectation.</p>
2.	<p>Loan Transferred to ARCIL</p> <p>During the year, loans from State Bank of India and Indian Bank amounting to Rs.261,49,60,630 and Rs.39,42,63,340 respectively has been assigned to Asset Reconstruction Company Private Limited (ARC) under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFESI) Act,2002. No confirmation from the ARC was received by the Company for assignment of the loan.</p>	<p>On the basis of letter received from respective banks, loan has been assigned to the ARC as no confirmation from ARC was received, hence the same loan is not transferred to ARC.</p>
3.	<p>Impairment Testing of Baramati unit</p> <p>Baramati Unit is inoperative since September 2017 and as per Ind AS 36, Impairment testing is required to be done for the unit. The Company has not done any Impairment testing during the year.</p>	<p>As per the discussion with Management and as per the management representation letter given, once the working capital is available, plant will be operational and management is trying its best efforts for arrangement of working capital.</p>
4.	<p>Attraction of Section 164 of Companies Act, 2013</p> <p>Company failed to redeem its debentures on the due date i.e. March 31, 2018 and fails to pay interest due thereon and such failure to redeem debentures and payment of interest thereon continuing for one year or more, therefore directors shall not be eligible to be re-appointed as a director of the company.</p>	<p>Based on Legal Opinion issued, by a Corporate lawyer dated April 08, 2019, to the management, Directors are not disqualified as on 31/3/2019 under Section 164 since disqualification arises only at the time of appointment or reappointment. As at March 31, 2019 none of the directors are required to be reappointment.</p>
5.	<p>Receivable from Government Authority:-</p> <p>During the year management has booked VAT Refundable from Govt. Authority for the year ended March 31, 2019</p> <p>As per IND-AS 37, Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.</p>	<p>We have reviewed the letter issued by the respective department and management is very much confident regarding the recoverability of amount which proves the virtually certainty.</p>

Information other than the Financial Statements and Auditor's Report thereon

7. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

8. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
9. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
10. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - ◆ Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - ◆ Evaluate the overall presentation, structure and content of the Standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
13. Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.
14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

17. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure - A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
18. As required by section 143(3) of the Act, based on our audit we report that:

CLC INDUSTRIES LIMITED

- a) We have sought and [except for the matter described in the Basis for Qualified Opinion/ Emphasis of Matter paragraphs], obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account,
- d) Except for the effects of the matter described in the Basis for Qualified Opinion/ Emphasis of Matter paragraphs above, in our opinion, the aforesaid [Ind AS] financial statements comply with the [Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015], as amended,
- e) The matter described in the Basis for Qualified Opinion/ Emphasis of Matter / Key Audit Matters paragraphs above, in our opinion, may have an adverse effect on the functioning of the Company;
- f) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act, except as mentioned in Para 4 of key audit matters.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these [standalone] [Ind AS] financial statements and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**" to this report.
- h) As required by section 197(16) of the Act, we report that the company has not paid the remuneration to its directors during the year ended March 31, 2019.
- i) 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its [standalone] [Ind AS] financial statements - Refer Note 35 to the [standalone] [Ind AS] financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

For R.N. Marwah & CO. LLP
Chartered Accountants
Firm Registration Number: 001211N/N500019

Place: New Delhi
Date: May 30, 2019

Sunil Narwal
Partner
Membership No.: 511190

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 17 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of CLC Industries Limited (Formerly Known as Spentex Industries Limited) as on the Standalone Financial Statements for the year ended March 31, 2019]

We report that:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, fixed assets have not been physically verified by the management. Hence, discrepancies if any cannot be ascertained.
- (c) The Title deeds of all Immovable properties (which are included under the head 'Property Plant and equipment) are held with lenders and original title deeds are not available for verification.
- (ii) The inventory, except goods in transit, has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us, there are no loans, investments, guarantees, and securities. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and rules framed there under except Conversion of Share application money pending for allotment in to Deposits as per Companies (Acceptance of Deposits) Rules, 2014 for which necessary compliance is to be done.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have not been made and maintained. We have however not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii)(a) The Company is not regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, Goods and service tax, customs duty, cess and any other material statutory dues applicable to it, and there have been serious delays in a large number of cases.

AND

According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income tax, Goods and service tax, customs duty, cess and any other material statutory dues applicable to it, which were outstanding, at the year-end for a period of more than six months from the date they became payable are as follows:

Name of the Statute	Nature of the Dues	Amount (₹)	Period to which the amount relates	Due Date	Date of Payment
Employees Provident Fund and Miscellaneous Provisions Act, 1952	Provident fund & Interest payable	2,85,46,642 & 93,15,089	April 2016 to march 2017	15th of the next month to which amount relates	Unpaid Till date
		6,35,77,792 & 1,12,90,100	April 2017 to March 2018		
		3,10,31,348 & 21,12,872	April 2018 to 30 September 2018		
		54,21,757 & 15,82,720	August 2016 to march 2017		
Employees State Insurance Act, 1948	Employees State Insurance & Interest Payable	1,19,91,973 & 20,07,793	April 2017 to March 2018	15th of the next month to which amount relates	Unpaid Till date
		71,58,251 & 5,61,200	April 2018 to 30 September 2018		

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Name of the Statute	Nature of the Dues	Amount (₹)	Period to which the amount relates	Due Date	Date of Payment
Tax Deducted At Source(TDS)	TDS and TCS & Interest Payable	1,17,99,972 & 70,85,560	April 2016 to march 2017	7th of the next month to which amount relates	Unpaid Till date
		98,11,931 & 34,28,042	April 2017 to March 2018		
		70,06,760 & 11,19,980	April 2018 to 30 September 2018		
Professional Tax Act,1975	Professional Tax & Interest Payable	19,74,136 & 11,19,155	April 2016 to march 2017	30th of the next month to which amount relates	Unpaid Till date
		22,80,292 & 6,98,583	April 2017 to March 2018		
		5,52,815 & 80,620	April 2018 to 30 September 2018		
Finance Act 1994	Service Tax & Interest Payable	20,31,078 & 15,32,107	April 2016 to March 2017	6th of the next month to which amount relates	Unpaid Till date

b) According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, service tax, value added tax, customs duty, excise duty on account of any dispute, are as follows:

Name of the Statute	Nature of the Dues	Amount Disputed	Amount paid under protest	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act,1961	Income Tax	10,875,657	3,981,354	Rs.68,94,303 for A.Y 2003-04 And 39,81,354 for A.Y 2001-02	Income Tax Tribunal Delhi-Rs.3,981,354 High Court-Rs.6,894,303
The Income Tax Act,1961	Income Tax	27,105,747	2,000,000	Rs.83,15,813 for A.Y 2003-04 Rs.78,31,285 for A.Y 2005-06 Rs.1,09,58,649 for A.Y 2006-07	High Court-New Delhi
The MP Commercial Tax Act,1994	Sales Tax	164,195	128,195	1996-97	First Appellate Authority
The MP Commercial Tax Act 1994	Sales Tax	815,157	815,157	2009-10	MP Commercial Tax Appellate Board Bhopal
The MP Commercial Tax Act,1994	Sales Tax	1,970,233	0	2001-03 2009-10	Assessing Authority Indore
The MP Commercial Tax Act,1994	Sales Tax	455,160	113,795	2013-14	First Appellate Authority

Name of the Statute	Nature of the Dues	Amount Disputed	Amount paid under protest	Period to which the amount relates	Forum where dispute is pending
The MP Commercial Tax Act, 1994	Sales Tax	375,803	105,250	2010-11	MP Commercial Tax Appellate Board Bhopal
Entry Tax Act, 1976	Entry Tax	1,538,453	414,844	1992-97	Assessing Authority Bhopal
Maharashtra Value Added Tax Act, 2002	Sales Tax Demand	532,870	200,000	2004-05	Deputy Commissioner, Nagpur
Central Sales tax act, 1956	Sales Tax Demand	2,999,290	1,000,000	2004-05	Deputy Commissioner, Nagpur
Central Sales tax act, 1956	Sales Tax	502,012	125,560	2014-15	First Appellate Authority
Central Sales tax act, 1956	Sales Tax	1,217,972	304,500	2014-15	First Appellate Authority
Central Sales tax act, 1956	Sales Tax	994,728	248,710	2014-15	First Appellate Authority
Central Sales tax act, 1956	Professional Tax	593,703	0	2008-09	First Appellate Authority
Maharashtra Value Added Tax Act, 2002	Sales Tax Demand	36,062,378	0	2012-13	Joint Commissioner Appeal, Pune
Central Sales Tax, 1956	Sales Tax Demand	52,437,641	0	2012-13	Joint Commissioner Appeal, Pune
Finance Act, 1994	Service Tax	280,282	0	2005-06	Customs, Excise & Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Service tax	1,079,549	107,955	2009-10 to 2010-11	Customs, Excise & Service Tax Appellate Tribunal, New Delhi
The MP Commercial Tax Act, 1994	Sales Tax	248,323	24,850	2015-16	First Appellate Authority
The MP Commercial Tax Act, 1994	Sales Tax	179,859	0	2015-16	First Appellate Authority
The Central Excise Act, 1944	Excise	81,924	3072	2011-12	Commissioner (Appeals), Central Excise, Bhopal
The Central Excise Act, 1944	Excise Demand	10,806,176	0	June-99 to Dec-01	Custom, Excise & Service Tax Appellate Tribunal, Mumbai
The Central Excise Act, 1944	Excise	168,812	0	Apr-00 to Mar-04	Commissioner (Appeals), Central Excise, Indore
The Central Excise Act, 1944	Excise	867,691	0	Apr-03 to July 2015	Customs, Excise & Service Tax Appellate Tribunal, New Delhi- Rs.81,195 Commissioner(Appeals)- Rs.786,496

CLC INDUSTRIES LIMITED

Name of the Statute	Nature of the Dues	Amount Disputed	Amount paid under protest	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise	333,101	67,597	Apr-03 to Oct-13	Customs, Excise & Service Tax Appellate Tribunal, Nagpur - Rs.117,762 Deputy Commissioner, Central Excise, Nagpur - Rs.215,339
The Central Excise Act, 1944	Excise	5269616	673,329	2002-03 to 2010-11	Customs, Excise & Service Tax Appellate Tribunal, Nagpur - Rs. 2,565,854/- Additional Commissioner of Central Excise, Nagpur - Rs.2,551,564 Deputy Commissioner of Central Excise, Nagpur - Rs.152,198
The Central Excise Act, 1944	Excise	53,291,002	13,322,751	Mar-04 to Feb-07	High Court, Indore
The Central Excise Act, 1944	Excise	51,00,801	3,82,560	April 2015 to March 2017	The Commissioner Central Excise (Appeals), Bhopal
The Central Excise Act, 1944	Excise	92,530,577	0	2012-13	Customs, Excise & Service Tax Appellate Tribunal, Nagpur
The Central Excise Act, 1944	Excise	12,546,110	0	2017-18	Deputy Commissioner/ Assistant Commissioner Appeals, Nagpur
The Central Excise Act, 1944	Excise	3,290,834	0	2009-10 to 2013-14	Assistant Commissioner, Nagpur
The Central Excise Act, 1944	Excise	25,851,897	2,872,435	2007-08	Customs, Excise & Service Tax Appellate Tribunal, New Delhi
The Central Excise Act, 1944	Excise	4,718,241	382,560	2015-16 to 2016-17	Commissioner (Appeals), Central Excise, Bhopal
Employees Provident Fund & Miscellaneous Provisions Act, 1952	EPF Appellate Authority	3,130,152	1,565,076	2000-01 to 2003-04	Regional Provident Fund Commissioner, Indore

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s), bank(s), government(s) or dues to debenture holder(s) except as mentioned below:

Particulars	Amount of default as at March 31, 2019 (Rs.)	Period of Default	Remarks
i) Name of the lenders:	18,367,905	NPA as on 31.03.2019	
1. Axis Bank Ltd. (Short Term Borrowing)			
2. Bank of Baroda (Short Term Borrowing)	72,086,000	NPA as on 31.03.2019	
3. Canara Bank (Short Term Borrowing)	38,270,687	NPA as on 31.03.2019	
4. IDBI Bank Ltd (Short Term Borrowing)	36,396,217	NPA as on 31.03.2019	
5. Indian Bank (Short Term Borrowing)	3,942,63,340	NPA as on 31.03.2019	
(6. State Bank Of India (Short Term Borrowing)	2,614,960,630	NPA as on 31.03.2019	
7. ING Vysa Bank Ltd. (Short Term Borrowing)	304,856,431	NPA as on 31.03.2019	
8. Oriental Bank Of Commerce (Short Term Borrowing)	979,586,080	NPA as on 31.03.2019	
9. EARC Trust (Short Term Borrowing)	354,100,000	NPA as on 31.03.2019	
ii) Debentures (including interest)	112,131,490	NPA as on 31.03.2019	
Total	4,92,50,18,780	NPA as on 31.03.2019	

Interest not provided in the books is 56,91,49,755 for the year.

- (ix) The Company has neither raised money by way of public issue offer nor has obtained any term loans. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) According to the information and explanations given to us, the Company has not paid / provided for any managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- (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 to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable Indian accounting standards.
- (xiv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanation given to us the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For R.N. Marwah & CO. LLP
Chartered Accountants
Firm Registration Number: 001211N/N500019

Sunil Narwal
Partner
Membership No.: 511190

Place: New Delhi
Date: May 30, 2019

"Annexure B" to Independent Auditors' Report

Referred to in paragraph 18 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of CLC Industries Limited (Formerly known as Spentex Industries Limited) on the standalone financial statements for the year ended March 31, 2019.

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of CLC Industries Limited (Formerly known as Spentex Industries Limited) ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2019:

The Company did not have an appropriate internal control system for obtaining confirmation from certain parties included under the head Banks/NBFC's trade receivables, trade payables, loans & advances and other current liabilities and its reconciliation/consequential adjustments, if any.

The Company's internal financial controls were not operating effectively in respect of the above which may potentially impact the results of the company.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be

prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 standalone financial statements of the Company, and these material weaknesses have affect our opinion on the standalone financial statements of the Company and we have accordingly issued a qualified opinion on the standalone financial statements.

Place: New Delhi
Date: May 30,2019

For R.N. Marwah& CO. LLP
Chartered Accountants
Firm Registration Number: 001211N/N500019
Sunil Narwal
Partner
Membership No.: 511190

CLC INDUSTRIES LIMITED

Standalone Balance Sheet

Particulars	Note No.	(Figures in ₹)	
		As at 31st March, 2019	As at 31st March, 2018
ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	2	1,527,168,742	1,627,563,552
(b) Capital work-in-progress		1,599,360	3,601
(c) Financial Assets			
(i) Investments	3	49,407	51,394
(ii) Loans	4	47,841,488	95,684,423
(iii) Others	5	12,283,639	19,925,475
(d) Deferred tax assets (net)		-	-
(e) Other non-current assets	6	4,772,935	-
Total Non current assets (A)		1,593,715,571	1,743,228,445
2 Current assets			
(a) Inventories	7	55,090,061	235,544,029
(b) Financial Assets			
(i) Trade receivables	8	57,646,894	95,884,400
(ii) Cash and cash equivalents	9	10,575,958	19,735,978
(iii) Bank balances other than (ii) above	10	692,300	712,300
(iv) Loans	11	13,693,542	5,806,996
(v) Others	12	562,919,241	160,714,915
(c) Current Tax Assets (Net)		12,299,012	7,465,672
(d) Other current assets	13	131,937,808	256,339,044
Total current assets (B)		844,854,816	782,203,334
Non-current assets classified as held for sale		2,732,116	10,286,183
Total Non-current assets classified as held for sale (C)		2,732,116	10,286,183
Total (A+B+C)		2,441,302,503	2,535,717,962
EQUITY AND LIABILITIES			
1. Equity			
(a) Equity Share capital	14	897,720,350	897,720,350
(b) Other Equity	15	(5,595,514,915)	(5,271,137,518)
Total Equity (A)		(4,697,794,565)	(4,373,417,168)
LIABILITIES			
2. Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	-	311,700,000
(ii) Other financial liabilities	17	-	6,686,736
(b) Provisions	18	135,122,665	126,721,357
Total Non-current liabilities (B)		135,122,665	445,108,093
3. Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	2,955,183,979	3,008,235,275
(ii) Trade Payables	20	600,621,978	622,647,790
(iii) Other financial liabilities	21	3,037,543,569	2,569,688,078
(b) Other current liabilities	22	324,136,496	213,450,438
(c) Provisions	23	86,488,381	50,005,456
Total Current liabilities (C)		7,003,974,403	6,464,027,037
Total Equity and Liabilities (A+B+C)		2,441,302,503	2,535,717,962

The Accompanying notes form an integral part of the Financial Statement
This is the Standalone Balance Sheet referred to in our report of even date.

For R N Marwah & Co LLP
Firm Reg. No:-001211N/N500019
Chartered Accountants
Sunil Narwal
Partner
Membership No:-511190
Place:- New Delhi
Date :- May 30,2019

For and on behalf of the Board of Directors

Mukund Choudhary
Kapil Choudhary
Bharat Kapoor

Managing Director
Dy Managing Director
Company Secretary

Koushal Madan

Chief Financial Officer

STANDALONE STATEMENT OF PROFIT AND LOSS

(FIGURES IN ₹)

Particulars	Note No.	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Income			
I Revenue from operations	24	2,451,694,667	4,805,342,907
II Other Income	25	463,456,817	121,744,363
III Total Income (I+II)		2,915,151,484	4,927,087,270
IV Expenses			
Cost of raw material consumed	26	1,372,007,037	3,203,073,038
Purchase of Stock in Trade	27	36,628,104	2,645,338
Changes in inventories of finished goods, work-in-progress and Stock in Trade	28	131,380,359	224,697,490
Excise Duty on sale		-	2,392,701
Employee benefits expense	29	641,449,809	732,441,923
Finance Costs	30	44,085,919	87,416,928
Depreciation and amortization expense	31	100,158,456	105,545,816
Other expenses	32	853,016,244	1,029,361,738
Total expenses (IV)		3,178,725,928	5,387,574,972
V Profit/(Loss) before exceptional Items and Tax (III-IV)		(263,574,443)	(460,487,702)
VI Expenses of exceptional nature	33	-	1,220,382,258
VII Income of exceptional nature	34	51,606,300	-
VIII Profit/(loss) before,extraordinary item, and tax (V-VI+VII)		(211,968,143)	(1,680,869,960)
IX Tax Expenses			
(1) Current Tax		-	-
(2) Mat Credit Entitlement Excess Provision Written Back		-	(4,412,914)
(3) Deferred Tax		-	-
Total Tax Expenses		-	(4,412,914)
X Profit /Loss for the period (VIII-IX)		(211,968,143)	(1,676,457,046)
XI Other comprehensive income			
A Items that will be reclassified to profit or loss		-	-
B Items that will not be reclassified to profit or loss			
Changes in fair value of FVTOCI instruments		1,987	(11,071)
Actuarial (gain)/loss on remeasurement of defined benefit plan		1,457,269	23,802,299
Other comprehensive income for the period (net of tax)		1,459,256	23,791,229
XII Total comprehensive income for the period (X-XI)		(213,427,399)	(1,700,248,275)
Paid up Equity Share Capital Face value of Rs. 10 each (No. in Share)		89,772,035	89,772,035
Earnings per share (of Rs. 10 each):			
(a) Basic		(2.36)	(18.67)
(b) Diluted		(2.36)	(18.67)

The Accompanying notes form an integral part of the Financial Statement

This is the Standalone Statement of Profit & Loss referred to in our report of even date.

For R N Marwah & Co LLP

Firm Reg. No:-001211N/N500019

Chartered Accountants

Sunil Narwal
Partner

Membership No:-511190

Place:- New Delhi

Date :- May 30,2019

For and on behalf of the Board of Directors

Mukund Choudhary

Managing Director

Kapil Choudhary

Dy Managing Director

Bharat Kapoor

Company Secretary

Koushal Madan

Chief Financial Officer

CLC INDUSTRIES LIMITED

STANDALONE CASH FLOW STATEMENT

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
(Figures in ₹)		
Cash Flow from Operating activities		
Profit before tax	(21,19,68,143)	(1,67,64,57,045)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	10,01,58,456	10,57,63,079
Unrealised Exchange Fluctuation (net)	2,59,364	21,15,678
Investment Writen Off	-	20,44,53,153
Balances With Subsidiary W/off	-	9,59,50,582
Liabilities no longer required written back	(3,67,40,479)	(8,91,37,160)
Loss/(Gain) on disposal of property, plant and equipment	97,08,820	(3,27,317)
Finance income (including fair value change in financial instruments)	(14,57,269)	(1,57,95,853)
Finance costs (including fair value change in financial instruments)	4,40,85,919	8,77,11,674
Dividend Received	(3,120)	(3,120)
Cash Flow from Operating activities before changes in Working Capital	(9,59,56,453)	(1,28,57,26,329)
Working capital adjustments:		
Decrease /(Increase) in Inventories	18,04,53,968	31,54,49,110
Decrease /(Increase) in Trade Receivables	3,79,78,142	27,92,83,206
Decrease/(Increase) in Other Financial Current Assets	(35,45,86,101)	(2,22,76,185)
Decrease in Other Current Assets	12,44,01,236	46,68,984
Decrease in Other Non Current Assets	(47,72,935)	66,74,36,644
Increase in Other financial liabilities	5,19,96,187	28,26,39,356
Increase in Other current liabilities	11,06,86,058	5,10,72,036
Increase in Porvision	4,48,84,233	10,46,948
Decrease in trade and other payables	(2,20,25,812)	(21,86,75,088)
Increase/(Decrease) in working Capital	16,90,14,976	1,36,06,45,011
Income tax paid	48,33,340	74,65,672
Net Increase/(Decrease) in Cash from Operating activities	6,82,25,183	6,74,53,010
Cash Flow from Investing activities		
Proceeds from sale of property, plant and equipment	41,67,426	10,10,485
Purchase of property, plant and equipment	(76,81,584)	(19,22,852)
Proceeds from sale of financial instruments	-	3,75,000
Interest received (finance income)	-	1,13,82,938
Dividend Received	3,120	3,120
Net Increase/(Decrease) in Cash from Investing activities	(35,11,038)	1,08,48,691
Cash Flow from Financing activities		
Proceeds from Borrowings-Net	6,32,58,912	14,22,53,179
Repayment of Borrowings	(12,91,44,735)	(12,38,27,320)
Interest paid	(79,88,342)	(8,77,11,674)
Net cash flows from/(used in) financing activities	(7,38,74,165)	(6,92,85,814)
Net increase in cash and cash equivalents	(91,60,023)	90,15,887
Cash and cash equivalents at the beginning of the year	1,97,35,978	1,07,20,091
Cash and cash equivalents at year end	1,05,75,958	1,97,35,978

The Accompanying notes form an integral part of the Financial Statement
This is the Statement of Cash Flow referred to in our report of even date.

For R N Marwah & Co LLP

Firm Reg. No:- 001211N/N500019
Chartered Accountants

Sunil Narwal

Partner

Membership No:-511190

Place : New Delhi

Date :-May 30,2019

For and on behalf of Board of Directors

Mukund Choudhary

Managing Director

Kapil Choudhary

Deputy Managing Director

Bharat Kapoor

Company Secretary

Koushal Madan

Chief Financial Officer

Standalone Statement of Changes in Equity for the Year Ended

(Figures in ₹)

A. Equity Share Capital		March 31, 2019	March 31, 2018
Particulars			
At the beginning of the year		897,720,350	897,720,350
Changes in Equity Share capital during the year		-	-
At the end of the year		897,720,350	897,720,350

B. Other Equity

Particulars	Reserves and Surplus							Total
	Securities Premium Reserve	General Reserves	Capital Reserve	Debenture Redemption Reserve	Share Application Money Pending Allotment	FVTOCI reserve - equity instruments	Retained Earnings	
Balance as at April 01, 2018	1,028,273,822	28,181,651	147,769,543	170,360,578	110,950,000	18,424	(6,756,691,536)	(5,271,137,518)
Profit/(Loss) for the year (1)	-	-	-	-	-	-	(213,425,412)	(213,425,412)
Other Comprehensive Income / (loss) (2)	-	-	-	-	-	(1,987)	-	(1,987)
Transfer to Retained Earning	-	(28,181,651)	-	(142,327,705)	-	(5,370)	170,514,726	-
Transfer to Deposit	-	-	-	-	(110,950,000)	-	-	(110,950,000)
Total Comprehensive Income/ (loss) (1+2)	-	-	-	-	-	(1,987)	(213,425,412)	(213,427,399)
Balance as at March 31, 2019	1,028,273,822	-	147,769,543	28,032,873	-	11,067	(6,799,602,220)	(5,595,514,915)

The Accompanying notes form an integral part of the Financial Statement

This is the Standalone Statement of Changes in Equity referred to in our report of even date.

