



Date: 01<sup>st</sup> October, 2016

To, The Secretary, BSE Limited, P.J. Towers, Dalal Street, Mumbai- 400 001 <u>Scrip Code: 539542</u>	To, The Secretary, National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandera (E), Mumbai – 400 051 <u>Symbol: LUXIND</u>	To, The Secretary, The Calcutta Stock Exchange Limited, 7, Lyons Range, Kolkata- 700 001 <u>Scrip Code: 022124</u>	To, The Secretary, The Ahmedabad Stock Exchange Limited, 1st Floor, Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ahmedabad: 380 015 <u>Scrip Code: 32985/LUX HOSIN</u>
--	---	--	--

Respected Sir/Madam,  
**Sub: Submission of Annual Report**

In compliance with Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, find enclosed herewith a copy of Annual Report for the financial year ended 31<sup>st</sup> March, 2016.

Thanking You  
Yours faithfully,  
**For LUX INDUSTRIES LIMITED**

  
**Pankaj Kumar Kedia**  
(Vice president & Company Secretary)  
Enclosed: as above

## LUX INDUSTRIES LTD

# OUR 100 COMMANDMENTS!

How our innate instincts and insights has enabled us to weave a story of success.



**Lux Industries Limited**

Corporate office: PS Srijan Tech-Park, 10th Floor,  
DN-52, Sector-V, Salt Lake, Kolkata-700 091  
P +91 33 4040 2121 F +91 33 4040 2001  
E [info@luxinnerwear.com](mailto:info@luxinnerwear.com) W [luxinnerwear.com](http://luxinnerwear.com)



**Lux Industries Limited**  
21st Annual Report 2015-16

**Caution regarding forward-looking statements**

This document contains statements about expected future events and financial and operating results of Lux Industries Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Lux Industries Limited annual report 2015-16.

**Contents**

<b>02</b>	Lux Industries. Our 10 commandments	<b>04</b>	About us : Lux Industries Limited	<b>06</b>	Statement from the Chairman
<b>08</b>	10 financial metrics that make a statement	<b>12</b>	10 minutes with the Managing Director	<b>16</b>	10 Commandments
<b>36</b>	Our competitive drivers	<b>38</b>	Brand activations, 2015-16	<b>40</b>	Board of Directors
<b>42</b>	Directors' Report	<b>52</b>	Management Discussion and Analysis	<b>57</b>	Report on Corporate Governance
<b>88</b>	Auditors' Report	<b>94</b>	Balance Sheet	<b>95</b>	Statement of Profit and Loss
<b>96</b>	Cash Flow Statement	<b>98</b>	Notes to Financial Statement		

At Lux Industries Limited, we have built our business on common sense. Sense that is uncommon, unconventional and unrestrained. Combining our deep homegrown instincts with generations of rich business insights, we have formulated some well-structured business principles that have enabled our enterprise to rise above the probable and go beyond the predictable. Our business principles are enduring and are enshrined in **our 10 commandments.**





**1**

• In a space that is largely unorganised, we differentiate our positioning through our brands.

**2**

• In a business typically marked by small-scale manufacturing, we focus on large, technology-driven production.

**3**

• In an environment with little focus on integration, we are among the few vertically-integrated companies in our space.

**4**

• In a characteristically traditional industry, we disrupt the status-quo by getting better and better – in effect, continuing to identify small cost reduction ideas that yield big results.

**5**

• In an industry largely marked by an insignificant focus on HR, we focus on enhancing the skills of our teams and professionalise our business.

**6**

• In a space marked by an erratic product range, we emphasise on widening our product bouquet and aligning relevance to consumer needs, budgets and requirements.

**7**

• In a typically ad-hoc business environment, we focus on leveraging scientific practices to ensure a dynamic and supple supply and distribution chain.

**8**

• In an industry absorbed by the short-term, we focus on embracing prudent financial practices that enhance long-term organisational sustainability.

**9**

• In a largely asymmetrical space, we focus on being fair, transparent and meritocratic and adopt the highest standards of governance.

**10**

• In a business space that is anchored on the present, we strive to create an enduring institution that represents an attractive investment opportunity for both our existing as well as prospective shareholders.

Lux  
Industries  
Limited.

**10** **OUR** **COM**  
**MAN**  
**AGEMENTS!**

**Lux and listing!**

In a milestone event, the shares of Lux Industries Limited were listed on the National Stock Exchange (NSE) on 1st December 2015 and the Bombay Stock Exchange (BSE) on 5th January 2016. The Company's shares on the NSE were listed at ₹ 3,342.05 a piece. Its market capitalisation stood at ₹ 1,667.76 crore as on 31st March 2016 (NSE).



**Lakhs of customers. Thousands of designs. Hundreds of employees.**  
 One focus: To be the most preferred innerwear choice among our customers.

**The Lux legacy**  
**conservative, yet aggressive**

Incorporated in 1957 by the visionary, late Mr. Girdharilal Todi from a small tenement, Lux Industries has today transformed into one of India's largest and fastest growing innerwear companies. With a wide range of more than 5,000 SKUs for men, women and children, manufactured across 11 facilities strategically spread in the country, the Company's brands are available across around 5 lac outlets, pan-India. Besides, Lux Industries' turnover and net profit has surged at a 12.57% and 43.73% CAGR (compounded annual growth rate) over the past five years, with total income and net profit standing at ₹ 941.16 crore (up 3.52% over the previous year) and ₹ 51.34 crore (up 13.51% over the previous year), respectively, in 2015-16.

**The Lux positioning**  
**focused, yet dynamic**

At Lux Industries, our business model weaves together the strength to remain relevant in a dynamic environment, the sagacity to capture future opportunities and the diversity of brands and human resources to pursue excellence at all times. With a production capacity of over 3 crore pieces per month, the Company possesses a 20% market share of India's organized hosiery industry. Lux Industries is also the largest exporter of innerwear from India. Our teams continue to deliver on our brand promise, producing sustainable results even in challenging times.

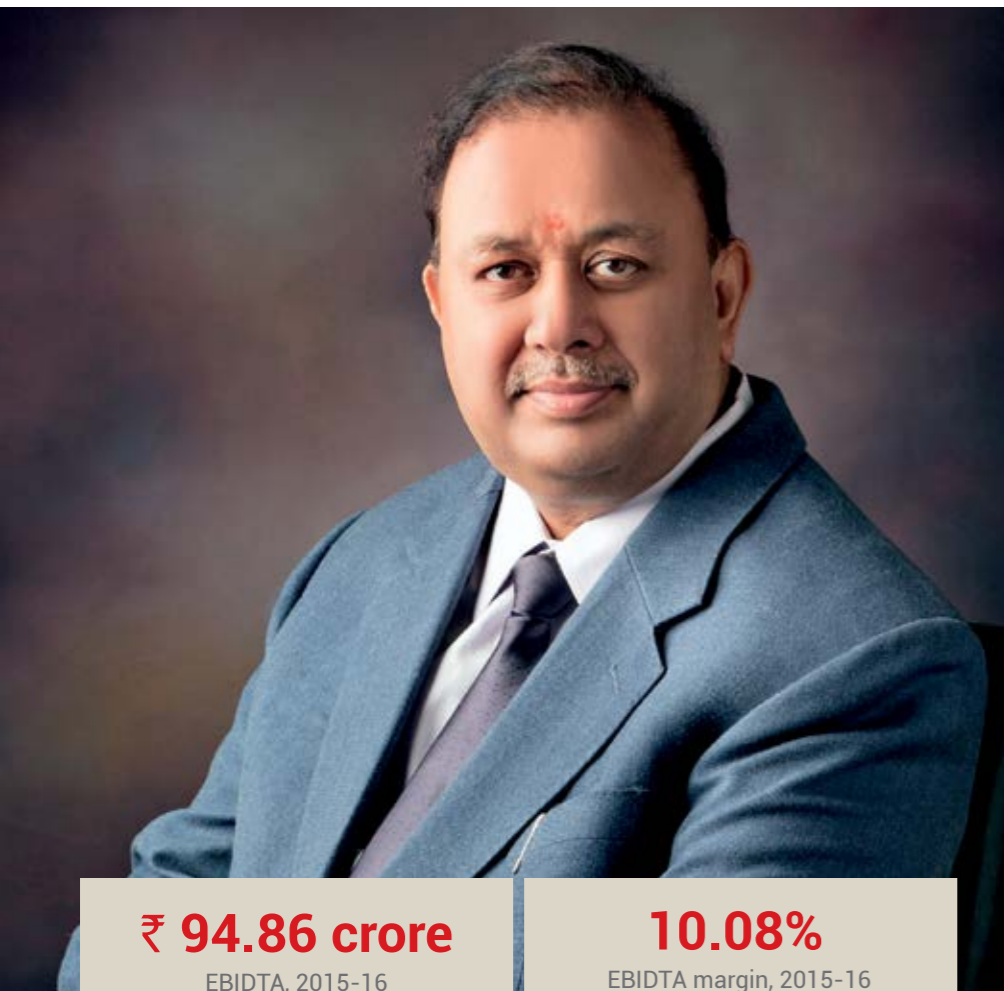
**The Lux potential**  
**niche, yet abundant**

With a population of 1.3 billion, India is the world's fastest growing large economy, reporting a respectable GDP growth of 7.6% in 2015-16. With above-average monsoons, well-structured Government policies and revival in the consumption cycle, the country's GDP growth is expected to accelerate, going into the future. Besides, the impact of the Seventh Pay Commission, aggressive shift towards the branded organised segment of the market and rising aspirations driving product premiumisation is expected to give a boost to the ₹ 20,000 crore Indian innerwear industry.

*Dear fellow shareholders,*

STATEMENT FROM THE CHAIRMAN

I am proud to present the annual report of Lux Industries Limited for the year 2015-16.



The consumers of today continue to seek distinctive brands that enhance their lives and make a statement about who they are and who they aspire to be. This is what the Lux brand is all about. In an India where growing aspirations are meeting rising incomes, our enduring brand appeal makes us the innerwear of choice among a large cross-section of our consumers.

At Lux Industries, our brands are at the right place, at the right time, at the right intersection of enterprise and opportunity. Relevantly so then, the thematic positioning of this annual report is an emphasis on how, as a Company that is deeply rooted in India's soil, we are rightly positioned as a multi-year premium play on the country's consumption story that is just about beginning and is at the cusp of accelerated growth.

### The India story – an exciting opportunity landscape

India is widely acknowledged as a beacon of hope amidst a sea of despair. This is no small recognition coming as it were for a country that reported a GDP growth of 7.6% in 2015-16, trumping even China's growth and emerging as the fastest-growing large nation in the world. Rapid economic growth, a large and youthful demographic constituency, rising affluence and most of the structural long-term economic drivers in place,

projections indicate that India could touch an 8% GDP growth in the current financial year.

The Indian innerwear industry is a ₹ 20,000 crore opportunity, growing at a fast clip of 11% CAGR (over FY2010-15). Interestingly, though the innerwear segment constitutes 8.1% of the Indian apparel industry, it is the fastest growing segment of the market. As per industry estimates, the segment is expected to leap to a ₹ 59,500 crore market by 2023, recording a potential CAGR of 13%. Besides, the premium and above sub-segment constitutes roughly 20% of the market (about ₹ 4,000 crore), offering the robust platform for a sizable premiumization-led growth opportunity.

Importantly, the most significant prospect for frontline players like us is embedded in the rapid transfer of share from the unorganized segment of the industry to the organized sector, fuelled by favourable macro factors like rising incomes, urbanization and higher proportion of women in the workforce, driving the shift towards premium branded innerwear. Besides, the Indian organized retail market is expected to grow at a healthy 10% per annum over the coming years, only to be catalysed by the potential implementation of the GST (Goods and Services Tax) regime.

### The Lux narrative – positioned to enter the big league

At Lux Industries, we are well-positioned to capitalise on this

growth opportunity on account of our aspirational positioning, wide and deep product portfolio, quality excellence and well-integrated operations.

At our Company, we are one of the leading players in the premium branded innerwear space, given our strong advantages in brand-building, control on production on account of a fully captive manufacturing chain, portfolio width and lack of credible and relevant competitors in the premium space. With this, our brands are at the forefront of capitalising on the underlying premiumization opportunity in the innerwear category.

To a typically unorganized segment, we have brought forth an institutional culture that is most visibly reflected in our technology orientation. During the year under report, we imported 108 stitching/ sewing machines from Singapore; 11 high-speed knitting machines from Germany; 60 sock knitting machines from China and a cutting machine from Singapore, for our expansion at our Dankuni unit in West Bengal that has just about started commercial production. Going ahead, this unit will enhance operational efficiency and enable cost containment. Besides, our association with Sushant Singh Rajput, a celebrity with an appeal cutting across classes, and a new advertisement campaign launched with him, has brought in a good response for our brands. Moreover, our association with the Indian Premier League (IPL) and TOIFA awards has allowed us to connect with

the target audience through two of the most engaging platforms in India – cricket and Bollywood.

Continued focus on premiumization, portfolio expansion in existing product segments (men and women innerwear), venture into new segments (children wear and socks) and distribution expansion into existing markets as also penetration into upcoming growth centres (Tier III and IV towns) will enable us to open up the potential for consistent and sustainable revenue growth.

On the overall, in 2016-17, we expect revenue growth of about 8-10% that will enable us to cross the historic ₹ 1,000-crore mark.

### In conclusion

The Lux story continues to grow more positive each year. I am proud of the accomplishments of our teams whose dedication has made us what we are today. I am also indebted to our Board of Directors for their wise guidance and counsel and our bankers and financial institutions who have reposed their faith in us. As for our shareholders, thank you for staying invested in us; your investment is secure in an attractive beneficiary of India's consumption story that is just about to unfold.

Jai Hind!

Ashok Kumar Todi  
Chairman  
Lux Industries Limited

**₹ 94.86 crore**

EBIDTA, 2015-16  
(up 16.52% y-o-y)

**10.08%**

EBIDTA margin, 2015-16  
(up 112 y-o-y)

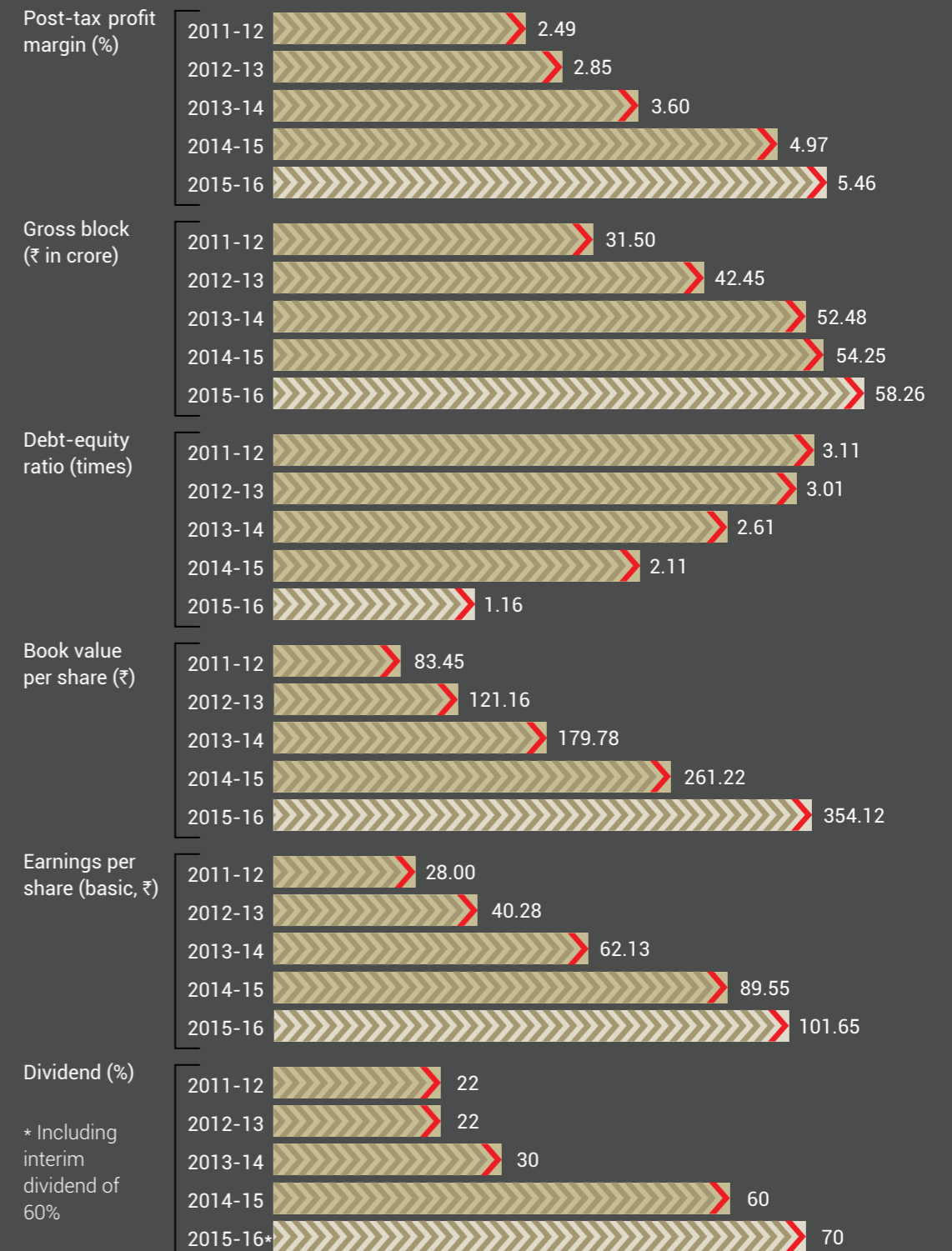
**₹ 51.34 crore**

Net profit, 2015-16  
(up 13.51% y-o-y)

**70%**

Total dividend 2015-16  
(including interim dividend of 60%)

# 10 financial metrics that make a statement





## Consistent financial performance, 2015-16

Gross income	EBIDTA	Profit after tax
<b>12.57%</b>	<b>33.48%</b>	<b>43.73%</b>
CAGR over the past five years	CAGR over the past five years	CAGR over the past five years
Cash profit	Earnings per share (basic)	Book value per share
<b>39.90%</b>	<b>43.72%</b>	<b>43.59%</b>
CAGR over the past five years	CAGR over the past five years	CAGR over the past five years





# 10 minutes with the Managing Director

"At Lux Industries, we are among the few homegrown enterprises in East India to have successfully established several consumer brands across various segments in the innerwear category in the country."

Pradip Kumar Todi, Managing Director,  
Lux Industries Limited

**Q1: Were you satisfied with the way Lux Industries performed during the year 2015-16? Under what kind of an industry landscape was this performance achieved?**

**A.** The strength and resilience of our business model is evident in our financials. So while our total income grew at a slower pace of 3.52% to ₹ 941.16 crore, our EBIDTA surged 16.52% to ₹ 94.86 crore with a corresponding growth in our EBIDTA margin of 112 bps to 10.08% during 2015-16. This performance is one of the best in the organized Indian innerwear industry and

is an outcome of our consistent focus towards premiumization. Among other initiatives, this focus also bolstered our net profit growth by a sharp 13.51% to ₹ 51.34 crore during the year under review. If one should appraise our performance over a slightly longer period, we have turned in 12.57% CAGR in gross sales, 33.48% in EBIDTA and 43.73% in net profit over FY11-16, a period that was characterized by challenging macros. Superior brand equity and positioning as a premium-yet-affordable brand have been the key contributors to this growth.

**Q2: You mentioned something interesting when you referred to the Company's focus on premiumization. Can you elaborate?**

**A.** Lux Industries offers a compelling, long-term, capital-efficient, lifestyle play on the premiumizing innerwear category. According to reliable estimates, almost 80% of the innerwear category is still standard which offers a significant pathway for premiumization-led growth. We are focusing on our premium brand ONN to derive better margins in the hosiery segment and we are doing so on the back of establishing exclusive outlets and signing film stars as ambassadors. ONN is growing at a rate of 30% unlike the rest of the mass market brands such as Lux Cozi and its franchise. We launched ONN almost four years ago with Shah Rukh Khan as its brand ambassador. While highlighting this point, I must mention that Lux Industries was one of the first players in the hosiery industry to rope

in celebrities for the category. We had actor Sunny Deol endorsing Lux Cozi innerwear 15 years ago and now we have Sushant Singh Rajput and Dev as our new ambassadors for the mass brand. Our new and extensive brand campaign with Sushant was received positively in the trade and helped differentiate our brands vis-à-vis those of our competitors.

We also recently launched the GLO collection as a sub-brand of Lux Cozi. Aggressive and focused marketing initiatives helped establish the Lux Cozi GLO collection as one of the fastest-growing economy to mid brands in the men's innerwear space. I must emphasize on the fact that we have a wide collection of multiple successful brands and the brand charter ensures scientific brand plans for each of these.

**Q3: What were some of the big highlights of the year?**

**A.** We prepared the foundations for our new state-of-the-art 6 lakh sq. ft (approx) manufacturing facility in Dankuni, West Bengal. This integrated facility has the capacity to produce 5 lakh units of finished products a day and our technology orientation for this plant is visible in the fact that we have imported German knitting, Italian cutting and Japanese stitching machineries that are being deployed to improve quality of the products and reduce cost. These machines from three different countries for three major garment-manufacturing processes are considered to be the globally-best in terms of technology. The unit is expected to fully come on-stream by September 2016. Concurrently, three small manufacturing units in and

around Kolkata with less productivity are being merged/shifted, that will not only enable us to save on rent but also turn these assets into large, useful warehouses.

Even while we are at advanced stages of operationalisation of our new asset in Dankuni, we are already planning for Phase-II expansion that seeks to double the production capacity of the unit over the next 3-4 years.

With this new plant, we have a total count of 11 manufacturing facilities, which also includes having a base in garment hubs such as those of Tirupur and Ludhiana. However, most of our plants are in West Bengal since labour is abundantly available with adequate availability of infrastructure for hosiery manufacturing.



**₹ 20,000 crore**

Estimated size of the Indian innerwear industry

**₹ 59,500 crore**

Estimated size of the Indian innerwear industry by 2023

**52%**

Estimated share in the hands of the organized Indian innerwear market

**₹ 941.16 crore**

Total income, 2015-16  
(up 3.52% y-o-y)

## ▶ 10 minutes with the Managing Director

### Q4: What was the export performance of the Company during the year?

**A.** With total export sales of ₹ 117.31 crore in 2015-16, Lux Industries continued to remain the largest exporter of innerwear out of India with exports contributing 12.62% to our gross income during the year.

Slowdown across most global markets coupled with geo- and socio-political strife, resulted in a flat export sales share in terms of value and volume during the year under report. We export products to the whole of Africa and the Middle East, Singapore, Malaysia, Cameroon, Australia and North America. During the current year, we are actively exploring the markets of Korea and Western Europe and hope to normalize export-driven growth over the near future.

### Q5: Can you underline the way the Indian apparel and innerwear industries are shaping up?

**A.** Indian apparel market is valued at about USD 40 billion and has grown at about 8% over the past few years. A surge in demand for readymade apparel (for convenience, design and variety) also catalysed by the e-commerce boom, rising income levels (driving increasing discretionary spends), youth demographics and increasing preference for branded apparel (growing presence of the organized retail and online channels)

are driving market resurgence.

The Indian innerwear market stands at about ₹ 20,000 crore and has grown faster than the apparel market at about 11%. This market is characterized by a large unorganized segment. However, favourable macro-economic factors like rising incomes, attractive demographics on the back of a large population, rising urbanization and a higher proportion of working women are together driving the shift towards organized branded innerwear. From being traditionally considered as an essential commodity, the innerwear category is increasingly witnessing a shift from being functional into a fashion category and from a price-sensitive into a brand-sensitive category. Besides, the per capita spends on men's and women's innerwear is miniscule in the country even as compared with some of the much smaller Asian nations like Thailand. Together with accelerated growth in market share in the hands of the organized segment of the innerwear industry, a rapid correction in per capita spends is likely to drive the sector's growth at a 13% CAGR between FY13-23, throwing up huge opportunities for frontline players like us.

### Q6: What are some of the initiatives required to be undertaken to drive growth over the medium term?

**A.** We will continue to stick to our knitting, doing what we know best.

Widening our product and brand portfolio paired with distribution-side development will help aid market share expansion and drive multiple years of growth for us. Moreover, as seen over the past two years or so, our strategy towards premiumization is yielding results and we expect to aggressively augment this initiative with a strong focus on profitability-driven growth.

Overall, we expect to register a 8-10% growth in our gross income in 2016-17.

### Our production assets

Production	No. of units
Tiruppur, Coimbatore, Tamil Nadu	2
Agarpara, Kolkata, West Bengal	2
Belgachia, Kolkata, West Bengal	1
B.T. Road, Kolkata, West Bengal	2
Dankuni, Kolkata, West Bengal	1
Dhulagarh, Kolkata, West Bengal	1
Roorkee, Uttarakhand	1
Ludhiana, Punjab	1
<b>Total</b>	<b>11</b>

## Our presence



1. India
2. Algeria
3. Iran
4. Iraq
5. Kuwait
6. Bahrain
7. UAE
8. Saudi Arabia
9. Yemen
10. Djibouti
11. Ethiopia
12. Kenya
13. Ghana
14. Togo
15. Benin
16. Nigeria
17. Cameroon
18. Colombo
19. Malaysia
20. Singapore
21. Hong Kong
22. Canada
23. Congo
24. Sudan
25. Angola
26. Thailand
27. Melbourne
28. Nepal
29. Poland
30. Panama
31. Morocco
32. Guinea
33. Bissau
34. Chad
35. Gabon
36. Uganda
37. Zimbabwe
38. Cote d'Ivoire
39. Zambia
40. Niger
41. Male
42. Senegal
43. Gambia
44. Mauritania
45. South Africa
46. Burkina Faso
47. Australia
48. North America

## Our accolades

At Lux Industries, our brands are woven together by innumerable 'threads of excellence'.





Commandment # 1

In a space that is largely unorganized, we differentiate our positioning through our brands.

**Philosophy**

In a typically undifferentiated product with low levels of brand loyalty, we are creating a distinct differentiation for our brands through engaging in extensive branding programmes and ensuring that our products meet the highest quality standards. These ongoing initiatives have enabled us to emerge as a first-mover in a competitive industry and report consistent performance even in a sluggish macro-economic environment.

