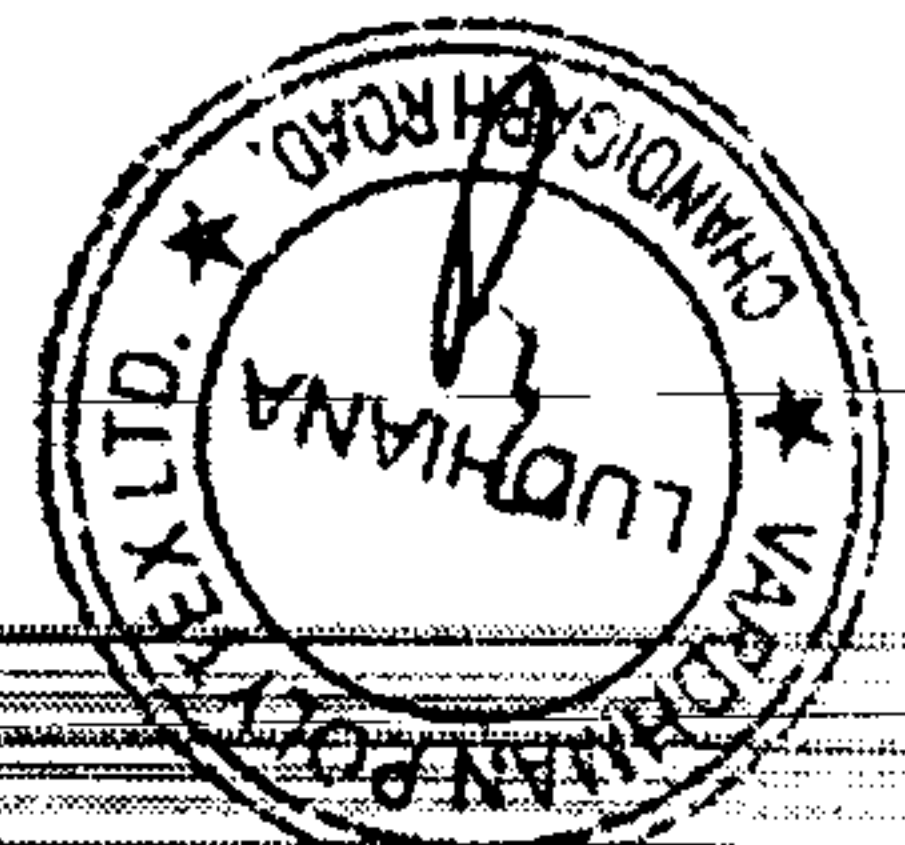
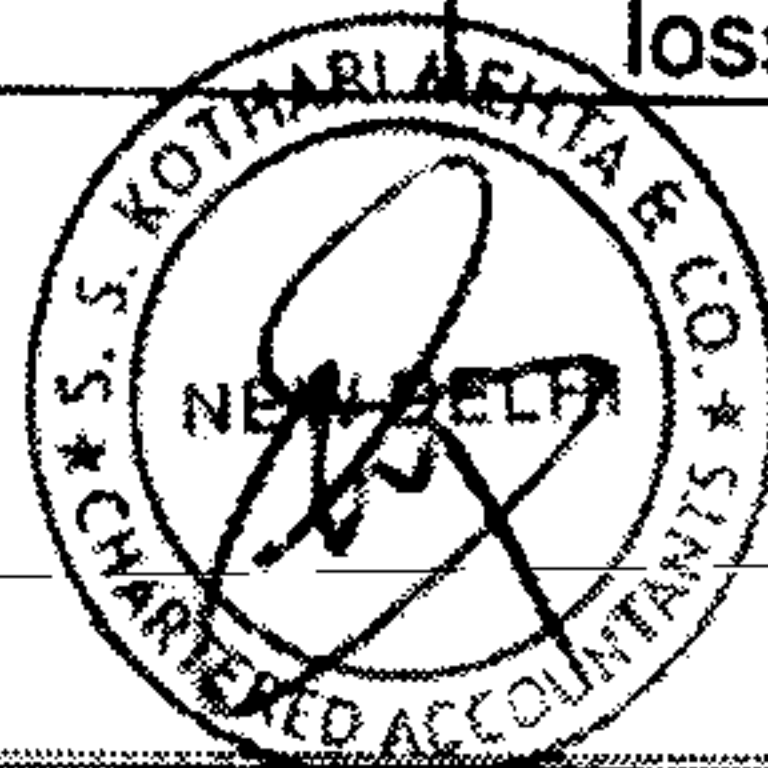


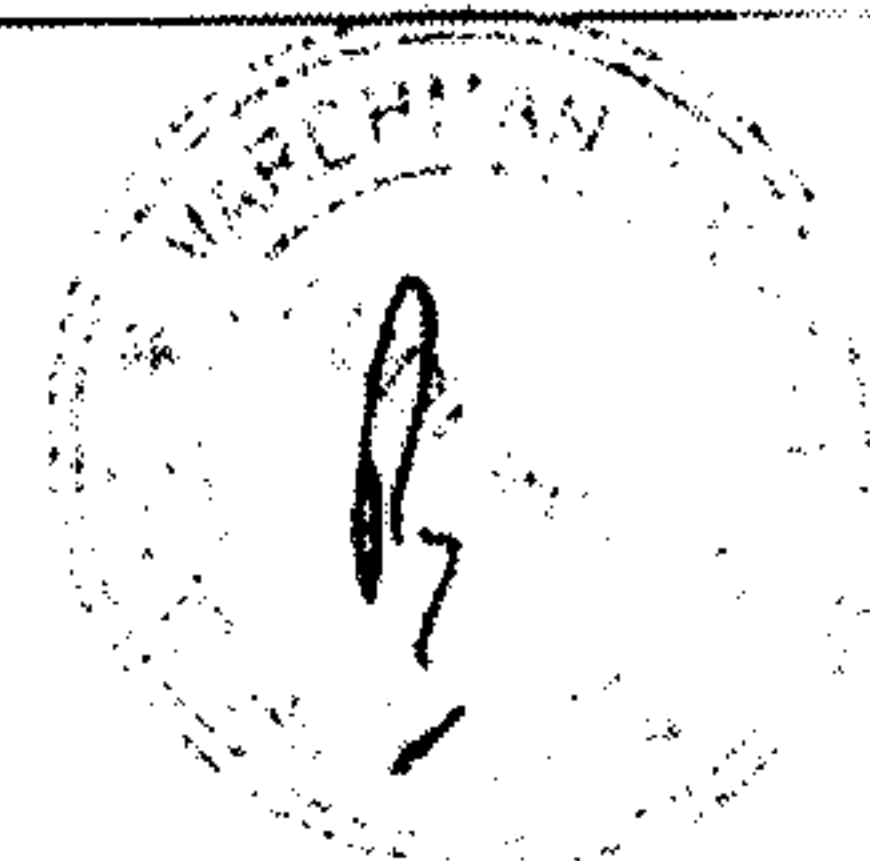
FORM B

(Format of covering letter of the annual audit report to be filed with the stock exchanges)