For R N Marwah & Co LLP

Firm Reg. No:- 001211N/N500019
Chartered Accountants

Sunil Narwal

Partner

Membership No:-511190

Place : New Delhi

Date :-May 30,2019

For and on behalf of Board of Directors

Mukund Choudhary Managing Director

Kapil Choudhary Deputy Managing Director

Bharat Kapoor Company Secretary

Koushal Madan Chief Financial Officer

Notes to the standalone financial statements for the year ended March 31, 2019**Background**

CLC Industries Limited (the Company) is a company limited by shares, incorporated and domiciled in India. The Company is engaged in the manufacturing and trading of Yarn etc. The Company sells its products in India as well as various other global markets.

Note 1 : Significant Accounting Policies**1.01 Statement of Compliance**

These financial statements are prepared and presented in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time as notified under Section 133 of the Companies Act, 2013, the relevant provisions of the Companies Act, 2013 ("the Act") and the guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

The financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on May 30, 2019 .

1.02 Basis of Preparation

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

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

1.03 Current versus non-current classification

The entity presents assets and liabilities in the Balance Sheet based on current/non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The entity classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The entity has identified twelve months as its operating cycle.

1.04 Fair value measurement

The Company measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) and derivatives at fair values at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

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

1.05 Foreign Currency Transactions

The separate financial statements are presented in Rupees, which is also its functional currency.

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the day of transaction. The outstanding liabilities/ receivables are translated at the year end rates.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss .

Non-monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction. Any gain or losses arising on translation or settlement are recognized in the Statement of Profit and Loss as per the requirements of Ind AS 21.

1.06 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government with an exception to excise duty.

Sale of goods

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

Interest income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the entity estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the Statement of Profit and Loss.

Export Incentives

Income from export incentives such as duty drawback etc. are recognised on accrual basis.

Dividend

Dividend is recognised when the right to receive the payment is established, which is generally when shareholders approve the dividend.

1.07 Government grants

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

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

1.08 Taxes

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the India.

Current income tax relating to items recognised outside Statement of profit and loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. The Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

1.09 Property, plant and equipment

Property, plant and equipment have been measured at cost at the date of transition to Ind AS.

Assets are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Capital work in progress is stated at cost, less accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

When significant parts of plant and equipment are required to be replaced at intervals, the entity depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred. Refer to note 1.24 regarding significant accounting judgements, estimates and assumptions.

Depreciation

Depreciation on all fixed assets situated at manufacturing locations is provided on the straight line method on a pro-rata basis at the rates determined on the basis of useful lives of the respective assets as provided by Schedule II to the Companies Act, 2013. The useful lives for the various fixed assets situated at manufacturing locations are as follows:

Description – Manufacturing locations	Useful lives (in years)
Factory Building	30
Building (Other than factory building) RCC frame structure	60
Building (Other than factory building) other than RCC frame structure	30
Plant and Machinery	25
Office Equipments	5
Computers	3
Furniture and Fixtures	10
Vehicles	8

Depreciation for all fixed assets at locations other than at manufacturing units is provided on written down value method.

Cost of leasehold land and leasehold improvements are amortised over the period of lease.

On additions costing less than Rs.5000, depreciation is provided at 100% in the year of addition.

The determination of the useful economic life and residual values of property, plant and equipment is subject to management estimation. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in

which the expenditure is incurred.

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

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Software are amortised over a period of five years on straight line method.

1.11 Non-current Assets Classified as Held for Disposal:

Assets which are available for immediate sale and its sale must be highly probable are classified as "Assets held for Disposal". Such assets or group of assets are presented separately in the Balance Sheet, in the line "Assets held for Disposal". Once classified as held for disposal, such assets are no longer amortised or depreciated. Such assets are stated at the lower of carrying amount and fair value less costs to sell.

1.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

1.13 Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

1.14 Inventories

"Inventories are valued at the lower of cost and net realisable value." "Cost of finished goods and work-in-process includes cost of conversion and other expenses incurred in bringing the goods to their location and condition. The cost in respect of raw materials is determined under the specific identification of cost method." "The cost in respect of work-in-progress, finished goods and stores and spares is determined using the weighted average cost method and includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, where applicable. "Waste is valued at estimated net realizable value."

1.15 Leases

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

Entity as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the entity is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the entity's general policy on the borrowing costs (See note 1.12). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the entity will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease rentals are charged off to the Statement of Profit and Loss.

1.16 Impairment of non-financial assets

At each reporting date, the entity reviews the carrying amount of its assets to determine whether there are any indication that those assets have suffered an impairment loss. If any such indication exists, recoverable amount of the assets is estimated in order to determine the extent of impairment loss.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or entity's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an

appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

1.17 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognized when the entity has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

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

Contingent liability and Contingent Assets

Contingent liabilities are not recognized but are disclosed where possibility of any outflow in settlement is remote. Contingent assets are not recognised but disclosed where an inflow of economic benefits is probable.

1.18 Employee benefits

Short-term obligations

Liabilities for salaries and wages, including non-monetary benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized up to the end of the reporting period and are measured at the amounts expected to be paid on settlement of such liabilities. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the Balance Sheet since the Company does not have an unconditional right to defer the settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The Company operates the following post-employment schemes:

- Defined benefit plans in the form of gratuity, and
- Defined contribution plans such as provident fund and pension fund

Gratuity obligations

The Company operates a defined benefit gratuity plan for employees. The Company has obtained group gratuity scheme policies from Life Insurance Corporation of India to cover the gratuity liability of these employees. The difference in the present value of the defined benefit obligation and the fair value of plan assets at the end of the reporting period is recognized as a liability or asset, as the case may be, in the Balance Sheet. The defined benefit obligation is calculated annually on the basis of actuarial valuation using the projected unit credit method.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in OCI.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Defined contribution plans

The Company makes contribution to statutory provident fund and pension funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.19 Share-based payments

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The fair value of the options granted is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the option granted:

- including any market performance conditions (e.g., the Company's share price),
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining and employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holding shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

1.20 Earnings Per Share

"Basic earnings per share is computed by dividing the net profit/(loss) for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources."

"For the purpose of calculating diluted earnings per share, the net profit/(loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares."

1.21 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than those designated as fair value through profit or loss (FVTPL), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in Statement of Profit and Loss.

A. Financial Assets

Subsequent measurement

Financial assets are subsequently classified as measured at:

- amortised cost
- fair value through other comprehensive income (FVTOCI)
- fair value through profit or loss (FVTPL)

Trade Receivables and Loans:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses (ECL). The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Financial assets measured at amortised cost:

A financial asset is measured at amortised cost if both the following conditions are met:

- a). The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b). Contractual terms of the instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables, loans, etc.

Measured at fair value through other comprehensive income:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

Measured at fair value through profit or loss:

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity investments

"Equity investments in Subsidiaries, Associates and Joint ventures are out of scope of Ind AS 109 and hence, the Company has accounted for its investment in Subsidiaries, Associates and Joint Ventures at cost." "All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The entity makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable."

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or the same are transferred.

Impairment of financial assets

"Expected credit losses (ECL) are recognized for all financial assets subsequent to initial recognition other than financial assets in FVTPL category." "For financial assets, as per Ind AS 109, the Company recognises 12-month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition." "The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition."

The impairment losses and reversals are recognised in Statement of Profit and Loss.

B. Financial liabilities**Subsequent measurement**

- Financial liabilities are subsequently measured at amortised cost using the EIR method.
- Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Derecognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

Reclassification of financial assets

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

C. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the separate Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.22 Derivative financial instruments

The entity uses derivative financial instruments, such as forward currency contracts, interest rate swaps and to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

1.23 Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

1.24 Significant accounting judgements, estimates and assumptions

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

Estimates and assumptions

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

a) Impairment reviews

At each reporting date, the entity reviews the carrying amount of its non-financial assets to determine whether there are any indication that those assets have suffered an impairment loss. If any such indication exists, recoverable amount of the assets is estimated in order to determine the extent of impairment loss.

Impairment reviews in respect of the relevant CGUs are performed at least annually or more regularly if events indicate that this is necessary.

Impairment reviews are based on discounted future cash flows. The future cash flows which are based on business forecasts, the long-term growth rates and the pre-tax discount rates, that reflects the current market assessment of the time value of money and the risk specific to the asset or CGU, used are dependent on management estimates and judgements. Future events could cause the assumptions used in these impairment reviews to change.

b) Allowance for uncollectible accounts receivable and advances

Trade receivables and certain financial assets do not carry any interest unlike other interest bearing financial assets viz intercorporate deposits. Such financial assets are stated at their carrying value as reduced by impairment losses determined in accordance with expected credit loss. Allowance as per expected credit loss model is based on simplified approach which is based on historical observed default rates and changes as per forward-looking estimates. In case of trade receivables entity uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables which is also based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The actual loss could differ from the estimate made by the management.

c) Taxes

The entity is subject to income tax laws as applicable in India. Significant judgement is required in determining the provision for taxes as the tax treatment is often by its nature complex, and cannot be finally determined until a formal resolution has been reached with the relevant tax authority which may take several years to conclude. Amounts provided are accrued based on management's interpretation of country specific tax laws and the likelihood of settlement. The entity recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Actual liabilities could differ from the amount provided which could have a consequent adverse impact on the results and net position of the entity.

d) Pension and post-retirement benefits

The cost of defined benefit plans viz. gratuity, provident fund, leave encashment, etc. are determined using actuarial assumptions. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about defined benefit plans are given in note no. 37.

e) Useful Lives of Property, Plant and Equipment:

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by the management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

f) Recognition and measurement of provisions and contingencies:

Key assumptions about the likelihood and magnitude of an outflow of resources.

1.25 Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") has notified following amendments to Ind AS on 30th March 2019 which is effective for the annual period beginning on or after 1st April 2019.

(a) Ind AS 116 "Leases":

On 30th March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116 "Leases", which replaces Ind AS 17 "Leases". The new standard (Ind AS 116) introduces a single on-balance sheet lease accounting model for lessee. This will result in the company recognising right of use assets & lease liability in the books.

The Company is in the process of analysing the impact of Ind AS 116 on its financials.

(b) Ind AS 12 - Appendix C, Uncertainty over Income Tax Adjustments

The amendment requires an entity to determine probability of the relevant tax authority accepting the uncertain tax treatment that the Company has used in tax computation or plan to use in their income tax filings.

(c) Amendment to Ind AS 12 – Income taxes

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

(d) Ind AS 19 - Plan amendment, curtailment or settlement

The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Based on preliminary assessment, the Company does not expect any significant impact on its financial statements on account of above (b), (c) and (d) amendments.

Note 2 : Property, plant and equipment

(Amount in ₹)

Particulars	Tangible Assets						Intangible Assets			Total
	Freehold Land	Leasehold Land	Buildings	Plant & Machinery	Office Equipments	Furniture & Fixtures	Vehicle	Goodwill	Software	
Gross block										
At 1 April 2017	3,890,843	24,144,986	1,193,776,340	4,978,327,222	88,574,985	43,886,731	30,065,086	108,910,417	34,083,867	6,505,660,477
Additions	-	-	170,989	2,262,787	860,817	-	963,000	-	-	4,257,593
Disposals	-	-	-	1,231,008	137,380	40,000	8,612,156	108,910,417	-	118,930,961
Trf from Prepaid	-	890,925	-	-	-	-	-	-	-	890,925
Trf to Prepaid	-	-	-	-	-	-	-	-	-	-
At 31 March 2018	3,890,843	25,035,911	1,193,947,329	4,979,359,001	89,298,422	43,846,731	22,415,930	-	34,083,867	6,391,878,034
Additions	-	-	-	4,555,126	368,507	-	1,162,192	-	-	6,085,825
Trf from Prepaid	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	15,474,074	454,764	130,500	18,161,805	-	-	34,221,143
At 31st March 2019	3,890,843	25,035,911	1,193,947,329	4,968,440,053	89,212,165	43,716,231	5,416,317	-	34,083,867	6,363,742,716
Depreciation										
At 1 April 2017	-	5,641,079	586,114,324	3,893,425,724	82,818,290	40,495,249	26,434,154	108,910,417	34,083,867	4,777,923,104
Charge for the year	-	614,494	40,615,306	60,863,670	971,807	657,410	916,483	-	-	104,639,170
Disposals	-	-	-	1,093,672	107,529	21,758	8,114,416	108,910,417	-	118,247,792
At 31 March 2018	-	6,255,573	626,729,631	3,953,195,722	83,682,567	41,130,901	19,236,221	-	34,083,867	4,764,314,482
Charge for the year	-	353,856	37,011,058	60,931,191	953,849	195,746	712,757	-	-	100,158,456
Disposals	-	-	-	11,116,807	433,884	97,919	16,250,354	-	-	27,899,964
Prior Period Depreciation	-	-	-	-	-	-	-	-	-	-
At 31st March 2019	-	6,609,428	663,740,688	4,003,010,107	84,202,532	41,228,728	3,698,624	-	34,083,867	4,836,573,974
Net Block										
At 31.03.2018	3,890,843	18,780,338	567,217,698	1,026,163,279	5,615,855	2,715,830	3,179,709	-	-	1,627,563,552
At 31st March, 2019	3,890,843	18,426,483	530,206,640	965,429,947	5,009,633	2,487,503	1,717,693	-	-	1,527,168,742

(Amount in ₹)

Note No. 3 Investment	Nos.	As at March 31, 2019	Nos.	As at March 31, 2018
Particulars				
Investments at fair value through other comprehensive income				
(a) In subsidiaries (Trade & Quoted)				
Amit Spinning Industries Limited				
(Equity Shares of ₹ 5/- each, fully paid up)	20,981,077	204,469,921	20,981,077	204,469,921
Less:- Provision for Long Term Investment		(204,469,921)		(204,469,921)
(b) In subsidiaries (Trade & Unquoted)				
Spentex Netherlands B .V.		561,011,339		561,011,339
(Face value Euro 1/- each, fully paid)				
Less:- Provision for Long Term Investment		(561,011,339)		(561,011,339)
(c) In others (Trade & Quoted)				
In Fully Paid equity Shares of ₹ 10/- each :				
Sentinel Tea and Exports Limited	100	9,940	100	9,930
Summit Securities Limited	10	5,904	10	7,901
(d) In others (Non Trade & Unquoted)				
Equity Shares of ₹ 20/- each fully paid up of The Baramati Co-operative Bank Limited	1300	26,000	1300	26,000
Equity Shares of ₹ 10/-each fully paid up of Spencer & Co. Limited	200	7,563	200	7,563
Total		49,407		51,394
Aggregate amount of Quoted investments and Market value thereof		15,844		17,831
Aggregate amount of Unquoted investments		33,563		33,563
Total		49,407		51,394
Note 4				
Loans (Non- Current)				
Unsecured, considered good				
Security deposit paid		47,841,488		95,684,423
Total		47,841,488		95,684,423
Note 5				
Other non-current financial assets				
Advance to employees		-		172,225
Security Deposit		12,283,639		11,877,908
Claim Receivable		-		7,306,793
Interest accrued on loan to others		-		568,549
Total		12,283,639		19,925,475
Note 6 Other non-current assets				
Particulars				
Prepaid expenses		4,772,935		-
Total		4,772,935		-
Note 7 Inventories				
Particulars				
Raw Material		13,677,889		59,978,650
Work-in-progress		7,351,667		67,374,417
Finished goods (Stock in trade)		2,970		166,870
Finished goods (Manufactured)		13,241,505		81,175,233
Stores & Spares		14,710,080		15,201,436
Packing material		3,645,688		5,741,040
Waste		2,460,263		5,906,383
Total		55,090,061		235,544,029

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(Amount in ₹)

	As at March 31, 2019	As at March 31, 2018
Note 8 Trade receivables		
Unsecured, Considered Good Unless Otherwise Stated	57,646,894	95,884,400
Trade receivable which have significant increase in credit risk	39,732,814	39,732,814
Less :- allowance for trade receivable which have significant increase in credit risk	(39,732,814)	(39,732,814)
	<u>57,646,894</u>	<u>95,884,400</u>
Note 9 Cash and cash equivalents		
Balances with banks	-	-
On current accounts	4,339,010	19,275,767
Cash on hand	6,236,949	460,211
Total	<u>10,575,958</u>	<u>19,735,978</u>
Note 10 Other bank balances		
Bank deposits with less than 12 months maturity*	692,300	712,300
Total	<u>692,300</u>	<u>712,300</u>
Note 11 Loans		
Advance to Retated Party*	6,052,634	-
Security Deposit Paid	7,640,908	5,806,996
Total	<u>13,693,542</u>	<u>5,806,996</u>
*Refer note no. 39		
Note 12 Other financial assets		
Particulars		
Interest Accrued on Fixed deposit	161,937	118,293
Interest accrued on loan to others	140,254	-
Balances with government authorities		
-Considered good	456,628,857	50,141,542
-Considered doubtful	1,189,759	1,189,759
Less: Provision for doubtful advances	(1,189,759)	(1,189,759)
Claim Receivable	105,988,194	110,455,081
Total	<u>562,919,241</u>	<u>160,714,915</u>
Note 13 Other current assets		
Particulars		
Advance against expenses	25,519,868	38,924,930
Advance to employees	769,932	854,128
Export incentive	17,452,748	25,579,299
Balances with government authorities	36,108,228	48,084,557
Prepaid Expenses	1,359,150	9,839,262
Advance to trade payable		
-Considered good	50,727,883	133,056,868
-Considered doubtful	164,615,555	120,034,518
Less: Provision for doubtful advances	(164,615,555)	(120,034,518)
Total	<u>131,937,808</u>	<u>256,339,044</u>

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		(Amount in ₹)			
Note 14 Share Capital		As at March 31, 2019		As at March 31, 2018	
Authorised	No. of Shares	Amount	No. of Shares	Amount	
Equity shares of ₹ 10/- each	114,000,000	1,140,000,000	114,000,000	1,140,000,000	
Redeemable preference shares of ₹ 10/- each	7,000,000	70,000,000	7,000,000	70,000,000	
		<u>1,210,000,000</u>		<u>1,210,000,000</u>	
Issued, Subscribed and Paid up		As at March 31, 2019		As at March 31, 2018	
Equity shares of ₹ 10 each, fully paid up	89,772,035	897,720,350	89,772,035	897,720,350	
		<u>897,720,350</u>		<u>897,720,350</u>	

SUB NOTE: - 14(a) The company has only one class of equity share having a par value of ₹ 10/- per share. Each Shareholder is eligible for one vote per share. The dividend proposed, if any, by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

SUB NOTE: - 14 (b) Reconciliation of number of shares outstanding at the beginning and at the end of the year

Particulars	As at 31st March 2019		As at 31st March 2018	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
Equity shares outstanding at the beginning of the year	89,772,035	897,720,350	89,772,035	897,720,350
Add: Equity shares issued during the year	-	-	-	-
Equity shares outstanding at the end of the year	89,772,035	897,720,350	89,772,035	897,720,350

SUB NOTE: - 14 (C) List of shareholders holding more than 5% of the aggregate share in the company

Name of Share Holders	As at 31st March 2019		As at 31st March 2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
VCIGPM (Citigroup Venture Capital International Growth Partnership Mauritius Ltd)	19,252,650	21.45	19,252,650	21.45
CLC Technologies Private Limited	18,300,000	20.38	18,300,000	20.38
Mukund Choudhary	5,273,083	5.87	5,273,083	5.87
Kapil Choudhary	5,228,530	5.82	5,228,530	5.82

(Amount in ₹)

Note 15 Other equity		As at March 31, 2019		As at March 31, 2018	
Particulars		Amount		Amount	
Retained earnings		(6,586,176,808)		(5,056,432,191)	
Profit for the year		(213,425,412)		(1,700,259,345)	
Securities premium reserve		1,028,273,822		1,028,273,822	
Share Application Money Pending Allotment*		-		110,950,000	
General reserve		-		28,181,651	
Debenture Redemption Reserve		28,032,873		170,360,578	
Capital Reserve		147,769,543		147,769,543	
FVTOCI reserve - equity instruments		11,067		18,424	
Total		<u>(5,595,514,915)</u>		<u>(5,271,137,518)</u>	

*The Company has not allotted shares against this amount which was brought in by the promoters in more than one instalment under restructuring scheme approved by the Bankers. Due to pending necessary approvals and directions for allotment of shares, the Company has not complied with the provisions of Section 42 of the Companies Act, 2013 .

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(Amount in ₹)

Note 16 Borrowings	As at March 31, 2019	As at March 31, 2018
Particulars		
Secured		
(a) Debentures		
Redeemable Non-Convertible Debentures	112,131,490	112,214,310
Term Loans from bank		
Term loan (Refer Note no. 48)	2,066,581,982	1,771,056,982
Term Loan From Other	-	311,700,000
Unsecured		
From related parties (Refer Note no. 38)*	85,753,300	44,070,996
	2,264,466,773	2,239,042,289
Less-Amount disclosed under the head "Other financial liabilities (Note-21)	2,264,466,773	1,927,342,289
Total	-	311,700,000

Nature of security

Debentures

Non convertible debenture

Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Sh. Mukund Choudhary and Sh. Kapil Choudhary. These Debentures are further secured by second pari-passu charge on entire current assets of the Company. These debentures are also secured by pledge of 29,683,420 shares of the company held by promoters and further secured by collateral security of property at 1st Floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

Repayment terms, amount and period of default

Amounting to Rs. 11,21,31,490 (previous year Rs. 11,21,14,310) repayable in 24 quarterly instalments commencing from June, 2012. An amount of Rs.11,21,31,490 (previous year Rs. 11,21,14,310) was due for payment as on 31.03.2019 is yet to be paid. For repayment schedule refer table below

Particulars	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal %	10	15	15	17.5	17.5	25
ROI %	10	12	13	14	14	15.25

Term loan from bank

(a) Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary and third party guarantee of Mrs. Jyoti Choudhary. These loans are further secured by second pari-passu charge on entire current assets of the Company. These loan are also secured by pledge of 2,968,342 shares of the company held by promoters and further secured by collateral security of property at 1st Floor, 7, Padmini Enclave, Hauz Khas, New Delhi. 8,113,806 (P.Y. 8,113,806) shares of promoters have also been pledged on exclusive basis for an amount of Rs.332,700,000 (Rs.332,700,000), Further secured by third charge on all the movable and immovable assets of the Company.

Amounting to Rs 51,47,47,404 (previous year Rs 51,47,47,404) repayable in 24 quarterly installments commencing from June, 2012. An amount of Rs. 51,47,47,404 (previous year Rs 51,47,47,404) existed on 31.03.2019, which ranges overdue from 1 to 1794 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to Rs 20,37,86,327 (previous year Rs 20,88,86,327) repayable in 20 quarterly installments commencing from June, 2012. An amount of Rs 20,37,86,327 (previous year Rs 20,88,86,327) existed on 31.03.2019, which ranges overdue from 1 to 1794 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to Rs 33,27,00,000 (previous year Rs 33,27,00,000) repayable in 15 quarterly installments commencing from December, 2017. An amount of Rs. 5,75,00,000 (previous year Rs. 1,75,00,000) existed on 31.03.2019, which ranges from 1 to 471 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no. 3 below.