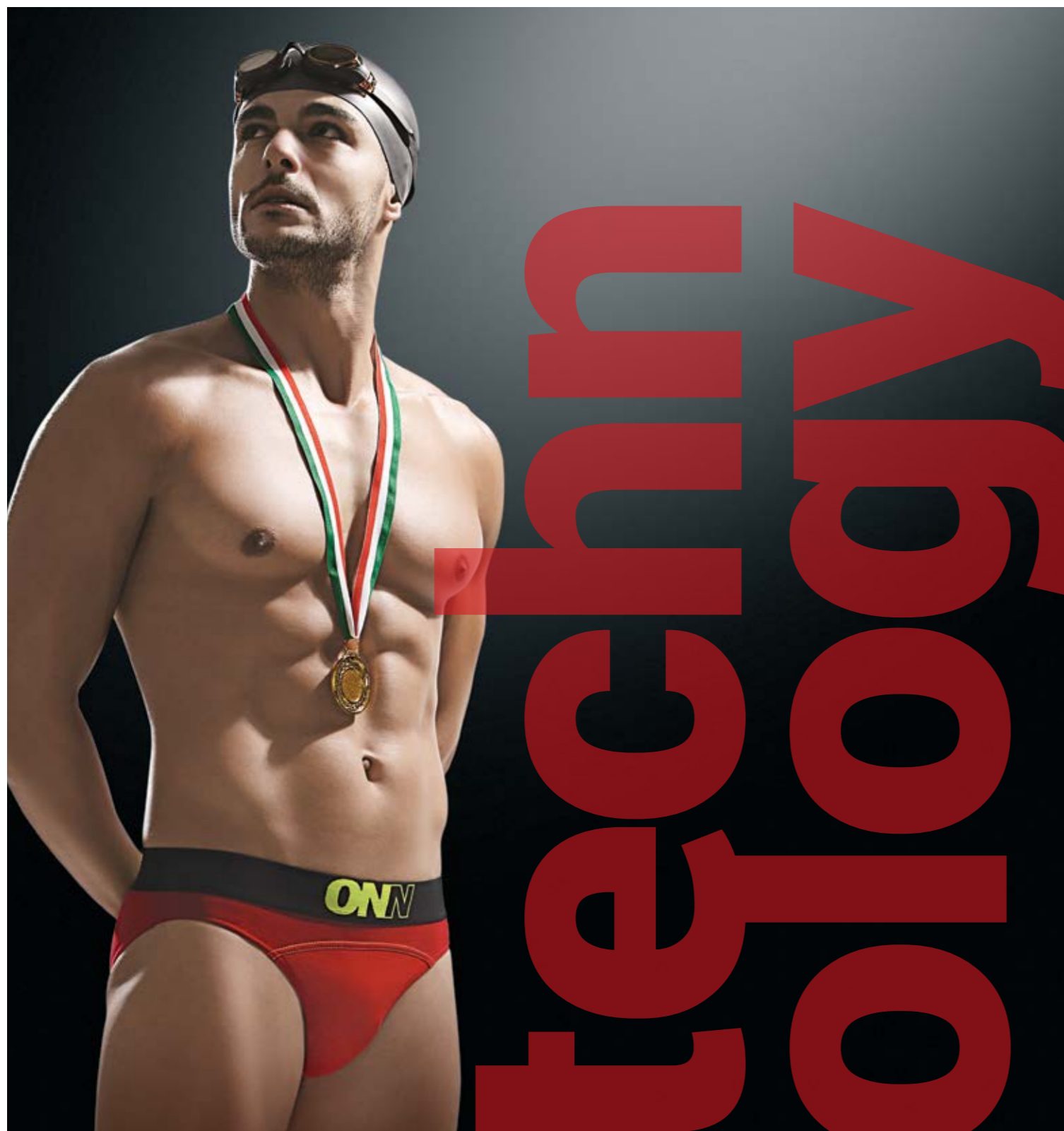
**Validation of our philosophy**

- At a time when branding was unheard of, we were among the first in the Indian hosiery industry to appoint celebrities as brand ambassadors; some of them include Sunny Deol, Shah Rukh Khan, Boman Irani, Neil Nitin Mukesh, Prachi Desai, Dev and Sushant Singh Rajput.
- Today, Lux Cozi has emerged as one of the strongest and fastest growing men's innerwear brands in the economy and mid-segment.
- As a sub-brand of Lux Cozi, Lux Cozi Glo has emerged as a durable challenger in the economy to mid-brand segment.

- Lux Venus is by far one of the largest vest brands in the economy category.
- Lux Cozi Bigshot is one of the most favoured consumer brands in the boxer/ briefs segment.
- ONN is getting established as the most promising mid to premium segment men's innerwear brand.
- We signed Sushant Singh Rajput, a Bollywood star acclaimed for his typically off-beat roles and an appeal that is universal and cuts across classes; the advertisement campaign launched with him received positive and encouraging response from the industry.

**Impact**

Almost 15 Lux products were sold every second in 2015-16, one of the fastest in the industry!



Commandment # 2

## In a business typically marked by small-scale production, we focus on large, technology-driven manufacturing.

### Philosophy

With almost half of the Indian innerwear industry with the unorganized sector, the players in this segment typically possess small and insignificant capacities with legacy equipment. To this business scenario, we have brought a cutting-edge technology orientation by introducing a bouquet of modern machineries and equipment imported from reputed brands from all over the world.

### Validation of our philosophy

- As a prudent strategy, we have typically invested our capex across industry down-cycles that has not only enabled us to secure capacity creation at industry-leading costs but also helped us prepare for the next cyclical upturn.
- As a conscious business practice, we have progressively engaged with world leaders in textile equipment manufacturing. As a result, today we enjoy strong relationships with them.
- We also engage in forging comprehensive service agreements

with suppliers that ensure higher equipment uptime; we also stock essential spares and stores that help plug idling.

- Cutting-edge technology not only ensures high product integrity in terms of quality but also facilitates higher production volumes that helps create an overall lower cost base.
- For our Dankuni plant, we have imported state-of-the-art equipment from Singapore, Italy, Germany and China, a validation of our belief in working with only leading suppliers.

### Impact

Investments in our gross block have grown at a 15.51% CAGR over the past five years, among the fastest in the industry!



Commandment # 3

In an environment with little focus on integration, we are among the few vertically-integrated companies in our space.

Philosophy

With small scattered capacities without any meaningful scale prevalent in the unorganised space, at 360 mn pieces per year, Lux Industries possesses one of the largest capacities in the organized innerwear sector in the country. With such a large production output, it was imperative for us to achieve full integration, not only as a means to control costs but also ensure maximum productivity.

Validation of our philosophy

- We manufacture 100% of our products in-house with zero outsourcing. This strategy differentiates us from the others, as we believe in volume plus quality as opposed to just chasing volumes.
- We possess modern captive equipment and rich skills across the production chain that includes knitting, dyeing/ bleaching, cutting, stitching and finishing (with accessories).
- We knit our own fabric and do the entire garment cutting in-house, employing state-of-the-art machinery.
- Moreover, our SAP-based DRP fortifies the benefits of the backward integration process.
- We are expanding our socks manufacturing capacity at our Roorkee facility by almost 100% that will enable us to emerge as one of the country's largest socks manufacturers and gain a larger share of the market.

**Impact**  
Our value addition through integration ensures better margins!



#### Commandment # 4

In a characteristically traditional industry, we disrupt the status-quo by getting better and better – in effect, continuing to identify small cost reduction ideas that yield big results.

#### Philosophy

At Lux Industries, we believe that small is powerful. So we focus on keeping our ears to the ground, listening to all our associates and channel partners and engaging in a constant dialogue with them. We encourage them to give us feedback, aggregate the discussion, study the viability of the suggestion and implement it with speed if found suitable. Thus we are constantly engaged in experimentation that only makes us stronger.

#### Validation of our philosophy

- Through a progressive focus on controlling our inventory and freeing capital blocked as inventory, we have experimented with just-in-time inventory for certain raw material products.
- We have focused on productivity-linked incentivisation that helps keep our staff motivated and optimises work-in-progress inventory.
- We have focused on tighter control of certain processes that has helped us in reducing wastages.

- We have engaged in structured dealer meets and organized several reward programmes under the Lux Corporate Club (LCC) that keeps them motivated and loyal; LCC membership is divided into four categories (Platinum, Diamond, Gold and Silver) under which members are eligible for a host of rewards and gifts, including international vacations.
- We have initiated relevant blending of certain raw material fibres and yarns that has not only strengthened product durability but also optimised raw material costs.

#### Impact

Our manufacturing costs as a percentage of sales have come down from 84.2% in 2014-15 to 81.87% in 2015-16!

**LUX<sup>cozi</sup>**  
INNERWEAR

**LUX<sup>cozi</sup>**  
**BIG SHOT**  
PREMIUM TRUNKS

**LUX<sup>Venus</sup>**  
VESTS • BRIEFS

**LUX<sup>Classic</sup>**  
VESTS • BRIEF

**LUX<sup>COTT'S WOOL</sup>**  
THE REVERSIBLE DRYWEAVE

**LUX<sup>Inferno</sup>**  
— QUILTED THERMALS —

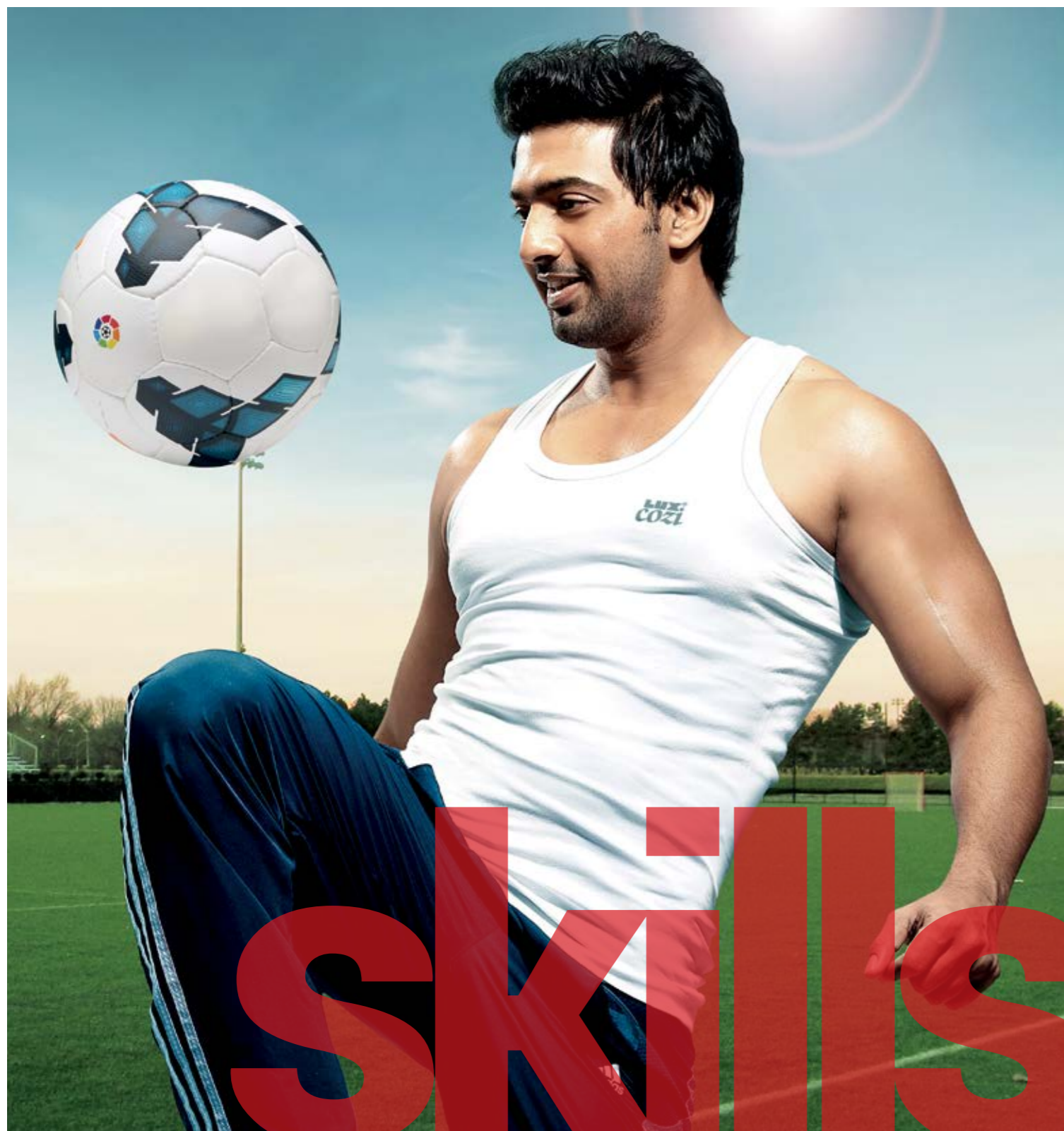
**LUX<sup>MOZZE</sup>**  
The premium sock range

**LUX<sup>Karishma</sup>**  
Pantie, Camisole & Leggies

**LUX<sup>Touch</sup>**  
UNDERWEAR FOR WOMEN  
Pantie, Camisole & Leggies

**GenX**  
DESIGNER VEST • CASUAL INNERS

**ONN**  
PREMIUM WEAR



Commandment # 5

In an industry largely marked by an insignificant focus on HR, we focus on enhancing the skills of our teams and professionalise our business.

**Philosophy**

At Lux Industries, we firmly believe that our people are our biggest assets. Their motivation, loyalty and dedication help drive the business. We continually organize training to enrich their skills and ensure a remuneration structure that is attractive. With a pool of 743 employees (as on 31 March 2016), we are among the large employment providers in the sector.

**Validation of our philosophy**

- Most of our employees belong to skilled families and carry with them the legacy of fine skill and technical competence.
- We focus on enhancing productivity across the organisation and have well-defined performance roles and guidelines.
- Our senior management comprises experienced professionals with rich know-how across diverse fields.
- We enjoy cordial industrial relations with our factory workforce.

**Impact**

Our continued effort in reinforcing our human resource base is reflected in a consistent improvement in the quality of our talent and productivity!

**LUX** cozi  
INNERWEAR

**LUX** cozi  
BIG SHOT  
PREMIUM TRUNKS

**LUX**  
VENUS  
VESTS • BRIEFS

**LUX**  
Classic  
VESTS • BRIEF

**LUX**  
COTT'S WOOL  
THE REVERSIBLE DIFFERENCE

**LUX**  
Inferno  
— QUILTED THERMALS —

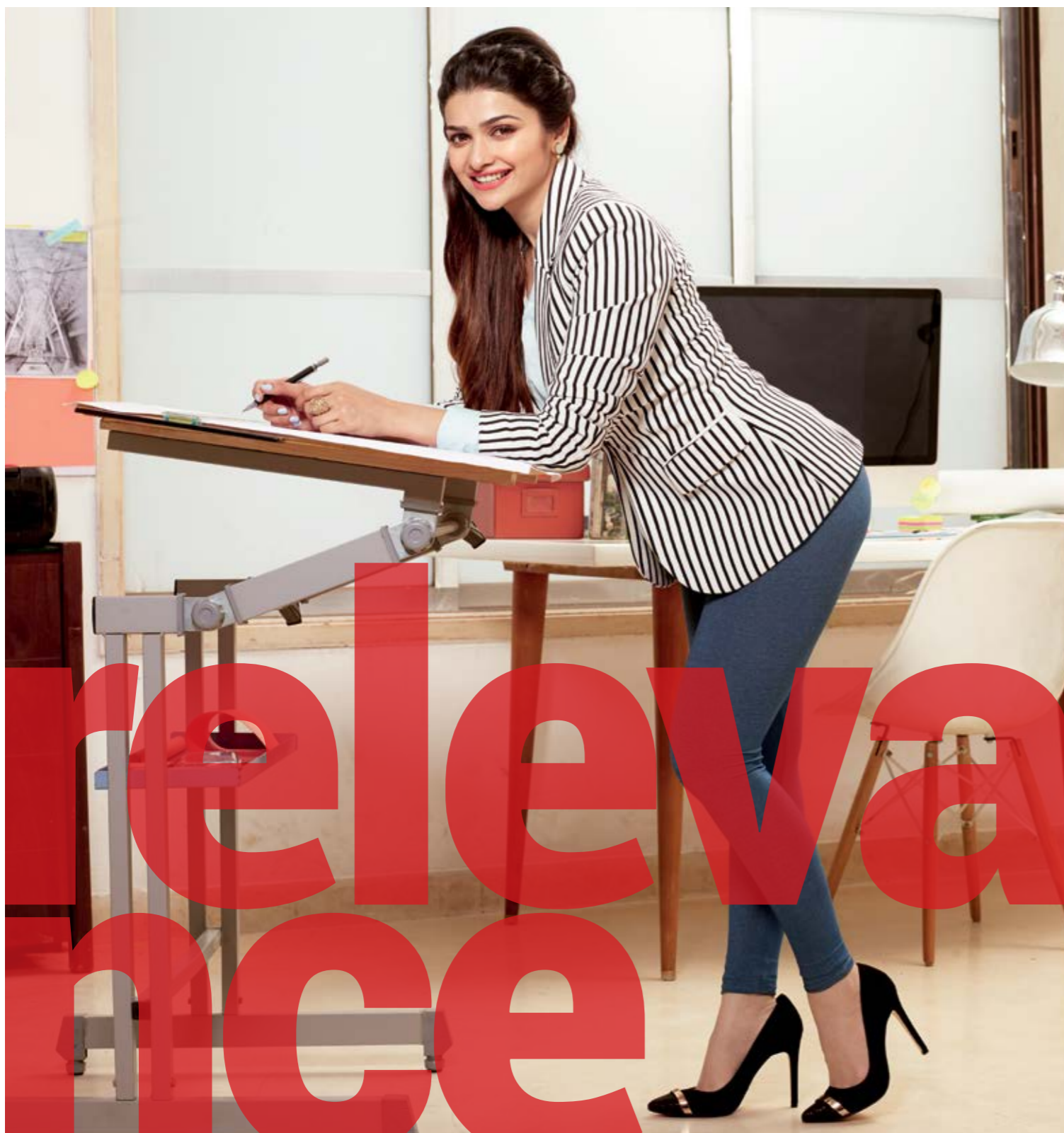
**LUX**  
MOZZE  
The premium sock range

**LUX**  
Karishma  
Pantie, Camisole & Leggies

**LUX**  
Touch  
UNDERWEAR FOR WOMEN  
Pantie, Camisole & Leggies

**GenX**  
DESIGNER VEST • CASUAL INNERS

**ONN**  
PREMIUM WEAR



Commandment # 6

In a space marked by an erratic product range, we emphasise on widening our product bouquet and aligning relevance to consumer needs, budgets and requirements.

**Philosophy**

At Lux Industries, we specialise in men's and women's innerwear and possess a wide range of over 5,000 SKUs, among the largest such innerwear range in the industry. This represents a strong differentiator, enabling us to emerge as a one-stop shop among our consumers looking for products that are high on comfort and fashion and represent a style statement.

**Validation of our philosophy**

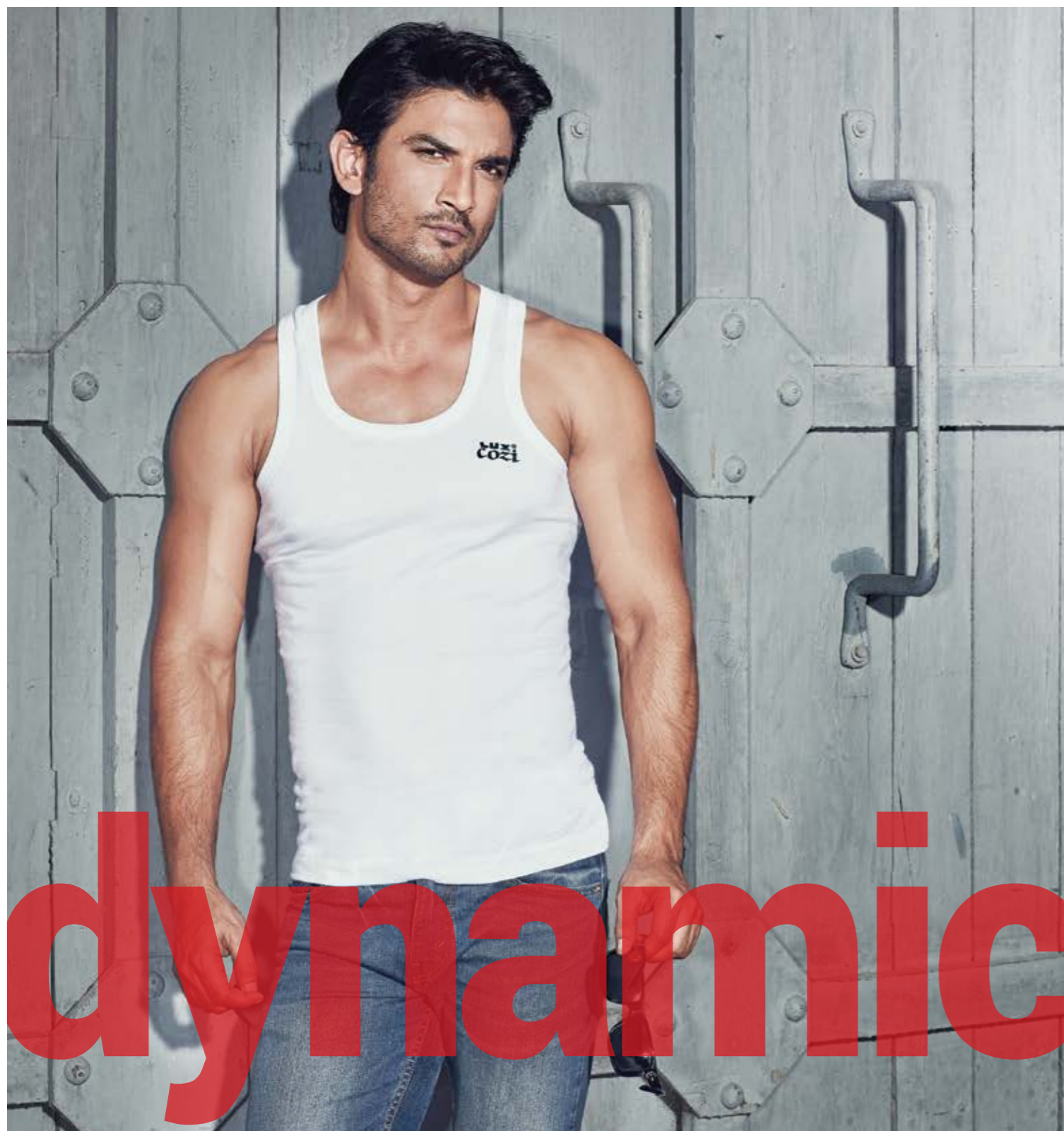
- Reports suggest an interesting trend: that a large percentage of men's innerwear shopping is done by women. Leveraging this insight, Lux brands are made to stand out for their style, pattern, colour, design and display, thereby assisting women in their shopping.
- Our products are anchored on comfort and pricing and though our price points are affordable, our brands stand for a distinctive premiumness in the minds of our customers.

- Women's spending on innerwear is miniscule when compared with their overall spend with regards to other fashion/ discretionary products and we see this as an opportunity to launch products that offer our women customers newer experiences in terms of quality, fit, comfort and pricing.
- We are aggressively venturing into newer, synergistic categories like socks, capitalising on the trend that suggests consumers are aggressively experimenting with bright, colourful and design-oriented socks.

**Impact**

Our products are available from ₹ 38 – ₹ 1350, representing the widest range of price points in the industry!





Commandment # 7

In a typically ad-hoc business environment, we focus on leveraging scientific practices to ensure a dynamic and supple supply and distribution chain.

Philosophy

With raw material and processing expenses representing the largest cost items, it is essential to develop a dynamic supply chain ecosystem that ensures the cost-effective and continuous availability of raw material resources. We work only with renowned suppliers who have been a part of our business for several years and our meticulous and scientific production planning ensures the sustainable availability of raw materials. Paired with this, we have also created a large and dynamic dealership of over 4.5 lakh outlets that extend pan-India.

Validation of our philosophy

- Lux Cozi is one of the most widely distributed and retailed brand in India. The brand is retailed through more than 450,000 retailers across the length and breadth of the country.
- We possess multi-year relationships with our channel partners. Our agents, distributors and retailers have supported our brands in their journey to the top, enabled by our channel partner strategies that are transparent, uniform and sensitive of return on investment of our channel partners.
- We claim a fill rate (order collected against dispatches) to be more than 95%, which is far higher than the industry average of 80%. A sophisticated information technology interface ensures dispatches of all our orders within the shortest possible timeframe.

- Our pan-India distribution network has been built on the pillars of mutual respect, business needs and trust. Decades have been invested in developing enduring relationships and it is not easy to replicate our distribution channel, which in itself represents a robust competitive advantage.
- We are India's largest innerwear exporter; exports as a percentage of our 2015-16 gross income stood at 12.62%, which we expect to grow over the coming years.

Impact

Our debtors' cycle is one of the lowest in the industry!



Commandment # 8

In an industry absorbed by the short-term, we focus on embracing prudent financial practices that enhance long-term organisational sustainability.

Philosophy

At Lux Industries, prudent and judicious fiscal management is critical for organisational viability and sustainability, especially since we operate in a working capital-intensive business. All our business decisions are anchored on long-term shareholder value creation even as we focus on creating a financially-solid enterprise.