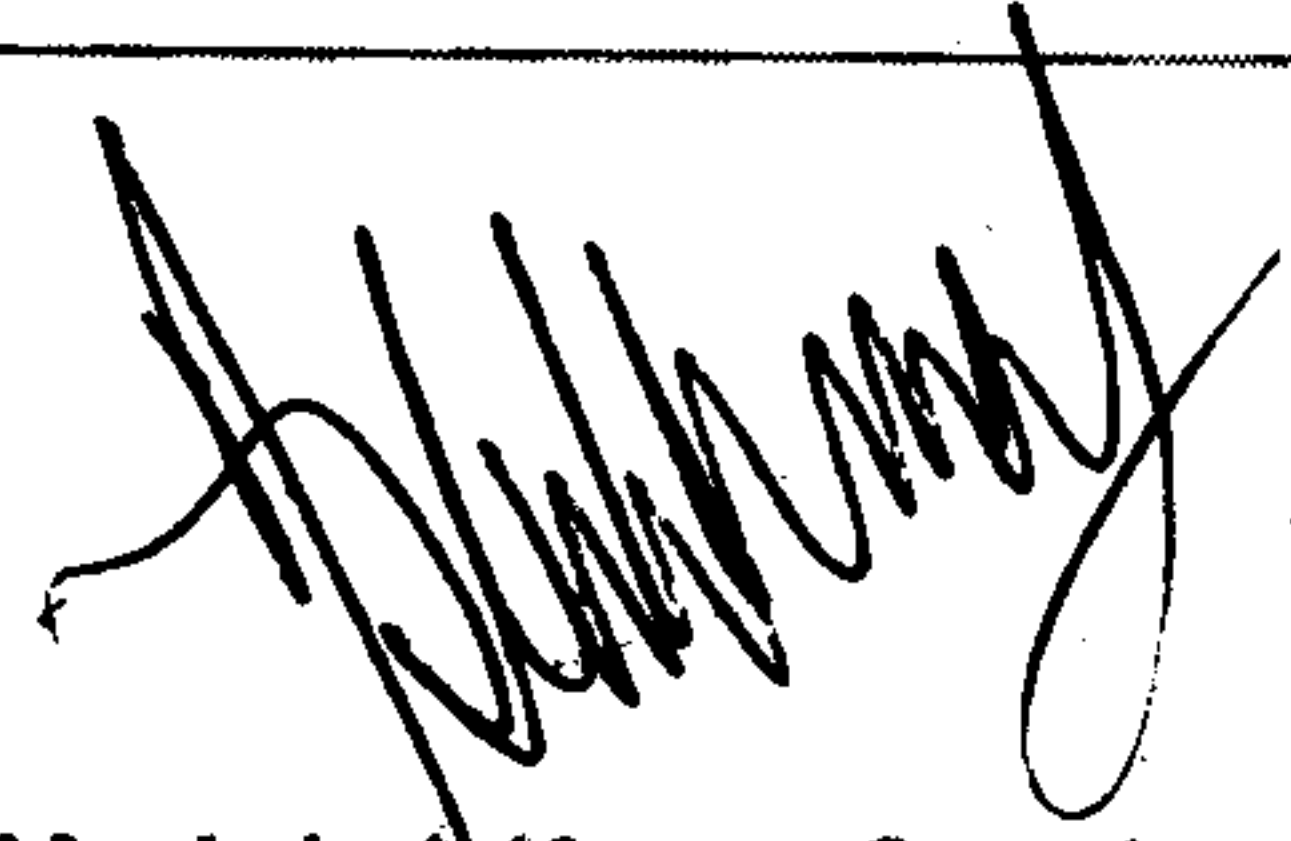
1.	Name of the Company	VARDHMAN POLYTEX LIMITED
2.	Annual financial statements for the year ended	31ST MARCH, 2015
3.	Type of Audit qualification	Qualified
4.	Frequency of qualification	Point No. (b) and (d) given below is continues as last year
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification and observations in the directors report:	<p>Standalone Auditor's Report</p> <p>a) The variance with Accounting Standard (AS-2) 'Valuation of Inventories' and Accounting Standard (AS-10) 'Accounting for Fixed Assets' relating to Real Estate Business, resulted in overstating the reserves, current assets, revenue and of cost of development. (Auditor's Report Point No. 1 on Page No. 27 of Annual Report and Consolidated Auditor's Report qualification on Page No. 58 of Annual Report)</p> <p>The land price has been assessed by the management. The difference between book value and assessed price was transferred to capital reserve, while conversion of land into stock in trade. The capital reserve thus created, will be transferred to the Statement of Profit & Loss in proportion of revenue recognized under the percentage of completion method on entering into an agreement to sales on year to year basis, thus showing actual profit earned on sale of real estate.</p> <p>b) No provision has been made for other than temporary diminution in the value of investment in one of the subsidiary company, F.M. Hammerle Textiles Limited. (Auditor's Report Point No. 2 on Page No. 27 of Annual Report)</p> <p>We state that in view of continuous losses suffered by the company i.e. F.M. Hammerle Textiles Limited which has eroded 100% of the share capital, the company falls under "Sick Company" under the Sick Industrial and Companies (Special Provisions) Act (SICA) of 1985 and is filing an application to the Board for Industrial and Financial Reconstruction (BIFR).</p> <p>c) Observation that the company has incurred cash losses in the current financial year but not in the</p>