Term Loan Repayment schedule Table No. 1

Particulars	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal %	10	15	15	17.5	17.5	25
ROI %	10	12	13	14	14	15.25

Term Loan Repayment schedule Table No. 2

Particulars	FY 13	FY 14	FY 15	FY 16	FY 17
Principal %	14	16	20	20	30
ROI %	10	12	13	14	14

Term Loan Repayment schedule Table No. 3

Particulars	FY 17	FY 18	FY 19	FY 20	FY 21
Principal %	5.26	12.02	12.02	12.02	58.68
ROI %	8.5	8.5	8.5	8.5	8.5

(b) Funded Interest Term Loan

Secured by first pari-passu charge on all the fixed assets of the Company, both present and future. The loan is further secured by second pari-passu charge on entire current assets of the Company and additionally secured by personal guarantee of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary . The loan is also secured by pledge 24,575,918 shares of the Company on pari-passu basis. Loan amounting to Rs. 44,456,848 (P.Y. Rs. 44,456,848) is further secured by collateral security of property at 1st Floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

Amounting to Rs. 15,378,904 (previous year Rs. 15,378,904) repayable in 2018. An amount of Rs. 15,378,904 (previous year Rs. 15,378,904) existed on 31.03.2019, which ranges from 1 to 365 days till 31.03.2019, is yet to be paid.

Amounting to Rs. 21,400,000 (previous year Rs. 21,400,000) repayable in 15 quarterly installments commencing from December, 2017. An amount of Rs. 35,00,000 (previous year Rs. 11,00,000) existed on 31.03.2019, which ranges from 1 to 471 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to Rs. 44,456,848 (previous year Rs. 44,456,848) repayable in 16 quarterly instalments commencing from June, 2012. An amount of Rs. 44,456,848 (previous year Rs. 44,456,848) existed on 31.03.2019, which ranges from 1 to 1794 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no.2 below.

Funded Interest Term Loan Repayment schedule Table No. 1

Particulars	FY 17	FY 18	FY 19	FY 20	FY 21
Principal %	5.14	11.21	11.21	11.21	61.23
ROI %	8.5	8.5	8.5	8.5	8.5

Funded Interest Term Loan Repayment schedule Table No. 2

Particulars	FY 13	FY 14	FY 15	FY 16
Principal %	15	25	25	35
ROI %	10	10	10	10

(c) Working Capital Term Loans

Secured by first pari-passu charge on entire current assets of the Company both present and future and additionally secured by personal guarantees of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary and third party guarantee of Mrs. Jyoti Choudhary. These loans are further secured by second pari-passu charge on entire fixed assets of the Company. These loans are also secured by pledge of 29,683,420 shares of the Company and further secured by collateral security on the property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

Amounting to Rs. 15,37,29,754 (previous year Rs. 15,37,29,754) repayable in 24 quarterly installments commencing from June, 2012. An amount of Rs. 15,37,29,754 (previous year Rs. 15,37,29,754) existed on 31.03.2019, which ranges from 1 to 1429 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to Rs. 28,01,98,922 (previous year Rs 28,01,98,922) repayable in 24 quarterly installments commencing from June, 2012. An amount of Rs 28,01,98,922 (previous year Rs 28,01,98,922) existed on 31.03.2019, which ranges from 1 to 1429 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to Rs. 30,72,64,355 (previous year Rs. 30,72,64,355) repayable in 24 quarterly installments commencing from June, 2012. An amount of Rs. 30,72,64,355 (previous year Rs. 30,72,64,355) existed on 31.03.2019, which ranges from 1 to 1429 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no. 3 below.

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Repayment schedule Table No. 1

Particulars	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal %	10	15	15	17.5	17.5	25
ROI %	10	12	13	14	14	15.25

Repayment schedule Table No. 2

Particulars	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal %	10	15	15	17.5	17.5	25
ROI %	10	10	11	11	11	12

Repayment schedule Table No. 3

Particulars	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal %	10	15	15	20	20	20
ROI %	14.5	18	18	18	18	18.25

(d) Corporate Loan

Secured by first pari-passu charge on the entire current assets of the Company including receivables. Additionally secured by personal guarantees of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary and third party guarantee of Mrs. Jyoti Choudhary. These loans are further secured by collateral security on entire fixed assets of the Company, also secured by pledge of 2,45,75,918 shares of the Company and collateral security on the property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

Amounting to Rs. 16,59,47,612 (previous year Rs. 17,70,22,612) repayable in 18 quarterly installments commencing from June, 2015. An amount of Rs. 16,59,47,612 (previous year Rs 145,964,697) existed on 31.03.2019, which ranges from 1 to 1794 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no.1 below.

Amounting to Rs 2,69,71,857 (previous year Rs 2,69,71,857) repayable in 18 quarterly installments commencing from September, 2015. An amount of Rs 2,69,71,857 (previous year Rs 26,971,857) existed on 31.03.2019, which ranges from 1 to 1794 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no. 2 below.

Repayment schedule Table No. 1

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19
Principal %	22.22	22.22	22.22	22.22	11.12
ROI %	13.50%	13.50%	13.50%	13.50%	13.50%

Repayment schedule Table No. 2

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
Principal %	5.56	22.24	22.24	22.24	22.24	5.56
ROI %	13.50%	13.50%	13.50%	13.50%	13.50%	13.50%

Note 17 Other financial liabilities

	As at 31st March, 2019	(Amount in ₹) As at 31st March, 2018
Security Deposit	-	6,686,736
Total	-	6,686,736

Note 18 Provisions

Provision for gratuity*	123,599,946	106,880,704
Provision for leave encashment	11,522,719	19,840,653
Total	135,122,665	126,721,357

* Refer note 37

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Note 19 Borrowings	(Amount in ₹)	
	As at 31st March, 2019	As at 31st March, 2018
Particulars		
Secured		
From banks - Repayable on demand	2,751,953,074	2,821,605,715
Unsecured		
From Others	13,087,516	20,000,000
Security Deposit	2,161,437	-
Inter corporate deposits (repayable on demand)	187,981,952	166,629,560
Total	2,955,183,979	3,008,235,275

Nature of Security

Working Capital Loans from Banks are secured by first pari-passu charge on entire current assets, long term loan and advances and other non current assets of the Company. These loans are further secured by second pari-passu charge on entire fixed assets, both present and future and personal guarantee of the promoters. These loans, are also secured by pledge of promoters' shares (29,683,420 nos.) on pari-passu basis.

** The short term borrowing from banks have generally remained overdue during the substantial part of the financial year. The overdue amount as at March 31, 2019 was Rs. 2,75,19,53,074 (P.Y. Rs. 2,76,84,56,668). During the previous year director has given unsecured loan of Rs.2,00,00,000 which was subsequently returned back by the company through cheque, however the said cheque was not presented till the date of signing of financials for the year ended 31st March 2018. and in the Current year the same has been reclassified under unsecured Loan. Refer Note No. 16.

Note 20 Trade Payables	(Amount in ₹)	
	As at 31st March, 2019	As at 31st March, 2018
Particulars		
Trade payables - Due of micro and small enterprises	7,431,904	-
Trade payables - Due of other than micro and small enterprises	593,190,074	622,647,790
Total	600,621,978	622,647,790

Additional Information

Information relating to Micro and Small Enterprises, as per the Micro, Small and Medium Enterprises Development Act, 2006:

Particulars

The principal amount overdue thereon remaining unpaid to any supplier at the end of each accounting year;	7,431,904	-
The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(Interest on outstanding Dues of MSME not provided in the books Rs. 14,27,353 during the Financial Year ended on March 31, 2019.)		

Note 21 Other financial liabilities	(Amount in ₹)	
	As at 31st March, 2019	As at 31st March, 2018
Particulars		
Current maturities of long-term borrowings	2,264,466,773	1,927,342,289
Interest accrued and due on borrowings	80,406	51,749,649
Deposit (Share Application Money Converted in to Deposit)*	110,950,000	-
Employee Benefits Payables	179,159,741	118,273,387
Other payables	482,886,649	472,322,754
Total	3,037,543,569	2,569,688,078

* Share application money received pending for allotment, is converted into deposit as per companies Acceptance of deposit rules 2014. Such Deposits bear interest rate of 12 % p.a. Necessary Compliance with ROC pending.

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	(Amount in ₹)	
	As at 31st March, 2019	As at 31st March, 2018
Note 22 Other current Liabilities		
Advances from customers	66,325,401	25,118,491
Statutory dues	257,811,095	188,331,947
Total	324,136,496	213,450,438
Note 23 Provision		
Provision for bonus	59,638,236	24,086,785
Provision for Ex-gratia	13,721,278	12,417,420
Provision for leave encashment	1,698,025	2,500,517
Provision for Gratuity*	11,430,842	11,000,734
Total	86,488,381	50,005,456
*Refer note 37		
Note 24 Revenue from operations		
Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Sale of products:-		
Manufacture goods	2,077,193,913	4,764,622,183
Traded goods	47,724,143	3,768,981
Sale of Services:-	-	
Commission income	3,502,147	3,547,700
Job Work Charges	313,788,019	-
Other Operating Revenue:-	-	
Export Incentive	13,150,901	79,031,694
Sale of Scrap	4,444,646	2,026,259
Total revenue from operations	2,459,803,769	4,852,996,816
Less: Discount	8,109,102	47,653,909
Net revenue from operations	2,451,694,667	4,805,342,907
Note 25 Other Income		
Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Interest Received	7,121,212	25,969,164
Profit on sale of Fixed Assets (net)	-	327,317
Rental income	36,000	63,000
Liabilities / Provisions no longer required written back	36,740,479	80,681,081
Exchange difference	10,575,040	12,005,974
Other non-operating income	408,984,086	2,697,826
Total other income	463,456,817	121,744,363
Note 26 Cost of raw material and components consumed		
Raw Material		
Opening inventory	59,978,650	150,999,826
Purchases	1,325,706,276	3,112,051,862
Closing inventory	13,677,889	59,978,650
Cost of raw material consumed	1,372,007,037	3,203,073,038
Additional disclosures regarding cost of material consumed:		
Cotton	469,551,677	1,023,051,990
Polyester staple fiber	902,304,750	1,363,294,658
Viscose staple fiber	92,699	208,728
Others	57,911	816,517,662
	1,372,007,037	3,203,073,038

	(Amount in ₹)	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Note 26 Cost of raw material and components consumed		
Particulars		
Additional disclosures regarding closing inventory of Raw Material:		
Cotton	11,799,349	42,719,679
Polyester staple fiber	1,347,729	13,629,588
Others	530,811	3,629,383
	<u>13,677,889</u>	<u>59,978,650</u>
Note 27 PURCHASES OF of Traded Goods		
Particulars		
Cotton yarn	-	31,983
Clothes	36,628,104	2,613,356
	<u>36,628,104</u>	<u>2,645,338</u>
Note 28 (Increase)/Decrease in inventories		
Particulars		
Opening inventory		
Finished goods:		
(a) Manufactured	81,175,233	249,595,851
(b) Traded	166,870	882,238
Work in progress	67,374,417	117,985,877
Cotton waste	5,906,383	8,197,490
	<u>154,622,904</u>	<u>376,661,456</u>
Less: Closing inventory		
Finished goods:		
(a) Manufactured	13,241,505	81,175,233
(b) Traded	2,970	166,870
Work in progress	7,351,667	67,374,417
Cotton waste	2,460,263	5,906,383
	<u>23,056,405</u>	<u>154,622,904</u>
Inventory Written Off	186,139	
Sub Total	131,380,359	222,038,552
Excise duty on increase / (decrease) in inventories	-	2,658,938
(Increase) /decrease in inventory	<u>131,380,359</u>	<u>224,697,490</u>
Note 29 Employee benefit expenses		
Salaries wages and bonus	516,825,530	590,468,428
Contribution to provident and other funds	43,328,511	59,415,508
Leave Encachment	3,539,457	3,729,441
Gratuity expense	14,303,462	14,360,271
Staff welfare expenses	63,452,848	64,468,275
Total employee benefit expenses	<u>641,449,809</u>	<u>732,441,923</u>
Note 30 Finance costs		
Particulars		
Interest on Non convertible debentures	-	16,741,092
Interest (Others)	35,666,482	21,712,712
Interest on Term Loans	1,648,395	35,641,159
Interest on bill discounting	3,863,378	9,800,908
Interest on Working Capital loan	-	91,741
Amortisation of deferred finance costs	211,698	217,263
Bank & other finance Charges	2,695,967	3,212,053
Total finance costs	<u>44,085,919</u>	<u>87,416,928</u>

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	(Amount in ₹)	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Note 31 Depreciation and amortization expense		
Particulars		
Depreciation of tangible assets	99,804,632	104,024,677
Amortization of Tangible assets	353,824	614,494
Amortization of Lease hold land classified as prepaid		906,646
Total depreciation and amortization expense	100,158,456	105,545,816
Note 32 Other expenses		
Particulars		
Manufacturing Expenses :		
Consumption of stores and spares	34,671,029	66,442,308
Power and fuel Expenses	498,944,750	583,696,389
Repairs and Maintenance (Machinery)	4,637,478	9,022,626
Repairs and Maintenance (Buildings)	973,659	1,396,928
Repairs and Maintenance (Others)	4,606,871	7,816,489
Entry Tax /Toll Tax	39,936	30,043
Subtotal (A)	543,873,724	668,404,783
Selling & Distribution Expenses :		
Freight Outward and Clearing Charges	21,360,613	73,380,340
Packing Material Expenses.	53,821,261	72,948,731
Business Promotion Expenses	4,002,519	3,168,989
Advertisement & Publicity Expenses	130,306	176,199
Commission	78,090,722	5,480,801
Sample Expenses	57,278	72,877
Export Sale Expense	198,480	721,550
Other Selling & Distribution Expenses	11,355,932	26,767,092
Subtotal (B)	169,017,111	182,716,579
Administrative & General Expenses :		
Rent (Including Lease Rental)	2,374,195	4,608,436
Insurance	2,797,008	4,832,189
Communication Expenses	3,544,250	4,460,330
Printing and Stationery	842,553	1,508,545
Legal and Professional Charges	20,203,917	40,695,231
Director Sitting Fees	222,000	298,204
Foreign Office Expenses	3,846,751	3,652,621
Payment to Auditors	1,900,000	2,377,805
Rates and taxes	4,695,671	4,497,709
Travelling & Conveyance Expenses	35,402,784	39,893,887
Filing Fees	6,022	786
Licence Fees	762,624	1,506,159
Membership & Subscription	1,126,975	1,027,299
Vehicle Running & Maintenance Expenses	3,611,857	5,174,027
Security Charges	7,761,935	8,715,368
Computer Running & Maintenance Expenses	283,363	441,121
Books & Periodicals	72,530	50,769
ISO Expenses	1,079	176,715
Secretarial Expenses	749,329	722,467
Subcontracting Charges	883,560	4,405,003
Loss on Sale of Fixed Assets (net)	8,758,819	-
Miscellaneous Expenses	2,213,407	5,239,879
Interest on Statutory Dues	22,675,755	15,098,235
Bad debts written off	13,472,595	28,857,591
Provision for impairment of trade receivables & Investment	703,996	-

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	(Amount in ₹)	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Amortization of Lease hold land classified as prepaid	1,212,434	-
Subtotal (c)	140,125,409	178,240,376
Total other expenses	853,016,244	1,029,361,738

Note 33 Expenses of exceptional nature

Particulars

Provision made for diminution in value of Investment	204,469,921
Receivable from ASIL Written-off	755,794,386
Carrying cost, insurance & trade premium etc on cotton	260,117,951
-	1,220,382,258

Note 34 Income of exceptional nature

Particulars

Interest written back	51,606,300	-
	51,606,300	-

NOTE: - 35 Contingent liabilities not provided for in respect of:

Particulars

(a) Demands from income tax authorities under appeal	37,981,404	37,981,404
(b) Demands from sales tax authorities under appeal	100,659,595	100,659,595
(c) Demands from EPF Appellate authority	1,565,076	-
(d) Show cause notices/demands raised by excise / customs department (including applicable penalties), not acknowledged as debts"	287,427,998	148,490,339
(e) Show cause notices/demands raised by MP Government / MPEB department,not acknowledged as debts"	125,056,000	125,056,000
(f) Claims against the company not acknowledged as debts	293,300,000	293,300,000
(g) Guarantees and letters of credit issued on behalf of the company, outstanding at the year end	640,290	640,290
(h) Bills Discounted with banks on behalf of the company, outstanding at the year end.	-	31,910,156
(i) Corporate Guarantee given to IREDA for loan to M/s Himalayan Crest Power Private Limited	119,920,545	130,428,748
(j) Corporate Guarantee given to AXIS Bank Ltd.& UCO Bank for loan to M/s Amit Spinning Industries Limited**	-	294,302,104
(k) Corporate Guarantee given to CVCI for investment in Spentex (Netherlands) B.V.Current Year USD 2,000,000 (previous year USD 2,000,000)**	-	-
(l) Corporate Guarantee given to SBI - Tokyo Branch for loan to Spentex (Netherlands) B.V Current Year USD 22,009,732 (previous year USD 21,427,318)***	-	-
Total	966,550,908	1,162,768,636

*Under the Guarantee AXIS Bank Ltd.& UCO Bank for loan to M/s Amit Spinning Industries Limited, The company, believes that no contingent liability is required in terms of the submission of resolution plan by the Court appointed IRP (Interim Resolution Professional) exonerating the guarantors from the said purview and on that basis the petition no.IB-131(PB)/2017 disposed by Honourable NCLT, Principal Bench vide their order dated 01.08.2017.

**Under the Guarantee Agreement Spentex Industries Limited, the guarantor, guaranteed the performance and execution of the undertaking the obligation upon it under the Investment Agreement. In terms of clause 25.18 of Investment Agreement, the guarantee had to be renewed every year, however since all the needful compliance intended as per the Investment Agreement had been fulfilled in the first year itself i.e in 2006-07, therefore over the period for many year, neither Guarantee was renewed nor its renewal at any time was demanded by the CVCI, as the Guarantee of late, has become Infructuous, since its purpose has been fulfilled."

***The company believes that the corporate guarantee issued to SBI Tokyo is 'Open Ended' as it does not specify period of its issuing of any such 'open ended' Guarantee. Hence the Guarantee being deficient, is invalid corporate guarantee and therefore, no longer enforceable, as per RBI norm. Further, ODI Form Part II specifying the amount, date of issuance of corporate guarantee, has been allowed under the Automatic Route, was not filed by the Authorised dealer bank (SBI) with the RBI. Accordingly, all the requisite terms and conditions of issuing a guarantee by the Company under the automatic route were not fulfilled by the Authorised Dealer. Hence the corporate guarantee vis-a-vis SBI Tokyo is invalid as on date.

The amount shown in the items (a) to (f) represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on outcome of the different legal processes which have been invoked by the Company or the

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claimants as the case may be and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interest and has been advised that it has strong legal positions against such disputes. The amount shown in items (g) to (j) represent guarantees given and bills discounted in the normal course of the Company's operations and are not expected to result in any loss to the Company on the basis of beneficiaries fulfilling their ordinary commercial obligations.

Note: - 36

In the opinion of the Management and to the best of their knowledge and belief, the value on realisation of current/non current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the financial statements.

Note: - 37 EMPLOYEE BENEFIT PLAN

Particulars	(Amount in ₹)	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
(i) Post Retirement Employee Benefits		
Gratuity	135,030,788	117,881,438
Leave Encashment	13,220,744	22,341,170
(a) Defined Contribution Plans:		
The Company has defined contribution plans for post retirement employment benefits namely Provident Fund and Employee State Insurance Scheme. Expenses for the same is being charged to statement of profit and loss for the year.		
(b) Defined Benefit Plans:		
The liability for gratuity is determined on the basis of an actuarial valuation, using the projected unit credit (PUC) method at the end of the year. Gains and losses arising out of actuarial valuations are recognised in the statement of profit and loss for the year. Liabilities for compensated absences which is a defined benefit plan are determined based on independent year end actuarial valuation and the resulting charge is being accounted in statement of profit and loss.		
(ii) Other Employee Benefits		
Other employee benefits are accounted for on accrual basis.		

A. Components of Employer Expense

Particulars	2018-19	2017-18
	Gratuity Funded	Gratuity Funded
Current service cost	9,415,813	11,433,267
Interest cost	9,833,087	8,119,040
Return on plan assets	(504,429)	(1,440,641)
Past service cost	-	1,458,083
	18,744,471	19,569,749

The Gratuity and Leave encashment expenses have been recognized in "Employee benefits expense" under note no. 22 of financial statement.

B. Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2019

Particulars	2018-19	2017-18
	Gratuity Funded	Gratuity Funded
Present Value of DBO at the beginning of year	133,921,290	104,761,808
Current service cost	9,415,813	11,433,267
Past Service Cost	-	1,458,083
Interest cost	9,833,087	8,119,040
Actuarial (gains)/losses	8,979,400	22,455,555
Benefits paid	(27,118,802)	(14,306,463)
Present value of DBO at the end of year	135,030,788	133,921,290

C. Net Asset / (Liability) recognized in Balance Sheet as at March 31, 2019

Particulars	2018-19	2017-18
	Gratuity Funded	Gratuity Funded
Present value of defined benefit obligation	135,030,788	133,921,290
Fair value on plan assets	2,204,607	16,039,851
Status [surplus/(deficit)]	(132,826,181)	(117,881,439)
Net Asset/(Liability) recognized in Balance Sheet	(132,826,181)	(117,881,439)

D. Experience Adjustment

Particulars	2018-19 Gratuity Funded	2017-18 Gratuity Funded
Present value of defined benefit obligation	135,030,788	133,921,290
Fair value on plan assets	2,204,607	16,039,851
Status [surplus/(deficit)]	(132,826,181)	(117,881,439)
Experience adjustment on plan Liabilities (loss) / gain	(8,979,4010)	(22,455,555)
Experience adjustment on plan assets (loss) / gain	(284,536)	(146,322)

Particulars	2016-17 Gratuity Funded	2015-16 Gratuity Funded
Present value of defined benefit obligation	108,503,365	97,012,520
Fair value on plan assets	21,485,630	28,829,095
Status [surplus/(deficit)]	(87,017,735)	(68,183,425)
Experience adjustment on plan liabilities loss / (gain)	1,730,951	223,585
Experience adjustment on plan assets (loss) / gain	(196,551)	74,909

Particulars	2014-15 Gratuity Funded
Present value of defined benefit obligation	88,556,917
Fair value on plan assets	29,394,613
Status [surplus/(deficit)]	(59,162,304)
Experience adjustment on plan liabilities loss / (gain)	81,708
Experience adjustment on plan assets (loss) / gain	(531,948)

E. Change in Fair Value of Assets during the Year Ended March 31, 2019

Particulars	2018-19 Gratuity Funded	2017-18 Gratuity Funded
Plan assets at the beginning of year	16,039,851	21,485,630
Acquisition adjustment for plan assets	-	100,000
Expected return on plan assets	504,429	1,440,641
Actuarial gains/(losses)	(284,536)	(146,322)
Actual company contribution	6381752	(30,897)
Benefits paid	(20,436,889)	(6,809,201)
Plan Assets at the end of year	2,204,607	16,039,851

F. Current & Non –current liabilities as at March 31, 2019

Particulars	2018-19 Gratuity Funded	2017-18 Gratuity Funded
Current liabilities	11,430,842	11,000,734
Non-current liabilities	123,599,946	106,880,704
Total of Current & Non –current liabilities	135,030,788	117,881,438

G. Actuarial Assumptions

Particulars	2018-19 Gratuity Funded	2017-18 Gratuity Funded
Discount Rate (%)	7.75%	7.75%
Expected Return on Plan Assets (%)	6.00%	7.75%
Annual increase in salary cost (%)	5.00%	5.00%

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

H. Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

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NOTE: - 38 SEGMENT REPORTING

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the Chief Operating Decision Maker, in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Based on the management approach as defined in Ind AS 108, the Chief Operating Decision Maker evaluates the group's performance based on only one segment i.e. manufacturing and trading in Domestic & Outside India.