Validation of our philosophy

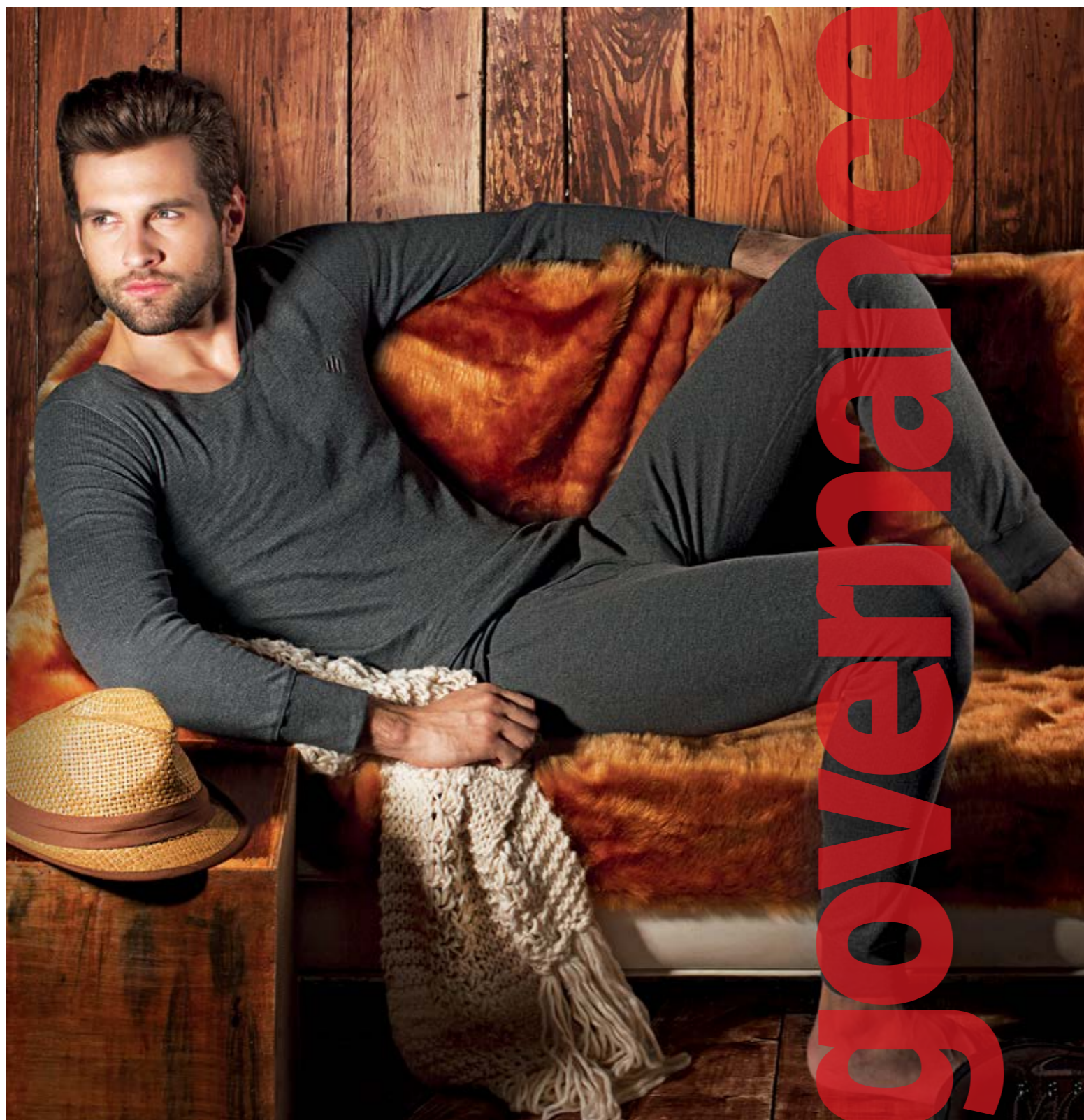
- Even in a challenging business environment, we were able to report a healthy 112 basis points increase in our EBIDTA margin to 10.08%, largely on account of a pay-off in our premiumization strategy.
- In a relatively high prevalent interest rate regime, we were able to judiciously use our cash flows to reduce our total borrowings by ₹ 71.19 crore which declined to ₹ 207.80 crore as on 31 March 2016.
- Concurrently, our debt-equity ratio declined to a low of 1.16x and interest cover (EBIDTA/ interest) rose to 78.6; besides, interest cost on the P&L side

declined by a significant 32.14% to ₹ 11.97 crore, enabling us to shore profitability.

- Balance from the P&L carried forward to the Balance Sheet at the close of the year under review also rose a healthy 42.79% to ₹ 153.24 crore.
- On the back of growing operational and financial efficiency, our working capital cycle is also declining, ensuring quicker cash inflows.

Impact

Every Rupee deployed as capital yielded ₹ 2.86 as revenue during 2015-16!



Commandment # 9

In a largely asymmetrical space, we focus on being fair, transparent and meritocratic and adopt the highest standards of governance.

Philosophy

In an enterprise that has been founded on the philosophy of inclusiveness, we believe that we are in the business to make a tangible difference to all those who work with us and depend upon us. We have formulated well-structured HR policies that recognise merit over everything else and we are an equal opportunity employer. We are sensitive and empathetic to the needs of the communities that live in and around our plant vicinities and organize high-impact programmes that ensure societal uplift on a continual basis.

Validation of our philosophy

- We have disbursed ₹ 57.67 crore as employee benefits over the past five years (ending 2015-16), emerging as one of the largest employment creators in the sector.
- Our corporate social responsibility program investment stood at ₹ 98.11 crore during 2015-16.
- We have consistently bagged prestigious awards and accolades that are a humble recognition of our contribution to the Indian innerwear space.

Impact

We consciously focused on enhancing transparency by listing on the NSE in December 2015 and opening ourselves to a larger external scrutiny!



Commandment # 10

In a business space that is anchored on the present, we strive to create an enduring institution that represents an attractive investment opportunity for both our existing as well as prospective shareholders.

**Philosophy**

Our shareholders invest in us because they recognise our long-term growth prospects. It is in this context that we strive to create an enterprise that is 'built to last', that is built for perpetuity and that is built to create sustainable value on a consistent basis. Though we are proud of our past achievements, we know that we have just about scratched the surface of India's consumption-led innerwear growth story and exciting times are ahead for us and our shareholders.

**Validation of our philosophy**

- Our book value per share at ₹ 354.12 has increased by a healthy 43.59% CAGR over the past five years.
- Since the day of listing on the NSE and BSE in December 2015, there has been a three-fold increase in the number of shareholders.

- We paid an interim dividend of 60% and have announced a final dividend of 10% that takes the total dividend for the year 2015-16 to ₹ 7 per share (of face value of ₹ 10).
- We delivered a return on equity of 28.71% in 2015-16, which is amongst the highest in our industry.

**Impact**

On the day of listing on the NSE, Lux Industries' shares were locked at the upper circuit, indicating healthy demand for the shares among investors!

### Affordable, yet aspirational positioning

At Lux Industries, our brands are positioned to communicate the fun, fashionable and functional appeal of our products. Besides, as an affordable and comfortable brand in the innerwear category, we drive an advantage of our recall in the minds of our customers as a brand that is premium, yet affordable. We engage in several in-store displays to increase brand freshness and visibility that together contributes to sales growth.



### Quality excellence

At Lux Industries, we have always ensured that the best quality garment is offered to our consumers. Extensive quality controls besides in-house knitting and cutting of fabrics ensures execution and maintenance of consistent quality parameters across all production units. Besides, the use of SAP ensures sophistication and seamlessness of all manufacturing procedures that are also well-documented and professionally-managed. Furthermore, highly professional teams ensure perfection in planning and execution of the sales and marketing plans.

### Efficient supplier and trade management

Though we are dependent on external suppliers for certain raw material inputs, especially yarn, with swift payment norms and a sustained high growth rate, we have been able to establish multi-decade relationships with our vendor ecosystem. Besides, efficiency in channel management coupled with a strong brand that ensures consistent offtake, we have been able to lower our debtor days.

### Integrated manufacturing establishment

At Lux Industries, an integrated manufacturing set-up provides better control over both quality and costs. We have 11 manufacturing units strategically located across the country that are engaged in integrated garmenting processing in-house – from cutting of the fabric to packing of the finished product (with no outsourcing). Besides, we have a robust R&D set-up that enables us to convert prevalent trends into trendy products, thereby effectively capitalising on trade opportunities.

Continuous product quality enhancement and improvisation is one of the strong points of Lux Industries. We pay high importance to the quality of the yarn we use. The fabric knitting is done in-house under close supervision of trained professionals. The fabric is cut by the most advanced machines, ensuring zero error in measurements. Garment stitching is undertaken by trained and highly professional stitching units. These controls and automation ensures that the best quality garments are made available to our consumers, ensuring delight and subsequent retention.

### Distribution and distribution servicing

At Lux Industries, our success is driven by an aggressive expansion of our product reach and effective servicing of channel partners. Our reach has expanded to over 4.5 lac stores as on March 2016. We have a fairly well-distributed pan-India dealership that not only enables effective demand servicing but also helps mitigate geographical concentration risks. We service our dealership with speed and sensitivity that enables them to secure their business and ensure that there is no stock-out.

Besides, our ability to provide a large width and depth of products enables our customers to have a wider range for selection, thereby enhancing their convenience while also allowing more efficient channel servicing. We also focus on employing our own sales personnel at the channel partner's premises for smoother functioning as well as better implementation of our trade strategies. We also organize attractive dealer incentivisation programs that keep them motivated, loyal and entrepreneurial.

### Large employee base

At Lux Industries, we have 700+ employees across our factories, of which about 30 are women. Besides, with our operations concentrated in West Bengal, we possess a strong advantage in terms of the availability of cheap and fairly abundant labour. We offer several employee benefits that enable us to keep our labour pool productive, loyal and motivated.

### Efficient capital management

At Lux Industries, we have focused on reducing the dependency on borrowed capital by a more efficient use of the cash flows generated from the business. We paid ₹ 71.19 crore of debt during the year under review, which reduced our indebtedness and moderated interest costs in the P&L.

### Exclusive outlets

We are focusing on growing our exclusive retail outlets, in line with our focus on providing our customers with a seamless buying experience, especially for our premium range of products. This retail network will enhance our image as a lifestyle brand, widening visibility in a cluttered marketplace.

## Our competitive drivers

# Brand activations, 2015-16

## Stellar listing on the BSE

After receiving a successful response at the National Stock Exchange, in January 2016, Lux Industries Limited crossed yet another milestone by listing on the prestigious Bombay Stock Exchange (BSE) on 5 January 2016, with its shares zooming to an intra-day high of ₹ 3,905 before closing at ₹ 3,781. Listing on the country's premier stock exchanges is expected to enhance visibility and also provide liquidity for existing and prospective investors. Our Chairman, Mr. Ashok Kumar Todi, with our Managing Director, Mr. Pradip Kumar Todi, graced the momentous listing day occasion of the 'bell ringing ceremony' at the Bombay Stock Exchange, in the presence of all the other Directors.



## Breathtaking views, stimulating discussions - Srinagar conference

The pan-India dealers' conference was organized by the Company in the breathtaking valley of Srinagar. At the conference, Lux launched GLO, under the mother brand, Lux Cozi. Moreover, some new socks designs were also introduced towards expanding the Lux Mozze range.

## New products, fresh starts - Delhi conference

ONN premium-wear organized its 4th annual conference at the Hyatt Regency, Gurgaon. The day-long meet began with the introduction of 17 new products under the casual product range from ONN, along with 12 new I-Dry T-shirts.



## Annual General Meet

Lux organized its 20th Annual General Meeting (AGM) at the DPSC Auditorium, Kolkata, to review the performance in the presence of many prominent authorities. The AGM was well-attended with shareholders affirming their continued participation in our growth story.

## Growing interactions, growing order book - Varanasi conference

ONN premium-wear organized about 12 conferences in Varanasi and adjoining areas with regional sub-distributors and retailers. The conferences helped generate a large number of orders as winter bookings.

## Converting footfalls into sales - and customer delight - Mega Trade Fair, 2015

Lux participated in the prestigious India International Mega Trade Fair held at the

Science City grounds in Kolkata. The fair was attended by almost 15,000 visitors every day. Lux took its stall at a prime location and exhibited its various brands like ONN and Lux Lyra. The footfalls at our stall were high and Lux was successful in selling around 35 lakh products in the 10-day event.

## Excitement at Lux Corporate Club

Lux Corporate Club is a loyalty program started during the year 2014-15 for our distributors. Under this platform, membership is provided to distributors after they achieve particular sales volumes. The membership is divided into four categories – Platinum, Diamond, Gold and Silver, under which members are eligible for a host of rewards and privileges. We conducted a leisure tour to London for our first-year Platinum and Diamond members and a Bali leisure tour was conducted for our Gold members.



# BOD



Ashok Kumar Todi **Chairman**

Pradip Kumar Todi **Managing Director**

K K Agarwal **Director**

Prabha Devi Todi **Director**

Nandanandan Mishra **Director**

Snehasish Ganguly **Director**



# STATUTORY & FINANCIAL SECTIONS

Directors' Report **42**

Management Discussion and Analysis **52**

Report on Corporate Governance **57**

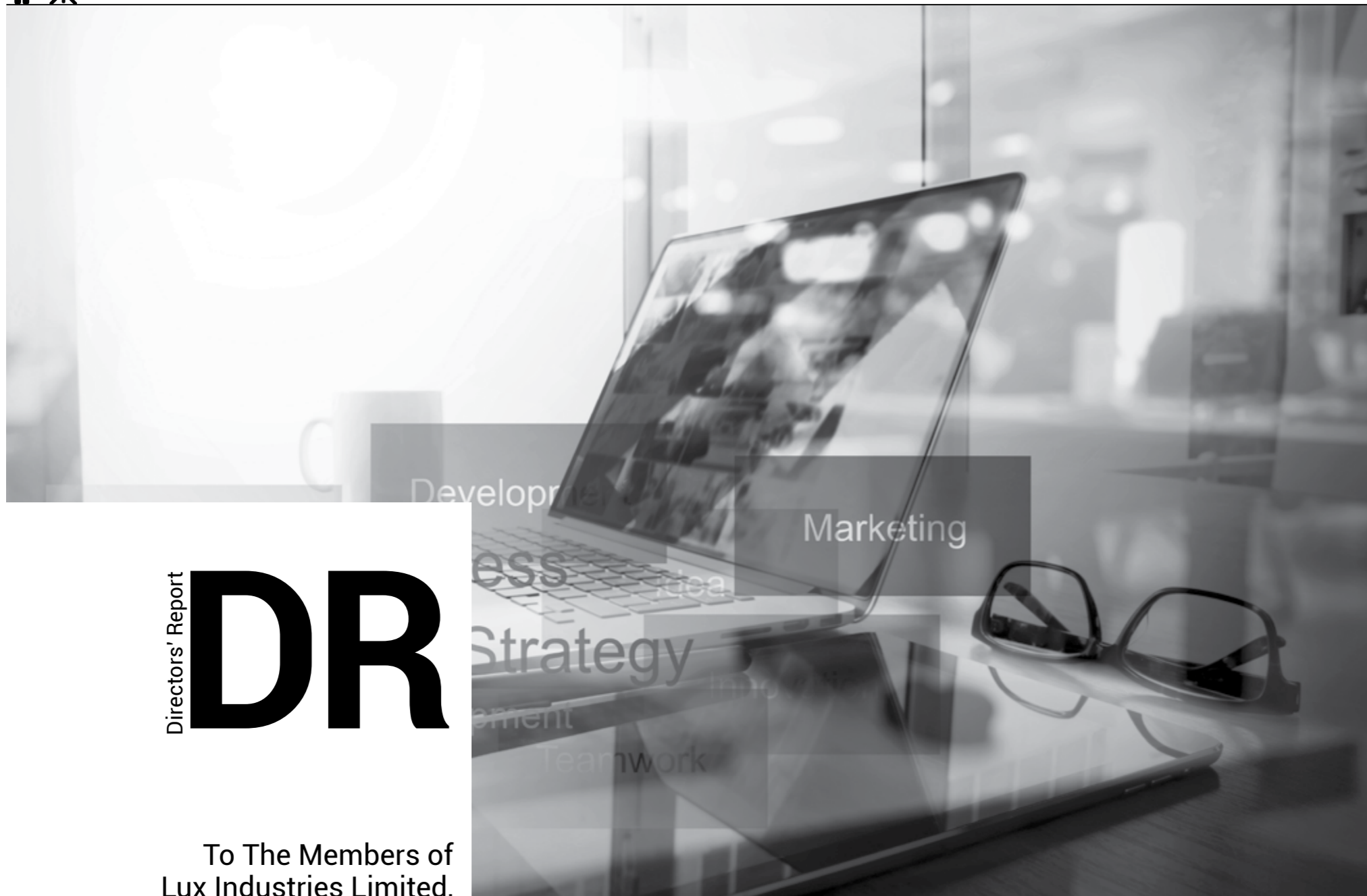
Auditors' Report **88**

Balance Sheet **94**

Statement of Profit and Loss **95**

Cash Flow Statement **96**

Notes to Financial Statement **98**



# Directors' Report **DR**

To The Members of  
Lux Industries Limited,

**Dear Shareholders,**

Your Directors are pleased to present the 21st Annual Report and the Audited Statement of Accounts for the financial year ended March 31, 2016.

## 2. Results of Operations

Your company delivered another year of steady performance in the backdrop of continuing sluggishness in the macro-economic environment. During the year under review, the Company achieved a gross income of ₹ 94,116.33 lacs as against ₹ 90,913.50 lacs in the previous year. Profit before Tax is ₹ 7,867.98 lacs as against ₹ 6,799.24 lacs as against the previous year. The Net Profit after tax is ₹ 5,134.06 lacs as against ₹ 4,522.91 lacs for the previous year. The earning per share is ₹ 101.65 against ₹ 89.55 in the previous year.

The innerwear industry is expected to grow at 8% to 10% during 2016-17. The yarn prices are expected to remain steady. The topline of the company is also expected to grow at 10%. The company expects to achieve better efficiency with its Dankuni Plant commencing operations having an area of six lakh square feet. The company has its other manufacturing capacities at B.T.Road, Dhulagarh, Agarpara, Ludhiana and Tirupur. The company has its sales offices almost all over the country.

## 1. Financial Results

(₹ in lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Gross Income	94,116.33	90,913.50
Profit before Interest, Depreciation and Tax	9,476.37	8,141.88
Less: Depreciation	411.89	(421.70)
Less: Finance Cost	1,196.50	1,764.34
Profit Before Tax	7,867.98	6,799.24
Tax Expense		
(a) Current Tax	2,769.00	2,035.00
(b) Deferred Tax	(25.79)	241.33
(c) Income Taxes for earlier year	(9.29)	-
Profit after Tax	5,134.06	4,522.91
Add: Surplus brought forward	10,732.15	6,973.14
<b>Balance available for appropriation</b>	<b>15,866.21</b>	<b>11,496.05</b>
<b>Appropriations:</b>		
Transfer to General Reserve	100.00	400.00
Dividend on equity shares	353.54	303.04
Dividend on preference shares	14.00	0.23
Dividend tax on equity dividend	71.97	60.58
Dividend tax on preference dividend	2.85	0.05
Balance carried forward	15,323.85	10,732.15
<b>Total</b>	<b>15,886.22</b>	<b>11,496.05</b>





### 3. Dividend

The Board of Directors at the meeting held on March 12, 2016 declared an interim dividend @ 60% (₹ 6/-) per Equity Share. The Board is pleased to recommend a final dividend @ 10% (₹ 1/-) per Equity Share. This will make the total dividend for the year @ 70% (₹ 7/-) per share (previous year ₹ 6.00 per Equity Share) on 50,50,600 equity shares of ₹10 each. The Board also recommends to pay dividend @ 0.25% on 56,00,000 preference shares of ₹ 100 each. Payment of final dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting.

### 4. Material Changes and Commitments

No material changes and commitments have occurred from the date of close of the financial year till the date of this Report, which affect the financial position of the company.

### 5. Share Capital

During the year under review there was no change in share capital of the company.

### 6. Transfer to Reserves

The Company propose to transfer a sum of ₹ 100.00 lacs to the General Reserve out of profits earned by the Company.

### 7. Fixed Deposits

The Company has not accepted any deposits from the public in terms of Section 73 of the Companies Act, 2013 and rules made there under during the year under review.

### 8. Particulars of loans, guarantees or Investments

Particulars of loans given during the year are as follows. Further the Company has not given any guarantees covered under the provision of section 186, of the Companies Act, 2013.

(₹ in lacs)

Name	Rate of Interest	Max amount of Outstanding	Purpose
Frontiers Warehousing Pvt.Ltd.	15%	100	Loan
Jalan & Sons	12%	25	Loan
West Bengal Hosiery Park Infrastructure Limited	9%	1800	Loan

The details of investments made by Company are given under the notes to the financial statements.

### 9. Internal Control System and their adequacy

The Company has adequate internal control procedures commensurate with its size and the nature of its business for the purchase of inventories, fixed assets and with regard to the sale of goods and services. Details in respect of adequacy of internal financial controls with reference to the Financial Statements are stated in Management Discussion and Analysis which forms part of this Report.

### 10. Corporate Social Responsibility Initiatives

Pursuant to Section 135 of the Companies Act 2013, read with rules made there under, your directors have constituted a Corporate Social Responsibility Committee. As part of its initiatives under "Corporate Social Responsibility (CSR)", the company has contributed funds for the schemes of eradicating hunger and poverty, promotion of education and medical aid. The contributions in this regard have been made to the registered trusts and / or section 8 companies which are undertaking such schemes. The CSR Policy may be accessed on the Company's website at the link: [http://www.luxinnerwear.com/investor\\_download\\_pdf2/20151221073219.pdf](http://www.luxinnerwear.com/investor_download_pdf2/20151221073219.pdf). The Annual Report on CSR activities is annexed herewith as **Annexure 'B'**

### 11. Management Discussion and Analysis Report

Pursuant to Regulation 34(2)(e) of SEBI (Listing Obligations And Disclosures Requirements) Regulations, 2015, Management Discussion and Analysis Report is annexed as **Annexure 'C'** forming part of this Report.

### 12. Corporate Governance

Your Company is committed to maintain good Corporate Governance practices. Pursuant to Regulation 34(3) read with Part C of Schedule V of SEBI (Listing Obligations And Disclosures Requirements) Regulations, 2015, a separate Section on Corporate Governance together with a certificate from the Company's Auditor confirming compliance is set out in **Annexure 'D'** and **Annexure 'F'** forming part of this report. Further a declaration on the Code of Conduct is given in **Annexure 'E'**.

### 13. CEO and CFO Certification

As required under Part E of Schedule V of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the CEO/CFO certification on the accounts of the Company as given by Sri Ashok Kumar Todi, Whole Time Director and Sri Ajay Kumar Patodia, Chief Financial Officer is set out in **Annexure 'E'** forming part of this report.

### 14. Directors & Key Managerial Personnel

Details of Directors or Key Managerial Personnel (KMP) appointed or resigned during the year are as below:

Sl. No.	Directors / Key Managerial Personnel	Date of Appointment/ Resignation
1.	Mr. Vinod Agrawal Company Secretary	Resigned on 01.06.2015
2.	Mr. Pankaj Kumar Kedia Company Secretary	Appointed on 01.06.2015

Nomination and Remuneration Committee of the Board has recommended the said appointment to the Board of Directors. The Board has placed on record their deep appreciation for the valuable contribution made by Mr. Agarwal during the tenure of his service with the company.

Mr. Pradip Kumar Todi, Managing Director retire by rotation and being eligible, offers himself for re-appointment. The Directors recommend his re-appointment. Brief resume / details of Mr Pradip Kumar Todi is furnished in the annexure to the notice of the ensuing Annual General Meeting as required under the code of corporate governance.

All independent directors have given declarations under Section 149(7) declaring that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

### Annual Board Evaluation and Familiarisation Program

At the time of appointing a Director, a formal letter of appointment is given to him / her, which, inter alia, explains the role, function, duties and responsibilities expected of him/her as a Director of the Company. The Director is also explained in detail the various compliances required from him/her as a director under various provision of the Companies Act, 2013, and such other rules and regulations.

The Directors are also updated about the financials of the company and new product launches. They are also provided booklets about the business and operations of the company. They are updated on the changes in relevant corporate laws relating to their roles and responsibilities as Directors, from time to time.

The details of such familiarisation programs for Independent Directors may be accessed on the company's website [http://www.luxinnerwear.com/investor\\_download\\_pdf2/20160504012019.pdf](http://www.luxinnerwear.com/investor_download_pdf2/20160504012019.pdf)

### Board Evaluation

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Regulation 17, 19 & 20 of SEBI (Listing Obligations And Disclosures Requirements) Regulations, 2015, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit and Nomination & Remuneration Committees. The manner in which the evaluation has been carried out has been explained in Nomination & Remuneration Policy in the Corporate Governance Report. Further, the Independent Directors of the Company met once during the year on February 12, 2016 to review the performance of the Non-executive directors, Chairman of the Company and performance of the Board as a whole. Detail of separate meeting of Independent Directors are given in the Corporate Governance Report.

### 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 Remuneration Policy is stated in the Corporate Governance Report. And also has been posted on the Company's website [http://www.luxinnerwear.com/investor\\_download\\_pdf2/20151221071320.pdf](http://www.luxinnerwear.com/investor_download_pdf2/20151221071320.pdf)

### Meetings

Minimum four meetings which are scheduled in advance are held annually. A calendar of Meetings is prepared and circulated in advance to all the Directors. Any additional meeting is convened by giving appropriate notice in order to meet the requirements.

During the year five Board Meetings and four Audit Committee Meetings were convened and held. Details are given in the Corporate Governance Report. The intervening gap between



the Meetings was within the period prescribed under the Companies Act, 2013 and such other rules and regulations.

### 15. Director's Responsibility Statement

Pursuant to the requirement under Section 134 clause (C) of sub Section (3) of the Companies Act, 2013 the directors confirm:

- a. that in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departure, if any;
- b. that such accounting policies as mentioned in the notes to annual accounts have been selected and applied consistently and judgments and estimates have been made that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date;
- c. that proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual accounts of the Company have been prepared on a 'going concern' basis.
- e. that proper internal financial controls are in place and that the financial controls are operating effectively.
- f. that proper systems to ensure compliance with the provisions of all applicable laws are in place and that such systems were adequate and operating effectively.

### 16. Related Party Transactions

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with the Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large. All the related party transactions are reviewed by the Audit Committee. A policy on related party transactions and dealing with related parties as approved by the Board has been posted on the company's

website [http://www.luxinnerwear.com/investor\\_download\\_pdf2/20151221073348.pdf](http://www.luxinnerwear.com/investor_download_pdf2/20151221073348.pdf)

### 17. Subsidiary Companies and Joint Ventures

The Company does not have any subsidiary. There were no joint ventures entered into by the company.

### 18. Vigil Mechanism

The Company has a vigil mechanism contained in the Whistle Blower Policy, in terms of section 177 of the Companies Act 2013, to deal with instances of fraud and mismanagement, if any. The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It protects employees wishing to raise a concern about serious irregularities within the Company. A quarterly report with number of complaints, if any, received under the Policy and their outcome are placed before the Audit Committee and the Board. The policy on vigil mechanism may be accessed on the company's website [http://www.luxinnerwear.com/investor\\_download\\_pdf2/20151221073425.pdf](http://www.luxinnerwear.com/investor_download_pdf2/20151221073425.pdf)

### 19. Auditor's Report / Secretarial Audit Report

The observation made in the Auditors' Report read together with relevant notes thereon are self explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

As required under section 204 (1) of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company has appointed Ms. Smita Mishra, a Practising Company Secretary to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as **Annexure 'G'**.

### 20. Auditors

M/s Sanjay Modi & Co., Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Members are requested to consider their appointment as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the Twenty Second (22nd) Annual General Meeting of the Company on such remunerations as approved by the members.