		<p>immediately preceding financial year. (Auditor's Report Point No. viii on Page No. 29 of Annual Report and Consolidated Auditor's Report Point No. viii on Page No. 61 of Annual Report)</p> <p>We state that the loss incurred during the year is due to volatility in the yarn market which is temporary business phase. The management has initiated steps to control cost and efficient/judicious resource utilization, which will help to improve the margins.</p> <p>d) Observation in respect to default in repayment of dues to financial institutions/ banks in respect of various loans and interest. (Auditor's Report Point No. ix on Page No. 29 of Annual Report and Consolidated Auditor's Report Point No. ix on Page No. 61 of Annual Report)</p> <p>We state that the Vardhman Polytex Ltd, is regular in meeting its obligations since January, 2015.</p> <p>However, in F.M. Hammerle Textiles Ltd, due to financial stress, the delay has happened. Further, the company is making application to BIFR.</p> <p>Consolidated Auditor's Report The explanation, of qualifications/observations which are also common in consolidated auditor's report, has been provided above, except observation in point no (xii) regarding 'a fraud committed by canteen contractor in a subsidiary – F.M. Hammerle Textiles Ltd'. (Consolidated Auditor's Report Point No. xii on Page No. 61 of Annual Report)</p> <p>We state that the company i.e. F.M. Hammerle Textiles Ltd has initiated the appropriate civil and/ criminal legal proceeding against the contractor and others for the recovery of the amount assessed.</p> <p>Other points of Auditors' Reports on the Accounts of the Company for the year under review are self-explanatory and require no comments.</p>
6.	Additional comments from the board/audit committee chair:	NIL



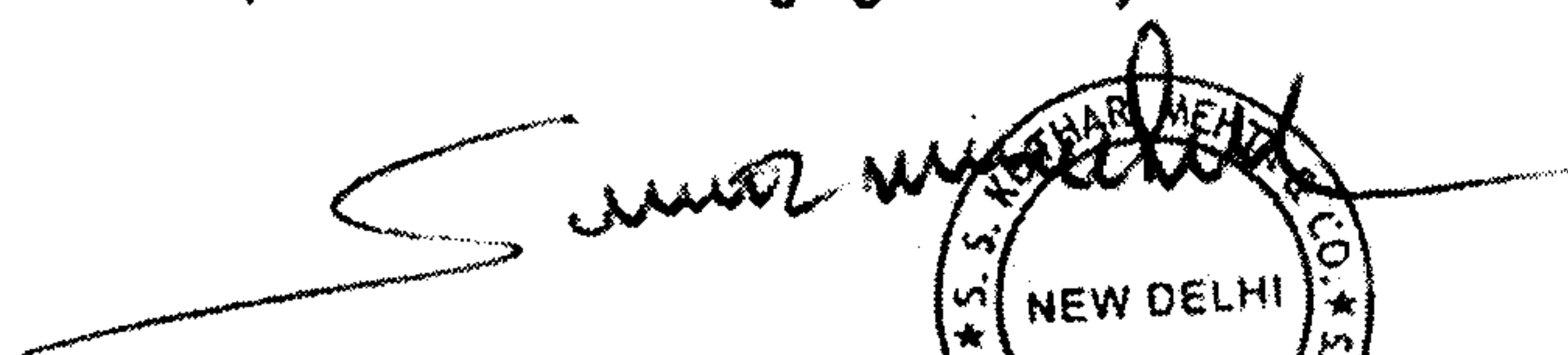
7.	Signature-	
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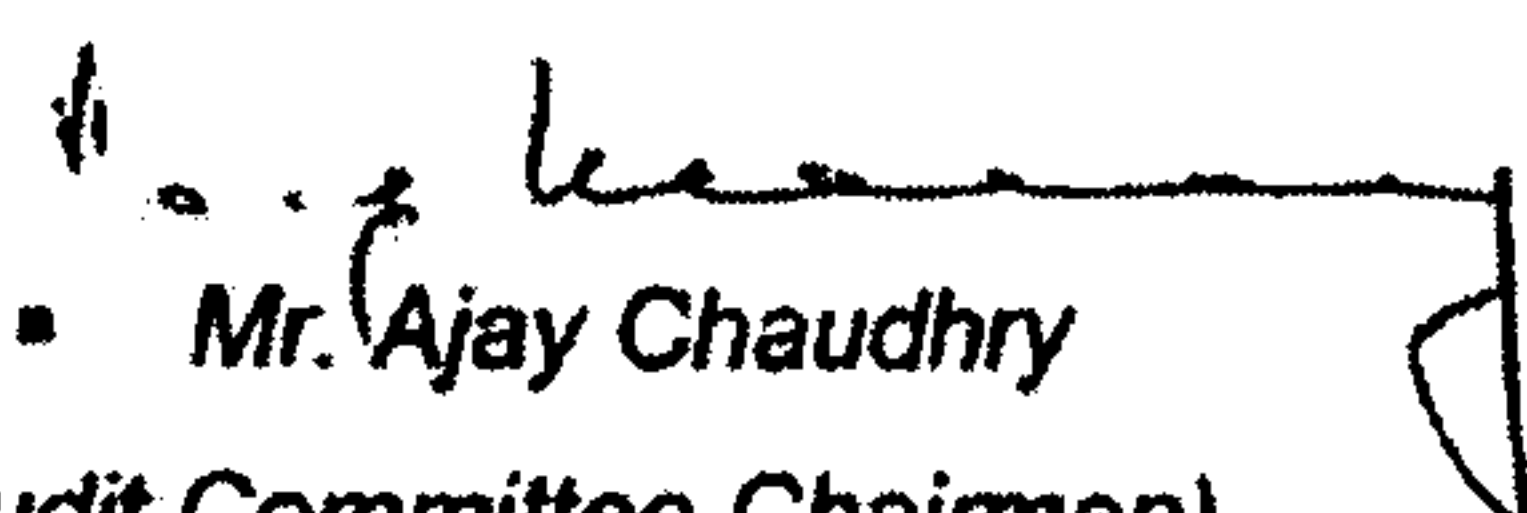
▪ Mr. Ashok Kumar Oswal
(Chairman & Managing Director)



▪ Mr. Parvinder Singh
(Chief Financial Officer)



• Sushil Wahal
- Partner
• Membership No - 087294
▪ M/s S S Kolhati Mehta & Co.
(Statutory Auditors)

▪ Mr. Ajay Chaudhry
(Audit Committee Chairman)

Place: Ludhiana
Date: 25th May, 2015



35th ANNUAL REPORT 2014-15
VARDHMAN POLYTEX LIMITED

Message from Chairman & Managing Director



Dear Stakeholders,

I am pleased to share with you performance of your company during the year 2014-15. Despite global and domestic challenges faced by the textile industry as a whole, your company registered a net operating revenue of ₹ 942.41 crores, a marginal increase against ₹ 922.72 crores of last year. As a result of pressure on profit margins, the company was able to generate an EBIDTA of ₹ 82.62 crores only during the year as against ₹ 107.75 crores in the previous year.