DESCRIPTION	REVENUE (Rs.)	ASSETS (Rs.)
Domestic	2,051,856,452	2,402,926,265
	(4,483,173,907)	(2,437,531,465)
Outside India	399,838,215	38,376,238
	(322,169,000)	(98,186,497)
Current Year	2,451,694,667	2,441,302,503
Previous Year	(4,805,342,907)	(2,535,717,962)

NOTE: - 39 RELATED PARTY DISCLOSURES

(1) Related parties and their relationship :

I Key Management personnel :

- (i) Mr. Ajay Kumar Choudhary (Chairman & Whole time Director)
- (ii) Mr. Mukund Choudhary (Managing Director - Cum - CEO.)
- (iii) Mr. Kapil Choudhary (Deputy Managing Director - Cum - COO.)
- (iv) Mr. Yash Jain (CFO) (Date of Joining 18th December 2017 resigned with effect from 25th June 2018)
- (v) Mr. Koushal Madan (CFO) w.e.f 14th November 2018
- (vi) Mr. Bharat Kapoor (Company Secretary) w.e.f 28th May 2018

II Relatives of Key Management personnel :

- (i) Mr. Raghav Choudhary (Son of Managing Director)
- (ii) Mr. Bharat Hari Choudhary (Son of Managing Director)
- (iii) Ms. Vanshika Choudhary (Daughter of Managing Director)
- (iv) Mr. Madhav Choudhary (Son of Deputy Managing Director)
- (v) Mrs. Jyoti Choudhary (Wife of Managing Director)
- (vi) Mrs. Ritu Choudhary (Wife of Deputy Managing Director)

III Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise :

- (i) Himalayan Crest Power Pvt. Limited
- (ii) CLC & Sons (P) Limited
- (iii) CLC Technologies Private Limited
- (iv) Chhindwara Infrastructure Private Limited
- (v) CLC Power Limited
- (vi) CLC Enterprises Limited
- (vii) CLC Textile Park Private Limited
- (viii) Sasi Power Private Limited
- (ix) Spentex Netherland BV
- (x) Amit Spinning Industries Limited
- (xi) Rudolf Exim Pvt. Ltd.
- (xii) Ramya Agro Tech Pvt. Ltd.
- (xiii) Shivani Farms Pvt. Ltd.

	Particulars	2018-19 (Rs.)	2017-18 (Rs.)
1	Remuneration to Key Management Personnel*		
i)	Mr. Ajay Kumar Choudhary(Chairman & Whole time Director)		
	Salary and Allowances	-	410,714
	Contribution to Provident and other Funds.	-	49,286
	Value of benefits, calculated as per Income Tax Rules		
ii)	Mr. Mukund Choudhary(Managing Director)		
	Salary and Allowances	-	410,714
	Contribution to Provident and other Funds.	-	49,286
	Value of benefits, calculated as per Income Tax Rules		
iii)	Mr. Kapil Choudhary(Deputy Managing Director)		
	Salary and Allowances	-	410,714
	Contribution to Provident and other Funds.	-	49,286
	Value of benefits, calculated as per Income Tax Rules		
iv)	Mr. Krishan Gopal Goya (CFO)		
	Salary and Allowances	-	468,477
	Contribution to Provident and other Funds.		
	Value of benefits, calculated as per Income Tax Rules	-	431,523
v)	Mr. Yash Jain (CFO)		
	Salary and Allowances	990,250	1,375,161
	Contribution to Provident and other Funds.	5,400	7,200
	Value of benefits, calculated as per Income Tax Rules	98,557	243,445
vi)	Mr. Koushal Madan (CFO)		
	Salary and Allowances	623,516	-
	Contribution to Provident and other Funds.	8,208	-
	Value of benefits, calculated as per Income Tax Rules	223,052	-
vii)	Mr. Bharat Kapoor (Company Secretary)		
	Salary and Allowances	239,160	-
	Contribution to Provident and other Funds.	7,434	-
	Value of benefits, calculated as per Income Tax Rules		
viii)	Mr. Raghav Hari Choudhary		
	Salary and Allowances	461,115	-
	Contribution to Provident and other Funds.	9,000	-
	Value of benefits, calculated as per Income Tax Rules		
	Total	2,656,693	3,905,806

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	Particulars	2018-19	2017-18
2	Directors' sitting fees		
i)	Mr. Deepak Diwan	73,000	135,000
ii)	Mr. Kamal Kapur	-	88,918
iii)	Mr. Kapoor Chand Garg	48,000	
iv)	Mr. Samir Kumar Nath	-	42,286
v)	Mr. Mohd Asim Mansoori	16,000	-
vi)	Mr. Rajinder Kumar Jain	11,000	-
vii)	Miss. Charul Jain	16,000	32,000
viii)	Miss. Honey Deep Kaur	21,000	-
ix)	Miss. Shivani Gupta	37,000	-
	Total	222,000	298,204
3	Scholarship to relatives of Key Management Personnel		
i)	Mr. Bharat Hari Choudhary	-	6,000
	Total	-	6,000
4	Reimbursement of Expenses		
i)	M/s Amit Spinning Industries Limited	-	2,291,513
ii)	Chindwara Infrastructure Pvt. Ltd.	2,063,749	1,831,815
	Total	2,063,749	4,123,328
5	Unsecured loan taken		
i)	Mr. Ajay Kumar Choudhary	668,643	8,000,000
ii)	Mr. Mukund Choudhary	79,064	-
iii)	Mr. Kapil Choudhary	20,541,504	-
iv)	Ms. Jyoti Choudhary	420,298	-
v)	Ms. Ritu Choudhary	2,311,640	-
	Total	24,021,149	8,000,000
6	Unsecured loan given		
i)	Mr. Bharat Kapoor	200,000	-
	Total	200,000	-
7	Guarantees outstanding at year end		
i)	M/s Amit Spinning Industries Limited	-	294,302,104
	Total	-	294,302,104
8	Year end receivable from		
i)	M/s Amit Spinning Industries Limited	-	1,025,287
ii)	M/s Chindwara Infrastructure Private Limited	-	6,052,634
iii)	Mr. Bharat Kapoor	157,962	-
	Total	6,210,596	1,025,287
9	Year end payable to		
i)	Mr. Ajay Kumar Choudhary	22,190,243	21,521,600
ii)	Mr. Mukund Choudhary	13,549,247	13,470,183
iii)	Mr. Kapil Choudhary	28,120,717	7,579,213
iv)	Ms. Jyoti Choudhary	420,298	-
v)	Ms. Ritu Choudhary	2,311,640	-
vi)	CLC Sons Private limited	60,400,000	-
vii)	CLC Technology Private Limited	45,050,000	-
viii)	M/s Amit Spinning Industries Limited	74,713	-
	Total	172,116,858	42,570,996

NOTE: - 40 EARNING PER SHARE

DESCRIPTION	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Basic EPS is calculated by dividing the profit for the year attributable to equity share holders of the entity by the weighted average number of Equity shares outstanding during the year (Amount in Rupees)	(2.36)	(18.67)
Diluted EPS is calculated by dividing the profit attributable to equity share holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares (Amount in Rupees).	(2.36)	(18.67)
The following reflects the income and share data used in the basic and diluted EPS computations:		
Profit attributable to equity share holder for basic earnings	(211,968,144)	(1,676,457,046)
Profit attributable to equity share holders adjusted for the effect of dilution	(211,968,144)	(1,676,457,046)
Weighted average number of Equity shares for basic EPS	89,772,035	89,772,035
Weighted average number of Equity shares adjusted for the effect of dilution	89,772,035	89,772,035

NOTE 41 EARNINGS IN FOREIGN EXCHANGE DURING THE YEAR (ON ACCRUAL BASIS):

DESCRIPTION	For the Year ended March 31, 2019	For the Year ended March 31, 2018
F.O.B. value of goods exported	55,325,477	1,170,222,187

NOTE 42: Expenditure in Foreign currency (on accrual basis)

DESCRIPTION	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Travelling	-	1,488,157
Commission	2,594,218	2,726,712
Claim paid on export sales	198,480	721,550
Legal & professional	39,808	1,612,500
Other expenses	1,438,027	4,118,191
Total	4,270,534	10,667,110

NOTE 43: Expenditure in Foreign currency (on accrual basis)

The entity uses foreign currency denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. However such foreign currency denominated borrowings have not been designated as hedge. Such derivatives are recorded at mark to market at each reporting date with a corresponding recognition in the Statement of Profit and Loss.

Details of foreign currency exposure of the Company :

	As at March 31, 2019		As at March 31, 2018	
	Foreign Currency	INR	Foreign Currency	INR
Other foreign currency exposures:				
Export Receivables (USD)	400,619	27,459,489	1,339,029	85,960,084
Advance from Customers (US\$)	436,926	30,395,174	385,068	25,327,972

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NOTE 44: Financial Instruments

A- Fair values

The carrying amount of financial assets and liabilities except for certain financial assets i.e. "instrument carried at fair value" appearing in the financial statement are reasonable approximation of fair value. Such investments of those financial instruments carried at fair value are disclosed below:-

Particulars	Fair value		Carrying value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets measured at fair value through profit and loss				
<u>Investments</u>				
Equity shares				
Sentinel Tea and Exports Limited	9,940	9,930	9,940	9,930
Summit Securities Limited	5,904	7,901	5,904	7,901
	15,844	17,831	15,844	17,831
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)	
March 31, 2019				
Investment				
Equity share	15,844	33,563	-	
Total	15,844	33,563	-	
March 31, 2018				
Investment				
Equity share	17,831	33,563	-	
Total	17,831	33,563	-	

There have been no transfer between level 1, level 2 and level 3 during the period.

NOTE 45: CIF VALUE OF IMPORTS

DESCRIPTION	Current Year Amount in Rs.	Previous Year Amount in Rs.
Raw materials	-	-
Stores and spares & components	-	4,049,135
Total	-	4,049,135

Note 46 : In the FY 2017-18 Expenses of exceptional nature comprise 'the company has made a provision for value of long term investments amounting to Rs.2,044.70 lakhs in Amit Spinning Industries Limited(ASIL), Subsidiary of the Company and written off recoverable amounting of Rs. 7557.94 lakhs due from above subsidiary. During the FY 2017-18 the ASIL moved to National Company Law Tribunal (NCLT) for resolution of its liabilities. Further, NCLT vide order dated 01.08.2017 has admitted the ASIL's petition and had appointed Resolution Professional for ASIL keeping in view of ongoing proceedings of ASIL in National Company Law Tribunal under Insolvency and Bankruptcy code. The NCLT vide its order dated 31st July 2018, had approved the resolution plan as submitted by Resolution Applicants for ASIL, the company was required to transfer its entire shareholding held in ASIL at a total consideration of Rs. One only in favour of Resolution Applicants as stipulated in Sanctioned Resolution plan. The Company was holding 2,09,81,077 equity shares (50.96%) in ASIL and company is in process to comply with the Resolution plan. Further we are unable to determine the amount of liability that may arise on account of Corporate Guarantee given on behalf of subsidiary, and compliance of IND-AS 109 in respect to accounting of corporate guarantee."Further provision made for inventory carrying cost of Rs. 2601.28 lakhs for which reconciliation with the parties are pending.

Note 47 :As on March 31, 2019, the accumulated losses of the Company had exceeded its net worth. The financials of the company has been prepared on going concern basis as the management believe that the accumulated losses would be wiped off and the profitability improved and the net worth will turn positive once financial restructuring is carried out by the lenders and requisite working capital is raised. Company is in advance stage of this financial resolution and is quite hopeful that within the next financial year the same will be carried out.

Note 48 :The Company's accounts had become Non performing assets (NPA) with majority of the banks and due to this reason, the majority of lenders stopped charging interest from the company on their outstanding debts amount from the dates on which their accounts become NPA. The company is in advance stage of discussion with the lenders to settle their dues through Assets Reconstruction Companies by the lenders or otherwise. In view of the above, the company has not charged to statement of profit and loss account interest expenses of Rs. 56,91,49,755 and related penal interest and other charges for the year, if any, in respect of delay in repayment of borrowings from the banks. Further, Liability for interest expenses of Rs. 2,06,67,39,391 till March 31, 2019 has not been accounted for.

Note 49 : The Company is required to deposit/invest a sum of at least 15% of the amount of its debentures maturing during the financial year 2018-19 in one or more of the prescribed methods vide circular no.04/2013 dated February 11, 2013 issued by Ministry of Corporate Affairs .However, the Company has not complied with the requirement of the said circular.

Note 50 : Due to working capital crunch, Baramati plant was shut down since September `2017. Management of the company is confident of restarting the unit within next financial year once financial restructuring is carried out by lenders and additional working capital is raised.

Note 51 : The outstanding balance as on 31st March, 2019 in respect of certain trade receivables, trade payables and loans & advances are subject to confirmation/reconciliation and consequential adjustment if any, from the respective parties. Further, receivable from Govt. Authorities of Rs. 49, 27,37,085 out of which Rs 4,96,79,000/- are pending for more than three years. The management, however, does not expect any material variations.

NOTE 52: Deferred Tax Disclosure

Particulars	As at March 31, 2019 (Rs.)	As at March 31, 2018 (Rs.)
Taxable Temporary Difference	(1,102,145,050)	(1,141,294,373)
Deductible Temporary Difference	4,935,747,335	3,146,313,190
Net Deductible Temporary Difference	3,833,602,285	2,005,018,817
Current Tax Rate inclusive of Cess	31.20%	31.20%
Deferred Tax Asset (Net)	1,196,083,913	625,565,871

(Note :- The Company has not recognised above deferred Tax Asset on Account of Prudence)

Particulars	As at March 31, 2019 (Rs.)	As at March 31, 2018 (Rs.)
Deferred tax assets (continuing operations)	-	-
Deferred tax liabilities (continuing operations)	-	-
Mat credit entitlement	-	-
Deferred tax Assets (net)	-	-
Reconciliation of deferred tax liabilities (net):		
Opening balance	-	17,600,000
Tax income/(expense) during the year recognised in profit or loss	-	-
Tax income/(expense) during the year recognised in OCI	-	-
Change in MAT Credit	-	17,600,000
Closing balance	-	-
The group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority	-	-
Amount of MAT credit available which can be set off against future taxable profits where group is required to pay taxes in accordance with normal provisions of Income Tax Act 1961.	-	-

Note :- 53 Disclosure pursuant to Ind AS 17

A. Company as Lessee

Sl. No.	Particulars	Current Year (Rs.)	Previous Year (Rs.)
(a)	Operating Lease Payments recognised in the Statement of Profit and Loss	1,212,434	1,212,434
(b)	The total of future minimum lease payments under non cancellable operating leases are as follows:		
	For a period not later than one year	1,212,434	1,212,434
	For a period later than one year and not later than five years	2,424,869	3,637,303
	For a period later than five years	-	-
(c)	General Description of Leasing Agreements:		
	(i) Lease Assets: Godowns, Offices, Residential Flats, Showroom and Others.		
	(ii) Future Lease Rentals are determined on the basis of agreed terms.		
	(iii) At the expiry of lease terms, the Company has an option to return the assets or extend the term by giving notice in writing.		

NOTE 54: For the year ended March 31, 2019, the holding Company has initiated the process of compliance with the transfer pricing regulations for which the prescribed certificate of the accountant will be obtained. The management is of the opinion that the transactions are arms length price. Hence the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and the provision for taxation.

NOTE 55: Financial risk management objectives and policies

The entity's principal financial liabilities comprise loans and borrowings, security deposits and trade and other payables. The main purpose of

these financial liabilities is to finance the entity's operations and to provide guarantees to support its operations. The entity's principal financial assets include loans, investment in preference shares & equity shares, trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

"The entity's business activities are exposed to a variety of financial risks, namely market risks, credit risk, Commodity Risk and liquidity risk. The entity's senior management has the overall responsibility for establishing and governing the entity's risk management framework. The entity has constituted a Risk Management Committee, which is responsible for developing and monitoring the entity's risk management policies. The entity's risk management policies are established to identify and analyse the risks faced by the entity, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the entity.

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk and currency risk and equity price risk. Financial instruments affected by market risk include loans and borrowings."The sensitivity analysis in the following sections relate to the position as at March 31, 2019 and March 31, 2018."The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant as at March 31, 2019."The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions. "The following assumptions have been made in calculating the sensitivity analysis:"The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2019 and March 31, 2018."

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's long-term debt obligations with floating interest rates.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The entity's exposure to the risk of changes in market interest rates relates primarily to the entity's long-term debt obligations with floating interest rates.

Interest rate sensitivity:

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the group's profit before tax is affected through the impact on floating rate borrowings, as follows

The Company does not have any floating rate of interest on financial assets and liabilities. Therefore, a change in interest rates at the reporting date would not affect profit or loss and neither would it affect the equity.

(ii) Foreign currency risk

The Indian National Rupee is the entity's most significant currency. As a consequence, the entity's results are presented in Indian National Rupee and exposures are managed against Indian National Rupee accordingly. The entity has limited foreign currency exposure which are mainly on account ECB loan, import and exports. import and export have short recovery cycle and counter each other reducing the foreign currency risk.

Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the entity's profit before tax due to changes in the fair value of foreign currency exposure.

Sensitivity to risk	March 31, 2019		March 31, 2018	
	Increase/ (decrease) in Currency rate (USD)	2.75%	-2.75%	2.75%
Effect on profit before tax increase/ (decrease)	(998)	998	26,234	(26,234)

(iii) Commodity price risk

The entity is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of cotton/Polyster Yarn require a continuous supply of Cotton/PSF. Due to the significantly increased volatility of the price of the Cotton/PSF, the Entity also entered into various purchase contracts for Cotton/PSF/VSF (for which there is an active market). "The Entity's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation."Based on a 12-month forecast of the required Cotton/PSF/VSF supply, the Entity hedges the purchase price using forward commodity purchase contracts. The forecast is deemed to be highly probable.

Commodity price sensitivity

The following table shows the effect of price changes in Commodity net of hedge accounting impact.

Sensitivity to risk	March 31, 2019		March 31, 2018	
	Increase/ (decrease) in Cotton Price	6.35%	-6.35%	6.35%
Increase/ (decrease) in PSF Price	3.00%	-3.00%	3.00%	-3.00%
Effect on profit before tax increase/ (decrease)	(56,885,674)	56,885,674	(105,862,641)	105,862,641

(iv) Equity price risk

The entity's equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. Reports on the equity portfolio are submitted to the Entity's senior management on a regular basis. The entity's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to quoted equity securities at fair value was Rs. 15,844 (P.Y.-17,931).

(b) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The entity is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Trade receivables and loans

Credit risk is managed by group subject to the group's established policy, procedures and control relating to credit risk management. Credit quality is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and loans are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for receivables and loans. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note below. The group does not hold collateral as security. The group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and has been rated highly based on internal credit assessment parameters.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the entity's treasury department in accordance with the entity's policy. Counterparty credit limits are reviewed by the entity's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The entity's maximum exposure to credit risk for the components of the Balance Sheet at March 31, 2019 and March 31, 2018 is the carrying amounts as illustrated in note below:

Particulars	March 31, 2019	March 31, 2018
Investment	49,407	51,394
Loans	61,535,030	101,491,419
Bank deposits	692,300	712,300
Trade receivables	57,646,894	95,884,400
Cash and cash equivalents	10,575,958	19,735,978
Claim Recivables	105,988,194	117,761,874
Interest Accrued	302,191	686,842
Others	468,912,496	62,191,674
Total	705,702,469	398,515,881

(c) Liquidity Risk

The entity monitors its risk of shortage of funds on a regular basis. The entity's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The entity assessed the concentration of risk with respect to refinancing its debt and concluded it to below.

The table below summarises the maturity profile of the group's financial liabilities based on contractual undiscounted payments:

Particulars	Payable within one year	Payable within one year to five years	Total
As at March 31, 2019:			
Term loans from banks	2,955,183,979	-	2,955,183,979
Short term loan	13,087,516	-	13,087,516
Trade payables	600,621,978	-	600,621,978
Other Financial Liabilities	3,037,543,569	-	3,037,543,569
As at March 31, 2018:			
Term loans from banks	3,008,235,275	311,700,000	3,319,935,275
Short term loan	20,000,000	-	20,000,000
Trade payables	622,647,790	-	622,647,790
Other Financial Liabilities	2,569,688,078	6,686,736	2,576,374,814

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NOTE 56: Capital management

For the purpose of the entity's capital management, capital includes issued equity share capital and other equity attributable to the equity holders of the entity. The primary objective of the entity's capital management is to maximise the shareholder's wealth.

The entity's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital employed as well as the level of dividend to shareholders.

The entity manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the entity may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The entity monitors capital using a debt equity ratio, which is net debt divided by total capital. The entity's policy is to keep the debt equity ratio between 100% to 200%. The entity includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations. The group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The group monitors capital using a debt equity ratio, which is net debt divided by total capital. The group's policy is to keep the debt equity ratio between 70% and 100%. The group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

The entity's debt equity ratio was as follows:

Particulars	(Amount In ₹)	
	As at	As at
	March 31, 2019	March 31, 2018
Borrowings	5,330,600,752	5,247,277,564
Less: Cash and cash equivalents	10,575,958	19,735,978
Net debt	<u>5,320,024,794</u>	<u>5,227,541,586</u>
Equity Capital	897,720,350	897,720,350
Other Equity	(5,595,514,915)	(5,271,137,518)
Total Equity	<u>(4,697,794,565)</u>	<u>(4,373,417,168)</u>
Debt Equity Ratio	-113.25%	-119.53%

Note 57 : The Company's interest and share in subsidiaries are set out below. Unless otherwise stated, the proportion of ownership interests held equals the voting rights held by the Company, directly or indirectly, and the country of incorporation or registration is also their principal place of business.

Name of Company	Relationship	Country of incorporation	Percentage of ownership interest	
			As on March 31, 2019	As on March 31, 2018
Spentex (Netherlands), B.V. (100 % held by the Company and its nominees)	Subsidiary	Netherlands	100%	100%
Schoeller Textile (Netherland), B.V (a 100% subsidiary of Spentex (Netherlands), B.V.)	Subsidiary	Netherlands	100%	100%
Amit Spinning Industries Limited (ASIL)	Subsidiary	India	0.00%	50.96%

Note 58 : Previous year figures have been regrouped and reclassified wherever necessary to make them comparable.

The Accompanying notes form an integral part of the Financial Statement

For R N Marwah & Co LLP

Firm Reg. No:-001211N/N500019

Chartered Accountants

Sunil Narwal
Partner

Membership No:-511190

Place:- New Delhi
Date :- May 30,2019

For and on behalf of the Board of Directors

Mukund Choudhary Managing Director

Kapil Choudhary Dy Managing Director

Bharat Kapoor Company Secretary

Koushal Madan Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of CLC Industries Limited (Formerly Known as Spentex Industries Limited)

Report on the Audit of the Consolidated Ind AS Financial Statements

Qualified Opinion

We have audited the accompanying consolidated Ind AS financial statements of CLC Industries Limited (Formerly known as Spentex Industries Limited) (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated balance sheet as at March 31, 2019, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated statement of Changes in Equity for the year ended on that date and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us **except for the effects of the matter described in the Basis for Qualified Opinion section of our report** [and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries], the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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 consolidated state of affairs of the Group as at March 31, 2019, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Qualified Opinion

- a) Refer Note No. 48 of the consolidated financial statements which indicates that the Company has not charged to statement of Profit and loss interest expense of Rs. 56,91,49,755 for the year, and related penal interest and other charges if any in respect of delay in repayment of borrowings from banks. Therefore, we are unable to comment on the adequacy of interest and other charges provided for in the statement of Profit & Loss.