The Company has received a certificate from the proposed

Auditors to the effect that their appointment, if made, would be in accordance with all the conditions prescribed under the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

### 21. Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as **Annexure 'H'**.

### 22. Business Risk Management

The Board of the company realizes that risk evaluation and risk mitigation is its important responsibility. Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 21 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the company has constituted a risk management committee. The details of the committee and its terms of reference are set out in the corporate governance report forming part of the Boards report. Identifying critical risks and their mitigation in various departments of the company, is an ongoing process. The company has not identified any material element of risk which may threaten the existence of the company.

### 23. Industrial Relation

During the year under review, the industrial relations remained cordial and stable. The directors wish to place on record their appreciation for the excellent cooperation received from the employees at all levels.

### 24. Particulars of Employees

The ratio of remuneration of each director to the median of employees remuneration as required under Section 197 (12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as **Annexure 'I(i)'**.

A statement containing the names of every employee as required under section 197(12) of the Companies Act 2013 read with the rule 5(2) and 5(3) of the Companies (Appointment

and Remuneration Personnel) Rules 2014 is annexed herewith as **Annexure 'I(ii)'**.

### 25. Prevention of Sexual Harassment at workplace

Your company is committed to provide a work environment which ensures that every employee is treated with dignity, respect and equality. There is zero tolerance towards sexual harassment. Any act of sexual harassment invites serious disciplinary action. The company has established policy against Sexual Harassment for its employee. The policy allows any employee to freely report any such act and prompt action will be taken thereon. There were no such incidence during the period under review.

### 26. Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo required to be disclosed under Section 134(3) (m) of the Companies Act, 2013, are annexed here to and forms part of this report.

### 27. Acknowledgement

Your Board wishes to place on record its sincere appreciation for the continued assistance and support extended to the company by its customers, vendors, investors, business associates, banks, government authorities, employees and other stakeholders.

For and on behalf of  
the Board of Directors

**Ashok Kumar Todi**

Chairman

DIN 00053599

Kolkata  
May 25, 2016



INFORMATION UNDER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 (3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF DIRECTOR'S REPORT FOR THE YEAR ENDED MARCH 31, 2016.

### A. CONSERVATION OF ENERGY

- i) **The steps taken or impact on conservation of energy:** The company continuously identifies the areas to conserve energy. The maintenance and up-gradation of machines and equipments is done from time to time keeping energy conservation in mind.
- ii) **The steps taken by the company for utilizing alternate source of energy:** The company does not use / employ any alternate source of energy as there is no availability of the same.
- iii) **The Capital Investment on energy conservation equipments:** No direct identifiable investment pertaining to conservation of energy was done during the year, other than maintenance and up-gradation of machines and equipments. Hence the amount of investment cannot be directly measured.

### B. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

#### a. Expenditure on Research & Development (R & D):

R & D are carried out separately by the Hosiery Association. There is therefore no expenditure incurred on this account.

#### b. Technology absorption, adaptation and innovation:

- (i) **The efforts made towards technology absorption:** The company keeps a close watch on the technological developments pertaining to its industry. Up-gradation and replacement of old machines is done as and when required in order to maintain high quality of output.
- (ii) **The benefits derived through use of the machines:** By using new technology, your Company is able to use the finest quality of knitted products. It has enabled to reduce wastage, expedite the production process and reduction in the inventory of WIP.
- (iii) **In case of imported technology [imported during the last three (3) years reckoned from the beginning of the financial year]:**
- (a) *Your Company has imported following machines with the latest and updated technology :*
- 108 (One Hundred Eight) Stitching/Sewing Machine from Singapore,
  - 11 (Eleven) High Speed Knitting Machine from Germany,
  - 60 (Sixty) Socks Knitting Machine from China
  - 1(One) Cutting Machine from Singapore.
- (b) *The year of import : 2015-16.*
- (c) *Whether technology has been fully absorbed : Partially absorbed during the year.*

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- a. **Activities relating to exports, initiatives taken to increase exports, development of new export market for products and exports plans:** During the year the Company exported its products to Middle East, Australia, Cameroon and African Countries. The Company is further exploring opportunities in European and American markets.

#### b. Information in respect of Foreign Exchange Earning and Outgo is:

(₹ in lacs)

Sl. No.	Particulars	Current Year	Previous Year
i)	Earning	10,264.08	11,378.60
ii)	Outgo	354.53	330.90

For and on behalf of the Board of Directors

**Ashok Kumar Todi**

Chairman

DIN 00053599

Kolkata

May 25, 2016

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES****1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

Your company strongly believes in development and giving back to the society. Long term view is taken in implementation of the CSR program. The objective of the company is to improve quality of life with direct intervention with the society. During the year the CSR expenditure was done in the following areas identified by the company:

- Promoting health care through support for medical facilities
- Promotion of education
- Animal welfare
- Promotion of traditional art and culture
- Supporting economically backward group

The CSR Policy is available on the Web Link

[http://www.luxinnerwear.com/investor\\_download\\_pdf2/20151221073219.pdf](http://www.luxinnerwear.com/investor_download_pdf2/20151221073219.pdf)

**2. Composition of CSR committee**

Name of the Committee Member	Designation
Sri Ashok Kumar Todi	Chairman
Sri Pradip Kumar Todi	Member
Sri Kamal Kishore Agarwal	Member

**3. Average net profit of the company for last three financial years**

Average net profit: ₹ 4,517.93 Lacs.

**4. Prescribed CSR Expenditure (Two percent of the amount as in item 3 above)**

The company is required to spend ₹ 90.36 Lacs.

**5. Details of CSR spend for the financial year**

- Total amount spent for the financial year : ₹ 98.11 Lacs.
- Amount unspent if any : Nil.
- Manner in which the amount spent during the financial year is detailed below :

Sl. No.	CSR Project/ Activities	Sector	Locations	Amount outlay (budget) project or programme wise (₹ in Lacs)	Amount spent on the project or programs (₹ in Lacs)	Cumulative expenditure up to the reporting period (₹ in Lacs)	Amount spent Direct or through implementing agency* (₹ in Lacs)
1	Promotion of Education	Literacy	Kolkata, Senapati (Manipur)	52.11	52.11	52.11	52.11
2	Medical Facilities	Healthcare	Kolkata	1.02	1.02	1.02	1.02
3	Animal Welfare	Animal Welfare & Social Welfare of Socially and economically backward group	Kolkata, Salasar, Bharatpur (Rajasthan)	40.98	40.98	40.98	40.98
4	Promotion of traditional art and culture	Promotion of traditional art and culture	Kolkata	4.00	4.00	4.00	4.00
<b>Total</b>				<b>98.11</b>	<b>98.11</b>	<b>98.11</b>	<b>98.11</b>

\* The amount spent on CSR Activities directly by the Lux Industries Limited.

**6. Responsibility Statement**

The Responsibility Statement of the CSR Committee of the Board is reproduced below

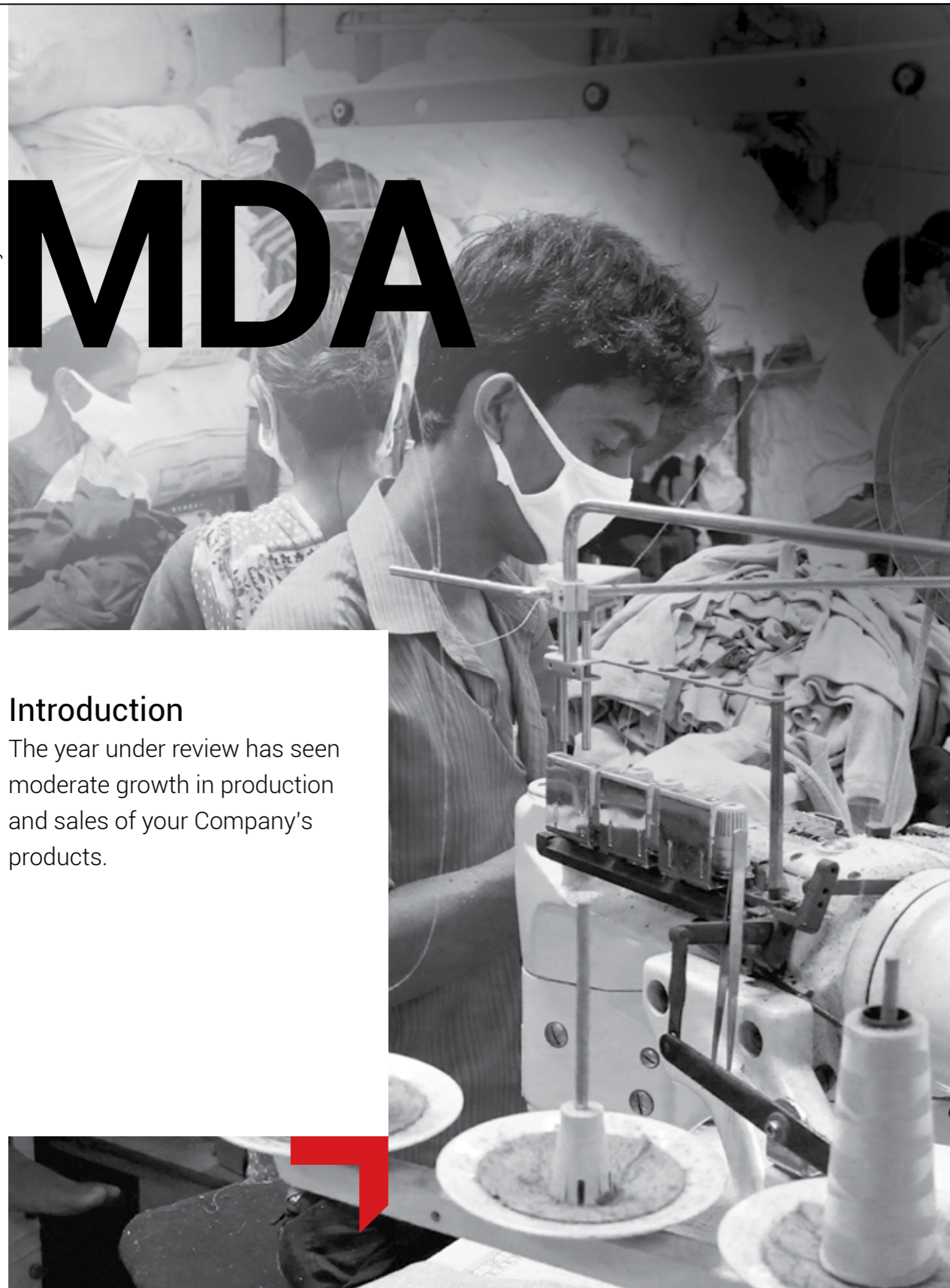
'CSR Committee confirms that the implementation and monitoring of CSR Policy is in line with the CSR Objectives and Policy of the Company.'



# MDA

## Introduction

The year under review has seen moderate growth in production and sales of your Company's products.



## Financial Review

In FY 2015-16 the company achieved a total income of ₹ 94,116.33 lacs as against ₹ 90,913.50 lacs in the previous year. Year on year basis our PBT & PAT increased by 15.86% and 13.51% respectively. Our EBIDTA for the year is ₹ 9,485.67 lacs which is an increase of 16.50% against the previous year. EBIDTA percentage was 8.96 in the previous year which we bettered to 10.08% during the year.

## Economic Review

Advance government estimates point to the economy growing at 7.6% in FY 2015-16, marginally above the forecast of 7.4% in Asian Development Outlook 2015 Update. The estimate could be a tad optimistic, however, achieving it would require the gross domestic product (GDP) to increase by 7.7% in the last quarter of the fiscal year.

Despite a weak monsoon for a second consecutive year, agriculture grew by 1.1% in FY 2015-16, mainly on strong growth in livestock. Food grain production is estimated to have increased by 0.5% in FY 2015-16, though there was lower production of rice, coarse cereals, oilseeds, and sugarcane.

After growing by 5.9% in FY 2014-15, industry accelerated further to 7.3% in FY 2015-16. Expansion in services moderated to 9.2%. Private consumption growth is estimated to have picked up to 7.6% in FY 2015-16 from 6.2% a year earlier. However, these estimates are likely to be optimistic, as achieving them would require private consumption to grow at 11.7% in the fourth quarter of FY 2015-16, nearly

double the 6.1% growth rate achieved in the first 3 quarters. Much of the improvement in private consumption stems from a pickup in urban consumption, while rural consumption has remained subdued as a result of two consecutive weak monsoons. Government consumption growth also stayed tepid as the central government boosted capital expenditure and curtailed current expenditure. A 20.9% increase in capital expenditure undertaken by the central government helped investment growth improve to 5.3% from 4.9% in FY 2014-15. However, private investment remained weakened by overcapacity and Indian corporations' debt overhang.

## Economic prospects

While public investment and urban consumption were the major drivers of growth in FY 2015-16, a revival of private investment and rural consumption is critical if growth is to remain strong in FY 2016-17 and FY 2017-18, given the likely sluggish recovery in the advanced economies and the anaemic outlook for global trade.

Growth is projected at 7.4% in FY 2016-17, marginally lower than the 7.6% achieved in FY 2015-16 as the expected decline in external demand offsets a pickup in domestic demand. Moreover, the weak balance sheets of public sector banks will hamper lending and growth prospects. Growth is expected to pick up a bit to 7.8% in FY 2017-18, helped by the government's strengthening of public sector banks' capital and operations, private investment benefitting from corporate deleveraging, the financing of stalled projects, and an uptick in bank credit.

## Global Economy

In 2015-16, global economic remained subdued. Growth in emerging market and developing economies—while still accounting for over 70 percent of global growth—declined for the fifth consecutive year, while a modest recovery continued in advanced economies. Three key transitions continue to influence the global outlook:

(1) the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services,

(2) lower prices for energy and other commodities, and

(3) a gradual tightening in monetary policy in the United States in the context of a resilient U.S. recovery as several other major advanced economy central banks continue to ease monetary policy.

## IMF forecast for FY17

Global growth is projected at 3.4 percent in 2016-17 and 3.6 percent in 2017-18. Growth in advanced economies is projected to rise by 0.2 percentage point in 2016-17 to 2.1 percent, and hold steady in 2017-18. Overall activity remains resilient in the United States, supported by still-easy financial conditions and strengthening housing and labour markets, but with dollar strength weighing on manufacturing activity and lower oil prices curtailing investment in mining structures and equipment. In the euro area, stronger private consumption supported by lower oil prices and easy financial conditions is outweighing a weakening in net exports.



## Indian Textile Industry

The textile and apparel industry can be broadly divided into two segments - yarn & fibre and processed fabrics & apparel. India accounts for 14 per cent of the world's production of textile fibres and yarns (largest producer of jute, second largest producer of silk and cotton, and third largest in cellulosic fibre). India has the highest loom capacity (including hand looms) with 63 per cent of the world's market share. The domestic textile and apparel industry in India is estimated to reach US\$ 141 billion by 2021 from US\$ 67 billion in 2014. Increased penetration of organised retail, favourable demographics, and rising income levels are likely to drive demand for textiles. India is the world's second largest exporter of textiles and clothing. Textile and apparel exports from India are expected to increase to US\$ 82 billion by 2021 from US\$ 40 billion in 2014. Readymade garments remain the largest contributor to total textile and apparel exports from India. In FY15-16 the segment had a share of 40 per cent of all textile and apparel exports. Cotton and man-made textiles were the other major contributors with shares of 31 per cent and 16 per cent, respectively. Rising government focus and favourable policies is leading to growth in the textiles and clothing industry. Foreign direct investment (FDI) in textile sector increased to US\$ 1,587.8 million in FY 15-16 from US\$ 1,424.9 million in FY 14-15. The Ministry of Textiles is encouraging investments through increasing focus on schemes such as Technology Up-gradation Fund Scheme (TUFS). To promote

apparel exports, 12 locations have been approved by the government to set up apparel parks for exports. As per the 12th Five Year Plan, the Government plans to provide a budgetary support of US\$ 4.25 billion to textiles. Free trade with ASEAN countries and proposed agreement with European Union will also help boost exports. In the near future, India's apparel exports to developed markets are expected to increase considerably. Total exports of textiles and apparel are expected to touch US\$ 65 billion by March 2017.

### LUX Unique Advantages

The key advantage of LUX is its trained manpower and vertical supply chain consisting of state of the art process machines, continuous quality check systems and final delivery of customized items to the customers.

### Textile Outlook

In the mid-long term, the Indian textile industry is expected to grow moderately. In the near-term, domestic demand is expected to grow strongly with the revival of the overall economy and improvement in purchasing power of Indian consumers. On the exports front, there are both opportunities and threats. Opportunities include the weak currency and decreasing cost competitiveness of China that are likely to give positive impetus to the Indian exports. At the same time, factors like structural impediments to industrial growth, volatile foreign exchange.

### Indian Apparel Retail Market

The Indian retail market, is expected to grow at 10% p.a. over the coming years. The share of the organized

sector is expected to grow at a higher rate. With the expectation of Goods and Services Tax law being implemented, the prospects for the organized sector will get additional strength. The share of the e commerce and the modern trade is going to keep growing.

### Opportunities and Threats

Company's product are well accepted. Premium products like ONN are more visible and are adding to the revenue and profit of the company. Association with Indian Premier League has given a wider reach to the company's products. Company's association with TOIFA awards has also been fruitful for the company. The new advertising campaign with Sushant Singh Rajput is also giving a positive response.

### Future Outlook

The manufacturing unit at Dankuni West Bengal is expected to commence operations from 2016. This will bring efficiency in operations and save costs. The company has retained its revenue levels as per last year with marginal increase and is expecting to achieve 8% to 10% growth over FY 2015-16. On the whole the outlook for the company continues to remain positive.

### Risk Management

In today's economic environment, Risk Management is a very important part of business. The main aim of risk management is to identify, monitor and take precautionary measures in respect of the events that may pose risks for the business. Your Company's risk management is embedded in the business processes. Your company has identified the following risks:

Key Risk	Impact to LUX Industries Ltd	Mitigation Plans
Commodity Price Risk	Risk of price fluctuation on basic raw materials like cotton, yarn, Chemicals, power as well as finished goods used in the process of manufacturing.	The Company commands excellent business relationship with the buyers. In case of major fluctuation either upwards or downwards, the matter will be mutually discussed and compensated both ways. Also by focusing on new value added products helps in lowering the impact of price fluctuation in finished goods.
Uncertain global economic environment– slow growth in global economy	Impact on demand and realization of Exports.	The company keeps exploring the opportunities in new overseas markets.
Interest Rate Risk	Any increase in interest rate can affect the finance cost.	Dependence on debt is very minimum and we have surplus funds to settle the entire debt in case the need arises.
Foreign Exchange Risk	Your company exports the products to Asian and African countries. Any volatility in the currency market can impact the overall profitability.	The Company commands excellent business relationship with the buyers. In case of major fluctuation either upwards or downwards, prices can be negotiated amicably.
Human Resources Risk	Your Company's ability to deliver value is dependent on its ability to attract, retain and nurture talent. Attrition and non-availability of the required talent resource can affect the overall performance of the Company.	By continuously benchmarking of the best HR practices across the industry and carrying out necessary improvements to attract and retain the best talent. By putting in place production incentives on time bound basis and evaluating the performance at each stage of work. Also recruitment is across almost all states of India which helps to mitigate this risk and we do not anticipate any major issue for the coming years.
Competition Risk	Your company is always exposed to competition risk from Asian Countries like Sri Lanka, China, Taiwan, and other African Countries. The increase in competition can create pressure on margins, market share etc.	By continuous efforts to enhance the brand image of the Company by focusing on R&D, quality, cost, timely delivery and customer service. By introducing new product range commensurate with demands your company plans to mitigate the risks so involved.
Compliance Risk– Increasing regulatory requirements	Any default can attract penal provisions.	By regularly monitoring and review of changes in regulatory framework. By monitoring of compliance through legal compliance Management tools and regular internal audit.
Industrial Safety, Employee Health and Safety Risk	The Garment industry is labour intensive and are exposed to accidents, health and injury risk due to machinery breakdown, human negligence etc.	By development and implementation of critical safety standards across the various departments of the factory, establishing training need identification at each level of employee.



### Transparency in Sharing Information

Transparency refers to sharing information and acting in an open manner. Processes, instructions and information are directly accessible to those concerned with them and enough information is provided to understand and monitor them. Your Company believes in total transparency in sharing information about its business operations with all its stakeholders. Your Company strives to provide maximum possible information in the Management Discussion and Analysis in the Annual Report and also through other means to keep the stakeholders informed about the business performance.

### Internal Financial Control Systems

The Company has a proper and adequate internal financial control system to ensure that all assets are

safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorised, recorded and reported correctly. The internal financial control is exercised through documented policies, guidelines and procedures. It is supplemented by an extensive program of internal audits conducted by internal auditors. The audit observations and corrective action taken thereon are periodically reviewed by the audit committee to ensure effectiveness of the internal control system. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of persons.

### Human Resources

The Company's HR philosophy is to establish and build a high performing organization, where each individual is motivated to perform to the fullest capacity to contribute to developing

and achieving individual excellence and departmental objectives and continuously improve performance to realize the full potential of our personnel. The Company is giving direct employment to over 700 employees. Industrial relations are cordial and satisfactory.

### Cautionary Statement

Estimates and expectations stated in this Management Discussion and Analysis may be a "forward-looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expected or implied. Important factors that could make a difference to your Company's operations include economic conditions affecting demand/supply, price conditions in the domestic and international markets, changes in the Government regulations, tax laws, other statutes and other incidental factors.

## Report on Corporate Governance

### 1. Company's philosophy on Corporate Governance

The company is committed to and continues to practice good corporate governance. It will always be our endeavor to attain highest levels of accountability and equity in all actions and enhancement of value of all the stakeholders. The company makes all legal and regulatory compliances. We adopt best corporate practices and principles of integrity and accountability to achieve excellence in its dealings. Apart from accepting the role of a responsible Corporate Representative, your Company recognizes the fact that good Corporate Governance is an essential pre-requisite for sustained growth.

### 2. Board of Directors

#### a. Composition of the Board:

As on March 31, 2016, The Company's Board of Directors comprised of six members. The Chairman of the Board is an Executive Promoter Director. In addition, the Board comprises of five other Directors; one Promoter Executive Director, one Woman Executive Director (as prescribed under Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and remaining three being Non – Executive Independent Directors. None of the Directors on the Board were member of more than ten Committees or acted as Chairman of more than five Committees, (as prescribed in Regulation 26 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 across all companies in which they were Director. Moreover, none of the Directors were acting as Independent Director in more than seven listed companies and none of the Independent Director who has served as a Whole Time Director in any listed company was an Independent Director in more than three listed companies.

Sri Ashok Kumar Todi, Sri Pradip Kumar Todi and Smt. Prabha Devi Todi, are related to each other. Mr. Ashok Kumar Todi and Mr. Pradip Kumar Todi are brothers and Smt Prabha Devi Todi is the wife of their elder brother. Apart from this relationship there is no other inter-se relation amongst the Directors.

The composition of the Board of Directors, the number of other Directorship and Committee position held by the Director as a Member/ Chairman as on March 31, 2016 is as under:

Name of the Director	Category of Directorship	No. of other Directorships*	No. of Committee Members**	
			Chairman	Member
Sri Ashok Kumar Todi, Chairman	Executive & Non Independent	15	-	1
Sri Pradip Kumar Todi, Managing Director	Executive & Non Independent	16	-	-
Smt. Prabha Devi Todi	Executive & Non Independent	1	-	-
Sri Nandanandan Mishra	Non-Executive & Independent	5	4	7
Sri Snehasish Ganguly	Non-Executive & Independent	8	-	2
Sri Kamal Kishore Agrawal	Non-Executive & Independent	1	-	1

\* Other Directorships includes Directorships held in both, Public as well as Private Companies.

\*\* In accordance with Regulation 26 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Memberships / Chairmanships of only the Audit Committees and Stakeholders' Relationship Committees of all Public Limited Companies (including Lux Industries Limited) have been considered.

**b. Board Procedure:**

The Board of Directors meets from time to time to transact the business in respect of which the Board's attention is considered necessary. The Board meets at least once in each quarter, which are scheduled in advance. There is a well-laid procedure to circulate detailed agenda papers to the Directors before each meeting and in exceptional cases these are tabled. The Directors discuss and express their views freely and seek clarifications on items of business taken up in the meetings. The discussions are held in a transparent manner. Various decisions emanating from such meetings are implemented to streamline the systems and procedures followed by the Company.

The Board regularly reviews the strategic, operational, policy and financial matters of the Company. The Board has also delegated its powers to the Committees. The Board reviews the compliance of the applicable laws in the meeting. The Budget for the financial year is discussed with the Board at the commencement of the financial year and the comparison of the quarterly/annual performance of the Company vis-a-vis the budgets is presented to the Board before taking on record the quarterly/annual financial results of the Company. The requisite information as required is provided to the Board.

The information as specified in Regulation 17(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is regularly made available to the Board.

**c. Attendance of each Director at the Board Meetings and the Last Annual General Meeting (AGM):**

Name of the Director	No. of Board Meeting attended	Attendance at last AGM held on September 24, 2015
Sri Ashok Kumar Todi	5/5	Yes
Sri Pradip Kumar Todi	4/5	Yes
Smt. Prabha Devi Todi	5/5	No
Sri Nandanandan Mishra	4/5	Yes
Sri Snehashish Ganguly	5/5	Yes
Sri Kamal Kishore Agrawal	5/5	Yes

Directors seeking appointment / re-appointment at the ensuing Annual General Meeting (AGM):

Mr. Pradip Kumar Todi, Director, being liable to retire by rotation at the ensuing AGM and being eligible, has offered himself for reappointment. His brief profile is given in Notice of AGM.

**d. Details of Board Meeting held during the Year:**

Date of Board Meeting	27.05.15	14.08.15	07.11.15	12.02.16	12.03.16
Board Strength	6	6	6	6	6
No. of Directors Present	5	6	6	6	5

The maximum interval between any two meetings was not more than four months.

**e. Details of Shareholding of directors as on March 31, 2016:**

Sl. No.	Name	No. of share held
1	Sri Ashok Kumar Todi	7,46,000
2	Sri Pradip Kumar Todi	8,96,500
3	Smt. Prabha Devi Todi	8,29,000

**Note:** Other directors do not hold shares in the Company.

**3. Audit Committee****a. Composition of Audit Committee :**

Your Company has an Audit Committee at the Board Level, with the powers and role that are in accordance with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The composition of the Audit Committee as on March 31, 2016 is as follows:

Name of the Committee Member	Category
Sri Nandanandan Mishra, Chairman	Independent, Non-Executive
Sri Snehashish Ganguly, Member	Independent, Non-Executive
Sri Kamal Kishore Agrawal, Member	Independent, Non-Executive

All the members possess knowledge of corporate finance, accounts and company law. The executive responsible for the finance and accounts functions and the representative of Statutory Auditors and Internal Auditors are regularly invited by the Audit Committee to its meetings. Company Secretary of the Company acts as the Secretary of the Audit Committee.