The volatility in the cotton prices in conjunction with low demand and unremunerative prices of yarn squeezed the margins significantly. Regional imbalance in taxation structure/incentives within the country also had significant impact on margins. Although we have a net loss during the year yet we remain committed to creating value for our stakeholders through our untiring efforts towards consistent product quality, development of value added products, cost optimization and broadening of customer base.

The relative slowdown in the past two years has been universal affecting all industries in general and spinning/textile in particular. The growth of Indian economy during the current year is projected between 7% to 8% (as per revised method) compared with global projected growth of 3% to 4%. The new 'Make In India' campaign by the Indian Government and also invitation to foreign investors to invest in India, will hopefully help improving the economy and business sentiment.

The company received a warm response to its maiden real estate project "Vardhman Park" at Ludhiana even in the face of sluggish demand conditions. This project supported in meeting our financial obligations and maintain liquidity at somewhat comfortable level.

The current year 2015-16 appears to be quite challenging until the arrival of new crop in October. There is uncertainty in the market so far as demand and price level for yarn is concerned. Cost controls and efficient/judicious resource utilization will only help to improve the bottom line.

I express my sincere thanks to all Banks, business associates, employees and all other stakeholders for their continued support.

Sincerely



Ashok Kumar Oswal
Chairman & Managing Director

Message from Executive Director



Dear Stakeholders,

“Resilience in the face of headwinds”.

Vardhman Polytex Limited's broad operating footprint, a determined self-help agenda and a focus on differentiated products and services, enabled the Company to deliver a resilient performance against considerable headwinds in 2014. The financial year 2014-15 remained tough for the spinning sector with lackluster demand and volatility in cotton prices which were not commensurate with the yarn prices through most part of the year. Besides uncertain Chinese policy on cotton and erratic domestic & overseas demand, considerable concessions to the sector by some State Governments added fuel to the fire. The sustainability in the competitive market has become a challenge for the Northern spinners in the absence of level playing field.

To set off the impact of uncontrollable external environment/factors, the company has been endeavoring to embark on certain model of internal optimization and rationalization. Product differentiation, consistent quality, cost optimization and prudent utilization of key resources will only help in generating sustainable margins. It would be essential to expose to strategies/model for value added product basket, niche market penetration, broader customer base and highly efficient production facilities to maintain or improve the top and bottom line of the business.

Your company got an excellent response to its historical initiative of real estate infrastructure project, a residential and commercial project titled 'Vardhman Park' at Ludhiana. Your company is in the process of developing different models of built up spaces to add value to the said project which shall help in improving the customer base, margins and above all, goodwill of the Group.

It gives me immense pleasure to share with you all that a very critical CDR condition of WCTL has also been met in this financial year, a big milestone towards our debt reduction spree.

The volatility and uncertainty in global markets makes it difficult to provide profit guidance for the year ahead. However, the Company does not expect a significant improvement in the markets, reinforcing the requirement for the Company to achieve its transformation objectives.

I express my sincere thanks to all the Banks, business associates, employees and all other stakeholders for their continued support.

Sincerely



Adish Oswal
Executive Director

BOARD OF DIRECTORS

Mr. Ashok Kumar Oswal
Mr. Adish Oswal
Mr. Ashok Kumar Goyal
Dr. Balbir Singh Bhatia
Mr. Ajay Chaudhry
Mr. Manohar Dattatraya Kanitkar
Mrs. Rakhi Oswal

– Chairman & Managing Director
– Executive Director
– Executive Director
– Independent Director
– Independent Director
– Independent Director
– Director

CHIEF FINANCIAL OFFICER

Mr. Parvinder Singh

COMPANY SECRETARY

Mr. Sushil Sharma

STATUTORY AUDITORS

M/s S. S. Kothari Mehta & Co., New Delhi

BANKERS

Canara Bank	State Bank of India
State Bank of Patiala	Punjab National Bank
Corporation Bank	Bank of India
Axis Bank Ltd.	Bank of Baroda
Bank of Maharashtra	Punjab & Sind Bank
United Bank of India	Allahabad Bank
Jammu and Kashmir Bank	Andhra Bank

WORKS

- Vardhman Polytex Limited, Badal Road, Bathinda - 151 005
- Vinayak Textile Mills (Spinning Unit), D-295/1, Phase VIII, Focal Point, Ludhiana - 141 010
- Vinayak Textile Mills (Dyeing Unit), D-295/1, Phase VIII, Focal Point, Ludhiana - 141 010
- Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh - 174 101(HP)
- Amkryon International, Phase VIII, Focal Point, Ludhiana - 141 010
- Vardhman Park, Chandigarh Road, Ludhiana - 141 123

REGISTRAR & SHARE TRANSFER AGENT

M/s Alankit Assignments Limited
1E/13, Alankit Heights,
Jhandewalan Extension,
New Delhi - 110 055
Phones : +91-11-42541234, 23541234
Fax: +91-11-41543474

REGISTERED & CORPORATE OFFICE

Vardhman Park, Chandigarh Road,
Ludhiana - 141 123
Phones : +91-161-2685301-05, 6629888, 6629990
Fax : +91-161-6629988
E-mail: vpl.sect@oswalgroup.com
Website: www.oswalgroup.com
CIN: L17122PB1980PLC004242

ADMINISTRATIVE & BRANCH OFFICE

305, Ansal Bhawan, 16, K.G. Marg,
New Delhi - 110 001
Phones : +91-11-23311582, 23312478
Fax: +91-11-23312477