We further report that, had the observation made by us in paragraphs (a) is considered, the loss before tax for the year ended March 31, 2019, would have been Rs. 93,28,81,246/- as against the reported figure of Rs. 36,37,31,491/- and Interest Accrued and due on Borrowing understated by Rs. 56,91,49,755.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Material uncertainty related to going concern

We draw attention to Note No. 47 of the Consolidated financial statements, which indicates that the Group's net worth has deteriorated and as of March 31, 2019, the Group's current liabilities exceeded its total assets by Rs. 8,41,00,18,406 as stated in said note, these events or conditions, along with other matters as set forth in said note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to the following matter in the notes to the Consolidated Ind-AS financial statements:

- a) Note No. 46 of the Consolidated Financials for the year ended March 31, 2019, wherein the Holding Company had made 100% provision of the value of long term Investments held in Amit Spinning Industries Limited (ASIL), erstwhile subsidiary of the Holding Company during F.Y. 2017-18. National Company Law Tribunal (NCLT) vide order dated 01.08.2017 had admitted ASIL's petition and had appointed Resolution Professional for ASIL under the Insolvency and Bankruptcy Code. The NCLT vide its order dated 31st July 2018, has approved the resolution plan as per which the Company was required to transfer its entire shareholding held in ASIL at a total consideration of Rs. One Only in favour of Resolution Applicants. The Holding Company was holding 2,09,81,077 equity shares (50.96%) in ASIL and the Holding Company is in the process of complying with the Resolution plan. Further we are unable to determine the amount of liability that may arise on account of Corporate Guarantee given on behalf of subsidiary, and compliance of IND-AS 109 in respect to accounting of corporate guarantee.
- b) Note No. 21 of the Consolidated Financials for the year ended March 31, 2019, wherein the Holding Company had not allotted shares against share application amount of Rs. 11,09,50,000/- which was brought in by the promoters in various installments up to 30th December 2015 and accordingly not complied with the provision of Section 42 of the Companies Act, 2013. During the year under audit, such Share application money pending allotment amounting to Rs. 11,09,50,000/- has been treated as Deposits as per Companies (Acceptance of Deposits) Rules, 2014 made under Chapter V of the Companies Act, 2013 at the Board Meeting held on 13th February 2019 vide resolution no. 19(ii). Necessary compliances under Section 42 and Section 73 of Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules and regularization of continuing defaults thereof are pending by the Company.
- c) Note No. 51 to the Consolidated Financials for the year ended March 31, 2019, regarding balances of parties under the head trade receivable, trade payable and loans & advances, Govt. Authorities, which are subject to confirmation, reconciliation and consequential adjustments, if any. Further, receivable from Govt. Authorities of Rs. 49,27,37,085/- out of which Rs 4,96,79,000/- are pending for more than three years
- d) Note No. 49 to the Consolidated Financials for the year ended March 31, 2019, where the Holding Company is required to deposit/invest a sum of at least 15% of the amount of its Debentures maturing during the financial year 2018-19 in one or more of the prescribed methods vide circular no. 04/2013 dated February 11, 2013 issued by Ministry of Corporate Affairs. However, the holding Company has failed to comply with the requirements of the said Circular.

Our opinion is not modified in respect of the aforesaid matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter

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below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us [and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management], including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Sl. No.	Key Audit Matter	How our audit addressed the key audit matter
1.	<p>Contingent Liabilities Litigations and claims- provisions and contingent liabilities</p> <p>As disclosed in Note 35 [contingent liability note] to the consolidated financial statements, the Company is involved in direct, indirect tax and other legal matters ('litigations') that are pending with different authorities. Whether a liability is recognised or disclosed as a contingent liability in the financial statements is inherently judgmental and dependent on a number of significant assumptions and assessments.</p> <p>The amounts involved are potentially significant and determining the amount, if any, to be recognized or disclosed in the financial statements, is inherently subjective.</p>	<p>Principal Audit Procedures</p> <p>We assessed the Company's process for identification and monitoring of significant developments in relation to pending litigations.</p> <p>Our audit procedures to assess litigations include, but not limited to, the following-</p> <ul style="list-style-type: none"> ◆ We understand the current status of litigations and monitored changes in the disputes through discussions with the management. ◆ Critically assessed the Company's assumptions and estimates in respect of litigations, including the provisions recognised or contingent liabilities disclosed in the financial statements. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts; ◆ Performing substantive procedures on the underlying calculations supporting the provisions recorded; ◆ Assessing management's conclusions through understanding precedents set in similar cases and obtaining independent attorney confirmations; ◆ Assessed whether the disclosures detailing significant legal proceedings adequately disclose the Company's potential liabilities. <p>We found that the Company has a process for identifying and monitoring potential exposures arising from legal and regulatory developments as well as determination of the appropriate measurement and disclosures of such litigations in the Company's financial statements. From our audit procedures performed, we found the liabilities recognised and disclosures on litigations are within a reasonable range of our expectation.</p>
2.	<p>Loan Transferred to ARCIL</p> <p>During the year, loans from State Bank of India and Indian Bank amounting to Rs.261,49,60,630 and Rs.39,42,63,340 respectively has been assigned to Asset Reconstruction Company Private Limited (ARC) under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFESI) Act,2002.</p> <p>No confirmation from the ARC was received by the Company for assignment of the loan.</p>	<p>Principal Audit Procedures</p> <p>On the basis of letter received from respective banks, loan has been assigned to the ARC as no confirmation from ARC was received, hence the same loan is not transferred to ARC.</p>
3.	<p>Impairment Testing of Baramati unit</p> <p>Baramati Unit is inoperative since September 2017 and as per Ind AS 36, Impairment testing is required to be done for the unit. The Company has not done any Impairment testing during the year.</p>	<p>Principal Audit Procedures</p> <p>As per the discussion with Management and as per the management representation letter given, once the working capital is available, plant will be operational and management is trying its best efforts for arrangement of working capital.</p>
4.	<p>Attraction of Section 164 of Companies Act, 2013</p> <p>Company failed to redeem its debentures on the due date i.e. March 31, 2018 and fails to pay interest due thereon and such failure to redeem debentures and payment of interest thereon continuing for one year or more, therefore directors shall not be eligible to be re-appointed as a director of the company.</p>	<p>Based on Legal Opinion issued, by a Corporate lawyer dated April 08, 2019, to the management, Directors are not disqualified as on 31/3/2019 under Section 164 since disqualification arises only at the time of appointment or reappointment.</p> <p>As at March 31, 2019 none of the directors are required to be reappointment.</p>
5.	<p>Receivable from Government Authority:-</p> <p>During the year management has booked VAT Refundable from Govt. Authority for the year ended March 31, 2019</p> <p>As per IND-AS 37, Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.</p>	<p>Principal Audit Procedures</p> <p>We have reviewed the letter issued by the respective department and management is very much confident regarding the recoverability of amount which proves the virtually certainty.</p>

"Information Other than the Financial Statements and Auditor's Report Thereon"

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon. Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended]. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

CLC INDUSTRIES LIMITED

Other Matter

- (a) The accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of one subsidiary, whose financial statements and other financial information reflect total assets of Rs. Nil as at March 31, 2019, and total revenues of Rs.Nil and net cash outflows/(inflows) of Rs. Nil for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on such unaudited financial statement and other unaudited financial information.
- (b) One subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries. The Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have verified these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the conversion adjustments prepared by the management of the Company.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) we have sought [except for the matter described in the Basis for Qualified Opinion paragraph/ Emphasis of Matters] and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) Except for the effects of the matter described in the Basis for Qualified Opinion/ Emphasis of Matter paragraphs above, In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) The matter described in the Basis for Qualified Opinion/ Emphasis of Matter / Kay Audit Matters paragraphs above, in our opinion, may have an adverse effect on the functioning of the Company;
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company, none of the directors of the holding company is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act, except as mentioned in para 4 of key audit matters;
- (g) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, refer to our separate Report in "Annexure A" to this report;
- (h) As required by section 197(16) of the Act, we report that the Holding company has not paid the remuneration to its directors during the year ended March 31, 2019.
- (i) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of the subsidiaries, , as noted in the 'Other matter' paragraph:
- The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated Ind AS financial statements - Refer Note 35 to the consolidated Ind AS financial statements;
 - The Group, did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2019;
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries during the year ended March 31, 2019.

For R N Marwah & Co LLP
Firm Reg. No:-0012111N/N500019
Chartered Accountants
Sunil Narwal
Partner

Place: New Delhi
Date: May 30, 2019

Annexure A to Independent Auditors' Report

Referred to in paragraph (e) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of CLC Industries Limited (Formerly known as Spentex Industries Limited) on the consolidated financial statements for the year ended March 31, 2019.

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of CLC Industries Limited (Formerly known as Spentex Industries Limited) ("The Holding Company") as of March 31, 2019 in conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating

effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2019:

The Group did not have an appropriate internal control system for obtaining confirmation from certain parties included under the head Banks/NBFC's, trade receivables, trade payables, loans & advances and other current liabilities and its reconciliation/consequential adjustments, if any.

The Group's internal financial controls were not operating effectively in respect of the above which may potentially impact the results of the company.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 and based on the report of the other auditors, and these material weaknesses have affect our opinion on the consolidated financial statements of the Company and we have accordingly issued a qualified opinion on the consolidated financial statements.

Place: New Delhi

Date: May 30, 2019

For R.N. Marwah & CO. LLP
Chartered Accountants
Firm Registration Number: 001211N/N500019
Sunil Narwal
Partner
Membership No.: 511190

CLC INDUSTRIES LIMITED

CONSOLIDATED BALANCE SHEET

		(Figures in ₹)		
	Particulars	Note No.	As at 31st March, 2019	As at 31st March, 2018
ASSETS				
1	Non-current assets			
	(a) Property, plant and equipment	2	1,527,168,742	1,627,563,552
	(b) Capital work-in-progress		1,599,360	3,601
	(c) Financial Assets			
	(i) Investments	3	49,407	51,394
	(ii) Loans	4	47,841,488	95,684,423
	(iii) Others	5	12,283,639	19,925,475
	(d) Deferred tax assets (net)			
	(e) Other non-current assets	6	4,772,935	-
	Total Non current assets (A)		1,593,715,571	1,743,228,445
2	Current assets			
	(a) Inventories	7	55,090,061	235,544,029
	(b) Financial Assets			
	(i) Trade receivables	8	57,646,894	95,883,600
	(ii) Cash and cash equivalents	9	10,575,958	19,735,978
	(iii) Bank balances other than (ii) above	10	692,300	712,300
	(iv) Loans	11	13,693,542	5,806,996
	(v) Others	12	562,919,241	160,714,715
	(c) Current Tax Assets (Net)		12,299,012	7,465,672
	(d) Other current assets	13	131,937,808	256,338,041
	Total current assets (B)		844,854,816	782,201,331
	Non-current assets classified as held for sale		2,732,116	10,286,183
	Total Non-current assets classified as held for sale (C)		2,732,116	10,286,183
	Total (A+B+C)		2,441,302,503	2,535,715,959
EQUITY AND LIABILITIES				
Equity				
	(a) Equity Share capital	14	897,720,350	897,720,350
	(b) Other Equity	15	(9,442,861,421)	(8,772,100,966)
	Total Equity (A)		(8,545,141,071)	(7,874,380,616)
LIABILITIES				
1	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	16	-	311,700,000
	(ii) Other financial liabilities	17	-	6,686,197
	(b) Provisions	18	135,122,665	126,721,357
	Total Non-current liabilities (B)		135,122,665	445,107,554
2	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	19	3,128,438,841	3,192,581,651
	(ii) Trade Payables	20	602,075,849	624,016,121
	(iii) Other financial liabilities	21	6,710,181,342	5,884,936,816
	(b) Other current liabilities	22	324,136,496	213,450,438
	(c) Provisions	23	86,488,381	50,003,995
	Total Current liabilities (C)		10,851,320,909	9,964,989,021
	Total Equity and Liabilities (A+B+C)		2,441,302,503	2,535,715,959

The Accompanying notes form an integral part of the Financial Statement
This is the Consolidated Balance Sheet referred to in our report of even date.

For R N Marwah & Co LLP
Firm Reg. No:-001211N/N500019
Chartered Accountants

Sunil Narwal
Partner

Membership No:-511190
Place:- New Delhi
Date :- May 30,2019

For and on behalf of the Board of Directors

Mukund Choudhary

Kapil Choudhary

Bharat Kapoor

Koushal Madan

Managing Director

Dy Managing Director

Company Secretary

Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

		(Figures in ₹)	
Particulars	Note No.	Year ended 31st March, 2019	Year ended 31st March, 2018
Income			
I	Revenue from operations	24	2,451,694,667
II	Other Income	25	463,456,817
III	Total Income (I+II)	2,915,151,485	5,785,063,885
Expenses			
IV	Cost of raw material consumed	26	1,372,007,037
	Purchase of Stock in Trade	27	36,628,104
	Changes in inventories of finished goods, work-in-progress and Stock in Trade	28	131,380,359
	Excise Duty on sale		-
	Employee benefits expense	29	641,449,809
	Finance Costs	30	195,849,266
	Depreciation and amortization expense	31	100,158,456
	Other expenses	32	853,016,244
	Total expenses (IV)	3,330,489,276	5,493,718,972
V	Profit/(Loss) before exceptional items and Tax (III-IV)	(415,337,791)	291,344,913
VI	Expenses of exceptional nature	33	-
VII	Income of exceptional nature	34	51,606,300
VIII	Profit/(loss) before extraordinary item and tax (V-VI+VII)	(363,731,491)	(1,158,913,069)
Tax Expenses			
IX	(1) Current Tax		-
	(2) Mat Credit Entitlement Excess Provision Written Back		-
	(3) Deferred Tax		-
	Total Tax Expenses		-
X	Profit/Loss for the period (VIII-IX)	(363,731,491)	(1,154,500,155)
XI	Other comprehensive income		
A	Items that will be reclassified to profit or loss		-
B	Items that will not be reclassified to profit or loss		
	Changes in fair value of FVTOCI equity instruments	1,987	(11,071)
	Actuarial (gain)/loss on remeasurement of defined benefit plan	1,457,269	23,802,299
	Other comprehensive income for the period (net of tax)	1,459,256	23,791,229
XII	Total comprehensive income for the period (X-XI)	(365,190,747)	(1,178,291,384)
	Paid up Equity Share Capital Face value of Rs. 10 each (No. in Share)	89,772,035	89,772,035
	Earnings per share (of INR 10 each):		
	(a) Basic	(4.05)	(12.86)
	(b) Diluted	(4.05)	(12.86)

The Accompanying notes form an integral part of the Financial Statement

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For R N Marwah & Co LLP
Firm Reg. No:-001211N/N500019
Chartered Accountants

Sunil Narwal
Partner

Membership No:-511190
Place:- New Delhi
Date :- May 30,2019

For and on behalf of the Board of Directors

Mukund Choudhary

Kapil Choudhary

Bharat Kapoor

Koushal Madan

Managing Director

Dy Managing Director

Company Secretary

Chief Financial Officer

CLC INDUSTRIES LIMITED

CONSOLIDATED CASH FLOW STATEMENT

Particulars	Year ended 31st March, 2019	(Figures in ₹) Year ended 31st March, 2018
Profit before tax	(363,731,491)	(1,158,913,069)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	100,158,456	105,763,079
Unrealised Exchange Fluctuation (net)	259,364	2,115,678
Investment Written Off	-	204,453,153
Balances With Subsidiary W/off	-	95,950,582
Liabilities no longer required written back	(36,740,479)	(89,137,160)
Loss/(Gain) on disposal of property, plant and equipment	9,708,820	(327,317)
Finance income (including fair value change in financial instruments)	(1,457,269)	(11,382,938)
Finance costs (including fair value change in financial instruments)	195,849,270	87,711,674
Dividend Received	(3,120)	(3,120)
Cash Flow from Operating activities before changes in Working Capital	(95,956,450)	(763,769,440)
Working capital adjustments:		
Decrease /(Increase) in Inventories	180,453,968	315,449,110
Decrease /(Increase) in Trade Receivables	37,978,142	279,283,206
Decrease/(Increase) in Other Financial Current Assets	(354,586,101)	(22,276,185)
Decrease in Other Current Assets	124,401,236	4,668,984
Decrease in Other Non Current Assets	(4,772,935)	145,479,755
Increase in Other financial liabilities	51,996,187	282,639,356
Increase in Other current liabilities	110,686,058	51,072,036
Increase in Provision	44,884,233	1,046,948
Decrease in trade and other payables	(22,025,812)	(218,675,088)
Increase/(Decrease) in working Capital	169,014,976	838,688,122
Income tax paid	4,833,340	7,465,672
Net Increase/(Decrease) in Cash from Operating activities	68,225,187	67,453,010
Cash Flow from Investing activities		
Proceeds from sale of property, plant and equipment	4,167,426	1,010,485
Purchase of property, plant and equipment	(7,681,584)	(1,922,852)
Dividend Received	3,120	3,120
Net Increase/(Decrease) in Cash from Investing activities	(3,511,038)	10,848,691
Cash Flow from Financing activities		
Proceeds from Borrowing	63,258,909	142,253,179
Repayment of Borrowings	(129,144,735)	(123,827,319)
Interest paid	(7,988,342)	(87,732,525)
Net cash flows from/(used in) financing activities	(73,874,168)	(69,306,665)
Net increase in cash and cash equivalents	(9,160,020)	8,995,036
Cash and cash equivalents at the beginning of the year	19,735,978	10,740,942
Cash and cash equivalents at year end	10,575,958	19,735,978

The Accompanying notes form an integral part of the Financial Statement
This is the Consolidated Cash Flow referred to in our report of even date.

For R N Marwah & Co LLP
Firm Reg. No:-001211N/N500019
Chartered Accountants

Sunil Narwal
Partner

Membership No:-511190
Place:- New Delhi
Date :- May 30,2019

For and on behalf of the Board of Directors

Mukund Choudhary

Kapil Choudhary

Bharat Kapoor

Koushal Madan

Managing Director

Dy Managing Director

Company Secretary

Chief Financial Officer

Consolidated Statement of Changes in Equity

		(Amount in ₹)	
A. Equity Share Capital		March 31, 2019	March 31, 2018
Particulars		897,720,350	897,720,350
At the beginning of the year			
Changes in Equity Share capital during the year		-	-
At the end of the year		897,720,350	897,720,350

B. Other Equity

Particulars	Reserves and Surplus							Total	
	Securities Premium Reserve	General Reserves	Capital Reserve	Debt Redemption Reserve	Share Application Money Pending Allotment	FVTOCI reserve - equity instruments	Foreign Currency Translation Reserve		Retained Earnings
Balance as at April 01, 2018	1,028,273,822	28,181,651	147,769,543	170,360,578	1,087,585,000	18,424	65,963,520	(11,300,253,504)	(8,772,100,966)
Profit/(Loss) for the year (1)	-	-	-	-	-	-	-	(365,188,760)	(365,188,760)
Other Comprehensive Income/(loss) (2)	-	-	-	-	-	(1,987)	-	-	(1,987)
Transfer to Retained Earning	-	(28,181,651)	-	(142,327,705)	-	(5,370)	-	170,514,727	-
Transfer to Deposit	-	-	-	-	(110,950,000)	-	-	-	(110,950,000)
Exchange fluctuation on restatement of Opening(3)	-	-	-	-	61,050,000	-	(255,669,708)	-	(194,619,708)
Total Comprehensive Income/(loss) (1+2)	-	-	-	-	-	(1,987)	-	(365,188,760)	(365,190,747)
Balance as at March 31, 2019	1,028,273,822	-	147,769,543	28,032,873	1,037,685,000	11,067	(189,706,188)	(11,494,927,537)	(9,442,861,421)

The Accompanying notes form an integral part of the Financial Statement

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For R N Marwah & Co LLP

Firm Reg. No:- 001211N/IN500019

Chartered Accountants

Sunil Narwal

Partner

Membership No:-511190

Place : New Delhi

Date :-May 30,2019

For and on behalf of Board of Directors

Mukund Choudhary Managing Director

Kapil Choudhary Deputy Managing Director

Bharat Kapoor Company Secretary

Koushal Madan Chief Financial Officer

Notes to the Consolidated financial statements for the year ended March 31, 2019**Background**

CLC INDUSTRIES LIMITED ("CLC" or the "Parent Company"), together with its subsidiaries (collectively, "the Company" or the "Group") is a Yarn Manufacturing company. CLC is a public limited company incorporated and domiciled in India. The address of its registered office is A- 60, Okhla Industrial Area , Phase-II, New Delhi-110020.

CLC INDUSTRIES LIMITED has its primary listing with Bombay Stock Exchange and National Stock Exchange in India.

Note 1 : Significant Accounting Policies**1.01 Statement of Compliance**

These financial statements are prepared and presented in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time as notified under Section 133 of the Companies Act, 2013, the relevant provisions of the Companies Act, 2013 ("the Act") and the guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

1.02 Basis of consolidation

i) The Company combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

ii) Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Balance Sheet respectively.

iii) Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Under the equity method of accounting, the investments are adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit and loss, and the Company's share of other comprehensive income of the investee in other comprehensive income.

iv) The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that Balance Sheet
- income and expenses are translated at average exchange rates
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill arising on the acquisition of a foreign operation are treated as assets of the foreign operation and translated at the closing rate.

v) Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

1.03 Basis of preparation

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

- Derivative financial instruments,
- Defined benefit plans
- Share Based Payments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

1.04 Current versus non-current classification

The group presents assets and liabilities in the Balance Sheet based on current/non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The group has identified twelve months as its operating cycle.

1.05 Fair value measurement

The group measures financial instruments, such as, derivatives at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities,
 - Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable,
 - Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable,
- For assets and liabilities that are recognised in the financial statements on a recurring basis, The group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

1.06 Foreign Currency Transactions

The consolidated financial statements are presented in Rupees, which is also its functional currency.

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the day of transaction. The outstanding liabilities/ receivables are translated at the year end rates.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss .

Non-monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction. Any gain or losses arising on translation or settlement are recognized in the Statement of Profit and Loss as per the requirements of Ind AS 21.

1.07 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government with an exception to excise duty.

Sale of goods

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

Interest income

For all debt instruments measured amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the Statement of Profit and Loss.

Export Incentives

Income from export incentives such as duty drawback etc. are recognised on accrual basis.

Dividend

Dividend is recognised when the right to receive the payment is established, which is generally when shareholders approve the dividend.

1.08 Government grants

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

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

1.09 Taxes**Current Income Tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the India.

Current income tax relating to items recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

1.10 Property, plant and equipment

Property, plant and equipment have been measured at cost at the date of transition to Ind AS.

Assets are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Capital work in progress is stated at cost, less accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to The group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. When significant parts of plant and equipment are required to be replaced at intervals, The group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred. Refer to note 1.25 regarding significant accounting judgements, estimates and assumptions.

Depreciation

Depreciation on all fixed assets situated at manufacturing locations is provided on the straight line method on a pro-rata basis at the rates determined on the basis of useful lives of the respective assets as provided by Schedule II to the Companies Act, 2013. The useful lives for the various fixed assets situated at manufacturing locations are as follows:

Description – Manufacturing locations	Useful lives (in years)
Factory Building	30
Building (Other than factory building) RCC frame structure	60
Building (Other than factory building) other than RCC frame structure	30
Plant and Machinery	25
Office Equipments	5
Computers	3
Furniture and Fixtures	10
Vehicles	8

Depreciation for all fixed assets at locations other than at manufacturing units is provided on written down value method.

Cost of leasehold land and leasehold improvements are amortised over the period of lease.

On additions costing less than Rs.5000, depreciation is provided at 100% in the year of addition.

The determination of the useful economic life and residual values of property, plant and equipment is subject to management estimation. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Software are amortised over a period of three years on straight line method.