**b. Attendance of Members at the Audit Committee meetings held during the year :**

During the year, four meetings of the Audit Committee were held on 27th May, 2015, 14th August, 2015, 7th November, 2015 & 12th February, 2016 and attendance was as under :

Name of the Committee Member	No. of Meetings	
	Held	Attended
Sri Nandanandan Mishra	4	4
Sri Snehashish Ganguly	4	4
Sri Kamal Kishore Agrawal	4	4

**c. Terms of reference of the Audit Committee :**

Brief terms of reference of the Audit Committee include the following :

- Oversight of the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statements are true and accurate and provide sufficient information.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of their audit fees.
- Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Discussion with internal auditors with respect to the coverage and frequency of internal audits as per the annual audit plan, nature of significant findings and follow up thereof.





8. Obtaining an update on the Risks Management Framework and the manner in which risks are being addressed.
9. 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.
10. Audit Committee can:
  - a. Call for comments of auditors about internal control systems, scope of audit and their observations.
  - b. Review the financial statements before submission to board and may discuss related issue with Internal/Statutory Auditors and Management.
  - c. Full access to information contained in the records of company.

Detailed terms of reference of the Audit Committee has been uploaded in the company website [http://www.luxinnerwear.com/investor\\_download\\_pdf2/20160519112029.pdf](http://www.luxinnerwear.com/investor_download_pdf2/20160519112029.pdf)

#### 4. Nomination and Remuneration Committee

Your Company has a Nomination and Remuneration Committee at the Board level, with powers and role that are in accordance with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013 or any other laws/rules, as applicable or amended from time to time.

Some of the important terms of reference of the Committee are as follows:

1. Review the composition and size of the Board in order to ensure that the Board is comprised of members reflecting the proper expertise, skills, attributes and personal and professional backgrounds for service as a Director of the Company, as determined by the Committee;
2. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel (KMPs) and other employees of the Company;
3. Formulate criteria for evaluation of Independent Directors and the Board;
4. Devise a policy on board diversity;
5. Identify the persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.

Detailed terms of reference of the Nomination and Remuneration Committee has been uploaded in the website of the company [http://www.luxinnerwear.com/investor\\_download\\_pdf2/20160519112157.pdf](http://www.luxinnerwear.com/investor_download_pdf2/20160519112157.pdf)

The Composition of the Nomination & Remuneration Committee is as follows :

Name of the Committee Member	Category
Sri Nandanandan Mishra, Chairman	Independent, Non-Executive
Sri Snehasish Ganguly, Member	Independent, Non-Executive
Sri Kamal Kishore Agarwal, Member	Independent, Non-Executive
Sri Ashok Kumar Todi, Member	Executive, Non-Independent

The Company Secretary acts as the Secretary of the Committee.

The Committee met twice during the financial year ended March 31, 2016 on 27th May, 2015 and 12th February, 2016 and all the members had attended the meeting.

#### Policy for Selection and Appointment of Directors, KMP and Senior Management and their Remuneration

The Nomination and Remuneration (N&R) Committee has adopted a Policy which, inter alia, deals with the manner of selection of Board of Directors, Whole Time Director, Managing Director and KMP and their remuneration. The contents of the policy are as below:

#### A. Appointment and Removal of Director, KMP and Senior Management

##### Appointment criteria and qualifications :

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

##### Term / Tenure:

##### 1. Managing Director/Whole-time Director/Manager (Managerial Personnel) :

- The Company shall appoint or re-appoint any person as its Managerial Personnel for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

##### 2. Independent Director :

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

**Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (yearly).

**Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

**Retirement:**

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**B. Provisions Relating To Remuneration of Managerial Personnel, KMP and Senior Management****General:**

- The remuneration / compensation / commission etc. to Managerial Personnel, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- The remuneration and commission to be paid to Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
- Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Personnel.

Increments will be effective from the date of reappointment in respect of Managerial Personnel and 1st April in respect of other employees of the Company.

- Where any insurance is taken by the Company on behalf of its Managerial Personnel, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

**Remuneration to Managerial Personnel, KMP and Senior Management :****1. Fixed pay :**

Managerial Personnel, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

**2. Minimum Remuneration :**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

**3. Provisions for excess remuneration :**

If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

**Remuneration to Non-Executive / Independent Director :****1. Remuneration / Commission:**

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.

**2. Sitting Fees:**

The Non-Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

**3. Limit of Remuneration /Commission:**

Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

**4. Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

Details of Remuneration to all the Directors for the year ended March 31, 2016:-

(Amount in ₹)

Name of Directors	Remuneration (Salary)	Sitting Fees		Total
		Board Meeting	Audit Committee	
Sri Ashok Kumar Todi	2,40,00,000	-	-	2,40,00,000
Sri Pradip Kumar Todi	2,40,00,000	-	-	2,40,00,000
Sri Nandanandan Mishra	-	20,000	20,000	40,000
Sri Snehasish Ganguly	-	25,000	20,000	45,000
Sri Kamal Kishore Agrawal	-	25,000	20,000	45,000



## 5. Stakeholder Relationship Committee (Previously known as Shareholders Grievance Committee)

Your Company has a Stakeholder Relationship Committee at the Board level to look into various issues relating to shareholders including transfer and transmission of shares, non-receipt of dividend, Annual Report, shares after transfer and delay in transfer of shares. In addition, the Committee looks into other issues including status of dematerialisation / re-materialisation of shares as well as system and procedures followed to track investor complaints and suggest measures for improvement from time to time. To expedite the transfer in the physical segment, necessary authority has been delegated by your Board to a Committee called as Share Transfer Committee.

Details of the composition of the Committee as on March 31, 2016 is as follows:

Name of the Committee Member	Category
Sri Nandanandan Mishra, Chairman	Independent, Non-Executive
Sri Snehasish Ganguly, Member	Independent, Non-Executive
Sri Ashok Kumar Todi, Member	Non-Independent, Executive

The Committee met once during the financial year ended March 31, 2016 on February 12, 2016 and all members had attended the meeting.

During the year the Company has received 6 complaints which were attended to. No investors' complaint was pending as on March 31, 2016.

Sri Pankaj Kumar Kedia, Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges.

## 6. Corporate Social Responsibility (CSR) Committee

The role of the CSR committee is to, inter alia, monitor, review and provide strategic direction to the Company's CSR initiatives. The terms of reference of the Corporate Social Responsibility Committee are as per section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 or any other laws/rules, as applicable or amended from time to time. Its mandate includes recommending to the Board of Director's a CSR Policy, expenditure to be incurred on CSR and monitor CSR activities.

Your Company is focused to address the objectives and requirements set for CSR both in letter and spirit of the provisions of the Companies Act, 2013.

The composition of the committee is as under:

Name of the Committee Member	Category
Sri Ashok Kumar Todi, Chairman	Non-independent, Executive
Sri Pradip Kumar Todi, Member	Non-independent, Executive
Sri Kamal Kishore Agarwal, Member	Independent, Non-Executive

The Committee met once during the financial year ended March 31, 2016 on February 12th, 2016 and all the members had attended the meeting.

## 7. Risk Management Committee

In terms of Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has constituted Risk Management Committee to mitigate risks by devising policies for it. The composition of the committee is as under:

Name of the Committee Member	Category
Sri Ashok Kumar Todi, Chairman	Non-independent, Executive
Sri Pradip Kumar Todi, Member	Non-independent, Executive
Sri Kamal Kishore Agarwal, Member	Independent, Non-Executive

The Committee met once during the financial year ended March 31, 2016 on February 12th, 2016 and all the members had attended the meeting. The terms of reference of the Risk Management Committee are as per Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, or any other laws/rules, as applicable or amended from time to time.

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

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

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

## 8. Independent Directors Meeting

During the year under review, the Independent Directors met on February 12th, 2016, inter alia, to evaluate :

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

All the independent Directors were present at the meeting.

## 9. Management

### (a) Management Discussion and Analysis

This Annual Report contains a detailed chapter on Management Discussion and Analysis as annexure to the Directors' Report for the year 2015-16.

**(b) Disclosures by management to the Board**

All details relating to financial and commercial transactions, where Directors may have a potential interest are provided to the Board, and the interested Directors neither take part in the discussion, nor do they vote on such matters.

**10. Disclosure regarding appointment or reappointment of Directors**

A brief resume, nature of expertise in specific functional areas, number of equity shares held in the Company by the Directors or other person on beneficial basis, names of companies in which the person already holds directorship and membership of committees of the Board forms part of the Notice convening the ensuing Annual General Meeting.

**11. Compliance certificate of the Auditors**

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the same is annexed separately to this Report.

**12. Code of Conduct**

The Board has laid down a Code of Conduct for all the Board Members and Senior Management Personnel of the Company. A Certificate from the Whole Time Director and CFO affirming compliance of the said code by all the Board Members and Members of the Senior Management of the Company, to whom the Code is applicable, is annexed separately to this Report.

**13. CEO / CFO Certification**

The CEO / CFO certification on the financial statements and internal control is separately annexed.

**14. General Body Meeting****a) Location and time, where last three Annual General Meetings were held are given below:**

AGM	Date and Time	Venue	Special Resolution
18th	September 27, 2013, 10.30 a.m	DSPC Auditorium Plot no. X-1,2&3, Block- EP Sector – V, Saltlake City, Kolkata – 700091.	Nil
19th	September 26, 2014, 11.00 a.m	DO	i) Resolution pursuant to section 180(1)(a) & 180(1)(c) to borrow money up to the limit of ₹ 500 crore. ii) Resolution pursuant to section 14 to adopt new Articles of Association of the company in substitution of the existing Articles of Association of the company.
20th	September 24, 2015, 11.00 a.m	India Power Convergence Centre, Plot no. X-1, 2&3, Block- EP Sector – V, Salt Lake City, Kolkata – 700091.	Nil

**b) Passing of Resolutions by Postal Ballot:**

During the financial year 2015-16, the company did not pass any resolution by postal ballot. At the forthcoming AGM also, there are no items on the Agenda that needs approval by Postal Ballot.

**c) Extra-ordinary General Meeting:**

No Extra-ordinary General Meeting was held by the Company during the financial year ended March 31, 2016.

**15. Disclosures****a) Disclosure on materially significant related party transactions that may have potential conflict with the interests of the Company at large**

Transactions with related parties as per Accounting Standard (AS-18) 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India are disclosed in Notes to accounts.

**b) Disclosure of Accounting Treatment**

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013, Read with Rule 7 of Companies Accounts Rules, 2014. The significant accounting policies which are consistently applied are set out in the Annexure to Notes to Accounts.

**c) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authorities, on any matter related to capital markets, during the last three years**

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.

**d) Risk Management**

The Company has risk management committee and the committee makes periodic review and reporting to the Board of Directors of risk assessment by senior executives with a view to minimize risk.

**e) Proceeds from public issue, right issue, preferential issues etc.**

During the year, your company did not raise any funds by way of public, right, preferential issue etc.

**f) Disclosure of Non Mandatory Requirement****Chairman's Office**

The Company has an Executive Chairman and the office with required facilities is provided and maintained at the Company's expenses for use by the Chairman.

**Nomination and Remuneration Committee**

The Company has constituted a Nomination and Remuneration Committee and the full details of the same are available elsewhere in the report.

**Shareholders Rights**

The financials are normally published in Business Standard/ Economic Times (English) and Arthik Lipi (Bengali) newspapers and therefore, have not been separately circulated to the shareholders.

**Audit Qualification**

The company has moved towards a regime of unqualified financial statement.

**Vigil Mechanism**

The Company has a vigil mechanism contained in the Whistle Blower Policy, in terms of section 177 of the Companies Act, 2013 to deal with instances of fraud and mismanagement, if any. The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It protects employees wishing to raise a concern about serious irregularities within the Company. A quarterly report with number of complaints, if any, received under the Policy and their outcome placed before the Audit Committee and the Board. The policy on vigil mechanism may be accessed on the company's website [http://www.luxinnerwear.com/investor\\_download\\_pdf2/20151221073425.pdf](http://www.luxinnerwear.com/investor_download_pdf2/20151221073425.pdf)



## 16. Means of Communication

- The quarterly, half yearly and yearly results are submitted immediately after the Board approves the same to the Stock Exchanges on which the shares of the Company are listed.
- The results are normally published in Business Standard / Economic Times (English) and Arthik Lipi (Bengali) newspapers.
- Company's Website: The Company has its website, the address is [www.luxinnerwear.com](http://www.luxinnerwear.com)
- No formal presentations were made to the institutional investors and analysts during the year under review.
- The Management Discussion and Analysis Report forms part of the Annual Report, which is posted to the shareholders of the Company.

## 17. General Shareholder Information

### Annual General Meeting

Date and Time	27th September, 2016 at 11.00 a.m.
Venue	India Power Convergence Centre, Plot no. X-1, 2&3, Block-EP Sector – V, Salt lake City, Kolkata – 700091.
Book closure dates	From 20th September 2016 to 27th September 2016 (both days inclusive)
Proposed dividend	₹ 1(10% per equity share of ₹ 10 each)
Dividend payment date	On or after 27th September 2016 (within the statutory time limit of 30 days) subject to shareholders approval.

<b>Financial Year</b>	1st April to 31st March
-----------------------	-------------------------

### Financial calendar

First Quarterly Results	2nd week of August, 2016
Second Quarterly Results	2nd week of November, 2016
Third Quarterly Results	2nd week of February, 2017
Fourth Quarterly Results	2nd week of May, 2017
Annual General Meeting	September, 2017

### Listing on Stock Exchange & Stock Code

Exchange	Code
The Calcutta Stock Exchange Limited (CSE)	CSE22124/0022124
Ahmedabad Stock Exchange Limited (ASE)	32985/ LUX "HOSIN"
Bombay Stock Exchange Limited (BSE)	539542
National Stock Exchange of India Limited (NSE)	LUXIND

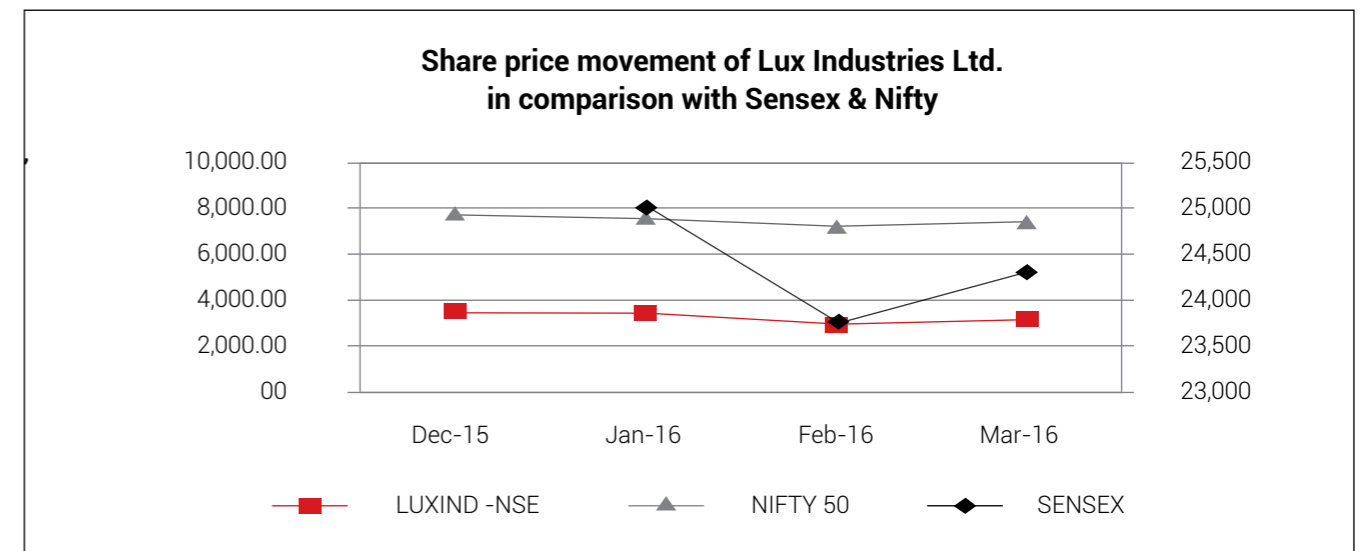
### Payment of Listing Fee

Annual listing fees for the year 2016-17 have been duly paid to the above Stock Exchanges.

### Stock Price data

Month	The National Stock Exchange of India Ltd. (NSE)			Bombay Stock Exchange Limited (BSE)		
	High (₹)	Low (₹)	Volume (No. of Shares)	High (₹)	Low (₹)	Volume (No. of Shares)
December, 2015	4,148.00	2,800.00	2,64,448	-	-	-
January, 2016	3,900.00	2,980.00	61,696	3,905.00	3,000.00	12,861
February, 2016	3,190.00	2,681.00	20,628	3,180.00	2,670.00	4,226
March, 2016	3,535.35	2,722.35	1,40,945	3,555.00	2,740.00	27,210

### Graphical representation of movement of share price of the company in line with indices of BSE and NSE:



There was no transaction in the Equity Shares of the Company at the Calcutta Stock Exchange and Ahmedabad Stock Exchange during the year ended March 31, 2016.

The equity shares of the company were listed with National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) with effect from 30th November, 2015 and 5th January, 2016 respectively.

### Dematerialisation of Shares

The Company has arrangements with both NSDL and CDSL to establish electronic connectivity for scrip less trading and as on March 31, 2016, 99.99% of the paid up share capital is held in dematerialised form. The Annual Custodial Charges to NSDL and CDSL have been paid. The ISIN Number allotted to Company's Shares is INE150G01012.

**Shares held in demat and physical mode as at March 31, 2016**

Category	Number of		% to total equity
	Shareholders	Shares	
A. Demat mode			
No. of Shares held by NSDL	2,166	41,88,061	82.92
No. of Shares held by CDSL	1,164	8,62,092	17.07
<b>Total</b>	<b>3,330</b>	<b>50,50,153</b>	<b>99.99</b>
Physical mode	119	447	0.01
<b>Grand total</b>	<b>3,449</b>	<b>50,50,600</b>	<b>100.00</b>

**Unclaimed Dividend**

Section 123 of the Companies Act, 2013, mandates that companies should transfer dividend that has been Unpaid / Unclaimed for a period of seven years from the unpaid account to the Investor's Education and Protection Fund (IEPF). In accordance with the following schedule, the dividend for the years mentioned below, if unclaimed within a period of seven years, will be transferred to IEPF.

Year	Dividend Type	Dividend per share (₹)	Date of declaration	Due date for transfer
2008-2009	final	1.80	September 30, 2009	November 07, 2016
2009-2010	final	2.00	September 22, 2010	October 29, 2017
2010-2011	final	2.20	September 30, 2011	November 07, 2018
2011-2012	final	2.20	September 28, 2012	November 05, 2019
2012-2013	final	2.20	September 27, 2013	November 04, 2020
2013-2014	final	3.00	September 26, 2014	November 03, 2021
2014-2015	final	6.00	September 26, 2015	November 03, 2022
2015-2016	interim	6.00	March 12, 2016	March 19, 2023
2015-2016	final	1.00	September 27, 2016	November 04, 2023

The Company is sending periodic communication to the concerned shareholders, advising them to lodge their claims with respect to unclaimed dividend. Shareholders are cautioned that once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof with the Company.

**Share Capital Reconciliation Report**

As stipulated by the SEBI, a qualified Practicing Company Secretary carried out a Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit is carried out every quarter and the Report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The Report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical forms and the total number of dematerialization shares held with NSDL and CDSL.

**E-voting**

As per Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the companies are required to provide e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at General Meeting. Such e-voting facility shall be kept open for such period specified under the Companies (Management and Administration) Rules, 2014 for shareholders to send their assent or dissent.

- (i) Those shareholders who do not have access to e-voting can vote physically at the venue.
- (ii) The company shall utilize the service of Karvy Computershare Private Limited for providing e-voting platform, which is in compliance with conditions specified by the Ministry of Corporate Affairs, Government of India, from time to time.
- (iii) The company shall mention the Internet link of such e-voting platform in the notice to their shareholders.

**Share Transfer System**

Shares lodged in physical form with the Company / its Registrar and Shares Transfer Agent are processed and returned duly transferred, within 15-20 days normally, except in cases where any dispute is involved.

In case of shares held in Demat mode, the transfer takes place instantaneously between the transferor, transferee and the Depository Participant through electronic debit/ credit of accounts involved.

The company has share transfer committee which looks after the share transfer process.

**Distribution of Shareholding as on March 31, 2016**

Range of Shares held	No. of Shareholders	%	No. of Shares	%
1 – 5000	3,183	92.29	1,72,862	3.42
5001 - 10000	154	4.47	1,22,926	2.43
10001- 20000	48	1.39	70,058	1.39
20001 – 30000	19	0.55	49,288	0.98
30001 – 40000	7	0.20	25,364	0.50
40001 – 50000	3	0.09	13,715	0.27
50001 –100000	18	0.52	1,44,955	2.87
100001 and above	17	0.49	44,51,432	88.14
<b>Total</b>	<b>3,449</b>	<b>100.00</b>	<b>50,50,600</b>	<b>100.00</b>

**Shareholding pattern as at March 31, 2016**

Category	Number of		% to total equity
	Shareholders	Shares	
A. Promoters			
- Indian Promoters	5	37,23,000	73.71
B. Non- Promoters			
- Corporate Bodies	207	6,83,172	13.53
- Non Resident Indians	15	592	0.01
- Indian Public	3,034	5,96,419	11.81
- HUF & Trusts	139	46,622	0.92
- Clearing Members	49	795	0.02
<b>Total</b>	<b>3,449</b>	<b>50,50,600</b>	<b>100.00</b>

**Major Plant locations**

- |  |   |
|--|---|
| 1. S. F. 473/1B1, Avinashi Lingam Palayam, Palangarai Village, Avinashi (T.K.), Coimbatore – 641 654 | 2. 57/D, B. T. Road, Kolkata – 700 002  |
| 3. Sankrail Industrial Park, Jalan Complex, Kendwa Howrah (W.B.)                                     | 4. Mouza Chikrand, J.L. No.81 and Mouza Mollarbar J.L. No.22, Dankuni, Dist: Hooghly, West Bengal |

**Address for Correspondence**

Karvy Computershare Private Limited "Karvy Selenium Tower B" Plot No. 31 & 32, Financial District Nanakramguda, Gachibowli Hyderabad-500 032. Tel: +91-40-67162222 Fax: +91-40-23420814 E-Mail: support@karvy.com	Secretarial Department Lux Industries Limited 39, Kali Krishna Tagore Street Kolkata- 700 007 Tel: +91-33-40402121 Fax: +91-33-40012001 E-mail: investors@luxinnerwear.com
--	--

**Registrar and Share Transfer Agents****Corporate Address**

Karvy Computershare Private Limited,  
"Karvy Selenium Tower B", Plot No. 31 & 32,  
Financial District, Nanakramguda, Gachibowli,  
Hyderabad-500 032.  
Tel:+91-40-67162222  
Fax:+91-40-23420814  
E-Mail: support@karvy.com

**Local Address**

Karvy Computershare Private Limited  
49, Jatin Das Road  
Kolkata-700 029

## Certification by Whole Time Director and Chief Financial Officer of the Company

We, Ashok Kumar Todi, Whole Time Director and Ajay Kumar Patodia, CFO of Lux Industries Limited, to the best of our knowledge and belief certify that:

1. We have reviewed the financial statements and the cash flow statement of the company for the year ended 31st March, 2016 and to the best of our knowledge and belief we state that:
  - a. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
  - b. these statements together present a true and fair view of the Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
2. We further state that to best of our knowledge and belief, there are no transactions entered into by the Company, which are fraudulent, illegal or violate the Company's code of conduct.
3. We and the Company's other Certifying Officers are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the Company's internal controls and procedure.
4. We and the Company's other Certifying Officers have indicated, based on our most recent evaluation, whichever applicable, to the Company's auditors and to the Audit Committee:
  - a. significant changes, if any, in the internal control over financial reporting during the year;
  - b. significant changes if any, in the accounting policies during the year and that the same has been disclosed in the notes to financial statements; and
  - c. instance of significant fraud of which we have become aware of and the involvement therein, if any of the management or an employee having significant role in the company's internal control system over financial reporting.

We further declare that all members of the Board and Committees and all Senior Management Team have affirmed compliance with the Code of Conduct of the company for the financial year 2015-16.

Kolkata  
May 25, 2016

**Ashok Kumar Todi**  
Whole Time Director  
(DIN 00053599)

**Ajay Kumar Patodia**  
CFO



## Auditors' Certificate on Corporate Governance

To,  
The Members of  
**Lux Industries Limited**

We have examined the compliance of conditions of Corporate Governance by Lux Industries Limited, for the year ended on March 31, 2016, as stipulated in Clause 49 of the Listing Agreement ("Listing Agreement") of the Company with the stock exchanges for the period April 1st, 2015 to November 30th, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as referred to in regulation 15(2) of the Listing Regulations for the period December 1st, 2015 to March 31st, 2016.

The Compliance of conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company to ensure compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

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

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

For **Sanjay Modi & Company**  
Chartered Accountants

**Prodyat Chaudhury**

Partner

Membership No. 065401

Kolkata  
May 25, 2016

## SECRETARIAL AUDIT REPORT

**For The Financial Year Ended On 31st March, 2016**

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

To,  
The Members,  
Lux Industries Limited

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

Based on my 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016, 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Lux Industries Limited for the financial year ended on 31st March, 2016 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA) and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. 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;
5. 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, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;





- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
6. Other Applicable Acts:
- a. Factories Act, 1948;
  - b. Payment Of Wages Act, 1936, and rules made thereunder;
  - c. The Minimum Wages Act, 1948, and rules made thereunder;
  - d. Employees' State Insurance Act, 1948, and rules made thereunder;
  - e. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder;
  - f. Payment of Gratuity Act, 1972, and rules made thereunder;
  - g. The Pollution Control Act, and rules made thereunder;

I 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 various Stock Exchanges as well as SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 made applicable with effect from December 1, 2015.

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

I further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

Kolkata  
May 25, 2016

**Smita Mishra**  
Practising Company Secretary  
COP No.: 9918

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

## ANNEXURE 'A' to Secretarial Audit Report

To,  
The Members,  
**LUX INDUSTRIES LIMITED**  
39, Kali Krishna Tagore Street,  
Kolkata-700007.

My 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. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I 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. My 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.