BRANCH OFFICE

B/31/5436, St. No. 0, Vishwkarma Nagar,
Tajpur Road, Ludhiana - 141 008

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NOTICE

NOTICE is hereby given that the 35th Annual General Meeting of the members of Vardhman Polytex Limited ('the Company') will be held on **Tuesday, the 29th day of September, 2015 at 11:00 a.m.** at the Registered Office of the Company situated at Vardhman Park, Chandigarh Road, Ludhiana-141123 to transact the following business :-

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a) the Audited Financial Statements of the Company for the financial year ended 31st March, 2015, together with the Report of Auditors and Board of Directors thereon; and
 - b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2015, together with the Report of Auditors thereon.
2. To appoint a Director in place of Mr. Adish Oswal (DIN-00009710), who retires by rotation and being eligible, offers himself for re-appointment.
3. **To ratify the appointment of Statutory Auditors of the Company**
To consider and if thought fit, to pass, with or without modification(s), the following resolution as an 'Ordinary Resolution':

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with rules made there under, the appointment of M/s. S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi (Firm Registration No. 000756N) be and is hereby ratified at 35th Annual General Meeting (AGM) to conduct the statutory audit of the Company for the financial year ended 31st March, 2016 (who were appointed as the Statutory Auditors of the Company for a term of consecutive three years starting from conclusion of 34th AGM till the conclusion of 37th AGM) at such remuneration as may be decided by Board of Director of the Company."

SPECIAL BUSINESS:

4. **To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2016**
To consider and if thought fit, to pass, with or without modification(s), the following resolution as an 'Ordinary Resolution':

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made there under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Ramanath Iyer & Company, New Delhi appointed as Cost Auditors, by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016, be paid the remuneration of ₹ 80,000/- plus service tax, travel and actual out-of-pocket expenses.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board

Place: Ludhiana
Date : 25th May, 2015

Sd/-
(Sushil Sharma)
Company Secretary
(FCS-6535)

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy, in order to be effective, must be received by the company not less than 48 hours before commencement of the meeting. The blank proxy form is enclosed.**

However, a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of items specified in special business and the information required pursuant to the Clause 49 of the Listing Agreement(s) regarding the directors seeking appointment/re-appointment in the Annual General Meeting are annexed hereto and both forms part of the Notice.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from **23.09.2015 to 29.09.2015 (Both days inclusive).**
4. The copies of relevant documents are open for inspection at the Registered Office of the Company on all working day between 10.30 A.M. to 12.30 P.M. upto the date of the Annual General Meeting.
5. Members desiring any information as regards to accounts are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.
6. Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Company/Registrar and Transfer Agent (RTA). However, members holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participant.
7. Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company/RTA of the Company.
8. Members are requested to bring their attendance slip along with their copy of Annual Report at Annual General Meeting.
9. In support of the Green Initiative, your Company proposes to send the documents like Notice calling the General Meetings and Annual Report containing Balance Sheet, Statement of Profit & Loss and Director's Report etc and other communications in electronic form.

We request you to update your email address with your Depository Participant/Company/RTA to ensure that the Annual Report and other communication reach you on your preferred email.
10. The Annual Report 2014-15 is being sent through electronic mode only to the members whose email addresses are registered with the Company/ Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2014-15 are being sent by permitted mode.
11. The unpaid/unclaimed dividend up to the financial year 2006-2007 has been transferred to Investor Education and Protection Fund (IEPF) of the Central Government. The members who have not claimed their dividend for the financial 2007-08 are

requested to make their claim to the Company. The information regarding unclaimed and unpaid amounts is available on the website of the Company i.e. www.oswalgroup.com

12. Voting Instructions:

- In compliance with provisions of Section 108 of the Companies Act, 2013 read with rules made there under and clause 35B of the Listing Agreement, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting through '**remote e-voting**' i.e. voting system from a place other than the venue of the Meeting.
- The facility for voting, through ballot paper, will also be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM, but shall not be entitled to cast their votes again.
- A person, holding shares in physical form or in dematerialised form as on the **cut-off date, i.e. 22nd September, 2015** shall only be entitled to avail the facility of remote e-voting / ballot paper.
- The remote e-voting period commences on **Saturday, 26th September, 2015 (9.00 A.M.) and ends on Monday, 28th September, 2015 (5.00 P.M.)**. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast and confirmed, shall not be altered subsequently.
- Mr Bhupesh Gupta of M/s B. K. Gupta & Associates, Practising Company Secretary has been appointed as the Scrutinizer to conduct, remote e-voting process and voting by ballot paper at AGM, in a fair and transparent manner.
- The Scrutinizer, after scrutinising the votes cast at the meeting (through Ballot) and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results along with the consolidated scrutinizer's report shall be placed on website of the Company i.e. www.oswalgroup.com and website of CDSL after the result is declared by the Chairman or any other person authorised by him and the same shall be communicated to the stock exchanges.
- Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 29th September, 2015.
- Steps for remote e-voting:**
 - Please log on www.evotingindia.com.
 - Click on **Shareholders**.
 - Now **Enter your User ID**
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - Next enter the Image Verification as displayed and Click on Login.

- If you are holding shares in demat form and had voted earlier through CDSL for any company, then your existing password is to be used.
- If you are a first time user, follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number, which shall be printed on the address slip, who receives physical copy and in the email, who receives electronically. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).

- After entering these details appropriately, click on "**SUBMIT**" tab.
- Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the **EVSN: 150817021 for Vardhman Polytex Limited**.
- On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "**YES/NO**" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) **Note for Non – Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xviii) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 22nd September, 2015 may follow the same instructions as mentioned above for e-Voting.
- (xix) In case you have any queries or issues regarding e-voting, you may refer **the Frequently Asked Questions ("FAQs")** and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

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

ITEM NO. 4

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Ramanath Iyer & Co., New Delhi, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company. Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2016. The Board commends the given resolution for your approval.

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

By Order of the Board

Place: Ludhiana
Date : 25th May, 2015

Sd/-
(Sushil Sharma)
Company Secretary
(FCS-6535)

Registered Office: Vardhman Park, Chandigarh Road, Ludhiana -141 123, Punjab (INDIA)
Ph: 0161-2685301-05, 6629888, 6629990, Fax: 6629988
Website:- www.oswalgroup.com, E-mail:-info@oswalgroup.com
CIN:- L17122PB1980PLC004242

INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT(S) REGARDING THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE AGM.