1.12 Non-current Assets Classified as Held for Disposal:

Assets which are available for immediate sale and its sale must be highly probable are classified as "Assets held for Disposal". Such assets or group of assets are presented separately in the Balance Sheet, in the line "Assets held for Disposal". Once classified as held for disposal, such assets are no longer amortised or depreciated. Such assets are stated at the lower of carrying amount and fair value less costs to sell.

1.13 Borrowing costs

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

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

1.14 Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

1.15 Inventories

Finished goods and stock-in-process are valued at lower of cost or net realisable value. Cost includes cost of conversion and other expenses incurred in bringing the goods to their location and condition. The cost in respect of raw materials is determined under the specific identification of cost method. The cost in respect of work-in-progress, finished goods and stores and spares is determined using the weighted average cost method and includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, where applicable. Waste is valued at estimated net realizable value.

1.16 Leases

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

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with The group's general policy on the borrowing costs (See note 1.11). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

As on transition date, the group has newly classified a land lease as a finance lease and has recognised such asset and liability at fair value with differential being recognised in retained earnings.

Operating lease rentals are charged off to the Statement of Profit and Loss.

1.17 Impairment of non-financial assets

At each reporting date, the group reviews the carrying amount of its assets to determine whether there are any indication that those assets have suffered an impairment loss. If any such indication exists, recoverable amount of the assets is estimated in order to determine the extent of impairment loss.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

1.18 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognized when the group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

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

Contingent liability and Contingent Assets

Contingent liabilities are not recognized but are disclosed where possibility of any outflow in settlement is remote. Contingent assets are not recognised but disclosed where an inflow of economic benefits is probable.

1.19 Employee benefits**Short-term obligations**

Liabilities for salaries and wages, including non-monetary benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized up to the end of the reporting period and are measured at the amounts expected to be paid on settlement of such liabilities. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Other long-term employee benefit obligations

The liabilities for earned and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the Balance Sheet since the parent company does not have an unconditional right to defer the settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The Company operates the following post-employment schemes:

- Defined benefit plans in the form of gratuity, and
- Defined contribution plans such as provident fund and pension fund

Gratuity obligations

The Parent Company operates a defined benefit gratuity plan for employees. The Company has obtained group gratuity scheme policies from Life Insurance Corporation of India to cover the gratuity liability of these employees. The difference in the present value of the defined benefit obligation and the fair value of plan assets at the end of the reporting period is recognized as a liability or asset, as the case may be, in the Balance Sheet. The defined benefit obligation is calculated annually on the basis of actuarial valuation using the projected unit credit method.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in OCI.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Defined contribution plans

The Parent Company makes contribution to statutory provident fund and pension funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.20 Share-based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The fair value of the options granted is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the option granted:

- including any market performance conditions (e.g., the Company's share price),
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining and employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holding shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, The group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

1.21 Earnings Per Share

Basic earnings per share is computed by dividing the net profit/(loss) for the period attributable to the equity shareholders of the Parent Company by the weighted average number of equity shares outstanding during the period. The weighted average

number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

1.22 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than those designated as fair value through profit or loss (FVTPL), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in Statement of Profit and Loss.

A. Financial Assets

Subsequent measurement

Financial assets are subsequently classified as measured at:

- amortised cost
- fair value through other comprehensive income (FVTOCI)
- fair value through profit or loss (FVTPL)

Trade Receivables and Loans:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses (ECL). The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Financial assets measured at amortised cost:

A financial asset is measured at amortised cost if both the following conditions are met:

- a). The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b). Contractual terms of the instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables, loans, etc.

Measured at fair value through other comprehensive income:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

Measured at fair value through profit or loss:

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, The group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Derecognition

The group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or the same are transferred.

Impairment of financial assets

Expected credit losses (ECL) are recognized for all financial assets subsequent to initial recognition other than financial assets in FVTPL category. For financial assets, as per Ind AS 109, the Company recognises 12-month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

B. Financial liabilities**Subsequent measurement**

- Financial liabilities are subsequently measured at amortised cost using the EIR method.
- Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Derecognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

Reclassification of financial assets

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

C. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.23 Derivative financial instruments

The group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

1.24 Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

1.25 Significant accounting judgements, estimates and assumptions

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

In the process of applying the accounting policies, management has made the following judgments, which have most significant effect on the amounts recognised in the consolidated financial statements:

Estimates and assumptions

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

a) Impairment reviews

At each reporting date, the group reviews the carrying amount of its non-financial assets to determine whether there are any indication that those assets have suffered an impairment loss. If any such indication exists, recoverable amount of the assets is estimated in order to determine the extent of impairment loss.

Impairment reviews in respect of the relevant CGUs are performed at least annually or more regularly if events indicate that this is necessary.

Impairment reviews are based on discounted future cash flows. The future cash flows which are based on business forecasts, the long-term growth rates and the pre-tax discount rates, that reflects the current market assessment of the time value of

money and the risk specific to the asset or CGU, used are dependent on management estimates and judgments. Future events could cause the assumptions used in these impairment reviews to change.

b) Allowance for uncollectible accounts receivable and advances

Trade receivables and certain financial assets do not carry any interest unlike other interest bearing financials assets viz intercorporate deposits. Such financial assets are stated at their carrying value as reduced by impairment losses determined in accordance with expected credit loss. Allowance as per expected credit loss model is based on simplified approach which is based on historical observed default rates and changed as per forward-looking estimates. In case of trade receivables entity uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables which is also based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The actual loss could differ from the estimate made by the management.

c) Taxes

The group is subject to income tax laws as applicable in India. Significant judgment is required in determining the provision for taxes as the tax treatment is often by its nature complex, and cannot be finally determined until a formal resolution has been reached with the relevant tax authority which may take several years to conclude. Amounts provided are accrued based on management's interpretation of country specific tax laws and the likelihood of settlement. The group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Actual liabilities could differ from the amount provided which could have a consequent adverse impact on the results and net position of the group.

d) Pension and post-retirement benefits

The cost of defined benefit plans viz. gratuity, provident fund, leave encashment, etc. are determined using actuarial assumptions. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about defined benefit plans are given in note no. 37.

e) Useful Lives of Property, Plant and Equipment:

The parent company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by the management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

f) Recognition and measurement of provisions and contingencies:

Key assumptions about the likelihood and magnitude of an outflow of resources.

1.26 Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") has notified following amendments to Ind AS on 30th March 2019 which is effective for the annual period beginning on or after 1st April 2019.

(a) Ind AS 116 "Leases":

On 30th March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116 "Leases", which replaces Ind AS 17 "Leases". The new standard (Ind AS 116) introduces a single on-balance sheet lease accounting model for lessee. This will result in the company recognising right of use assets & lease liability in the books.

The Company is in the process of analysing the impact of Ind AS 116 on its financials.

(b) Ind AS 12 - Appendix C, Uncertainty over Income Tax Adjustments

The amendment requires an entity to determine probability of the relevant tax authority accepting the uncertain tax treatment that the Company has used in tax computation or plan to use in their income tax filings.

(c) Amendment to Ind AS 12 – Income taxes

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

(d) Ind AS 19 - Plan amendment, curtailment or settlement

The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Based on preliminary assessment, the Company does not expect any significant impact on its financial statements on account of above (b), (c) and (d) amendments.

Note 2 : Property, plant and equipment

(Amount in ₹)

Particulars	Tangible Assets							Intangible Assets		Total
	Freehold Land	Leasehold Land	Buildings	Plant & Machinery	Office Equipments	Furniture & Fixtures	Vehicle	Goodwill	Software	
Gross block										
At 1 April 2017	3,890,843	24,144,986	1,193,776,340	4,978,327,222	88,574,985	43,886,731	30,065,086	108,910,417	34,083,867	6,505,660,477
Additions	-	-	170,989	2,262,787	860,817	-	963,000	-	-	4,257,593
Disposals	-	-	-	1,231,008	137,380	40,000	8,612,156	108,910,417	-	118,930,961
Trf from Prepaid	-	890,925	-	-	-	-	-	-	-	890,925
At 31 March 2018	3,890,843	25,035,911	1,193,947,329	4,979,359,001	89,298,422	43,846,731	22,415,930	-	34,083,867	6,391,878,034
Additions	-	-	-	4,555,126	368,507	-	1,162,192	-	-	6,085,825
Disposals	-	-	-	15,474,074	454,764	130,500	18,161,805	-	-	34,221,143
At 31st March 2019	3,890,843	25,035,911	1,193,947,329	4,968,440,053	89,212,165	43,716,231	5,416,317	-	34,083,867	6,363,742,716
Depreciation										
At 1 April 2017	-	5,641,079	586,114,324	3,893,425,724	82,818,290	40,495,249	26,434,154	108,910,417	34,083,867	4,777,923,104
Charge for the year	-	614,494	40,615,306	60,863,670	971,807	657,410	916,483	-	-	104,639,170
Disposals	-	-	-	1,093,672	107,529	21,758	8,114,416	108,910,417	-	118,247,792
At 31 March 2018	-	6,255,573	626,729,631	3,953,195,722	83,682,567	41,130,901	19,236,221	-	34,083,867	4,764,314,482
Charge for the year	-	353,856	37,011,058	60,931,191	953,849	195,746	712,757	-	-	100,158,456
Disposals	-	-	-	11,116,807	433,884	97,919	16,250,354	-	-	27,898,964
At 31st March 2019	-	6,609,428	663,740,688	4,003,010,107	84,202,532	41,228,728	3,698,624	-	34,083,867	4,836,573,974
Net Block										
At 31.03.2018	3,890,843	18,780,338	567,217,698	1,026,163,279	5,615,855	2,715,830	3,179,709	-	-	1,627,563,552
At 31st March, 2019	3,890,843	18,426,483	530,206,640	965,429,947	5,009,633	2,487,503	1,717,693	-	-	1,527,168,742

3. Investment Particulars	Nos.	As at 31st March, 2019	(Amount In ₹)	
			Nos.	As at 31st March, 2018
Investments at fair value through other comprehensive income				
(a) In subsidiaries (Trade & Quoted)				
Amit Spinning Industries Limited				
(Equity Shares of Rs. 5/- each, fully paid up)	20,981,077	204,469,921	20,981,077	204,469,921
Less:- Provision for Long Term Investment		(204,469,921)		(204,469,921)
(b) In subsidiaries (Trade & Unquoted)				
Spentex Netherlands B .V.	18,200	561,011,339	18,200	561,011,339
(Face value Euro 1/- each, fully paid)				
Less:- Provision for Long Term Investment		(561,011,339)		(561,011,339)
Schoeller Litvinov K.S		229,875,724		229,875,724
Less:- Provision for Long Term Investment		(229,875,724)		(229,875,724)
(c) In others (Trade & Quoted)				
In Fully Paid equity Shares of Rs. 10/- each :				
Sentinel Tea and Exports Limited	100	9,940	100	9,930
Summit Securities Limited	10	5,904	10	7,901
(d) In others (Non Trade & Unquoted)				
Equity Shares of Rs. 20/- each fully paid up of				
The Baramati Co-operative Bank Limited	1,300	26,000	1,300	26,000
Equity Shares of Rs. 10/-each fully paid up				
of Spencer & Co. Limited	200	7,563	200	7,563
Total		49,407		51,394
Aggregate amount of quoted investments and market value thereof		15,844		17,831
Aggregate amount of Unquoted investments		33,563		33,563
Total		49,407		51,394

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	As at 31st March, 2019	(Amount In ₹) As at 31st March, 2018
Note : 4 Loans (Non- Current)		
Particulars		
Unsecured, considered good		
Security deposit paid	47,841,488	95,684,423
Total	<u>47,841,488</u>	<u>95,684,423</u>
Note : 5 Other non-current financial assets		
Particulars		
Advance to employees -		172,225
Security Deposit	12,283,639	11,877,908
Claim Receivable	-	7,306,793
Interest accrued on loan to others	-	568,549
Total	<u>12,283,639</u>	<u>19,925,475</u>
Note : 6 Other non-current assets		
Prepaid expenses	4,772,935	-
Total	<u>4,772,935</u>	<u>-</u>
Note : 7 Inventories		
Particulars		
Raw Material	13,677,889	59,978,650
Work-in-progress	7,351,667	67,374,417
Finished goods (Stock in trade)	2,970	166,870
Finished goods (Manufactured)	13,241,505	81,175,233
Stores & Spares	14,710,080	15,201,436
Packing material	3,645,688	5,741,040
Waste	2,460,263	5,906,383
Total	<u>55,090,061</u>	<u>235,544,029</u>
Note : 8 Trade receivables		
Particulars		
Unsecured, Considered Good Unless Otherwise Stated	57,646,894	95,883,600
Trade receivable which have significant increase in credit Risk	39,732,814	39,732,814
"Less :- Allowance for Trade receivable which have significant "increase in credit Risk"	(39,732,814)	(39,732,814)
Total	<u>57,646,894</u>	<u>95,883,600</u>
Note : 9 Cash and cash equivalents		
Particulars		
Balances with banks-		
On current accounts	4,339,010	19,275,767
Cash on hand	6,236,949	460,211
Total	<u>10,575,958</u>	<u>19,735,978</u>
Note : 10 Other bank balances		
Particulars		
Bank deposits with less than 12 months maturity	692,300	712,300
Total	<u>692,300</u>	<u>712,300</u>
Note : 11 Loans		
Particulars		
Advance to Related Party*	6,052,634	-
Security Deposit Paid -Current	7,640,908	5,806,996
Total	<u>13,693,542</u>	<u>5,806,996</u>
*Refer Note No. 39		
Note : 12 Other financial assets		
Particulars		
Interest Accrued on Fixed deposit	161,937	118,293
Interest accrued on loan to others	140,254	-
Balances with government authorities		
-Considered good	456,628,857	50,141,542
-Considered doubtful	1,189,759	1,189,759

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	As at 31st March, 2019	(Amount In ₹) As at 31st March, 2018
Less: Provision for doubtful advances	(1,189,759)	(1,189,759)
Claim Receivable	105,988,194	110,454,881
Total	562,919,241	160,714,715
Note : 13 Other current assets		
Particulars		
Advance against expenses	25,519,868	38,924,930
Advance to employees	769,932	854,128
Export incentive	17,452,748	25,579,299
Balances with government authorities	36,108,228	48,084,557
Prepaid Expenses	1,359,150	9,839,261
Advance to trade payable		
-Considered good	50,727,883	133,055,866
-Considered doubtful	164,615,555	120,034,518
Less: Provision for doubtful advances	(164,615,555)	(120,034,518)
Total	131,937,808	256,338,041

Note : 14 Share Capital

(Amount In ₹)

Authorised	As at 31st March 2019		As at 31st March 2018	
	Units	Amount	Units	Amount
Equity shares of Rs. 10/- each	114,000,000	1,140,000,000	114,000,000	1,140,000,000
Redeemable preference shares of Rs. 10/- each	7,000,000	70,000,000	7,000,000	70,000,000
		1,210,000,000		1,210,000,000
Issued, Subscribed and Paid up				
Equity shares of Rs.10 each, fully paid up	89,772,035	897,720,350	89,772,035	897,720,350
		897,720,350		897,720,350

SUB NOTE: - 14(a) The company has only one class of equity share having a par value of Rs. 10/- per share. Each Shareholder is eligible for one vote per share. The dividend proposed, if any, by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

SUB NOTE: - 14 (b) Reconciliation of number of shares outstanding at the beginning and at the end of the year

Name of Shareholder	As at 31st March 2019		As at 31st March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares outstanding at the beginning of the year	89,772,035	897,720,350	89,772,035	897,720,350
Add: Equity shares issued during the year	-	-	-	-
Equity shares outstanding at the end of the year	89,772,035	897,720,350	89,772,035	897,720,350

SUB NOTE: - 14 (C) List of shareholders holding more than 5% of the aggregate share in the company

Name of Shareholder	As at 31st March 2019		As at 31st March 2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
VCIGPM (Citigroup Venture Capital International Growth Partnership Mauritius Ltd)	19,252,650	21.45	19,252,650	21.45
CLC Technologies Private Limited	18,300,000	20.38	18,300,000	20.38
Mukund Choudhary	5,273,083	5.87	5,273,083	5.87
Kapil Choudhary	5,228,530	5.82	5,228,530	5.82

Note : 15 Other equity

Particulars	As at 31st March 2019	As at 31st March 2018
Retained earnings	(11,129,738,777)	(10,903,092,108)
Profit for the year	(365,188,760)	(397,161,396)
Securities premium reserve	1,028,273,822	1,028,273,822
Share Application Money Pending Allotment*	1,037,685,000	1,087,585,000
General reserve	-	28,181,651
Debenture Redemption Reserve	28,032,873	170,360,578
Capital Reserve	147,769,543	147,769,543
Foreign Currency Translation Reserve	(189,706,188)	65,963,520
FVTOCI reserve - equity instruments	11,067	18,424
Total	(9,442,861,421)	(8,772,100,966)

*The Parent Company has not allotted shares against this amount which was brought in by the promoters in more than one instalment under restructuring scheme approved by the Bankers. Due to pending necessary approvals and directions for allotment of shares, the Company has not complied with the provisions of Section 42 of the Companies Act, 2013.

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Note : 16 Borrowings	As at	(Amount In ₹)
Particulars	31st March, 2019	As at 31st March, 2018
Secured		
(a) Debentures		
Redeemable Non-Convertible Debentures	112,131,490	112,214,310
(b) Term Loans from bank		
Term loan (Refer Note no. 48)	2,066,581,982	1,771,056,982
Term Loan From Other	-	311,700,000
Unsecured		
From related parties (Refer Note no. 38)*	85,753,300	44,070,996
	2,264,466,773	2,239,042,289
Less-Amount disclosed under the head "Other financial liabilities " (Note-21)	2,264,466,773	1,927,342,289
Nature of Security and terms of repayment for secured borrowing :	-	311,700,000

Nature of security

Debentures

Non convertible debenture

Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Sh. Mukund Choudhary and Sh. Kapil Choudhary. These Debentures are further secured by second pari-passu charge on entire current assets of the Company. These debentures are also secured by pledge of Rs. 29,683,420 shares of the company held by promoters and further secured by collateral security of property at 1st Floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

Terms of repayment for secured borrowing

Amounting to Rs. 11,21,31,490 (previous year Rs. 11,21, 14,310) repayable in 24 quarterly instalments commencing from June, 2012. An amount of Rs.11,21,31,490 (previous year Rs. 11,21,14,310) was due for payment as on 31.03.2019 is yet to be paid. For repayment schedule refer table below.

Particulars	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

Term loan from bank

- a) Secured by first pari-passu charge on fixed assets of the Company both present and future and additionally secured by personal guarantees of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary and third party guarantee of Mrs. Jyoti Choudhary. These loans are further secured by second pari-passu charge on entire current assets of the Company. These loan are also secured by pledge of 2,968,342 shares of the company held by promoters and further secured by collateral security of property at 1st Floor, 7, Padmini Enclave, Hauz Khas, New Delhi. 8,113,806 (P.Y. 8,113,806) shares of promoters have also been pledged on exclusive basis for an amount of 332,700,000 (332,700,000), Further secured by third charge on all the movable and immovable assets of the Company.
- (b) Foreign Currency Term Loan from Lehman Brothers Commercial Corporation Asia Limited and SBI Tokyo is secured by pledge of Interest Reserve Bank Account maintained with Deutsche Bank AG, Amsterdam, assignment of SPV Credit Agreement (between Schoeller Textile Netherlands B.V. (STNBV) and Spentex Netherlands B.V.(SNBV)), assignment of intergroup Credit agreement (between SNBV and Spentex Tashkent Toytepa LLC (STTL)), pledge of 18200 nos. SNBV's shares and pledge of 180 nos. of STNBV's shares. The loan is further secured by all Plant and Machinery relating to Tashkent Spinning Plant of STTL.

Amounting to Rs 51,47,47,404 (previous year Rs 51,47,47,404) repayable in 24 quarterly installments commencing from June, 2012. An amount of Rs 51,47,47,404 (previous year Rs 51,47,47,404) existed on 31.03.2019, which ranges overdue from 1 to 1794 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to Rs 20,37,86,327 (previous year Rs 20,88,86,327) repayable in 20 quarterly installments commencing from June, 2012. An amount of Rs 20,37,86,327 (previous year Rs 20,88,86,327) existed on 31.03.2019, which ranges overdue from 1 to 1794 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no. 2 below."

Amounting to Rs 33,27,00,000 (previous year Rs 33,27,00,000) repayable in 15 quarterly installments commencing from December, 2017. An amount of 5,75,00,000 (previous year Rs. 1,75,00,000) existed on 31.03.2019, which ranges from 1 to 471 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no. 3 below.

Loan from State Bank of India ,Tokyo branch (SBI Tokyo) and Lehman Brothers amounting to Rs. 2,793,101,087 (previous year Rs. 2,628,774,898) repayable in 7 annual installments till June 2017. There is a default of Rs. 2,793,101,087 (previous year Rs.2,628,774,898) existing as on 31.03.2019 in payment of Installment of loan. For repayment schedule refer table no. 4 below:

Term Loan Repayment schedule Table No. 1

Particulars	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

Term Loan Repayment schedule Table No. 2

Particulars	FY 13	FY 14	FY 15	FY 16	FY 17
Principal (%)	14	16	20	20	30
ROI (%)	10	12	13	14	14

Term Loan Repayment schedule Table No. 3

Particulars	FY 17	FY 18	FY 19	FY 20	FY 21
Principal (%)	5.26	12.02	12.02	12.02	58.68
ROI (%)	8.5	8.5	8.5	8.5	8.5

Term Loan Repayment schedule Table No. 4

SBI Tokyo Loan & Lehman Brothers	FY 11	FY 12	FY 13	FY 14	FY 15
Principal (Rs.)	147,005,375	294,009,712	294,010,750	294,010,750	294,010,750
Rate of Interest	3 Month BBA Libor + 1.7				

SBI Tokyo Loan & Lehman Brothers	FY 16	FY 17	FY 18
Principal (Rs.)	294,010,750	440,946,946	735,096,054
Rate of Interest	3 Month BBA Libor + 1.7		

(b) Funded Interest Term Loan

Secured by first pari-passu charge on all the fixed assets of the Company, both present and future. The loan is further secured by second pari-passu charge on entire on entire current assets of the Company and additionally secured by personal guarantee of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary . The loan is also secured by pledge 24,575,918 shares of the Company on pari-passu basis. Loan amounting to Rs.44,456,848 (Rs.44,456,848) is further secured by collateral security of property at 1st Floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

Foreign Currency Term Loan from Lehman Brothers Commercial Corporation Asia Limited and SBI Tokyo is secured by pledge of Interest Reserve Bank Account maintained with Deutsche Bank AG, Amsterdam, assignment of SPV Credit Agreement (between Schoeller Textile Netherlands B.V. (STNBV) and Spentex Netherlands B.V.(SNBV)), assignment of intergroup Credit agreement (between SNBV and Spentex Tashkent Toytepa LLC (STTL)), pledge of 18200 nos. SNBV's shares and pledge of 180 nos. of STNBV's shares. The loan is further secured by all Plant and Machinery relating to Tashkent Spinning Plant of STTL.

Funded Interest Term Loan Repayment schedule Table No. 1

Particulars	FY 17	FY 18	FY 19	FY 20	FY 21
Principal (%)	5.14	11.21	11.21	11.21	11.21
ROI (%)	8.5	8.5	8.5	8.5	8.5

Funded Interest Term Loan Repayment schedule Table No. 2

Particulars	FY13	FY 14	FY 15	FY 16
Principal (%)	15	25	25	35
ROI (%)	10	10	10	10

Funded Interest Term Loan Repayment schedule Table No. 3

SBI Tokyo Loan & Lehman Brothers	FY 12	FY 13	FY 14
Principal (Rs.)	10,799,603	796,735	10,799,603
ROI %	3 Month BBA Libor + 1.7		

Amounting to Rs. 15,378,904 (previous year Rs. 15,378,904) repayable in 2018. An amount of Rs. 15,378,904 (previous year Rs. 15,378,904) existed on 31.03.2019, which ranges from 1 to 365 days till 31.03.2019, is yet to be paid.