Kolkata  
May 25, 2016

**Smita Mishra**  
Practising Company Secretary  
COP No.: 9918



## ANNEXURE 'H' to Board's Report

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31st March, 2016

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

**I. REGISTRATION AND OTHER DETAILS**

- CIN** : L17309WB1995PLC073053
- Registration Date** : 21st July 1995
- Name of the Company** : LUX INDUSTRIES LIMITED
- Category / Sub-Category of the Company** : Indian, Non- Government Company, Limited by Shares
- Address of the Registered office and contact details** :  
39, Kali Krishna Tagore Street, Kolkata-700007.  
Phone no. 91-33-40402121  
Fax: 91-33-40012001
- Whether listed company** : Yes
- Name, Address and Contact details of Registrar and Transfer Agent** :  
Karvy Computershare Private Limited  
"Karvy Selenium Tower B", Plot No. 31 & 32,  
Financial District, Nanakramguda, Gachibowli,  
Hyderabad-500 032.  
Tel:+91-40-67162222  
Fax:+91-40-23420814  
E-Mail: support@karvy.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company are :-

Sl.No.	Name and Description of main products / services	NIC Code of the Product/Service	% to total turnover of the company
1	Manufacture of knitted apparel including hosiery	14309	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl.No.	Name and Address of the Company	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1	N.A.	N.A.	N.A.	N.A.

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2015)				No. of Shares held at the end of the year (as on 31st March 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	37,23,000	0	37,23,000	73.71	37,23,000	0	37,23,000	73.71	0.00
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other .....	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (1):-</b>	<b>37,23,000</b>	<b>0</b>	<b>37,23,000</b>	<b>73.71</b>	<b>37,23,000</b>	<b>0</b>	<b>37,23,000</b>	<b>73.71</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) NRIS - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other .....	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (2) :-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>37,23,000</b>	<b>0</b>	<b>37,23,000</b>	<b>73.71</b>	<b>37,23,000</b>	<b>0</b>	<b>37,23,000</b>	<b>73.71</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(1) :-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>



Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2015)				No. of Shares held at the end of the year (as on 31st March 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institution</b>									
a) Bodies Corp.									
i) Indian	5,90,531	0	5,90,531	11.69	6,83,172	0	6,83,172	13.53	1.84
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0
b) Individuals									
i) Individual shareholders holding nominal share capital Up to ₹2 lakh	4,51,413	1,356	4,52,769	8.96	5,72,684	447	5,73,131	11.35	2.39
ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh	2,84,300	0	2,84,300	5.63	69,900	0	69,900	1.38	-4.25
c) Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Trust	0	0	0	0.00	10	0	10	0.00	0.00
Non Resident Indians	0	0	0	0.00	592	0	592	0.01	0.01
Clearing Members	0	0	0	0.00	795	0	795	0.02	0.02
<b>Sub-total (B)(2)</b>	<b>13,26,244</b>	<b>1,356</b>	<b>13,27,600</b>	<b>26.28</b>	<b>13,27,153</b>	<b>447</b>	<b>13,27,600</b>	<b>26.29</b>	<b>0.01</b>
<b>Total public shareholding (B)=(B)(1)+(B)(2)</b>	<b>13,26,244</b>	<b>1,356</b>	<b>13,27,600</b>	<b>26.28</b>	<b>13,27,153</b>	<b>447</b>	<b>13,27,600</b>	<b>26.29</b>	<b>0.01</b>
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>50,49,244</b>	<b>1,356</b>	<b>50,50,600</b>	<b>99.99</b>	<b>50,50,153</b>	<b>447</b>	<b>50,50,600</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares pledged/encumbered to total Shares	No. of Shares	% of total Shares of the company	% of Shares pledged/encumbered to total Shares	
1	PRABHA DEVI TODI	10,09,000	19.98	0.00	8,29,000	16.41	0.00	-3.56
2	PRADIP KUMAR TODI	8,06,500	15.97	0.00	8,96,500	17.75	0.00	1.78
3	ASHOK KUMAR TODI	6,56,000	12.99	0.00	7,46,000	14.77	0.00	1.78
4	BIMLA DEVI TODI	7,01,000	13.88	0.00	7,01,000	13.88	0.00	0.00
5	SHOBHA DEVI TODI	5,50,500	10.90	0.00	5,50,500	10.90	0.00	0.00
	<b>Total</b>	<b>37,23,000</b>	<b>73.71</b>	<b>0.00</b>	<b>37,23,000</b>	<b>73.71</b>	<b>0.00</b>	<b>0.00</b>

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

Sl.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	PRABHA DEVI TODI				
	At the beginning of the Year	10,09,000	19.98	10,09,000	19.98
	Less: Inter se Transfer on 28.08.2015	-1,80,000	-3.56	8,29,000	16.41
	At the End of the year			8,29,000	16.41
2	PRADIP KUMAR TODI				
	At the beginning of the Year	8,06,500	15.97	8,06,500	15.97
	Add: Off market purchase on 28.08.2015	90,000	1.78	8,96,500	17.75
	At the End of the year			8,96,500	17.75
3	ASHOK KUMAR TODI				
	At the beginning of the Year	6,56,000	12.99	6,56,000	12.99
	Add: Off market purchase on 28.08.2015	90,000	1.78	7,46,000	14.77
	At the End of the year			7,46,000	14.77
4	BIMLA DEVI TODI				
	At the beginning of the Year	7,01,000	13.88	7,01,000	13.88
	Date wise Increase / Decrease with reasons	<b>No change during the year</b>			
	At the End of the year			7,01,000	13.88
5	SHOBHA DEVI TODI				
	At the beginning of the Year	5,50,500	10.90	5,50,500	10.90
	Date wise Increase / Decrease with reasons	<b>No change during the year</b>			
	At the End of the year			5,50,500	10.90

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl.No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	VALUEAD SECURITIES PVT. LTD.	1,32,000	2.61	1,32,000	2.61
2	VENERABLE ADVERTISING PRIVATE LIMITED	1,31,800	2.61	1,31,800	2.61
3	PANGHAT VANIJYA PVT. LTD.	91,600	1.81	91,600	1.81
4	MANGALNIDHI MERCANTILE PVT. LTD.	89,000	1.76	89,000	1.76
5	ANCHOR FINSTOCK PVT. LTD.	88,300	1.75	88,300	1.75
6	HARSH JHAJHARIA	67,700	1.34	42,200	0.84
7	KARVY STOCK BROKING LTD	0	0.00	29,500	0.58
8	RAJAT JHAJHARIA	67,700	1.34	27,700	0.55
9	AVANTIKA COMMOTRADE PVT. LTD.	16,932	0.34	17,932	0.36
10	ANJU LUNIA	0	0.00	16,500	0.33


**(v) Shareholding of Directors and Key Managerial Personnel**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sri Ashok Kumar Todi- Chairman & Whole Time Director				
	At the beginning of the year	6,56,000	12.99	6,56,000	12.99
	Add: shares acquired through Inter se transfer on 28.08.2015	-	-	90,000	1.78
	At the end of the year	-	-	7,46,000	14.77
2	Sri Pradip Kumar Todi- Managing Director				
	At the beginning of the year	8,06,500	15.97	8,06,500	15.97
	Add: shares acquired through Inter se transfer on 28.08.2015	-	-	90,000	1.78
	At the end of the year	-	-	8,96,500	17.75
3	Smt. Prabha Devi Todi - Director Non Independent				
	At the beginning of the year	10,09,000	19.97	10,09,000	19.97
	Less: Inter se Transfer on 28.08.2015	-	-	1,80,000	-3.56
	At the end of the year	-	-	8,29,000	16.41

Other directors, Mr. Nandanandan Mishra, Mr. Kamal Kishore Agarwal, Mr. Snehasish Ganguly and Company Secretary, Mr. Pankaj Kumar Kedia do not hold any shares in the Company as at the beginning as well as at the end of the year and further they have not done any transactions in the shares of the Company during the year.

**V. INDEBTEDNESS**
*(₹ In Lacs)*
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	22,482.10	5,417.19	-	27,899.29
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>22,482.10</b>	<b>5,417.19</b>	<b>-</b>	<b>27,899.29</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	1,858.09	-	1,858.09
Reduction	8,977.70	-	-	8,977.70
<b>Net Change Indebtedness</b>	<b>8,977.70</b>	<b>1,858.09</b>	<b>-</b>	<b>(7,119.61)</b>
<b>At the end of the financial year</b>				
i) Principal Amount	13,504.40	7,275.28	-	20,779.68
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>13,504.40</b>	<b>7,275.28</b>	<b>-</b>	<b>20,779.68</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager**
*(₹ In Lacs)*

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Sri Ashok Kumar Todi – Chairman	Sri Pradip Kumar Todi – Managing Director	
1	<b>Gross Salary</b>			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	240.00	240.00	480.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others specify	-	-	-
5	Others please specify	-	-	-
	<b>Total (A)</b>	<b>240.00</b>	<b>240.00</b>	<b>480.00</b>
	Ceiling as per the Act	838.07 Lacs (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

**B. Remuneration to other directors**
*(₹ in Lacs)*

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Sri Nandanadan Mishra	Sri Kamal Kishore Agarwal	Sri Snehasish Ganguly	Smt Prabha Devi Todi	
1	Fee for attending board/ committee meeting	0.40	0.45	0.45	-	1.30
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>0.40</b>	<b>0.45</b>	<b>0.45</b>	<b>-</b>	<b>1.30</b>
2	Other Non-Independent Directors					
	Fee for attending board / committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>0.40</b>	<b>0.45</b>	<b>0.45</b>	<b>-</b>	<b>1.30</b>
	<b>Total Managerial Remuneration</b>					<b>1.30</b>
	Overall ceiling as per the Act	83.81 Lacs (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)				



ANNEXURE 'I' to Board's Report

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (₹ In Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		CFO	Company Secretary	
1	<b>Gross Salary</b>	-	-	-
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	15.00	12.00	27.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others specify	-	-	-
5	Others please specify	-	-	-
	<b>Total (C)</b>	<b>15.00</b>	<b>12.00</b>	<b>27.00</b>

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ compounding fee imposed	Authority(RD/ NCLT/Court)	Appeal made if any, give detail
<b>A. Company</b>			NONE		
	Penalty				
	Punishment				
	Compounding				
<b>B. Directors</b>					
	Penalty				
	Punishment				
	Compounding				
<b>C. Other Officers in Default</b>					
	Penalty				
	Punishment				
	Compounding				

Annexure-I(i)

Details pertaining to Remuneration as required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

(1) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

(₹ In Lacs)

Name of the Director	Director Identification Number(DIN)	Title	Remuneration in fiscal 2016	Remuneration in fiscal 2015	% increase of remuneration in 2016 as compared to 2015(1)	Ratio of remuneration to MRE(1)	Comparison of the Remuneration of the KMP against the performance of the Company
Ashok Kumar Todi	00053599	Whole-Time Director	240.00	36.00	566.67	222.22	The increments were linked to market and industry information, on performance of the individual employee as well as company performance. In the year under review, average increment is 445.16%. The Company PAT has increased by 13.51 %.
Pradip Kumar Todi	00246268	Chief Executive Officer and Managing Director	240.00	36.00	566.67	222.22	
Nandanadan Mishra(2)	00031342	Independent Director	0.40	0.50	0.00	0.37	
Kamal Kishore Agrawal(2)	01433255	Independent Director	0.45	0.50	0.00	0.42	
Snehasish Ganguly(2)	01739432	Independent Director	0.45	0.50	0.00	0.42	
Ajay Kumar Patodia		Chief Financial Officer	15.00	12.00	25.00	13.89	
Vinod Agarwal(3)		Company Secretary	1.50	9.00	N.A.	1.39	
Pankaj Kumar Kedia(4)		Company Secretary	9.95	-	N.A.	9.26	

MRE - Median Remuneration of employees

- (1) Based on annualized salary.
- (2) Difference in remuneration for the year 2016 as compared to year 2015 is due to number of meetings attended.
- (3) Resigned as Company Secretary w.e.f. June 1, 2015.
- (4) Appointed as Company Secretary w.e.f. June 1, 2015.



- (2) The Median Remuneration of Employees (MRE) of the Company during the financial year was 1.08 lacs.
- (3) In the financial year, there was a decrease of 11.54% in the Median Remuneration of Employees.
- (4) There were 743 employees on the rolls of Company as on 31st March, 2016.
- (5) Relationship between average increase in remuneration and company performance: The Profit before Tax for the financial year ended 31st March, 2016 increased by 15.84% whereas the average remuneration increased by 30.53%.
- (6) Comparison of remuneration of the Key Managerial Personnel(s) against the performance of the Company : Comparison of remuneration of each Key Managerial Personnel against the performance of the Company has been given in the above table.
- (7) (a) Variations in the market capitalisation of the Company : The market capitalisation as on 31st March, 2016 was ₹ 1667.76 crore. The market capitalisation as on 31st March, 2015 was not ascertainable as the equity shares of the Company were not traded.
- (b) Price Earnings ratio of the Company was 32.48 times as at 31st March, 2016 and it was not ascertainable as at 31st March, 2015 as the equity shares of the Company were not traded.
- (c) Percent Increase over/decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year : Since there was no public offer in last 5 years the relevant details are not applicable.
- (8) Average percentage increase made in the salaries of the employees other than the managerial personnel in the last financial year 2014-15 was 7.40% whereas the increase in the managerial personnel was 20%. Average increase in remuneration of employees compared to increase in remuneration of KMP is in line with the performance of the company over period of time. There is no exceptional increase in the Managerial Remuneration.
- (9) The key parameters for the variable component of remuneration availed by the directors : There was no component of remuneration that was variable in nature.
- (10) The ratio of remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the financial year - Not Applicable; and
- (11) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

**Annexure-I(ii)****Statement containing the names of every employee as required under Section 197(12) of the Companies Act, 2013 read with the rule 5(2) and 5(3) of the Companies (Appointment and Remuneration Personnel) Rules, 2014.**

(₹ in Lacs)

Name	Sri Ashok Kumar Todi	Sri Pradip Kumar Todi
Designation	Chairman, Whole Time Director	Managing Director
Remuneration received during 2015-16	240.00	240.00
Nature of employment, whether contractual or otherwise	Liable to retire by rotation	Liable to retire by rotation
Nature of duties	Overall control of the affairs of the company	Overall control of the affairs of the company
Qualification	B.Com	B.Com
Experience	38 years	34 years
Age	58 years	54 years
Last Employment	NA	NA
Date of commencement of employment	21.07.1995	21.07.1995
No. of shares	7,46,000	8,96,500
% of paid up share capital	14.77	17.75
Relationship with other Directors	Elder brother of Sri Pradip Kumar Todi and Brother in law of Mrs. Prabha Devi Todi	Younger brother of Sri Ashok Kumar Todi and Brother in law of Mrs. Prabha Devi Todi



# Independent Auditor's Report

## To the Members of Lux Industries Limited

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

We have taken into account the provisions of the Act, the

accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Profit and Loss, Cash Flow for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. 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.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable.
  - e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating

effectiveness of the Company's internal financial controls over financial reporting.

- g. With respect to the other matters to be included in the Independent Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - ii. The Company did not have any long term contracts including derivative contracts for which there would be any material foreseeable losses.
  - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.

**For Sanjay Modi & Co**  
Chartered Accountants  
FRN.-322295E

**Prodyat Chaudhuri**  
(Partner)  
Membership No:065401

Kolkata  
May 25, 2016



## "ANNEXURE A" to the Independent Auditor's Report

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

**Report on Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 ('the Act') of Lux Industries Limited ('the Company').**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Fixed Assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its business.
- (c) According to the information and explanation given to us and the records examined by us and based on the examination of conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are in the name of the Company at the balance sheet date.
- (ii) As explained to us, the inventories were physically verified during the year by the management (except material lying with third parties and goods in transit) at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) 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.
- (iv) In our opinion and according to the information and

explanations given to us, the company has complied with the provisions of section 186 of the Companies Act, 2013 with respect to investments made. However, the company has not granted any loans or provided any guarantees and securities as stated in section 185 of the Companies Act, 2013.

- (v) According to the information and explanation given to us, the Company has not accepted any deposits from the public during the year.
- (vi) According to the information and explanation given to us, the Company's business activities are not covered by the Companies (Cost Records and Audit) Rules, 2014.
- (vii) (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, Employees State Insurance, income tax, sales tax, service tax, customs duty, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities though there has been slight delay in deposit of these statutory dues in some cases.
- (b) According to the information and explanation given to us, there were no undisputed amounts payable in respect of income tax, sales tax, service tax, duty of customs, value added tax, provident fund, Employees state insurance, cess and any other material statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they become payable.
- (c) According to the information and explanation given to us, the details of dues of sales tax, service tax which have not been deposited by the Company as at March 31, 2016 on account of disputes are given below:

Name of the statute	Natures of dues	Amount ( in ₹)	Period to which the amount relates	Forum where dispute is pending
Tamil Nadu Sales Tax Act, 1959	Penalty	1,22,95,937.00	2004-05	Sales Tax Appellate Tribunal (Addl. Bench) Coimbatore
West Bengal Sales Tax Act	Penalty	30,83,684.00	2003-04	High Court, Kolkata
West Bengal Sales Tax Act	Penalty	19,17,202.00	2004-05	High Court, Kolkata

The Central Excise Act, 1944	Excise Duty and Penalty	1,00,51,976.00	2011-12	Customs, Excise and Service Tax Appellate Tribunal
Service Tax	Service Tax And Penalty	1,36,22,826.00	2007-08 to 2012-13	Customs, Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise Duty And Penalty	47,79,126.00	2012-13	Customs, Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise Duty And Penalty	1,97,97,310.00	2011-12 to 2012-13	Customs, Excise and Service Tax Appellate Tribunal
Punjab VAT Act, 2005	VAT and Penalty	11,71,439.00	2015-16	Deputy Excise and Taxation Commissioner ( Appeals), Ludhiana
Rajasthan Value Added Tax Act, 2003	VAT, Interest and Penalty	25,22,131.00	2010-11 to 2015-16	The Appellate Authority-I, Commercial Taxes, Jaipur
Madhya Pradesh VAT Act, 2002	Central Sales Tax	82,818.00	2013-14	Deputy Commissioner, Division-2 Indore (MP)

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company does not have any loans or borrowings from financial institutions or government and has not issued any debentures.
- (ix) According to the information and explanation given to us, the company has not raised money by way of initial public offer or further public offer and the term loans have been applied by the Company during the year for the purpose for which they were raised.
- (x) To the best of our knowledge and according to the information and explanation given to us, no fraud by the Company and no material fraud on the company by its officers, or employees has been noticed or reported during the year.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the managerial remuneration has been paid as per the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company. Therefore, reporting under clause (xii) of the order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanation given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013,

where applicable, for all transactions with the related parties and the details of related transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence reporting under clause (xiv) of CARO 2016, order is not applicable to the Company.
- (xv) According to the information and explanation given to us and based on our examination of the records of the company, during the year the company has not entered into any non-cash transactions with directors or persons connected to its directors. Accordingly, clause 3(xv) of the order is not applicable.
- (xvi) The company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934.

**For Sanjay Modi & Co**  
Chartered Accountants  
FRN.-322295E

**Prodyat Chaudhuri**  
(Partner)  
Membership No:065401

Kolkata  
May 25, 2016





## "ANNEXURE B" to the Independent Auditor's Report

### "ANNEXURE B "TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF LUX INDUSTRIES LIMITED

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

We have audited the internal financial controls over financial reporting of Lux Industries Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditor's Responsibilities

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, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 control system over financial reporting and their operating effectiveness. Our Audit of internal financial control over financial reporting included obtaining an understanding of internal financial control, 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 judgment, including the assessment of the risk 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 Control 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 authorizations of management and directors of the

company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

#### Opinion

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on " the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For Sanjay Modi & Co  
Chartered Accountants  
FRN.-322295E

Prodyat Chaudhuri  
(Partner)  
Membership No:065401

Kolkata  
May 25, 2016



# Balance Sheet

as at March 31, 2016

Particulars	Note	(₹ In Lacs)	
		As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	6,129.98	6,129.98
Reserves and Surplus	3	17,355.13	12,663.42
		<b>23,485.11</b>	<b>18,793.40</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	9,214.57	6,859.55
Deferred Tax Liability (Net)	5	92.30	118.09
Long-Term Provisions	6	123.66	96.62
		<b>9,430.53</b>	<b>7,074.26</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	7	11,565.11	21,039.74
Trade Payables	8	11,263.46	9,698.42
Other Current Liabilities	9	4,020.69	2,217.27
Short-Term Provisions	10	91.18	378.68
		<b>26,940.44</b>	<b>33,334.11</b>
<b>TOTAL</b>		<b>59,856.08</b>	<b>59,201.77</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	11	3,702.86	3,729.88
Intangible Assets	11	27.20	7.75
Capital Work-in-Progress	11	7,197.20	5,262.63
Intangible Assets under Development	11	40.08	-
Non-Current Investments	12	8.45	8.45
Long-Term Loans and Advances	13	350.96	299.14
Other Non-Current Assets	14	206.54	87.65
		<b>11,533.29</b>	<b>9,395.50</b>
<b>Current Assets</b>			
Inventories	15	20,014.91	18,887.82
Trade Receivables	16	25,464.14	24,128.12
Cash and Bank Balance	17	716.92	4,136.77
Short-Term Loans and Advances	18	2,126.82	2,653.56
		<b>48,322.79</b>	<b>49,806.27</b>
<b>TOTAL</b>		<b>59,856.08</b>	<b>59,201.77</b>
<b>Significant Accounting Policies</b>	1		

The accompanying notes are an integral part of the Financial Statements

In terms of our report of even date

**For Sanjay Modi & Co.**Chartered Accountants  
Firm Reg No. 322295E**CA Prodyat Chaudhuri**Partner  
Membership No. 065401Kolkata  
May 25, 2016**Ashok Kumar Todi**  
Chairman**Ajay Kumar Patodia**  
Chief Financial Officer

For and on behalf of the Board

**Pradip Kumar Todi**  
Managing Director**Pankaj Kedia**  
Company Secretary

# Statement of Profit and Loss

as at March 31, 2016

Particulars	Note	(₹ In Lacs)	
		For the year ended March 31, 2016	For the year ended March 31, 2015
<b>INCOME</b>			
Revenue from Operations (Gross)	19	94,086.54	90,896.44
Other Income	20	29.79	17.06
<b>TOTAL</b>		<b>94,116.33</b>	<b>90,913.50</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	21	45,241.60	50,780.92
Purchase of Stock-in-Trade	22	1,646.06	1,993.41
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	23	(1,379.54)	(4,780.15)
Employee Benefits Expense	24	2,046.35	1,344.93
Finance Costs	25	1,196.50	1,764.34
Depreciation & Amortization Expense	26	411.89	(421.70)
Other Expenses	27	37,085.49	33,432.51
<b>TOTAL</b>		<b>86,248.35</b>	<b>84,114.26</b>
<b>PROFIT BEFORE TAX</b>		<b>7,867.98</b>	<b>6,799.24</b>
<b>Tax Expense:</b>			
Current Tax		2,769.00	2,035.00
Income Taxes for the earlier year		(9.29)	-
Deferred Tax		(25.79)	241.33
<b>PROFIT FOR THE YEAR</b>		<b>5,134.06</b>	<b>4,522.91</b>
Earnings per share (Nominal value ₹10/- each) (P.Y. ₹10/-):	28		
Basic		101.65	89.55
Diluted		101.65	89.55
<b>Significant Accounting Policies</b>	1		

The accompanying notes are an integral part of the Financial Statements

In terms of our report of even date

**For Sanjay Modi & Co.**Chartered Accountants  
Firm Reg No. 322295E**CA Prodyat Chaudhuri**Partner  
Membership No. 065401Kolkata  
May 25, 2016**Ashok Kumar Todi**  
Chairman**Ajay Kumar Patodia**  
Chief Financial Officer

For and on behalf of the Board

**Pradip Kumar Todi**  
Managing Director**Pankaj Kedia**  
Company Secretary



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

(₹ In Lacs)

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxes and previous year adjustments	7,867.98	6,799.24
Adjustment for :		
Depreciation & Amortisation	411.89	(421.70)
Interest income	(28.83)	(13.49)
Dividend income	-	(0.44)
Loss (gain) on sale of fixed assets	(0.16)	4.98
Gain on sale of Investment	-	(3.05)
Interest payment	1,196.50	1,764.34
Provision for Doubtful Debts	32.86	23.72
Provision of diminution in the Value of Investment	-	(5.46)
Provision of gratuity	25.82	27.76
<b>Operating profit before working capital changes</b>	<b>9,506.06</b>	<b>8,175.90</b>
Adjustment for :		
Trade and other receivables (increase)/decrease	(1,368.88)	(5,021.41)
Inventories(increase)/decrease	(1,127.08)	(4,105.18)
Loan advances & other current assets(increase)/decrease	490.57	(647.56)
Current liabilities increase/ (decrease)	1,803.42	235.72
Trade and other Payable increase/(decrease)	1,565.03	1,499.29
<b>Cash generated from operations</b>	<b>10,869.12</b>	<b>136.77</b>
<b>Tax paid ( Net )</b>	<b>(2,759.73)</b>	<b>(2,035.02)</b>
<b>Net cash from operating activities</b>	<b>8,109.40</b>	<b>(1,898.25)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (Including capital work in progress)	(2,385.00)	(3,417.21)
Sale proceeds of fixed assets	6.19	7.12
Decrease/(Increase) in investment	-	19.41
Decrease/(Increase) in term deposit	(123.69)	10.65
Interest received	17.98	18.84
Dividend received	-	0.44
<b>Net cash used in investing activities</b>	<b>(2,484.52)</b>	<b>(3,360.75)</b>

(₹ In Lacs)

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Pref. Share Capital	-	5,600.00
Proceeds from borrowings (a) Short Term	(9,474.63)	8,229.33
(b) Long Term	2,355.02	(4,002.42)
Interest paid	(1,196.50)	(1,764.34)
Dividend paid	(606.30)	(151.52)
Dividend tax paid	(122.33)	(25.75)
<b>Net cash from used in financing activities</b>	<b>(9,044.74)</b>	<b>7,885.30</b>
<b>Net increase in cash and cash equivalents</b>	<b>(3,419.86)</b>	<b>2,626.29</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>4,136.77</b>	<b>1,510.47</b>
<b>Cash and cash equivalents at end of the year</b>	<b>716.92</b>	<b>4,136.77</b>
<b>Notes to the Cash Flow Statement</b>		
<b>1. This statement is prepared under indirect method as prescribed by AS-3 on cash flow statements</b>		
<b>2. Cash and cash equivalents comprise</b>		
Cash in Hand	114.84	385.43
Balance with Bank on current Accounts	589.92	3,739.35
Other Bank Balance on Unpaid Deposit Account	12.15	12.00
	<b>716.92</b>	<b>4,136.77</b>

3. Previous periods' figures have been regrouped/rearranged wherever necessary to confirm with current year's presentation

In terms of our report of even date

**For Sanjay Modi & Co.**  
Chartered Accountants  
Firm Reg No. 322295E

**CA Prodyat Chaudhuri**  
Partner  
Membership No. 065401

Kolkata  
May 25, 2016

**Ashok Kumar Todi**  
Chairman

**Ajay Kumar Patodia**  
Chief Financial Officer

For and on behalf of the Board

**Pradip Kumar Todi**  
Managing Director

**Pankaj Kedia**  
Company Secretary



## 1. SIGNIFICANT ACCOUNTING POLICIES:

### a) Nature of Operation

Lux Industries Limited (the "Company") is engaged in the business of manufacturing & sale of knitwear's. The Manufacturing units of the Company are located in Kolkata (West Bengal) and Tirupur, in the state of Tamilnadu. The Company is a public Limited company and its share is listed on the National Stock Exchange of India Limited, Bombay Stock Exchange Limited, Calcutta Stock Exchange Limited and Ahmedabad Stock Exchange Limited in India.