Name of the Director	Mr. Adish Oswal
DIN	00009710
Date of Birth	18.01.1980
Date of Appointment	31.07.2009
Expertise in specific functional area	Industrialist
No. of Shares held in VPL	4,20,511 Equity Shares
Qualification	Bachelor of Commerce
Directorships of other Companies as on 31 st March, 2015	1. F.M. Hammerle Textiles Ltd. 2. Allepy Invst. & Tdg. Co. (P) Ltd. 3. Oswal Infratech (P) Ltd. 4. Oswal Holding (P) Ltd. 5. Nightnagle Dealcom (P) Ltd. 6. Oswal Industrial Enterprises (P) Ltd. 7. Alma Assets Consultancy (P) Ltd.
Chairmanship / Membership of other Committees of Companies as on 31 st March, 2015	Member - Audit Committee F.M. Hammerle Textiles Ltd.
Relationship with other Directors	Relative of Mr. Ashok Kumar Oswal and Mrs. Rakhi Oswal

BOARD'S REPORT

Dear Shareholders,

The Directors of your Company are presenting 35th Annual Report on the affairs of the Company together with Audited Financial Statements of the Company for the year ended 31st March, 2015.

1. Financial Highlights

(₹ lac)

Particulars	2014-15	2013-14
Net Operating income	94,240.69	92,271.81
Operating Expenses	88,333.01	83,512.46
Profit/(Loss) before Depreciation, Interest & Tax & before exceptional items (PBDIT)	8,261.84	10,775.47
Depreciation	3,238.57	3,265.85
Finance Cost	7,255.20	7,177.39
Other Income	2,354.15	2,016.12
Profit/(Loss) before Tax & exceptional items	(2,231.94)	332.23
Exceptional Items	3,585.01	--
Profit/(Loss) before Tax	(5,816.95)	332.23
Tax Expenses	(2,936.74)	(145.28)
Profit/(Loss) after Tax	(2,880.20)	477.51
Earnings Per Share (EPS) (in ₹) (after exceptional items)		
- Basic	(14.02)	2.59
- Diluted	(14.02)	2.28

2. Business Performance

Your Directors are pleased to report the Company's business performance as follows:

Sales Revenue

During the year under review, net operating income of the Company was ₹ 94,240.69 lac as against ₹ 92,271.81 lac in 2013-14, registering a marginal increase of 2.09%. The FOB value of exports during the year has marginally decreased by 2.09% to ₹ 43,237.25 lac against ₹ 44,123.61 lac in 2013-14.

Profitability

During the year under review, the Company earned a profit before depreciation, interest & tax of ₹ 8,261.84 lac as against of ₹ 10,775.47 lac during the previous year. The Company has a net loss after tax of ₹ (2,880.20) lac during the current year against net profit of ₹ 477.51 lac in the previous year.

3. Management Discussion & Analysis Report

a) Industry structure and developments

India's textiles and garment industry is one of the significant contributing sectors to Indian economy in terms of direct and indirect employment generation and net foreign exchange earnings. Textile sector contributes about 14% to industrial production, 4% to the gross domestic product (GDP) and 27% to the country's foreign exchange inflows. It provides direct employment to over 45 million people and second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the economy of the nation.

The calendar year 2014 started with a low demand, falling yarn prices against high priced raw material

inventory and subdued sentiments which continued till almost end of the year. With the arrival of new cotton in October/November 2014 at affordable prices, there was parity between raw material and finished goods which helped in recovering profit margins.

Textile industry at international level, seems to be quite unpredictable and uncertain for various reasons including stagnant / diminishing demand as against increasing supply, Chinese policy on cotton, imports & currency and above all growing competition from some countries prominently Vietnam, Bangladesh, Cambodia, Thailand, Indonesia etc.

Recently the Government's initiatives towards sick textile units and funds allocation for developing textile cluster and Facilitation Centre heal confidence among the spinners. In addition, the campaign launched by the government intends to provide a further boost to the Indian textile industry and enable it to achieve growth in exports and domestic market. The campaign also focused on providing investment opportunities for foreign companies and entrepreneurs across the entire value chain of synthetics, value-added and specialty fabrics, fabric processing set-ups for all kinds of natural and synthetic textiles, technical textiles, garments and retail brands.

Real estate market has played a vital role in the Indian economy at least in the last about two decades. It is the fourth largest sector in the country in terms of foreign direct investment (FDI) inflows. FDI in the sector is estimated to grow to US\$ 25 billion in 10 years. Real estate contribution to India's gross domestic product (GDP) is estimated to increase to about 13% by 2028, on the back of increasing industrial activity, improving income level and urbanization.

Currently, the real estate segment is passing through a rough phase of its business cycle. The year 2014-15 was a bag full of mixed emotions and there was nothing much to excite the buyers, investors or the realtors, as a whole. There were many political changes that led to the amendments into otherwise hard and stringent policies. However, Union Budget 2014-15 has given hopes for this sector because this time it has brought in the much-needed relief for the Indian realty sector that may not only bring positivity for the domain/ sentiments but may also help hassle-free investments.

b) Opportunities and Threats

Opportunities:

- Government initiatives to boost textile industry.
- Make in India campaign.
- Scope for automation.
- Large overseas and domestic market.

Threats:

- Shortage of skilled labour.
- Ever increasing input cost i.e. power, finance & logistics.
- Volatile Government policies particularly for raw cotton.
- Regional imbalance in taxation/ incentives by States.
- Temporary phase of seemingly over supply.

c) Segment wise Performance

The Company has two segments i.e. Textile and Real estates. The segment wise performance during the year ended 31st March, 2015 is given below:

(₹ lac)

Particulars	Segment		
	Textile Business	Real Estate Business	Total
Net Revenue	93,073.36	1,167.33	94,240.69
Segment Result	(29.17)	906.98	877.81

d) Economic Scenario and Outlook

As per the IMF forecast, India is set to become the world's fastest growing major economy by 2016 ahead of China. India is expected to grow at 6.3 per cent in 2015, and 6.5 per cent in 2016 by when it is likely to cross China's projected growth rate.

In the global exports of Textiles, India has improved its ranking. To perform consistently at global level appears to be challenge for the textile sector due to varied reasons including Indian Government's policy on cotton/fibres, Chinese policy on cotton, erratic demand, currency fluctuations, high conversion & logistic costs and Trans-pacific partnership (TPP) agreement with Vietnam by US & other countries.