Amounting to Rs. 21,400,000 (previous year Rs. 21,400,000) repayable in 15 quarterly installments commencing from December, 2017. An amount of Rs. 21,400,000 (previous year Rs. 11,00,000) existed on 31.03.2019, which ranges from 1 to 471 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to Rs 20,37,86,327 (previous year Rs 20,88,86,327) repayable in 20 quarterly installments commencing from June, 2012. An amount of Rs 20,37,86,327 (previous year Rs 20,88,86,327) existed on 31.03.2019, which ranges overdue from 1 to 1794 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no. 2 below.

Funded interest term loan (FITL) amounting to Rs. 22,395,940 (previous year Rs. 21,078,323) repayable in 3 annual installments till June 2013. There is a default of Rs. 22,395,940 (previous year Rs. 21,078,323) existing as on 31.03.2019 in payment of Installment which ranges from 1 to 2830 days till 31.03.2019 which is yet to be paid . For repayment schedule refer table no. 3 below:

(c) Working Capital Term Loans

Secured by first pari-passu charge on entire current assets of the Company both present and future and additionally secured by personal guarantees of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary and third party guarantee of Mrs. Jyoti Choudhary. These loans are further secured by second pari-passu charge on entire fixed assets of the Company. These loans are also secured by pledge of 29,683,420 shares of the Company and further secured by collateral security on the property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

Amounting to Rs. 15,37,29,754 (previous year Rs. 15,37,29,754) repayable in 24 quarterly installments commencing from June, 2012. An amount of Rs. 15,37,29,754 (previous year Rs. 15,37,29,754) existed on 31.03.2019, which ranges from 1 to 1429 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no. 1 below.

Amounting to Rs. 28,01,98,922 (previous year Rs 28,01,98,922) repayable in 24 quarterly installments commencing from June, 2012. An amount of Rs 28,01,98,922 (previous year Rs 28,01,98,922) existed on 31.03.2019, which ranges from 1 to 1429 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no. 2 below.

Amounting to Rs. 30,72,64,355 (previous year Rs. 30,72,64,355) repayable in 24 quarterly installments commencing from June, 2012. An amount of Rs. 30,72,64,355 (previous year Rs. 30,72,64,355) existed on 31.03.2018, which ranges from 1 to 1429 days till 31.03.2018, is yet to be paid. For repayment schedule refer table no. 3 below.

Repayment schedule Table No. 1

Particulars	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	12	13	14	14	15.25

Repayment schedule Table No. 2

Particulars	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	17.5	17.5	25
ROI (%)	10	10	11	11	11	12

Repayment schedule Table No. 3

Particulars	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Principal (%)	10	15	15	20	20	20
ROI (%)	14.5	18	18	18	18	18.25

(d) Corporate Loan

Secured by first pari-passu charge on the entire current assets of the Company including receivables. Additionally secured by personal guarantees of Sh. Ajay Choudhary, Sh. Mukund Choudhary and Sh. Kapil Choudhary and third party guarantee of Mrs. Jyoti Choudhary. These loans are further secured by collateral security on entire fixed assets of the Company, also secured by pledge of 2,45,75,918 shares of the Company and collateral security on the property at 1st floor, 7, Padmini Enclave, Hauz Khas, New Delhi.

Amounting to Rs. 16,59,47,612 (previous year Rs. 17,70,22,612) repayable in 18 quarterly installments commencing from June, 2015. An amount of Rs. 14,59,64,697 (previous year Rs 15,54,45,780) existed on 31.03.2019, which ranges from 1 to 1794 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no.1 below.

Amounting to Rs 2,69,71,857 (previous year Rs 2,69,71,857) repayable in 18 quarterly installments commencing from September, 2015. An amount of Rs 2,69,71,857 (previous year Rs 26,971,857) existed on 31.03.2019, which ranges from 1 to 1794 days till 31.03.2019, is yet to be paid. For repayment schedule refer table no. 2 below.

Repayment schedule Table No. 1

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19
Principal (%)	22.22	22.22	22.22	22.22	11.12
ROI (%)	13.50	13.50	13.50	13.50	13.50

Repayment schedule Table No. 2

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
Principal (%)	5.56	22.24	22.24	22.24	22.24	5.56
ROI (%)	13.50	13.50	13.50	13.50	13.50	13.50

	As at 31st March, 2019	(Amount In ₹) As at 31st March, 2018
Notes to the Consolidated financial statements for the year ended		
Note : 17 Other financial liabilities		
Particulars		
Security Deposit		6,686,197
Total	<u>-</u>	<u>6,686,197</u>
Note : 18 Provisions		
Provision for gratuity	123,599,946	106,880,704
Provision for leave encashment	11,522,719	19,840,653
Total	<u>135,122,665</u>	<u>126,721,357</u>
* Refer note 37.		
Note : 19 Borrowings		
Secured		
From banks Repayable on demand	2,751,953,074	2,821,605,715
Unsecured		
From Others	186,342,378	204,346,376
Inter corporate deposits (repayable on demand)	187,981,952	166,629,560
Security Deposit	2,161,437	-
Total	<u>3,128,438,841</u>	<u>3,192,581,651</u>
Nature of Security		
Working Capital Loans from Banks are secured by first pari-passu charge on entire current assets, long term loan and advances and other non current assets of the Company. These loans are further secured by second pari-passu charge on entire fixed assets, both present and future and personal guarantee of the promoters. These loans, are also secured by pledge of promoters' shares (29,683,420 nos.) on pari-passu basis.		
* The short term borrowing from banks have generally remained overdue during the substantial part of the financial year. The overdue amount as at March 31, 2019 was Rs. 2,75,19,53,074 (Rs. 2,76,84,56,668). During the previous year director has given unsecured loan of Rs.2,00,00,000 which was subsequently returned back by the company through cheque, however the said cheque was not presented till the date of signing of financials for the year ended 31st March 2018. and in the Current year the same has been reclassified under unsecured Loan. Refer Note No. 16.		
Note : 20 Trade Payables		
Particulars		
Trade payables (including acceptances)		
- Due of micro and small enterprises	7,431,904	-
Trade payables (including acceptances)		
- Due of other than micro and small enterprises	<u>594,643,945</u>	<u>624,016,121</u>
Total	<u>602,075,849</u>	<u>624,016,121</u>
Additional Information		
Information relating to Micro and Small Enterprises, as per the Micro, Small and Medium Enterprises Development Act, 2006:		
Particular		
- The principal amount overdue thereon remaining unpaid to any supplier at the end of each accounting year;	7,431,904	-
- The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
- The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Development Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
- The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. (Interest on outstanding Dues of MSME not provided in the books Rs. 14,27,353 during the Financial Year ended on March 31, 2019.)	-	-

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	As at 31st March, 2019	(Amount In ₹) As at 31st March, 2018
Note : 21 Other financial liabilities		
Particulars		
Current maturities of long-term borrowings	5,079,963,800	4,577,195,510
Interest accrued and due on borrowings	856,530,193	716,430,704
Deposit (Share Application Money Converted in to Deposit)*	110,950,000	-
Employee Benefits Payables	179,159,741	118,273,387
Other payables	<u>483,577,608</u>	<u>473,037,216</u>
Total	6,710,181,342	5,884,936,816
* Share application money received by parent company pending for allotment, is converted into deposit as per companies Acceptance of deposit rules 2014. Such Deposits bear interest rate of 12 % p.a. Necessary Compliance with ROC pending.		
Note : 22 Other current Liabilities		
Particulars		
Advances from customers	66,325,401	25,118,491
Statutory dues	<u>257,811,095</u>	<u>188,331,947</u>
Total	324,136,496	213,450,438
Note : 23 Provision		
Provision for bonus	59,638,236	24,086,785
Provision for Ex-gratia	13,721,278	12,415,959
Provision for leave encashment	<u>1,698,025</u>	<u>2,500,517</u>
Provision for Gratuity*	<u>11,430,842</u>	<u>11,000,734</u>
Total	86,488,381	50,003,995
* Refer Note No 37		
Note : 24 Revenue from operations	For rthe Year Ended	For the Year Ended
Particulars	March 31at, 2019	March 31at, 2019
Sale of products:-		
Manufacture goods	2,077,193,913	4,764,622,183
Traded goods	47,724,143	3,768,981
Sale of Services:-		
Commission income	3,502,147	3,547,700
Job Work Charges	313,788,019	-
Other Operating Revenue:-		
Export Incentive	13,150,901	79,031,694
Sale of Scrap	<u>4,444,646</u>	<u>2,026,259</u>
Total revenue from operations	2,459,803,769	4,852,996,816
Less: Discount	<u>8,109,102</u>	<u>47,653,909</u>
Net revenue from operations	2,451,694,667	4,805,342,907
Note : 25 Other Income		
Particulars		
Interest Received	7,121,212	25,969,164
Profit on sale of Fixed Assets (net)	-	327,317
Rental income	36,000	63,000
Liabilities / Provisions no longer required written back	36,740,479	80,681,081
Exchange difference	10,575,040	12,005,974
Other non-operating income	<u>408,984,086</u>	<u>2,697,826</u>
Profit on Loss of Control*	<u>-</u>	<u>857,976,615</u>
Total other income	463,456,817	979,720,978

		(Amount In ₹)	
		For the Year Ended 31st March, 2018	
* SIL deconsolidated One of the Group Company "ASIL", profit arising on Loss of Control is			
			320,128,019
Borrowings-Non Current			131,936,646
Other financial liabilities -Non Current			12,227,253
Provisions - Non Current			162,370,881
Borrowings-Current			<u>653,744,650</u>
Trade Payables			221,756,378
Other current liabilities			5,401,468
Provisions - Current			1,507,565,295
Total Liability Lost(A)			
Property, plant and equipment			352,882,958
Investments			23,200
Loans			286,776,308
Other non-current assets			2,161,743
Inventories			3,162,601
Cash and cash equivalents			<u>464,098</u>
Others Current Assets			4,117,773
Total Asset Lost(B)			649,588,680
Profit on Loss of Control(A-B)			857,976,615
	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018	
Note : 26 Cost of raw material and components consumed			
Raw Material			
Opening inventory	59,978,650		150,999,826
Purchases	1,325,706,276		3,112,051,862
Closing inventory	13,677,889		59,978,650
Cost of raw material consumed	<u>1,372,007,037</u>		<u>3,203,073,038</u>
Additional disclosures regarding cost of material consumed:			
Cotton	469,551,677		1,023,051,990
Polyester staple fiber	902,304,750		1,363,294,658
Viscose staple fiber	92,699		208,728
Others	57,911		816,517,662
	<u>1,372,007,037</u>		<u>3,203,073,038</u>
Additional disclosures regarding closing inventory of Raw Material:			
Cotton	11,799,349		42,719,679
Polyester staple fiber	1,347,729		13,629,588
Others	530,811		3,629,383
	<u>13,677,889</u>		<u>59,978,650</u>
Note : 27 Purchase of Traded Goods			
Cotton yarn	-		31,983
Clothes	36,628,104		2,613,356
	<u>36,628,104</u>		<u>2,645,338</u>
Note : 28 (Increase)/Decrease in inventories			
Opening inventory			
Finished goods:			
(a) Manufactured	81,175,233		249,595,851
(b) Traded	166,870		882,238
Work in progress	67,374,417		117,985,877
Cotton waste	5,906,383		8,197,490
	<u>154,622,904</u>		<u>376,661,456</u>

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	For the Year Ended 31st March, 2018	(Amount In ₹) For the Year Ended 31st March, 2018
Less: Closing inventory		
Finished goods:		
(a) Manufactured	13,241,505	81,175,233
(b) Traded	2,970	166,870
Work in progress	7,351,667	67,374,417
Cotton waste	2,460,263	5,906,383
	<u>23,056,405</u>	<u>154,622,904</u>
Inventory Written Off	186,139	-
Sub Total	131,380,359	222,038,552
Excise duty on increase / (decrease) in inventories	-	2,658,938
(Increase) /decrease in inventory	<u>131,380,359</u>	<u>224,697,490</u>
Note : 29 Employee benefit expenses		
Salaries wages and bonus	516,825,530	590,468,428
Contribution to provident and other funds	43,328,511	59,415,508
Leave Encachment	3,539,457	3,729,441
Gratuity expense	14,303,462	14,360,271
Staff welfare expenses	63,452,848	64,468,275
Total employee benefit expenses	<u>641,449,809</u>	<u>732,441,923</u>
Note : 30 Finance costs		
Interest on Non convertible debentures	-	16,741,092
Interest (Others)	118,444,317	81,571,093
Interest on Term Loans	70,633,907	81,926,777
Interest on bill discounting	3,863,378	9,800,908
Interest on Working Capital loan	-	91,741
Amortisation of deferred finance costs	211,698	217,263
Bank & other finance Charges	2,695,967	3,212,053
Total finance costs	<u>195,849,266</u>	<u>193,560,927</u>
Note : 31 Depreciation and amortization expense		
Depreciation of tangible assets	99,804,632	104,024,677
Amortization of Tangible assets	353,824	614,494
Amortization of Lease hold land classified as prepaid	-	906,646
Total depreciation and amortization expense	<u>100,158,456</u>	<u>105,545,816</u>
Note : 32 Other expenses		
Manufacturing Expenses :		
Consumption of stores and spares	34,671,029	66,442,308
Power and fuel Expenses	498,944,750	583,696,389
Repairs and Maintenance (Machinery)	4,637,478	9,022,626
Repairs and Maintenance (Buildings)	973,659	1,396,928
Repairs and Maintenance (Others)	4,606,871	7,816,489
Entry Tax /Toll Tax	39,936	30,043
Subtotal (A)	<u>543,873,724</u>	<u>668,404,783</u>
Selling & Distribution Expenses :		
Freight Outward and Clearing Charges	21,360,613	73,380,340
Packing Material Expenses.	53,821,261	72,948,731
Business Promotion Expenses	4,002,519	3,168,989
Advertisement & Publicity Expenses	130,306	176,199
Commission	78,090,722	5,480,801
Sample Expenses	57,278	72,877
Export Sale Expense	198,480	721,550
Other Selling & Distribution Expenses	11,355,932	26,767,092
Subtotal (B)	<u>169,017,111</u>	<u>182,716,579</u>

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	For the Year Ended 31st March, 2018	(Amount In ₹) For the Year Ended 31st March, 2018
Administrative & General Expenses :		
Rent (Including Lease Rental)	2,374,195	4,608,436
Insurance	2,797,008	4,832,189
Communication Expenses	3,544,250	4,460,330
Printing and Stationery	842,553	1,508,545
Legal and Professional Charges	20,203,917	40,695,231
Director Sitting Fees	222,000	298,204
Foreign Office Expenses	3,846,751	3,652,621
Payment to Auditors	1,900,000	2,377,805
Rates and taxes	4,695,671	4,497,709
Travelling & Conveyance Expenses	35,402,784	39,893,887
Filing Fees	6,022	786
Licence Fees	762,624	1,506,159
Membership & Subscription	1,126,975	1,027,299
Vehicle Running & Maintenance Expenses	3,611,857	5,174,027
Security Charges	7,761,935	8,715,368
Computer Running & Maintenance Expenses	283,363	441,121
Books & Periodicals	72,530	50,769
ISO Expenses	1,079	176,715
Secretarial Expenses	749,329	722,467
Subcontracting Charges	883,560	4,405,003
Loss on Sale of Fixed Assets (net)	8,758,819	-
Miscellaneous Expenses	2,213,407	5,239,879
Interest on Statutory Dues	22,675,755	15,098,235
Bad debts written off	13,472,595	28,857,591
Provision for impairment of trade receivables & Investment	703,996	-
Amortization of Lease hold land classified as prepaid	1,212,434	-
Subtotal (c)	140,125,409	178,240,377
Total other expenses	853,016,244	1,029,361,739
Note : 33 Expenses of exceptional nature		
Provision made for diminution in value of Investment	-	204,469,921
Receivable from ASIL Written-off	-	755,794,386
Provision for Investment in Spentex Tashkent Toytepa LLC	-	229,875,724
Carrying cost, insurance & trade premium etc on cotton	-	260,117,951
	-	1,450,257,982
Note : 34 Income of exceptional nature		
Interest written back	51,606,300	-
	51,606,300	-
Note : 35 Contingent liabilities not provided for in respect of:		
Contingent Liabilities Not Provided For:		
(a) Demands from income tax authorities under appeal	37,981,404	37,981,404
(b) Demands from sales tax authorities under appeal	100,659,595	100,659,595
(c) Demands from EPF Appellate authority	1,565,076	-
(d) Show cause notices/demands raised by excise / customs department (including applicable penalties), not acknowledged as debts"	287,427,998	148,490,339
(e) Show cause notices/demands raised by MP Government / MPEB department,not acknowledged as debts"	125,056,000	125,056,000
(f) Claims against the company not acknowledged as debts	293,300,000	293,300,000
(g) Guarantees and letters of credit issued on behalf of the company, outstanding at the year end	640,290	640,290
(h) Bills Discounted with banks on behalf of the company, outstanding at the year end.	-	31,910,156

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	For the Year Ended 31st March, 2018	(Amount In ₹) For the Year Ended 31st March, 2018
(i) Corporate Guarantee given to IREDA for loan to M/s Himalayan Crest Power Private Limited	119,920,545	130,428,748
(j) Corporate Guarantee given to AXIS Bank Ltd.& UCO Bank for loan to M/s Amit Spinning Industries Limited**	-	294,302,104
(k) Corporate Guarantee given to CVCI for investment in Spentex (Netherlands) B.V.Current Year USD 2,000,000 (previous year USD 2,000,000)**	-	-
(l) Corporate Guarantee given to SBI - Tokyo Branch for loan to Spentex (Netherlands) B.V Current Year USD 22,009,732 (previous year USD 21,427,318)***	-	-
Total	966,550,908	1,162,768,636

*Under the Guarantee AXIS Bank Ltd.& UCO Bank for loan to M/s Amit Spinning Industries Limited, The Parent company, believes that no contingent liability is required in terms of the submission of resolution plan by the Court appointed IRP (Interim Resolution Professional) exonerating the guarantors from the said purview and on that basis the petition no.IB-131(PB)/2017 disposed by Honourable NCLT, Principal Bench vide their order dated 01.08.2017.

**Under the Guarantee Agreement Spentex Industries Limited, the guarantor, guaranteed the performance and execution of the undertaking the obligation upon it under the Investment Agreement. In terms of clause 25.18 of Investment Agreement, the guarantee had to be renewed every year, however since all the needful compliance intended as per the Investment Agreement had been fulfilled in the first year itself i.e in 2006-07, therefore over the period for many year, neither Guarantee was renewed nor its renewal at any time was demanded by the CVCI, as the Guarantee of late, has become Infructuous, since its purpose has been fulfilled."

***The Parent company believes that the corporate guarantee issued to SBI Tokyo is 'Open Ended' as it does not specify period of its issuing of any such 'open ended' Guarantee. Hence the Guarantee being deficient, is invalid corporate guarantee and therefore, no longer enforceable, as per RBI norm. Further, ODI Form Part II specifying the amount, date of issuance of corporate guarantee, has been allowed under the Automatic Route, was not filed by the Authorised dealer bank (SBI) with the RBI. Accordingly, all the requisite terms and conditions of issuing a guarantee by the Company under the automatic route were not fulfilled by the Authorised Dealer. Hence the corporate guarantee vis-a-vis SBI Tokyo is invalid as on date.

The amount shown in the items (a) to (f) represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interest and has been advised that it has strong legal positions against such disputes. The amount shown in items (g) to (j) represent guarantees given and bills discounted in the normal course of the Company's operations and are not expected to result in any loss to the Company on the basis of beneficiaries fulfilling their ordinary commercial obligations.

Note : 36 In the opinion of the Management and to the best of their knowledge and belief, the value on realisation of current/non current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the financial statements.

Note : 37 Employee Benefit Plan

(i) Post Retirement Employee Benefits		
Gratuity	135,030,788	117,881,438
Leave Encashment	13,220,744	22,341,170

(a) Defined Contribution Plans:

The Company has defined contribution plans for post retirement employment benefits namely Provident Fund and Employee State Insurance Scheme. Expenses for the same is being charged to statement of profit and loss for the year.

(b) Defined Benefit Plans:

The liability for gratuity is determined on the basis of an actuarial valuation, using the projected unit credit (PUC) method at the end of the year. Gains and losses arising out of actuarial valuations are recognised in the statement of profit and loss for the year. Liabilities for compensated absences which is a defined benefit plan are determined based on independent year end actuarial valuation and the resulting charge is being accounted in statement of profit and loss.

(ii) Other Employee Benefits

Other employee benefits are accounted for on accrual basis.

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	2018-19 Gratuity Funded	2017-18 Gratuity Funded
A. Components of Employer Expense		
Current service cost	9,415,813	11,433,267
Interest cost	9,833,087	8,119,040
Return on plan assets	(504,429)	(1,440,641)
Past service cost	-	1,458,083
	<u>18,744,471</u>	<u>19,569,749</u>

The Gratuity and Leave encashment expenses have been recognized in "Employee benefits expense" under note no. 22 of financial statement.

B. Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2019

	2018-19 Gratuity Funded	2017-18 Gratuity Funded
Present Value of DBO at the beginning of year	133,921,290	104,761,808
Current service cost	9,415,813	11,433,267
Past Service Cost	-	1,458,083
Interest cost	9,833,087	8,119,040
Actuarial (gains)/losses	8,979,400	22,455,555
Benefits paid	(27,118,802)	(14,306,463)
Present value of DBO at the end of year	135,030,788	133,921,290

C. Net Asset / (Liability) recognized in Balance Sheet as at March 31, 2019

	2018-19 Gratuity Funded	2017-18 Gratuity Funded
Present value of defined benefit obligation	135,030,788	133,921,290
Fair value on plan assets	2204607	16,039,851
Status [surplus/(deficit)]	(132,826,181)	(117,881,439)
Net Asset/(Liability) recognized in Balance Sheet	<u>(117,881,439)</u>	<u>(117,881,439)</u>

D. Experience Adjustment

	2018-19 Gratuity Funded	2017-18 Gratuity Funded
Present value of defined benefit obligation	135,030,788	133,921,290
Fair value on plan assets	2,204,607	16,039,851
Status [surplus/(deficit)]	(132,826,181)	(117,881,439)
Experience adjustment on plan liabilities loss / (gain)	8,979,400	22,455,555
Experience adjustment on plan assets (loss) / gain	(284,536)	(146,322)
	2016-17 Gratuity Funded	2015-16 Gratuity Funded
Present value of defined benefit obligation	108,503,365	97,012,520
Fair value on plan assets	21,485,630	28,829,095
Status [surplus/(deficit)]	(87,017,735)	(68,183,425)
Experience adjustment on plan liabilities loss / (gain)	1,730,951	223,585
Experience adjustment on plan assets (loss) / gain	(196,551)	74,909
	2014-15 Gratuity Funded	
Present value of defined benefit obligation	88,556,917	
Fair value on plan assets	29,394,613	
Status [surplus/(deficit)]	(59,162,304)	
Experience adjustment on plan liabilities loss / (gain)	81,708	
Experience adjustment on plan assets (loss) / gain	(531,948)	

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E. Change in Fair Value of Assets during the Year Ended March 31, 2019

	2018-19 Gratuity Funded	2017-18 Gratuity Funded
Plan assets at the beginning of year	16,039,851	21,485,630
Acquisition adjustment for plan assets	-	100,000
Expected return on plan assets	504,429	1,440,641
Actuarial gains/(losses)	(284,536)	(146,322)
Actual company contribution	6381752	(30,897)
Benefits paid	(20,436,889)	(6,809,201)
Plan Assets at the end of year	2,204,607	16,039,851

F. Current & Non –current liabilities as at March 31, 2019

	2018-19 Gratuity Funded	2017-18 Gratuity Funded
Current liabilities	11,430,842	11,000,734
Non-current liabilities	123,599,946	106,880,704
Total of Current & Non –current liabilities	135,030,788	117,881,438

G. Actuarial Assumptions

	2018-19 Gratuity Funded	2017-18 Gratuity Funded
Discount Rate (%)	7.75%	7.75%
Expected Return on Plan Assets (%)	6.00%	7.75%
Annual increase in salary cost (%)	5.00%	5.00%

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

H. Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

Note : 38 Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the Chief Operating Decision Maker, in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Based on the management approach as defined in Ind AS 108, the Chief Operating Decision Maker evaluates the group's performance based on only one segment i.e. manufacturing and trading in Domesic & Outside India.