### b) Basis of Preparation of Accounts

The financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act ( to the extent notified ) and guidelines issued by the Securities and Exchange Board of India (SEBI). The accounting policies have been consistently applied by the company with those used in the previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard/ Law requires a change in the accounting policy hitherto in use. The financial statements are presented in Indian rupees rounded off to the nearest rupees in lakhs.

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the schedule III to the Act. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current / non current classification of assets and liabilities.

### c) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP)

requires the management to make judgments, estimates and assumptions that affect the reported amounts of Assets and Liabilities and disclosure of Contingent Liabilities on the date of the Financial Statements and the reported amounts of revenue and expenses during the reporting period. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes and useful life of intangible assets. Although these estimates are based on the management's best knowledge, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

### d) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Sale of Goods: Sales are recognized when goods are supplied and are net of Sales Return.
- ii. Revenue from Services : Revenue from services is recognized as the service is performed based on agreements/arrangements with the concerned parties.
- iii. Interest: Interests on Investments are recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iv. Dividends: Revenue is recognized when the Company's right to receive payment is established by the balance sheet date.
- v. Export Benefits: Export Entitlements in the form of Duty Drawback are recognized in the Profit and Loss account when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Exports benefits under Focus Licence Scheme are

recognized in the year of export itself provided there are no uncertainty as to the amount of duty entitlement. Such export benefits are booked separately as revenue by creating a claim against it on the assets side.

### e) Accounting of Claims

- i. Claims receivable are accounted for at the time when reasonable certainty of receipt is established. Claims payable are accounted for at the time of acceptance.
- ii. Claim raised by Government Authorities regarding taxes and duties, which are disputed by the Company, are accounted based on merits of each claim.

### f) Expenditure

Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.

### g) Government Grant

The company receives sales tax incentive under the WBIP (A.I. Units) Scheme 1994 and the same is recognized as revenue in the period in which these are accrued and shown as income under the head "Other Operating Revenue". The Company has not received any non-monetary assets at concessional rate or free of cost as Government Grant.

In respect of capital subsidy on special machinery from government (under TUF-Scheme). The grant is shown as deduction from the value of assets, when subsidy is received from the government.

### h) Fixed Assets

- i. Tangible Assets and Capital Work in Progress: Tangible Assets are stated at their original cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price(net of modvat) and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to the acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use. Subsequent expenditure related to an item of Tangible Asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Capital work in progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

### ii. Intangible Assets & amortization

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the assets is significantly different from previous estimates, the amortization period is changed accordingly. The Intangible assets include Computer Software and Web Site Development cost. Amortization of Intangible Assets is made based on management's evaluation of duration of life cycle of intangible assets. The amortization rate used are :

Asset	%
Computer Software:	40.00
Website Development cost:	33.33

### iii. Depreciation

Depreciation on fixed assets is provided on Straight Line Method (SLM) over the useful lives of assets as prescribed in schedule II to the Companies Act, 2013. Depreciation for assets purchased / sold during a period is proportionately charged.

### i) Investments

Trade investments are investments made to enhance the Company's business interest.

Investments are classified as Current and Noncurrent on the management's intention. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Provision is made for any diminution in the market value of long term investment where such diminution is considered permanent in nature.



**j) Valuation of Inventories**

Raw materials including packing materials are carried at the lower of cost and net realizable value. Cost is determined on FIFO Basis. Work in progress is carried at the lower of cost and net realizable value. Finished goods produced or purchased by the Company are carried at lower of cost and net realizable value. Cost of finished goods and process stock includes cost of conversion and other cost incurred in bringing the inventories to their present locations and conditions. The Company has valued inventory net of modvat benefits. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**k) Retirement benefits to employees**

**Gratuity:**

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity plan provides a lump sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the company. Liabilities with regard to the Gratuity plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The company recognizes the net obligation of the gratuity as per actuarial valuation report in the Balance sheet in accordance with Accounting Standard (AS) 15, "Employee Benefits". Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the statement of Profit and Loss in the period in which they arise.

**Provident Fund:**

Eligible employees receive benefits from a provident fund, which is a defined plan. Both the eligible employee and the company make monthly contribution to the provident fund plan equal to a specified percentage of the covered employee's salary. The company also contribute a specific amount out of total contribution payable to the government administered pension fund.

**l) Taxes on Income**

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the company will pay normal tax after the tax holiday period and the resultant asset can be measured reliably.

Deferred taxes is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originates in one period and are capable of reversal in one or more subsequent periods.

Deferred tax Assets & Liabilities are measured using the Tax Rates & Tax Laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available.

Advance Taxes and Provisions for current taxes are presented in the Balance sheet after offsetting advance taxes paid and income tax provisions arising in the same tax jurisdiction and where the company is able to and intends to settle the assets and liabilities on a net basis.

**m) Provision, Contingent Liabilities And Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed by way of notes on accounts. Contingent Assets are neither recognized nor disclosed in the financial statements. During the financial year the company has made provision for doubtful debts

and doubtful advances to the extent of 100% of the total amount identified as doubtful debts and advances.

**n) Borrowing Cost**

Borrowing Cost relating to acquisition or construction of fixed assets which take substantial period of time to get ready for its intended use are capitalized as part of the cost of a qualifying asset to the extent they relate to the period till such assets are ready to be put to use. Other Borrowing Costs are recognized as an expense in the year in which they are incurred.

**o) Foreign Currency Transaction**

Foreign currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the statement of profit and loss. Non monetary assets and non monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transactions.

**p) Segment Reporting Policies:**

Based on the synergies, risks and returns associated with business operations and in terms of Accounting Standard-17, the Company's operating operation comprises of only one primary segment viz. manufacturing and sale of Knitwear's.

Up to last year, the analysis of geographical segment was based on geographical location of the customers ie Sales within India and Sales outside India.

During the current financial year, based on legal opinion, the company believes that risk and rewards associated with manufacture and sale of such products are not distinguishable across economies. The Company also believes that quality of the product, name including brand name etc. does not change and price of the products is market driven and is determined by demand – supply relationship which varies from country to country. Therefore, even geographically, the product of the company faces similar risk and returns and there is no separate segment that can be identified for the purpose of reporting under AS 17 on "Segment Reporting".

However, due to greater transparency and providing complete information to the stake holders/ financial statements users in analyzing and understanding the Company's financial statements, the management of the company has provided additional information in respect of geographical segment. Such details has been given in Note no. 31.

**q) Earnings per Share (Basic & Diluted)**

Basic earnings (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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

**r) Impairment of assets:**

Impairment loss is recognized wherever the carrying amount of an assets is in excess of its recoverable amount and the same is recognized as an expenses in the statement of Profit & Loss and carrying amount of the assets is reduced to its recoverable amount.

Reversal of impairment losses recognized in prior year is recovered when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.

**s) Cash Flow Statement**

Cash flows are reported using indirect method, whereby profit before tax is adjusted for the effects transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from Operating, Financing and Investing activities of the Company are segregated. Cash and cash equivalents in the balance sheet comprise cash at bank, cash/cheques in hand and unpaid deposit account.



## Notes to Financial Statements for the year ended March 31, 2016 (Contd.)

## Notes to Financial Statements for the year ended March 31, 2016 (Contd.)

**2 SHARE CAPITAL****a) Authorised, Issued, Subscribed and Paid up Share Capital**

Particulars	As at March 31, 2016		As at March 31, 2015	
	Numbers	(₹ in Lacs)	Numbers	(₹ in Lacs)
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	90,00,000	900.00	90,00,000	900.00
Preference Shares of ₹ 100/- each	56,00,000	5,600.00	56,00,000	5,600.00
<b>Issued and Subscribed</b>				
Equity Shares of ₹ 10/- each	55,47,500	554.75	55,47,500	554.75
Preference Shares of ₹ 100/- each	56,00,000	5,600.00	56,00,000	5,600.00
<b>Paid up</b>				
Equity Shares of ₹ 10/- each fully paid up	50,50,600	505.06	50,50,600	505.06
Add : Forfeited Shares (Paid up)	4,96,900	24.92	4,96,900	24.92
Preference Shares of ₹ 100/- each	56,00,000	5,600.00	56,00,000	5,600.00
<b>Total</b>		<b>6,129.98</b>		<b>6,129.98</b>

**b) Reconciliation of number of Equity Shares outstanding**

Equity Shares at the beginning of the year	50,50,600	529.98	50,50,600	529.98
Equity Shares at the closing of the year	50,50,600	529.98	50,50,600	529.98

**c) Reconciliation of number of Preference Shares outstanding**

Preference Shares at the beginning of the year	56,00,000	5,600.00	56,00,000	5,600.00
Preference Shares at the closing of the year	56,00,000	5,600.00	56,00,000	5,600.00

**d) Rights, Preference and Restrictions attached to Equity and Preference Shares**

The Company has equity shares with a par value of ₹ 10/- per share & preference shares with a par value of ₹ 100/- per share. Each holder of equity shares is entitled to one vote per share held. The Company declares and pays dividend in Indian Rupees. The holders of preference shares are entitled to a dividend of 0.25%.

The Board of Directors, in its meeting held on March 12, 2016 declared an interim dividend of ₹ 6 per equity share. Further the Board of Directors, in its meeting held on May 25, 2016 has proposed a final dividend of ₹ 1 per equity share for the financial year ended March 31, 2016. The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting. The total Equity dividend appropriation for the year ended March 31, 2016 amounted to ₹ 425.50 lacs, including Corporate Dividend Tax of ₹ 71.97 lacs.

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

Preference Shares carry a preferential right as to dividend over equity shareholders. The preference shareholders shall not carry any voting rights. Such preference shares shall be redeemed at a premium of ₹ 100/- per share within twenty years from the date of allotment. In the event of liquidation, preference shareholders have a preferential right over equity shareholders to be repaid to the extent of capital paid up and dividend arrear on such shares.

**e) The details of Equity shareholders holding more than 5% shares of the company**

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	Numbers	% age	Numbers	% age
Prabha Devi Todi	8,29,000	16.41	10,09,000	19.97
Pradip Kumar Todi	8,96,500	17.75	8,06,500	15.97
Ashok Kumar Todi	7,46,000	14.77	6,56,000	12.99
Bimla Devi Todi	7,01,000	13.88	7,01,000	13.88
Shobha Devi Todi	5,50,500	10.90	5,50,500	10.90

**f) The details of Preference shareholders holding more than 5% shares of the company**

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	Numbers	% held	Numbers	% held
Biswanath Hosiery Mills Ltd	15,00,000	26.79	15,00,000	26.79
Rotex Intertrade Pvt. Ltd	15,00,000	26.79	15,00,000	26.79
Chitragupta Sales and Services Pvt. Ltd	15,00,000	26.79	15,00,000	26.79
Hollyfield Traders Pvt. Ltd	11,00,000	19.64	11,00,000	19.64



## Notes to Financial Statements for the year ended March 31, 2016 (Contd.)

## Notes to Financial Statements for the year ended March 31, 2016 (Contd.)

(₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
<b>3 RESERVES AND SURPLUS</b>		
<b>Securities Premium Reserve</b>		
Balance at the beginning of the year	653.58	653.58
Balance at the end of the year	653.58	653.58
<b>General Reserve</b>		
Balance at the beginning of the year	1,277.70	923.28
Less: Adj in value of assets as per Transition Prov. Specified in Sch-II	-	45.58
	1,277.70	877.70
Add: Transferred from surplus in the statement of Profit & Loss	100.00	400.00
Balance at the end of the year	1,377.70	1,277.70
<b>Total</b>	<b>2,031.28</b>	<b>1,931.27</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance at the beginning of the year	10,732.15	6,973.14
Add : Profit for the year	5,134.06	4,522.91
<b>Amount Available for appropriations</b>	<b>15,866.21</b>	<b>11,496.05</b>
Less: Appropriations		
Preference Dividend	14.00	0.23
Interim Equity Dividend	303.03	-
Final Equity Dividend	50.51	303.04
Total Dividend	367.54	303.27
Dividend Tax	74.82	60.64
Transfer to General Reserve	100.00	400.00
Surplus carried to Balance Sheet	15,323.85	10,732.15
<b>Total</b>	<b>17,355.13</b>	<b>12,663.42</b>
<b>4 LONG TERM BORROWINGS</b>		
<b>SECURED LOANS</b>		
Term loans from banks	1,939.29	1,442.36
	<b>1,939.29</b>	<b>1,442.36</b>
<b>UNSECURED LOANS FROM RELATED PARTIES</b>		
(Refer Note No. 30)		
From Body Corporates	898.03	772.91
From Directors	6,377.25	4,644.28
	<b>7,275.28</b>	<b>5,417.19</b>
<b>Total</b>	<b>9,214.57</b>	<b>6,859.55</b>

### a) Repayment terms and nature of securities given for term loan as follows :

Bank	March 31, 2016	March 31, 2015	Nature of Security	Repayment Terms
Allahabad Bank	411.75	-	Exclusive Hypothecation charge over the machineries/ equipment acquired out of the facility. It is additionally secured by personal guarantee of the directors.	Repayable in twelve equal quarterly instalment of ₹ 83.34 lacs each commenced from December 2015. Interest @ BR+1.00% is serviced on monthly basis, as and when due.
Allahabad Bank	-	44.53	Exclusive Hypothecation charge over the machineries/ equipment valuing ₹ 2.16 crores in aggregate acquired out of the facility and charge over entire stock, book debts and other current assets of the Company, both present and future. It is additionally secured by personal guarantee of the directors.	Repayable in twenty equal quarterly instalment of ₹ 8.10 lacs each commenced from February 2012 quarter (as existing). Interest @ BR+2.5% is serviced on monthly basis, as and when due. This loan has been fully repaid during the year.
State Bank of India	3291.90	815.87	Exclusive Hypothecation charge over the factory land and building constructed at Mouza-Chirkand & Mollarbar JI No. 81 & 22 P.S.Chanditala & Sreerampore measuring land 4 acres 43 sataks and 1st charge on Plant & Machinery and paripassu charge stock, book debts and other current assets of the Company, both present and future. It is additionally secured by personal guarantee of the directors.	Repayable in fourteen equal quarterly instalment of ₹ 2.50 crores each commenced from June 2016 quarter. Interest @ BR+1.50% is serviced on monthly basis, as and when due. Repayable in fourteen equal quarterly instalment of ₹ 1.07 crores each commencing from December 2015 quarter (as existing). This loan has been taken over by State Bank of India and as per revised sanction letter, it is repayable in fourteen equal quarterly instalments of ₹ 1.07 crores each commencing from June 2016. Interest is to be serviced on monthly basis, as and when due.
Canara Bank	-	1328.36		During the financial year, on request of the Company, the State Bank of India has taken over the term loan account lying with the Canara Bank as per revised letter dated 21.01.2016.

**Notes to Financial Statements** for the year ended March 31, 2016 (Contd.)**Notes to Financial Statements** for the year ended March 31, 2016 (Contd.)

		(₹ in Lacs)	
		As at March 31, 2016	As at March 31, 2015
<b>5</b>	<b>DEFERRED TAX LIABILITIES (NET)</b>		
	<b>Deferred Tax Assets</b>		
	Tax impact of timing differences leading to deferred tax assets		
	Provision for doubtful debts/advances	65.76	53.42
	Provision for Employee benefits	47.49	37.86
	<b>Deferred Tax Liabilities</b>		
	Difference between book value of depreciable assets as per books of account and written down value for tax purpose	205.55	209.37
	<b>Net deferred tax Liabilities</b>	<b>92.30</b>	<b>118.09</b>
<b>6</b>	<b>LONG TERM PROVISIONS</b>		
	Provision for Employee benefits	123.66	96.62
	<b>Total</b>	<b>123.66</b>	<b>96.62</b>
<b>7</b>	<b>SHORT TERM BORROWINGS</b>		
	<b>SECURED (Repayable on demand)</b>		
	From Banks		
	Cash Credit facilities	11,565.11	21,039.74
	<b>Total</b>	<b>11,565.11</b>	<b>21,039.74</b>
a)	Cash Credit loan is secured against hypothecation of entire stocks, book debts and other current assets, both present and future of Company. It is additionally secured by personal guarantee of the directors.		
<b>8</b>	<b>TRADE PAYABLES</b>		
	Due to Micro & Small & Medium Enterprises (Refer note no.33)	91.06	0.55
	Others	11,172.40	9,697.88
	<b>Total</b>	<b>11,263.46</b>	<b>9,698.42</b>

		(₹ in Lacs)	
		As at March 31, 2016	As at March 31, 2015
<b>9</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Current maturity of long term Debt	1,764.36	746.40
	Unclaimed Dividend	12.15	12.00
	Statutory dues	714.47	601.42
	Advance from customers	204.88	177.07
	Deposits from Dealers, Agents etc.	733.01	588.11
	Other payables	591.82	92.28
	<b>Total</b>	<b>4,020.69</b>	<b>2,217.27</b>
9.1	Other payable includes Electric charges, Telephone charges, Salary, Freight charges payables etc.		
<b>10</b>	<b>SHORT TERM PROVISIONS</b>		
	Provision for employee benefit	13.54	14.77
	Proposed Dividend	64.51	303.27
	Tax on Proposed Dividend	13.13	60.64
	<b>Total</b>	<b>91.18</b>	<b>378.68</b>

10.1 The Central Government, in consultation with the National Advisory Committee on Accounting Standards, has amended the Companies (Accounting Standards) Rules, 2006 ("Principal rules") through a notification issued by the Ministry of Corporate Affairs dated March 30, 2016. The Companies (Accounting Standards) Rules, 2016 is effective from March 30, 2016. According to the amended rules, the above mentioned proposed dividend will not be recorded as a liability as at March 31, 2016 (Refer to para 8.5 of AS-4 Contingencies and Events Occurring after Balance Sheet date). The company believes that the Rule 3(2) of the principal rules has not been withdrawn or replaced and accordingly, the Companies (Accounting Standards) Rules, 2016 will apply for the accounting period commencing on or after March 30, 2016. Therefore the Company has recorded as liability for proposed dividends (including corporate dividend tax) as at March 31, 2016.





## Notes to Financial Statements for the year ended March 31, 2016 (Contd.)

## Notes to Financial Statements for the year ended March 31, 2016 (Contd.)

## 11. Fixed Assets

Particulars	GROSS BLOCK			DEPRECIATION/AMORTIZATION				NET BLOCK		
	As at 01.04.2015	Addition for the year	Deduction for the year	As at 01.04.2015	Addition for the year	Deduction/ Adjustment for the year	Adj for Prev. years Depreciation	Adj for Transfer to reserve	As at 31.03.2016	As at 31.03.2015
<b>Tangible Assets</b>										
Land	818.04	64.11	-	-	-	-	-	-	882.14	818.04
Building	685.25	1.10	-	94.80	19.18	-	-	-	572.37	590.45
Plant & Equipments	3,195.11	204.40	0.40	1,299.44	303.84	(4.08)	-	-	1,791.76	1,895.67
Office Equipments	89.07	30.71	-	46.84	14.71	-	-	-	58.22	42.24
Furniture & Fixture	278.73	18.62	-	77.08	32.37	-	-	-	187.89	201.64
Vehicle	243.91	63.05	3.54	62.06	32.88	1.99	-	-	210.47	181.85
Capital Work in Progress	5,310.11	381.99	3.94	1,580.22	402.98	(2.09)	-	-	3,702.86	3,729.88
<b>Sub Total (A)</b>	<b>5,310.11</b>	<b>381.99</b>	<b>3.94</b>	<b>1,580.22</b>	<b>402.98</b>	<b>(2.09)</b>	<b>-</b>	<b>-</b>	<b>10,900.06</b>	<b>8,992.51</b>
<b>Intangible Assets</b>										
Computer software	109.77	28.36	-	102.02	8.91	-	-	-	27.20	7.75
Intangible Assets under Development	-	-	-	-	-	-	-	-	40.08	-
<b>Sub Total (B)</b>	<b>109.77</b>	<b>28.36</b>	<b>-</b>	<b>102.02</b>	<b>8.91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67.28</b>	<b>7.75</b>
<b>Total (A+B)</b>	<b>5,419.88</b>	<b>410.35</b>	<b>3.94</b>	<b>1,682.24</b>	<b>411.89</b>	<b>(2.09)</b>	<b>-</b>	<b>-</b>	<b>10,967.34</b>	<b>9,000.26</b>
<b>PREVIOUS YEAR</b>	<b>5,248.36</b>	<b>199.01</b>	<b>21.92</b>	<b>2,073.76</b>	<b>482.98</b>	<b>9.82</b>	<b>904.68</b>	<b>45.58</b>	<b>1,687.82</b>	<b>9,000.26</b>

Notes: 1. Computer Software amortised on straightline method over the estimated useful life of 30 months.

2. Capital work in progress includes ₹ 281.64 lacs towards cost of purchase of office building at Mumbai for which registration has been done in favour of the company but no possession has been given till the year end.

(₹ In Lacs)

	Number of Shares	As at March 31, 2016	Number of Shares	As at March 31, 2015
<b>12 NON-CURRENT INVESTMENTS</b>				
<b>Other Investments</b>				
<b>Unquoted Equity Shares of ₹10/- each fully paid up (Valued at Cost)</b>				
Todi Hosiery Limited	84,000	8.40	84000	8.40
West Bengal Hosiery Park Infrastructure Limited	500	0.05	500	0.05
		8.45		8.45
<b>Total</b>		<b>8.45</b>		<b>8.45</b>
<b>Aggregate Amount of Unquoted Investments</b>		<b>8.45</b>		<b>8.45</b>
Aggregate provision for diminution in value of Investments		-		-

	As at March 31, 2016	As at March 31, 2015
<b>13 LONG TERM LOANS &amp; ADVANCES</b>		
Unsecured Considered Good		
Capital advances	107.83	44.82
Security Deposits	243.13	254.32
<b>Total</b>	<b>350.96</b>	<b>299.14</b>
<b>14 OTHER NON - CURRENT ASSETS</b>		
Bank deposit with more than 12 months maturity	174.25	50.56
Non Current Portion of Prepaid Expenses	17.35	33.00
Interest accrued on deposits	14.94	4.10
<b>Total</b>	<b>206.54</b>	<b>87.65</b>
<b>15 INVENTORIES</b>		
(at lower of Cost and net realisable value)		
Raw Materials	1,081.31	1,517.52
Work-in-progress	8,123.16	8,213.33
Finished goods (Manufactured)	9,143.36	7,655.82
Stock-in-trade (Goods purchased for resale)	0.72	18.56
Packing materials	1,666.36	1,482.59
<b>Total</b>	<b>20,014.91</b>	<b>18,887.82</b>

**Notes to Financial Statements** for the year ended March 31, 2016 (Contd.)**Notes to Financial Statements** for the year ended March 31, 2016 (Contd.)