Considerable cash incentives doled out by certain States in the country to attract investment will hasten build up of capacities in spinning sector which may lead to oversupply and unhealthy competition, resulting into eroded profit margins.

In order to survive, sustain and thrive in the global market, it would be necessary to differentiate and improve presence in value added products in the near future. Further, Technical textile, which has been a thrust area for the Government, is expected to grow at a faster pace as compared to other textiles products. It would be prudent to be an early bird and earmark some investments for this area for better and sustainable profitability.

e) Management perception of Risk & concerns

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The main risks inter alia include strategic risk, operational risk, financial risk and compliances & legal risk. The fast technology obsolescence, high cost of manufacturing and irrational taxation are the major risk/ concerns of the business.

The Company has devised and implemented a mechanism for risk management and has developed a Risk Management Policy. The Policy provides for constitution of a Risk Management Committee, which consist directors and senior management personnel. The Company through a risk management committee oversees the Risk Management process including risk identification, impact assessment, effective implementation of the mitigation plans and risk reporting.

f) Internal control system & adequacy

Your Company has an adequate internal control system. There is a system of continuous Internal Audit

which aims at ensuring effectiveness and efficiency of systems and operations. The internal audit is conducted by external agency/professionals together with in-house Internal Audit Department lead by a qualified Chartered Accountants alongwith sufficient qualified & experienced staff. The scope of the Internal Audit is not limited to accounts only but includes operations, inventories, costing records, physical verifications of immovable and movable assets etc on regular basis.

The Audit Committee of the Board of Directors approves and reviews audit plans for the year based on internal risk assessment. Audits are conducted on an on-going basis and significant deviations are brought to the notice of the Audit Committee following which corrective action is recommended for implementation. All these measures facilitate timely detection of any irregularities and early remedial steps.

g) Financial Performance

• Resource utilisation

Fixed assets

The gross fixed assets as at 31st March, 2015 were ₹ 58,361.10 lac against ₹ 57,057.28 lac in the previous year. The Net block of assets as on 31st March, 2015 was ₹ 25,783.85 lac as against ₹ 28,322.86 lac in the previous year.

Current assets

Inventory levels as at 31st March, 2015 were ₹ 13,790.03 lac as against ₹ 9,219.17 lac in the previous year. The trade receivable as at 31st March, 2015 were ₹ 5,251.99 lac as against ₹ 6,595.01 lac in the previous year. Increase in current assets is due to conversion of land into stock in trade.

• Financial condition & liquidity

(₹ lac)

Particulars	2014-15	2013-14
Cash & cash equivalents		
Beginning of the year	1,437.33	2,703.32
End of the year	1,755.32	1,437.33
Net cash provided(used) by:		
Operating Activities	7,624.42	6,166.37
Investing Activities	132.59	(1,068.11)
Financial Activities	(7,439.02)	(6,364.27)

h) Human Resources Management

Your Company gives utmost importance to human resource. It considers "Human Resource as Human Capital" and believes in the development of Human Resource. The Company strongly believes in the Performance Management System and always tries to explore and tap high potential at the Group level to meet new challenges and competition. Our main tool is training and developing talent at various levels. Internal and external trainings are regularly organized for the development of the members/employees.

i) Safety, Health & Environment

The Company's top priority is safety, with regard to employment. It encourages safety measures at all operational levels, especially at floor level. Regular training programs are conducted to create awareness about the importance of safety at work. Medical Camps are organized periodically for welfare of the members. Additionally, regular medical facilities are also provided to them.

4. Share Capital

During the year under review, paid-up share capital of the company was increased from ₹ 19.82 crore to ₹ 22.29 crore by allotment of 24.73 lac equity shares of ₹ 10/- each at a premium of ₹ 45/- per share to the Promoters/ Promoter Group Company.

5. Redefined the address of Registered Office

During the year under review, the Board vide its resolution dated 31.03.2015 has redefined the address of registered office of the Company from 341-K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana-141123 to Vardhman Park, Chandigarh Road, Ludhiana-141123.

6. Dividend

The Board of Directors of your Company has not recommended any dividend for the financial year 2014-15.

7. Directors & Committees

During the financial year 2014-15, Mrs. Rakhi Oswal was appointed as Director of the Company w.e.f. 12.08.2014 being a woman director on the Board. Mr. Ajay Chaudhry, Mr. B. S. Bhatia, Mr. M. D. Kanitkar and Mr. Amit Jain were appointed as Independent Director for a term of five years upto 31.03.2019. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under clause 49 of the Listing Agreement and Section 149 of the Companies Act, 2013.

Mr. Ashok Kumar Oswal was re-appointed as Chairman and Managing Director of the Company and Mr. Adish Oswal as Executive Director of the Company w.e.f. 01.04.2015 for a period of three years with the approval of shareholders vide resolution dated 30.03.2015.

Mr. Adish Oswal, Director retires by rotation at this Annual General Meeting, and being eligible offers himself for re-appointment.

Mr. Ashok Kumar Oswal, Chairman and Managing Director, Mr. Parvinder Singh, Chief Financial Officer and Mr. Sushil Sharma, Company Secretary were designated as "Key Managerial Personnel" of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Remuneration Policy and Board Evaluation

Pursuant to the provisions of Companies Act, 2013 and clause 49 of the Listing Agreement, the Company has adopted Nomination & Remuneration Policy for Directors, KMP and Senior Management Personnel.

The independent directors in their meeting held on 27.12.2014, through discussion, evaluated the performance of non independent directors, Board, Managing Director and Executive Directors. The minutes of the said meeting were submitted to Chairman of the Company and also placed before the Board for their consideration. The Board has carried out annual performance evaluation of its own performance, the directors individually as well the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders' Relationship Committee. The Nomination & Remuneration Policy is enclosed as 'Annexure-I' and manner of evaluation of the Board is explained in Corporate Governance Report.

Board Meetings

During the year, 5 (Five) meetings of the Board of Directors were held. The details of the meetings are furnished in the Corporate Governance Report, which forms part of the directors' report.

Board's Committee composition

The composition of Audit Committee, Nomination and Remuneration Committee and other Board's Committee is furnished in the Corporate Governance Report, which forms part of the directors' report.