	Revenue	Assets
Domestic	2,051,856,452	2,402,926,265
	(4,483,173,907)	(2,437,531,465)
Outside India	399,838,215	38,376,238
	(322,169,000)	(98,186,497)
Current Year	2,451,694,667	2,441,302,503
Previous Year	(4,805,342,907)	(2,535,717,962)

Note : 39 Related Party Disclosure

(1) Related parties and their relationship :

I Key Management personnel :

- (i) Mr. Ajay Kumar Choudhary (Chairman & Whole time Director)
- (ii) Mr. Mukund Choudhary (Managing Director Cum- C.E.O)
- (iii) Mr. Kapil Choudhary (Deputy Managing Director -Cum C.O.O)
- (iv) Mr. Yash Jain (CFO)(Date of Joining 18th December 2017 resigned with effect from 25th June 2018)
- (v) Mr. Koushal Madan (CFO) w.e.f 14th November 2018
- (vi) Mr. Bharat Kapoor (Company Secretary) w.e.f 28th May 2018

II Relatives of Key Management personnel :

- (i) Mr. Raghav Choudhary (Son of Managing Director)
- (ii) Mr. Bharat Hari Choudhary (Son of Managing Director)
- (iii) Ms. Vanshika Choudhary (Daughter of Managing Director)
- (iv) Mr. Madhav Choudhary (Son of Deputy Managing Director)
- (v) Mrs. Jyoti Choudhary (Wife of Managing Director)

- (vi) Mrs.Ritu Choudhary (Wife of Deputy Managing Director)
- III Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise :
- (i) Himalayan Crest Power Pvt. Limited
- (ii) CLC & Sons (P) Limited
- (iii) CLC Technologies Private Limited
- (iv) Chhindwara Infrastructure Private Limited
- (v) CLC Power Limited
- (vi) CLC Enterprises Limited
- (vii) CLC Textile Park Private Limited
- (viii) Sasi Power Private Limited
- (ix) Spentex Netherland BV
- (x) Amit Spinning Industries Limited
- (xi) Rudolf Exim Pvt. Ltd.
- (xii) Ramya Agro Tech Pvt. Ltd.
- (xiii) Shivani Farms Pvt. Ltd.

(Amount In ₹)

Particulars	2018-19	2017-18
1 Remuneration to Key Management Personnel*		
i) Mr. Ajay Kumar Choudhary(Chairman & Whole time Director)		
Salary and Allowances	-	410,714
Contribution to Provident and other Funds.	-	49,286
Value of benefits, calculated as per Income Tax Rules		
ii) Mr. Mukund Choudhary(Managing Director)		
Salary and Allowances	-	410,714
Contribution to Provident and other Funds.	-	49,286
Value of benefits, calculated as per Income Tax Rules		
iii) Mr. Kapil Choudhary(Deputy Managing Director)		
Salary and Allowances	-	410,714
Contribution to Provident and other Funds.	-	49,286
Value of benefits, calculated as per Income Tax Rules		
iv) Mr. Krishan Gopal Goyal (CFO)		
Salary and Allowances	-	468,477
Contribution to Provident and other Funds.		
Value of benefits, calculated as per Income Tax Rules	-	431,523
v) Mr. Yash Jain (CFO)		
Salary and Allowances	990,250	1,375,161
Contribution to Provident and other Funds.	5,400	7,200
Value of benefits, calculated as per Income Tax Rules	98,557	243,445
vi) Mr. Koushal Madan (CFO)		
Salary and Allowances	623,516	-
Contribution to Provident and other Funds.	8,208	-
Value of benefits, calculated as per Income Tax Rules	223,052	-
vii) Mr. Bharat Kapoor (Company Secretary)		
Salary and Allowances	239,160	-
Contribution to Provident and other Funds.	7,434	-
Value of benefits, calculated as per Income Tax Rules		
viii) Mr. Raghav Hari Choudhary		
Salary and Allowances	461,115	-
Contribution to Provident and other Funds.	9,000	-
Value of benefits, calculated as per Income Tax Rules		
Total	2,665,693	3,905,806

CLC INDUSTRIES LIMITED

(Amount In ₹)

Particulars	2018-19	2017-18
2 Directors' sitting fees		
i) Mr. Deepak Diwan	73,000	135,000
ii) Mr. Kamal Kapur	-	88,918
iii) Mr. Kapoor Chand Garg	48,000	-
iv) Mr. Samir Kumar Nath	-	42,286
v) Mr. Mohd Asim Mansoori	16,000	-
vi) Mr. Rajinder Kumar Jain	11,000	-
vii) Miss. Charul Jain	16,000	32,000
viii) Miss. Honey Deep Kaur	21,000	-
ix) Miss. Shivani Gupta	37,000	11,500
x) Mr. S.P.Setia	-	11,500
xi) Mr. D. P. Singh	-	126,000
Total	222,000	447,204
3 Scholarship to relatives of Key Management Personnel		
i) Mr. Bharat Hari Choudhary	-	6,000
Total	-	6,000
4 Reimbursement of Expenses		
i) M/s Amit Spinning Industries Limited	-	2,291,513
ii) Chindwara Infrastructure Pvt. Ltd.	2,063,749	1,831,815
Total	2,063,749	4,123,328
5 Unsecured loan taken		
i) Mr. Ajay Kumar Choudhary	668,643	8,000,000
ii) Mr. Mukund Choudhary	79,064	-
iii) Mr. Kapil Choudhary	20,541,504	-
iv) Ms. Jyoti Choudhary	420,298	-
v) Ms. Ritu Choudhary	2,311,640	-
Total	24,021,149	8,000,000
6 Unsecured loan given		
i) Mr. Bharat Kapoor	200,000	-
Total	200,000	-
7 Guarantees outstanding at year end		
i) M/s Amit Spinning Industries Limited	-	294,302,104
ii) M/s Himalayan Crest Power Pvt. Limited	119,920,545	130,428,748
Total	119,920,545	424,730,852
8 Year end receivable from		
i) M/s Amit Spinning Industries Limited	-	1,025,287
ii) M/s Chindwara Infrastructure Private Limited	6,052,634	-
iii) Mr. Bharat Kapoor	157,962	-
Total	6,210,596	1,025,287
9 Year end payable to		
i) Mr. Ajay Kumar Choudhary	22,190,243	21,521,600
ii) Mr. Mukund Choudhary	13,549,247	13,470,183
iii) Mr. Kapil Choudhary	28,120,717	7,579,213
iv) Ms. Jyoti Choudhary	420,298	-
v) Ms. Ritu Choudhary	2,311,640	-
vi) CLC & Sons Private Limited	60,400,000	-
vii) CLC Technology Private Limited	45,050,000	-
viii) M/s Amit Spinning Industries Limited	110,213	-
Total	172,152,358	42,570,996

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	(Amount In ₹)			
	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018		
Note : 40 Earning Per Share				
Basic EPS is calculated by dividing the profit for the year attributable to equity share holders of the entity by the weighted average number of Equity share outstanding during the year (Amount in Rupees)	(4.05)	(12.86)		
Diluted EPS is calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity share (Amount in Rupees).	(4.05)	(12.86)		
The following reflects the income and share data used in the basic and diluted EPS computations:				
Profit attributable to equity share holder for basic earnings	(363,731,491)	(1,154,500,155)		
Profit attributable to equity share holders adjusted for the effect of dilution	(363,731,491)	(1,154,500,155)		
Weighted average number of Equity shares for basic EPS	89,772,035	89,772,035		
Weighted average number of Equity shares adjusted for the effect of dilution	89,772,035	89,772,035		
Note : 41 Earnings In Foreign Exchange During The Year (On Accrual Basis):				
Description	Current Year (Rs.)	Previous Year (Rs.)		
F.O.B. value of goods exported	55,325,477	1,170,222,187		
Note : 42 Expenditure in Foreign currency (on accrual basis)				
Description	Current Year (Rs.)	Previous Year (Rs.)		
Travelling	-	1,488,157		
Commission	2,594,218	2,726,712		
Claim paid on export sales	198,480	721,550		
Legal & professional	39,808	1,612,500		
Other expenses	153,201,374	110,262,190		
Total	156,033,881	116,811,109		
Note : 43 Exposure in Foreign currency (on accrual basis):				
The entity uses foreign currency denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. However such foreign currency denominated borrowings have not been designated as hedge. Such derivatives are recorded at mark to market at each reporting date with a corresponding recognition in the Statement of Profit and Loss.				
	As at March 31, 2019	As at March 31, 2018		
	Foreign Currency	INR	Foreign Currency	INR
Details of foreign currency exposure of the Company :				
Other foreign currency exposures:				
Export Receivables (USD)	400,619	27,459,489	1,339,029	85,960,084
Advance from Customers (US\$)	436,926	30,395,174	385,068	25,327,972
Note : 44 Financial Instruments				
A- Fair values				
The carrying amount of financial assets and liabilities except for certain financial assets i.e. "instrument carried at fair value" appearing in the financial statement are reasonable approximation of fair value. Such investments of those financial instruments carried at fair value are disclosed below:-				
	Fair Value		Carrying value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets measured at fair value through profit and loss				
Investments				
Equity shares				
Sentinel Tea and Exports Limited	9,940	9,930	9,940	9,930
Summit Securities Limited	5,904	7,901	5,904	7,901
	15,844	17,831	15,844	17,831

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	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)
March 31, 2019		
Investment		
Equity share	15,844	33,563
Total	15,844	33,563
March 31, 2018		
Investment		
Equity share	17,831	33,563
Total	17,831	33,563

There have been no transfer between level 1, level 2 and level 3 during the period.

	Current Year Amount in Rs.	Previous Year Amount in Rs.
Note : 45 CIF Value of Imports		
Raw materials	-	-
Stores and spares & components	-	4,049,135
Total	-	4,049,135

Note : 46 "In the FY 2017-18' Expenses of exceptional nature comprise 'the Parent company has made a provision for value of long term investments amounting to Rs.2,044.70 lakhs in Amit Spinning Industries Limited(ASIL), Subsidiary of the Company and written off recoverable amounting of Rs. 7557.94 lakhs due from above subsidiary. During the FY 2017-18 the ASIL moved to National Company Law Tribunal (NCLT) for resolution of its liabilities. Further, NCLT vide order dated 01.08.2017 has admitted the ASIL's petition and had appointed Resolution Professional for ASIL. Keeping in view of ongoing proceedings of ASIL in National Company Law Tribunal under Insolvency and Bankruptcy code. The NCLT vide its order dated 31st July 2018, had approved the resolution plan as submitted by Resolution Applicants for ASIL, the company was required to transfer its entire shareholding held in ASIL at a total consideration of Rs. One only in favour of Resolution Applicants as stipulated in Sanctioned Resolution plan. The Company was holding 2,09,81,077 equity shares (50.96%) in ASIL and company is in process to comply with the Resolution plan. Further we are unable to determine the amount of liability that may arise on account of Corporate Guarantee given on behalf of subsidiary, and compliance of IND-AS 109 in respect to accounting of corporate guarantee."Further provision made for inventory carrying cost of Rs. 2601.28 lakhs for which reconciliation with the parties are pending. "

Note : 47 As on March 31, 2019, the accumulated losses of the Group had exceeded its net worth. The financials of the group has been prepared on going concern basis as the management believe that the accumulated losses would be wiped off and the profitability improved and the net worth will turn positive once financial restructuring is carried out by the lenders and requisite working capital is raised. Parent Company is in advance stage of this financial resolution and is quite hopeful that within the next financial year the same will be carried out.

Note : 48 The Group's accounts had become Non performing assets (NPA) with majority of the banks and due to this reason, the majority of lenders stopped charging interest from the company on their outstanding debts amount from the dates on which their accounts become NPA. The company is in advance stage of discussion with the lenders to settle their dues through Assets Reconstruction Companies by the lenders or otherwise. In view of the above, the company has not charged to statement of profit and loss account interest expenses of Rs. 56,91,49,755 and related penal interest and other charges for the year, if any, in respect of delay in repayment of borrowings from the banks. Further, Liability for interest expenses of Rs. 2,06,67,39,391 till March 31, 2019 has not been accounted for.

Note : 49 The Parent Company is required to deposit/invest a sum of at least 15% of the amount of its debentures maturing during the financial year 2018-19 in one or more of the prescribed methods vide circular no.04/2013 dated February 11,2013 issued by Ministry of Corporate Affairs .However, the Company has not complied with the requirement of the said circular.

Note : 50 Due to working capital crunch, Baramati plant of Parent Company was shut down since September `2017. Management of the company is confident of restarting the unit within next financial year once financial restructuring is carried out by lenders and additional working capital is raised.

Note : 51 The outstanding balance as on 31st March, 2019 in respect of certain trade receivables, trade payables and loans & advances are subject to confirmation/reconciliation and consequential adjustment if any, from the respective parties. Further, receivable from Govt. Authorities of Rs. 49, 27,37,085 out of which Rs 4,96,79,000/- are pending for more than three years. The management, however, does not expect any material variations.

Note : 52 Deferred Tax Disclosure (Amount In ₹)

Particulars	As at March 31, 2019	As at March 31, 2018
Taxable Temporary Difference (a)	(1,102,145,050)	(1,141,294,373)
Deductible Temporary Difference (b)	5,277,298,761	3,208,287,322
Net Deductible Temporary Difference (a+b)	4,175,153,710	2,066,992,949
Current Tax Rate inclusive of Cess	31.20%	31.20%
Deferred Tax Asset (Net)	1,302,647,958	644,901,800

Note :- Note: The Company has not recognized above Deferred Tax assets on account of prudence.

(Amount In ₹)

Reflected in the balance sheet as follows:	As at March 31, 2019	As at March 31, 2018
Deferred tax assets (continuing operations)	-	-
Deferred tax liabilities (continuing operations)	-	-
Mat credit entitlement	-	-
Deferred tax Assets (net)	-	-
Reconciliation of deferred tax liabilities (net):		
Opening balance	-	17,600,000
Tax income/(expense) during the year recognised in profit or loss	-	-
Tax income/(expense) during the year recognised in OCI	-	-
Change in MAT Credit	-	17,600,000
Closing balance	-	-
The group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority	-	-
Amount of MAT credit available which can be set off against future taxable profits where group is required to pay taxes in accordance with normal provisions of Income Tax Act 1961.	-	-

Note : 53 Disclosure pursuant to Ind AS 17**A. Company as a Lessee**

Sl. No.	Particulars	Current Year	Previous Year
(a)	Operating Lease Payments recognised in the Statement of Profit and Loss	1,212,434	1,212,434
(b)	The total of future minimum lease payments under non cancellable operating leases are as follows:		
	For a period not later than one year	1,212,434	1,212,434
	For a period later than one year and not later than five years	2,424,869	3,637,303
	For a period later than five years		
(c)	General Description of Leasing Agreements: (i) Lease Assets: Godowns, Offices, Residential Flats, Showroom and Others. (ii) Future Lease Rentals are determined on the basis of agreed terms. (iii) At the expiry of lease terms, the Company has an option to return the assets or extend the term by giving notice in writing.		

Note : 54 For the year ended March 31, 2019, the holding Company has initiated the process of compliance with the transfer pricing regulations for which the prescribed certificate of the accountant will be obtained. The management is of the opinion that the transactions are at arms length price. Hence the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and the provision for taxation.

Note : 55 Financial risk management objectives and policies

The entity's principal financial liabilities comprise loans and borrowings, security deposits and trade and other payables. The main purpose of these financial liabilities is to finance the entity's operations and to provide guarantees to support its operations. The entity's principal financial assets include loans, investment in preference shares & equity shares, trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

"The entity's business activities are exposed to a variety of financial risks, namely market risks, credit risk, Commodity Risk and liquidity risk. The entity's senior management has the overall responsibility for establishing and governing the entity's risk management framework. The entity has constituted a Risk Management Committee, which is responsible for developing and monitoring the entity's risk management policies. The entity's risk management policies are established to identify and analyse the risks faced by the entity, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the entity.

(a) Market Risk

"Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk and currency risk and equity price risk. Financial instruments affected by market risk include loans and borrowings."The sensitivity analysis in the following sections relate to the position as at March 31, 2019 and March 31, 2018."The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant as at March 31, 2019."The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions. "The following assumptions have been made in calculating the sensitivity analysis:"The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2019 and March 31, 2018."

(i) Interest Rate Risk "Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's long-term debt obligations with floating interest rates."

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The entity's exposure to the risk of changes in market interest rates relates primarily to the entity's long-term debt obligations with floating interest rates.

"Interest rate sensitivity: "The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the group's profit before tax is affected through the impact on floating rate borrowings, as follows"

The Company does not have any floating rate of interest on financial assets and liabilities. Therefore, a change in interest rates at the reporting date would not affect profit or loss and neither would it affect the equity.

(ii) Foreign currency risk

The Indian National Rupee is the entity's most significant currency. As a consequence, the entity's results are presented in Indian National Rupee and exposures are managed against Indian National Rupee accordingly. The entity has limited foreign currency exposure which are mainly on account of ECB loan, import and exports. import and export have short recovery cycle and counter each other reducing the foreign currency risk.

Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the entity's profit before tax due to changes in the fair value of foreign currency exposure.

Sensitivity to risk	March 31, 2019		March 31, 2018	
Increase/ (decrease) in Currency rate (USD)	2.75%	-2.75%	2.75%	-2.75%
Effect on profit before tax increase/ (decrease)	(998)	998	26,234	(26,234)

(iii) Commodity price risk

"The entity is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of cotton/Polyster Yarn require a continuous supply of Cotton/PSF. Due to the significantly increased volatility of the price of the Cotton/PSF, the Entity also entered into various purchase contracts for Cotton/PSF/VSF (for which there is an active market). "The Entity's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation."Based on a 12-month forecast of the required Cotton/PSF/VSF supply, the Entity hedges the purchase price using forward commodity purchase contracts. The forecast is deemed to be highly probable.

Commodity price sensitivity

The following table shows the effect of price changes in Commodity net of hedge accounting impact.

Sensitivity to risk	March 31, 2019		March 31, 2018	
Increase/ (decrease) in Cotton Price	6.35%	-6.35%	6.35%	-6.35%
Increase/ (decrease) in PSF Price	3.00%	-3.00%	3.00%	-3.00%
Effect on profit before tax increase/ (decrease)	(56,885,674)	56,885,674	(105,862,641)	105,862,641

(iv) Equity price risk

The entity's equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. Reports on the equity portfolio are submitted to the Entity's senior management on a regular basis. The entity's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unquoted equity securities at fair value was Rs. 15,844.

(b) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The entity is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Trade receivables and loans

Credit risk is managed by group subject to the group's established policy, procedures and control relating to credit risk management. Credit quality is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and loans are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for receivables and loans. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note below. The group does not hold collateral as security. The group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and has been rated highly based on internal credit assessment parameters.

Financial instruments and cash deposits

"Credit risk from balances with banks and financial institutions is managed by the entity's treasury department in accordance with the entity's policy. Counterparty credit limits are reviewed by the entity's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments." "The entity's maximum exposure to credit risk for the components of the Balance Sheet at March 31, 2019 and March 31, 2018 is the carrying amounts as illustrated in note below:

(Amount In ₹)

Particulars	March 31, 2019	March 31, 2018
Investment	49,407	51,394
Loans	61,535,030	101,491,419
Bank deposits	692,300	712,300
Trade receivables	57,646,894	95,883,600
Cash and cash equivalents	10,575,958	19,735,978
Claim Recivables	105,988,194	117,761,674
Interest Accrued	302,191	686,842
Others	468,912,496	62,191,674
Total	705,702,469	398,514,881

(c) Liquidity Risk

The entity monitors its risk of shortage of funds on a regular basis. The entity's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The entity assessed the concentration of risk with respect to refinancing its debt and concluded it to below.

The table below summarises the maturity profile of the group's financial liabilities based on contractual undiscounted payments:

Particulars	Payable within one year	Payable within one year to five years	Total
As at March 31, 2019:			
Term loans from banks	3,128,438,841	-	3,128,438,841
Short term loan	186,342,378	-	186,342,378
Trade payables	600,621,982	-	600,621,982
Other Financial Liabilities	6,710,181,342	-	6,710,181,342
As at March 31, 2018:			
			10,625,584,543
Term loans from banks	3,192,581,651	311,700,000	3,504,281,651
Short term loan	204,346,376	-	204,346,376
Trade payables	624,016,121	-	624,016,121
Other Financial Liabilities	5,884,936,816	6,686,197	5,891,623,013
			10,224,267,161

Note : 56 Capital management

For the purpose of the entity's capital management, capital includes issued equity share capital and other equity attributable to the equity holders of the entity. The primary objective of the entity's capital management is to maximise the shareholder wealth.

The entity's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital employed as well as the level of dividend to shareholders.

The entity manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the entity may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The entity monitors capital using a debt equity ratio, which is net debt divided by total capital. The entity's policy is to keep the debt equity ratio between 100% to 200%. The entity includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations. The group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The group monitors capital using a debt equity ratio, which is net debt divided by total capital. The group's policy is to keep the debt equity ratio between 100% to 200%. The group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

The entity's debt equity ratio was as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Borrowings	8,319,352,641	8,081,477,161
Less: Cash and cash equivalents	10,575,958	19,735,978
Net debt	8,308,776,683	8,061,741,183
Equity Capital	897,720,350	897,720,350
Other Equity	(9,442,861,421)	(8,772,100,966)
Total Equity	(8,545,141,071)	(7,874,380,616)
Debt Equity Ratio	-97.23%	-102.38%

CLC INDUSTRIES LIMITED

Note : 57 GROUP COMPANIES

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard notified under the Companies (Accounting Standards) Rules, 2006 (as amended) in accordance with section 133 of the Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2019 has been prepared in accordance with Ind AS.

The Financial Statements of the following subsidiaries, drawn upto March 31, 2019, along with CLC Industries Limited (the Company), the Parent, constituting the group, are considered in preparation of the consolidated financial statements:-

Name of Company	Relationship	Country of Incorporation	Percentage of ownership interest as on March 31, 2019	Percentage of ownership interest as on March 31, 2018
"Spentex (Netherlands), B.V. (100 % held by the Company and its nominees)"	Subsidiary	Netherlands	100.00%	100.00%
Schoeller Textile (Netherland), B.V (a 100% subsidiary of Spentex (Netherlands), B.V.)	Subsidiary	Netherlands	100.00%	100.00%
Amit Spinning Industries Limited (ASIL)	Subsidiary	India	0.00%	50.96%

Note : 58 "Previous year figures have been regrouped and reclassified wherever necessary to make them comparable.

The Accompanying notes form an integral Part of the financial Statement

For R N Marwah & Co LLP

Firm Reg. No:-001211N/N500019

Chartered Accountants

Sunil Narwal

Partner

Membership No:-511190

Place:- New Delhi

Date :- May 30, 2019

Mukund Choudhary

Kapil Choudhary

Bharat Kapoor

Koushal Madan

For and on behalf of the Board of Directors

Managing Director

Dy Managing Director

Company Secretary

Chief Financial Officer

CIMMCO SPINNERS. SOLAPUR



SPENTEX INDUSTRIES LTD.-BARAMATI



SPENTEX INDUSTRIES LTD.-BUTIBORI



SPENTEX INDUSTRIES LTD.-PITHAMPUR