		(₹ in Lacs)	
		As at March 31, 2016	As at March 31, 2015
<b>16</b>	<b>TRADE RECEIVABLES</b>		
	Outstanding for a period exceeding six months from the date they are due for payment		
	Unsecured, considered good	453.15	559.33
	Unsecured, considered doubtful	183.79	150.92
	Less: Provision for doubtful debts	183.79	150.92
		453.15	559.33
	Outstanding for a period less than six months from the date they are due for payment		
	Unsecured, considered good	25,010.99	23,568.79
	<b>Total</b>	<b>25,464.14</b>	<b>24,128.12</b>
16.1	Trade Receivables includes due from companies where directors are interested ₹ 1,402.14 lacs (P.Y ₹ 2,205.85 lacs)		
<b>17</b>	<b>CASH AND BANK BALANCE</b>		
	<b>Cash and Cash Equivalents</b>		
	Cash on hand	114.84	385.43
	<b>Balances with bank</b>		
	On current account	589.93	3,739.35
	<b>Other bank balances</b>		
	Unpaid Dividend	12.15	12.00
	<b>Total</b>	<b>716.92</b>	<b>4,136.77</b>
<b>18</b>	<b>SHORT TERM LOANS AND ADVANCES</b>		
	(Unsecured considered good unless otherwise stated)		
	Loans and Advances to employees	145.71	33.49
	Prepaid Expenses	42.16	34.35
	Advance Income Tax ( Net of Provisions)	17.12	26.91
	Balance with Government Authorities	168.95	138.87
	Incentives/ Duty Drawback Receivables	515.93	743.26
	Advances to Suppliers	1,178.27	1,605.88
	Other Loans and Advances	58.68	70.79
	(Unsecured considered Doubtful)		
	Advance to Supplier	6.24	6.24
	Less: Provision for doubtful advances	6.24	6.24
	<b>Total</b>	<b>2,126.82</b>	<b>2,653.56</b>

		(₹ in Lacs)			
		As at March 31, 2016		As at March 31, 2015	
<b>19</b>	<b>REVENUE FROM OPERATION</b>				
	<b>Sale of Products</b>				
	i) Manufactured Goods	92,955.55		89,570.66	
	ii) Stock-in-trade	24.54		139.78	
	<b>Sale of Services</b>				
	Processing Charges Received	98.25		-	
	<b>Other Operating Revenue</b>				
	i) Assist Under WBIP Scheme	170.35		139.20	
	ii) Export Incentives	821.27		1,012.98	
	iii) Incentive received on yarn purchase	15.50		25.22	
	iv) Others	1.08	1,008.20	8.60	1,186.00
	<b>Total</b>	<b>94,086.54</b>		<b>90,896.44</b>	
19.1	Other Operating revenue includes Sales Tax rebate received during the year etc.				
<b>20</b>	<b>OTHER INCOME</b>				
	<b>Interest Income</b>				
	i) From Bank Deposits	13.66		4.70	
	ii) From Loans & Advances / Delayed payments	3.17	16.83	1.78	6.49
	Rent Received		7.20		4.20
	Hiring charges from Plant & Machinery		4.80		2.80
	<b>Dividend Income</b>				
	From Long Term Trade Investment		-		0.44
	<b>Other Non Operating Income</b>				
	Profit on Sale of Vehicle		0.96		0.08
	Profit or Loss on Sale of Long term Investments		-		3.05
	<b>Total</b>		<b>29.79</b>		<b>17.06</b>
<b>21</b>	<b>COST OF MATERIAL CONSUMED</b>				
	<b>Yarn Consumed</b>				
	Opening Stock	1,517.52		2,291.17	
	Add : Purchases during the year	20,168.85		24,627.36	
		<b>21,686.38</b>		<b>26,918.53</b>	
	Less: Yarn Sale	3.27		-	
	Less : Closing Stock	1,081.31	20,601.79	1,517.52	25,401.01
	<b>Packing Materials Consumed</b>				
	Opening Stock	1,482.59		1,383.91	
	Add: Purchases during the year	12,928.42		11,052.31	
		<b>14,411.01</b>		<b>12,436.22</b>	
	Less: Closing Stock	1,666.35	12,744.66	1,482.59	10,953.63
	Consumption of Fabrics		11,895.15		14,426.29
	<b>Total</b>		<b>45,241.60</b>		<b>50,780.92</b>



## Notes to Financial Statements for the year ended March 31, 2016 (Contd.)

## Notes to Financial Statements for the year ended March 31, 2016 (Contd.)

(₹ in Lacs)

		As at		As at	
		March 31, 2016		March 31, 2015	
<b>22</b>	<b>Purchase of Stock in Trade (Knitwear)</b>		1,646.06		1,993.41
	<b>Total</b>		<b>1,646.06</b>		<b>1,993.41</b>
<b>23</b>	<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>				
	<b>Finished Goods</b>				
	Opening Stock	7,655.82		4,981.96	
	Closing Stock	9,143.36	(1,487.54)	7,655.82	(2,673.86)
	<b>Work-in-progress</b>				
	Opening Stock	8,213.33		6,093.01	
	Closing Stock	8,123.16	90.17	8,213.33	(2,120.32)
	<b>Stock in trade</b>				
	Opening Stock	18.56		32.59	
	Closing Stock	0.73	17.83	18.56	14.03
	<b>Total</b>		<b>(1,379.54)</b>		<b>(4,780.15)</b>
<b>24</b>	<b>EMPLOYEE BENEFIT EXPENSE</b>				
	Salaries & Wages & Bonus	1,874.42		1,185.93	
	Provision for Employment benefit	30.07	1,904.49	37.56	1,223.49
	Contribution to Provident & Other Funds		68.29		54.88
	Staff Welfare Expenses		73.57		66.56
	<b>Total</b>		<b>2,046.35</b>		<b>1,344.93</b>
<b>25</b>	<b>FINANCE COST</b>				
	Interest Expense		942.33		1,538.75
	Bank Charges ( including Loan Processing charges)		254.17		225.59
	<b>Total</b>		<b>1,196.50</b>		<b>1,764.34</b>
25.1	Interest Expenses are net of Interest capitalised of ₹ 346.90 Lacs (P.Y. ₹ 75.87 Lacs)				

(₹ in Lacs)

		As at		As at	
		March 31, 2016		March 31, 2015	
<b>26</b>	<b>DEPRECIATION &amp; AMORTIZATION EXPENSE</b>				
	Depreciation on Tangible Assets		402.98		(430.18)
	Amortization on Intangible Assets		8.91		8.48
	<b>Total</b>		<b>411.89</b>		<b>(421.70)</b>
<b>27</b>	<b>OTHER EXPENSES</b>				
	Consumption of stores & spare parts		102.40		90.77
	Power & Fuel		4.50		12.87
	Rent		394.97		375.08
	Repairs to buildings		18.98		57.29
	Repairs to machinery		21.20		16.27
	Repairs to other		52.15		17.26
	Insurance		35.33		36.22
	Rates & Taxes		114.74		110.28
	Selling Expenses		5,781.31		6,006.39
	Royalty		5.00		5.00
	Advertisement & Publicity		5,558.10		4,893.91
	Commission		1,010.89		935.91
	Freight & Other Handling Charges		1,731.58		1,625.98
	Bad Debts		20.77		75.88
	Processing expense		20,395.46		17,706.30
	Prior Period Items		(10.22)		8.49
	Loss on Sale of Vehicle		0.80		5.06
	Foreign currency translation loss (net)		197.81		164.58
	Miscellaneous Expenses		1,604.44		1,253.15
	Payment to auditors (Refer note 32)		12.41		12.10
	Provision for Doubtful Debts/Advance		32.87		23.72
	<b>Total</b>		<b>37,085.49</b>		<b>33,432.51</b>
<b>27.1</b>	<b>Prior Period Items Includes :</b>				
	Debits relating to earlier year		2.48		8.84
	Credits relating to earlier year		12.70		0.35
			<b>(10.22)</b>		<b>8.49</b>
<b>27.2</b>	Miscellaneous Expenses includes expenditure related to Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof amounting ₹ 98.11 lakhs (P.Y. ₹ 65.39 lakhs)				



## Notes to Financial Statements for the year ended March 31, 2016 (Contd.)

## Notes to Financial Statements for the year ended March 31, 2016 (Contd.)

**28. Earning per share Computed in accordance with AS 20: "Earning Per Share"**

Sl.No	Particulars	As at March 31, 2016	As at March 31, 2015
1.	Profit for the year (₹ in Lacs)	5,134.06	4,522.91
2.	Weighted Average Number of Equity Shares Outstanding at the end of the year for Basic EPS (No. in Lacs)	50.51	50.51
3.	Weighted Average Number of Equity Shares Outstanding at the end of the year for Diluted EPS (No. in Lacs)	50.51	50.51
4.	Nominal Value per share (₹)	10	10
5.	Earning per equity shares		
	Basic	101.65	89.55
	Diluted	101.65	89.55

**29. Particulars of Contingent Liabilities and Commitments**

Sl.No	Particulars	As at March 31, 2016	As at March 31, 2015
(i)	Contingent Liabilities		
(a)	Claims against the Company not acknowledged as liabilities in respect of :		
	Sales Tax Matters	210.72	298.40
	Customs and Excise matters	346.27	148.30
	Service tax matters	136.22	136.22
(b)	Guarantee Given to WBSEB, Sales Tax and Customs authorities	11.77	11.77
(ii)	Commitments:		
(a)	Estimated amount of contracts to be executed on capital account (Net of Advances) ₹ 800.00 lacs (Previous year ₹ 979.00 lacs)		
(b)	The company has other commitments, for purchase/ sales orders which are issued after considering requirements per operating cycle for purchase/ sale of goods and services, in normal course of business.		
(c)	The company did not have any long term commitments/ contracts including derivative contracts for which there will be any material foreseeable losses.		

Note: On the basis of legal opinion, the company expects to defend itself against the claim and believes that the claim will not sustain.

**30. Related Party Disclosures as required by Accounting Standard (AS-18) on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, are as below :**

- Key Managerial Personnel**
  - Shri Ashok Kumar Todi, Executive Chairman (Whole Time Director)
  - Shri Pradip Kumar Todi, Managing Director
- Relatives of Key Managerial Personnel**
  - Shri Saket Todi
  - Shri Udit Todi
  - Miss Priyanka Todi
- Executive Officer**  
Ajay Kumar Patodia, Chief Financial Officer
- Company Secretary**  
Pankaj Kedia, Company Secretary
- Entities controlled by Director/Relatives**
  - Biswanath Hosiery Mills Ltd.
  - J.M. Hosiery & Co. Ltd.
  - Rotex Intertrade Pvt. Ltd.
  - Chitragupta Sales & Services Pvt. Ltd.
  - Hollyfield Traders Pvt. Ltd.
  - Ebell Fashions Pvt. Ltd.
  - Jaytee Exports
  - P.G. Infometric Pvt. Ltd.

It is to be noted that Related party relationships are as identified by the company on the basis of available information.

The company's related party transactions during the year and the outstanding balances are as below:

(₹ in lacs)

Sl.	Nature of Transaction	Key Management Personnel		Relatives of Key Management Personnel		Associates controlled by Director/Relatives	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
1	<b>Sale of goods</b>						
	J.M.Hosiery & Co Ltd.	-	-	-	-	56.99	139.67
	Biswanath Hosiery Mills Ltd.	-	-	-	-	64.39	145.31
	Ebell Fashions Pvt. Ltd.	-	-	-	-	859.30	1,424.15
	<b>Total</b>	-	-	-	-	<b>980.68</b>	<b>1,709.12</b>
2	<b>Sale of Focus Licence</b>						
	Ebell Fashions Pvt.Ltd.	-	-	-	-	71.90	-
	<b>Total</b>	-	-	-	-	<b>71.90</b>	-
3	<b>Purchase of goods</b>						
	J.M.Hosiery & Co Ltd.	-	-	-	-	1,112.66	1,435.10
	Ebell Fashions Pvt. Ltd.	-	-	-	-	28.48	101.57
	Jaytee Exports	-	-	-	-	462.34	477.89
	Biswanath Hosiery Mills Ltd.	-	-	-	-	51.14	107.26
	<b>Total</b>	-	-	-	-	<b>1,654.62</b>	<b>2,121.82</b>



## Notes to Financial Statements for the year ended March 31, 2016 (Contd.)

## Notes to Financial Statements for the year ended March 31, 2016 (Contd.)

(₹ in lacs)

Sl.	Nature of Transaction	Key Management Personnel		Relatives of Key Management Personnel		Associates controlled by Director/Relatives	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
4	<b>Payment for services</b>						
	J.M.Hosiery & Co Ltd. – Agent Commission	-	-	-	-	5.92	6.02
	Biswanath Hosiery Mills Ltd.-Raising Charges	-	-	-	-	28.50	27.69
	Hollyfield Traders Pvt. Ltd.-Rent Paid	-	-	-	-	1.80	1.80
	P.G. Infometric Pvt. Ltd.-Rent	-	-	-	-	21.88	21.57
	P.G. Infometric Pvt. Ltd.-Data Processing	-	-	-	-	27.34	26.97
	<b>Total</b>	-	-	-	-	<b>85.44</b>	<b>84.04</b>
5	<b>Reimbursement of Expenses (Payment)</b>						
	J.M.Hosiery & Co Ltd. (Statutory Tax)	-	-	-	-	00.40	-
	<b>Total</b>	-	-	-	-	<b>00.40</b>	-
6	<b>Reimbursement of Expenses (Receipt)</b>						
	Ebell Fashions Pvt. Ltd. (Statutory Tax)	-	-	-	-	205.82	-
	<b>Total</b>	-	-	-	-	<b>205.82</b>	-
7	<b>Remuneration</b>						
	Ashok Kumar Todi	240.00	36.00	-	-	-	-
	Pradip Kumar Todi	240.00	36.00	-	-	-	-
	<b>Total</b>	<b>480.00</b>	<b>72.00</b>	-	-	-	-
8	<b>Royalty paid</b>						
	Biswanath Hosiery Mills Ltd.	-	-	-	-	5.00	5.00
	<b>Total</b>	-	-	-	-	<b>5.00</b>	<b>5.00</b>
9	<b>Salary</b>						
	Saket Todi	-	-	12.00	12.00	-	-
	Udit Todi	-	-	12.00	12.00	-	-
	Priyanka Todi	-	-	12.00	12.00	-	-
	Ajay Kumar Patodia (CFO)	-	-	15.00	12.00	-	-
	Pankaj Kumar Kedia (CS)	-	-	12.00	-	-	-
	Vinod Agarwal (CS)	-	-	-	9.00	-	-
	<b>Total</b>	-	-	<b>63.00</b>	<b>57.00</b>	-	-
10	<b>Interest paid</b>						
	Chitragupta Sales & Services Pvt. Ltd.	-	-	-	-	11.65	191.81
	Rotex Intertrade Pvt. Ltd.	-	-	-	-	21.19	209.80
	Biswanath Hosiery Mills Ltd	-	-	-	-	13.56	136.08
	Hollyfield Traders Pvt. Ltd.	-	-	-	-	7.56	133.09
	<b>Total</b>	-	-	-	-	<b>53.96</b>	<b>670.79</b>
11	<b>Loan received</b>						
	Chitragupta Sales & Services Pvt. Ltd.	-	-	-	-	1,596.00	1,436.00
	Rotex Intertrade Pvt. Ltd.	-	-	-	-	601.00	585.00
	Hollyfield Traders Pvt. Ltd.	-	-	-	-	904.75	120.00
	Ashok Kumar Todi	3,470.90	300.50	-	-	-	-
	Pradip Kumar Todi	3,032.00	3,737.12	-	-	-	-
	<b>Total</b>	<b>6,502.90</b>	<b>4,037.62</b>	-	-	<b>3,101.75</b>	<b>2,141.00</b>

(₹ in lacs)

Sl.	Nature of Transaction	Key Management Personnel		Relatives of Key Management Personnel		Associates controlled by Director/Relatives	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
12	<b>Loan repayment</b>						
	Chitragupta Sales & Services Pvt. Ltd.	-	-	-	-	1,440.17	5,380.18
	Rotex Intertrade Pvt. Ltd.	-	-	-	-	866.45	2,837.70
	Hollyfield Traders Pvt. Ltd.	-	-	-	-	710.62	1,907.31
	Biswanath Hosiery Mills. Ltd.	-	-	-	-	13.36	1,592.76
	Ashok Kumar Todi	1,668.29	270.44	-	-	-	-
	Pradip Kumar Todi	3,101.64	297.37	-	-	-	-
	<b>Total</b>	<b>4,769.93</b>	<b>567.82</b>	-	-	<b>3,030.60</b>	<b>11,717.95</b>
13	<b>Advance Against Cloth (Repayment)</b>						
	Biswanath Hosiery Mills Ltd	-	-	-	-	-	5.00
	<b>Total</b>	-	-	-	-	-	<b>5.00</b>
14	<b>Advance Against Land (Repayment)</b>						
	Chitragupta Sales & Services Pvt. Ltd.	-	-	-	-	-	640.00
	<b>Total</b>	-	-	-	-	-	<b>640.00</b>
15	<b>Guarantees and collaterals issued</b>						
16	<b>Provision for doubtful debts amount written off and written back</b>						
17	<b>Outstanding as at 31st March</b>						
	<b>(a) Sundry creditors</b>						
	Jaytee Exports	-	-	-	-	-	66.04
	P.G. Infometric Pvt. Ltd.	-	-	-	-	-	3.97
	Biswanath Hosiery Mills Ltd.	-	-	-	-	45.70	13.11
	J.M. Hosiery & Co Ltd.	-	-	-	-	230.12	287.35
	Hollyfield Traders Pvt. Ltd.-Rent	-	-	-	-	1.40	1.60
	Ebell Fashions Pvt. Ltd.	-	-	-	-	84.14	55.69
	<b>Total</b>	-	-	-	-	<b>361.36</b>	<b>427.76</b>
	<b>(b) Unsecured loans</b>						
	Chitragupta Sales & Services Pvt. Ltd.	-	-	-	-	199.19	31.70
	Rotex Intertrade Pvt. Ltd.	-	-	-	-	224.33	468.59
	Hollyfield Traders Pvt. Ltd.	-	-	-	-	314.04	112.36
	Biswanath Hosiery Mills Ltd	-	-	-	-	160.47	160.26
	Ashok Kumar Todi	2,288.72	486.11	-	-	-	-
	Pradip Kumar Todi	4,088.53	4,158.17	-	-	-	-
	<b>Total</b>	<b>6,377.25</b>	<b>4,644.28</b>	-	-	<b>898.03</b>	<b>772.91</b>
	<b>(c) Sundry Debtors /Advance Recoverable in cash or value to be received</b>						
	J.M. Hosiery & Co Ltd.	-	-	-	-	853.40	1,390.41
	Ebell Fashions Pvt. Ltd.	-	-	-	-	517.27	800.49
	Biswanath Hosiery Mills Ltd.	-	-	-	-	31.47	14.95
	P.G. Infometric Pvt. Ltd.	-	-	-	-	34.68	-
	Jaytee Exports	-	-	-	-	9.70	-
	<b>Total</b>	-	-	-	-	<b>1,446.52</b>	<b>2,205.85</b>
	<b>(d) Security Deposit</b>						
	P.G. Infometric Pvt. Ltd.	-	-	-	-	25.00	25.00



## Notes to Financial Statements for the year ended March 31, 2016 (Contd.)

## Notes to Financial Statements for the year ended March 31, 2016 (Contd.)

**31. Segment Reporting**

The Company has only one business segment viz. manufacturing and sales of knitwear, which is treated as the primary segment by the Company. As stated in Note no. 1(p) based on a legal opinion and Management discussion and analysis, the company believes that its business activity falls in a single business and geographical segment and having no reportable segments. However, to provide full information to the stakeholders, the management of the company has provided additional information in respect of Geographical Segment as per below :

(₹ in Lacs)

Sl.No.	Particulars	As at March 31, 2016	As at March 31, 2015
1	<b>Segment Revenue</b>		
	-Within India	83,769.14	79,458.37
	-Outside India	10,317.40	11,438.07
	<b>Total</b>	<b>94,086.54</b>	<b>90,896.44</b>
2	<b>Segment Assets</b>		
	-Within India	58,273.82	57,079.53
	-Outside India	1,582.25	2,127.24
	<b>Total</b>	<b>59,856.07</b>	<b>59,201.77</b>
3	<b>Capital Expenditure</b>		
	-Within India	2,385.00	3,417.22
	-Outside India	-	-
	<b>Total</b>	<b>2,385.00</b>	<b>3,417.22</b>

**32. Auditor's Remuneration includes**

Particulars	2015-16	2014-15
Audit fees (including transfer pricing audit and Vat audit fees)	6.60	6.18
Income Tax Matter	5.72	5.92
Reimbursement of Service Tax	0.09	-
<b>Total</b>	<b>12.41</b>	<b>12.10</b>

33. Based on the information available with the company, the balance due to micro and small enterprises as defined under the MSMED Act, 2006 in the current year is ₹ 0.91 lacs ( Previous Year ₹ 0.55 lacs) and no interest during the year has been paid or is payable under the terms of MSMED Act, 2006.

The above information has been complied in respect of parties to the extent to which they could be identified as Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 on the basis of information available with the Company. This has been relied upon by the auditors.

**34. The details relating to Corporate Social Responsibility (CSR) expenditure are as follows**

(₹ in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Gross amount required to be spent by the Company during the year	90.36	64.79
Amount Spent during the year for the purpose other than construction/ acquisition of asset	98.11	65.39

**35. Gratuity benefit plans**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Company has not funded the scheme.

(a) The following table summarizes the components of the net benefit expenses recognized in the profit and loss account and amounts recognized in the balance sheet for respective plans.

(₹ in Lacs)

Particulars	Gratuity	
	As at March 31, 2016	As at March 31, 2015
Present Value of Obligation at the beginning of the year	111.40	83.63
Current Service Cost	29.65	26.36
Interest Cost	9.97	7.80
Net Actuarial Losses / (Gain)	(9.55)	3.41
Benefit Paid	4.26	9.80
Present Value of Obligation at the end of the year	137.21	111.40

The Provision for Gratuity is charged to the Statement of Profit and Loss and same is shown in Note No. 24 of the Notes to Accounts.

(b) Principle assumptions used in the determining gratuity obligation for the Company are shown below:

Particulars	As at March 31, 2016	As at March 31, 2015
Discount Rate	8.00%	8.00%
Rate of increase in Salaries	6.00%	5.00%
Expected average remaining working lives of employees (years)	24.03%	22.07%
Withdrawal rates	Varying between 8% p.a. and 1% p.a. depending on duration and age of the employees	



## Notes to Financial Statements for the year ended March 31, 2016 (Contd.)

## Notes to Financial Statements for the year ended March 31, 2016 (Contd.)

(c) Amount recognized in Current year and previous four years is as follows:

(₹ in Lacs)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Present value of obligation as at the beginning	111.40	83.63	62.50	45.28	36.83
Current Service cost	29.65	26.36	21.27	13.97	9.44
Interest cost	9.97	7.80	6.58	4.85	3.28
Total Expenses recognized in P/I account	30.07	37.56	22.46	17.82	9.96
Actuarial (gain) /loss during the year	(9.55)	3.41	(5.39)	(1.00)	(2.76)
Actual benefit paid	4.26	9.80	1.33	0.60	1.51
Present value of obligation as at the end	137.21	111.40	83.63	62.50	45.28
Fair value of plan assets	-	-	-	-	-
Liability recognized in Balance Sheet	137.21	111.40	83.63	62.50	45.28

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

d) The Company has recognized the following amount (Employers Contribution) as an expenses and included "Contribution to provident and other Funds"

(₹ in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Contribution to Provident/ Pension funds	47.90	36.74

### 36. Particulars of Unhedged foreign currency exposure as at the Balance Sheet date

	As at March 31, 2016	As at March 31, 2015
	US \$ / INR EQUIVALENT	US \$ / INR EQUIVALENT
Amount Receivable in Foreign currency on account of the following:		
Trade Receivables	US\$ 23.91 Lacs	US\$ 34.13 Lacs
	INR 1,582.25 Lacs	INR 2,127.24 Lacs

### 37. Disclosures pursuant to Section 186 of the Companies Act, 2013

(₹ in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
a) Loans and advances in the nature of loan to others	-	-
i) Loan to Frontiers Warehousing Pvt. Ltd	-	-
Balance at the year end	-	-
Maximum amount outstanding at any time during the year	100.00	-
It is repayable over a period of one year and carries rate of interest of 15%.	-	-
ii) Loan/ advance to Jalan and Sons	-	-
Balance at the year end	26.52	-
Maximum amount outstanding at any time during the year	26.52	-
It is repayable over a period of one year and carries rate of interest of 12%.	-	-
iii) Loan to West Bengal Hosiery Park Infrastructure Ltd	-	-
Balance at the year end	0.40	-
Maximum amount outstanding at any time during the year	1,800.00	-
It is repayable over a period of one year and carries rate of interest of 9%.	-	-

Note: It was informed that such loan was utilized for working capital requirements.

b) Investment by the Company in the shares of the another company.

The Company has not made any investments in the shares of the another company during the year.

### 38. Particulars in respect of sales

Class of goods	Value (₹ in lacs)	
	2015-16	2014-15
Knitwear	92,980.09	89,710.44

### 39. Details of finished stock

Class of goods	Value (₹ in lacs)	
	2015-16	2014-15
i) Opening stock		
Knitwear	7,655.82	4,981.96
ii) Closing stock		
Knitwear	9,143.36	7,655.82



## Notes to Financial Statements for the year ended March 31, 2016 (Contd.)

## Notes to Financial Statements for the year ended March 31, 2016 (Contd.)

## 40. Details of Finished Goods Purchased

Class of goods	Value (₹ in lacs)	
	2015-16	2014-15
Knitwear	1,646.06	1,993.41

## 41. Particulars about Work in Progress

Class of goods	Value (₹ in lacs)	
	2015-16	2014-15
Fabrics	8,123.16	8,213.33

## 42. Details of raw materials consumed during the year

Class of goods	Value (₹ in lacs)	
	2015-16	2014-15
Yarn	20,601.79	25,401.01
Fabric	11,895.15	14,426.29
Packing material & Others	12,744.66	10,953.63
<b>Total</b>	<b>45,241.60</b>	<b>50,780.93</b>

## 43. Value of imported and indigenous raw materials and spares consumed and percentage of each to total consumption :

Class of goods	Percentage		Value (₹ in lacs)	
	2015-16	2014-15	2015-16	2014-15
<b>(a) Raw materials</b>				
Imported	-	-	-	-
Indigenous	100.00	100.00	45,241.60	50,780.92
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>45,241.60</b>	<b>50,780.92</b>
<b>(b) Stores and spares</b>				
Imported	30.67	4.50	31.37	4.08
Indigenous	69.37	95.50	71.03	86.69
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>102.40</b>	<b>90.77</b>

## 44. Value of imports during the year on C.I.F. basis

(₹ in Lacs)

Class of goods	2015-16	2014-15
Raw materials	Nil	Nil
Capital goods	556.69	249.04

## 45. Earning in foreign currency :

(₹ in Lacs)

	2015-16	2014-15
Direct Export of goods at FOB value	10,264.08	11,378.60

## 46. Expenditure in foreign currency :

	2015-16	2014-15
(a) Travelling expenses	176.89	30.38
(b) Business Convention	Nil	30.09
(c) Agent Commission	177.64	270.43
<b>Total</b>	<b>354.53</b>	<b>330.90</b>

47. Balances of some parties (including Trade receivables and Trade payables) and loans and advances are subject to reconciliation/ confirmations from the respective parties. The management does not expect any material differences affecting the financial statement for the year.

48. Previous year figures have been recast/ regrouped whenever necessary to conform to the current year presentation.

As per our report of even date attached.

**For Sanjay Modi & Co.**  
Chartered Accountants  
Firm Reg No. 322295E

**CA Prodyat Chaudhuri**  
Partner  
Membership No. 065401

Kolkata  
May 25, 2016

For and on behalf of the Board

**Ashok Kumar Todi**  
Chairman

**Ajay Kumar Patodia**  
Chief Financial Officer

**Pradip Kumar Todi**  
Managing Director

**Pankaj Kedia**  
Company Secretary



## NOTES

# CORPORATE INFORMATION

### Chairman

Mr. Ashok Kumar Todi

### Managing Director

Mr. Pradip Kumar Todi

### Directors

Smt. Prabha Devi Todi

Mr. Nandanandan Mishra

Mr. Kamal Kishore Agrawal

Mr. Snehasish Ganguly

### Company Secretary

Pankaj Kumar Kedia

### Registrar & Share Transfer Agents

Karvy Computershare Private Limited

"Karvy House" 48, Avenue 4,

Street No. 1, Banjara Hills

Hyderabad – 500034

E-mail: mailmanager@karvy.com

### Auditors

M/s Sanjay Modi & Co.

Chartered Accountants

46, Bipin Behari Ganguly Street,

1st Floor, Room No. 9

Kolkata – 700012

### Bankers

Allahabad Bank

Park Street Branch

State Bank of India

Overseas Branch, Strand Road

Corporation Bank

HB Sarani Branch

Canara Bank

Lower Circular Road Branch

Central Bank Of India

N S Road Branch

### Registered Office

Lux Industries Limited

39, Kali Krishna Tagore Street, Kolkata – 700007

Phone: +91-33-2259 8155,

Fax: ++91-33-4001 2001

### Corporate Office

P.S. Srijan Tech Park, DN -52, Sector-V,

10th Floor, Salt Lake City, Kolkata – 700091

Phone: +91-33-4040 2121

Fax: +91-33-4001 2001

E-mail: investors@luxinnerwear.com

Website: www.luxinnerwear.com