8. Corporate Social Responsibility

The Company has constituted a Corporate Social Responsibility (CSR) Committee consisting of Mr. Ashok Kumar Oswal (Chairman), Mr. Adish Oswal, Mr. Ashok Kumar Goyal, Mr. Ajay Chaudhry and Mrs. Rakhi Oswal as members of the Committee.

The Company has framed a CSR policy and the same has been available on the website of the Company **www.owalgroup.com**. As per the Policy, the Company considers CSR as social obligation, sustainability development, regulatory environment, human resource management, safety health & environment and a part of Corporate Governance. The projects/ programs to be undertaken under CSR are specified in the policy.

Due to average loss during preceding three financial years, the company is not falling under the criteria for spending the amount under CSR. Hence, reporting on CSR activities as per the provisions is not required /applicable.

9. Listing of securities

The Securities of the Company are listed on National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE). The Company has paid annual listing fee to exchanges for the year 2015-16. Further, Foreign Currency Convertible Bonds (FCCBs) of the company are listed at Singapore Exchange Securities Trading Ltd.

10. Subsidiaries, Associates and Joint Venture

The Company has two subsidiaries, namely F.M. Hämmerle Textiles Ltd (Formerly known as Oswal F.M. Hämmerle Textiles Ltd) and F.M. Hämmerle Verwaltungs GmbH, Austria, as on 31st March, 2015. There are no associate companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries.

The Company has published the audited consolidated financial statements for the financial year ended 31st March, 2015 and the same forms part of this Annual Report. Accordingly, the Annual Report does not contain the financial statements of our subsidiaries. As per the provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is annexed with this Annual Report.

The audited financial statements of these subsidiaries and the related information will be made available to any Member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection at the Registered Office of the Company/its subsidiaries.

Your Company divested its stake of 99.99% ownership in Oswal Industrial Enterprises Private Limited (OIEPL). Consequently, OIEPL ceased to be the subsidiary of the Company with effect from 31st March, 2015. Your Company continues to hold 1,000 equity shares of OIEPL.

11. Fixed Deposits

During the year, the Company has not accepted any fixed deposits. The fixed deposits invited/accepted earlier from the public have been paid during the year and there is no outstanding deposit as at 31st March, 2015.

12. Loans, Guarantees or Investments

The particulars of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 are given in the financial statements.

13. Company Petition

A petition has been filed by M/s Maschinen Umwelttechnik Transportanlagen GmbH, Austria (a shareholder in F.M. Hämmerle Textiles Ltd.) against the Company U/S 397, 398, 402 & 403 of the Companies Act, 1956 in the Hon'ble Company Law Board (CLB), Principal Bench, New Delhi. The said petition is pending at the Hon'ble CLB.

14. Directors' Responsibility Statement

Pursuant to Section 134 of the Act, the Directors state that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the profit and loss of the Company for the year ended 31st March, 2015;
- Proper and sufficient care has 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;
- The annual accounts have been prepared on a going concern basis;
- Proper internal financial controls were followed by the Company and such internal financial controls are adequate and were operating effectively;
- Proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

15. Corporate Governance

The Company has in place a comprehensive system of Corporate Governance. A separate report on Corporate Governance forms part of the Annual Report of the Company. A certificate from the auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

16. Related Party Transactions

All related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business. All Related Party transactions were placed before the Audit Committee for approval. The Audit Committee has granted omnibus approval for related party transactions as per the provisions and restrictions contained in the Listing Agreement. There was no material/significant transaction with the directors or the management, their subsidiaries or relatives etc. that have any potential conflict with interest of the Company at large read with details of transactions as disclosed in Notes on Accounts annexed in the Balance Sheet as per Accounting Standard (AS) -18. The Board has approved a policy for related party transactions which has been uploaded on the Company's website.

No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 is not applicable.

17. Prevention of Sexual Harassment at workplace

The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company has not received any compliant related to sexual harassment during the year 2014-2015.

18. Vigil Mechanism / Whistle Blower Policy

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behavior, the company has adopted a Vigil Mechanism Policy, which is available at Company's website. This brief contents of the policy are explained in corporate governance report.

19. Auditors

i) Statutory Auditors

M/s S.S. Kothari Mehta & Co. (Firm Registration No-000756N), Chartered Accountants have been appointed as statutory auditors of the Company at 34th Annual General Meeting held on 30.09.2014 for a period of three years subject to ratification by members at every consequent Annual General Meeting. Therefore, ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing Annual General Meeting.

ii) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Nesar & Associates, Practising Company Secretary, New Delhi to undertake the secretarial audit of the Company.

iii) Internal Auditors

M/s S C Vasudeva & Associates, Chartered Accountants performs the duties of internal auditors of the Company. The Company is also having full fledged internal audit department headed by qualified chartered accountant and supported by adequate qualified & experienced staff.

iv) Cost Auditors

The Board of Directors has appointed M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, as the Cost Auditors of the Company to conduct cost audit for the financial year ended 31st March, 2016. As per the requirement of Section 148 of the Companies Act, 2013, read with rules made there under, the remuneration to be paid to M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, for financial year 2015-16 is placed for ratification by the members at this Annual General Meeting.

20. Comments on Auditors' Report and Secretarial Auditors' Report

Auditors' Report

The Statutory Auditors of the Company have submitted Auditors' Report on the Accounts of the Company for the financial year ended 31st March, 2015. In their reports (standalone and consolidated), they have made certain qualifications/observations. The explanation/comments of the Board on the same are as under:

Standalone Auditor's Report

- a) The variance with Accounting Standard (AS-2) 'Valuation of Inventories' and Accounting Standard (AS-10) 'Accounting for Fixed Assets' relating to Real Estate Business, resulted in overstating the reserves, current assets, revenue and of cost of development.

The land price has been assessed by the management. The difference between book value and assessed price was transferred to capital reserve, while conversion of land into stock in trade. The capital reserve thus created, will be transferred to the Statement of Profit & Loss in proportion of revenue recognized under the percentage of completion method on entering into an agreement to sales on year to year basis, thus showing actual profit earned on sale of real estate.

- b) No provision has been made for other than temporary diminution in the value of investment in one of the subsidiary company, F.M. Hammerle Textiles Limited.

We state that in view of continuous losses suffered by the company i.e. F.M. Hammerle Textiles Limited which has eroded 100% of the share capital, the company falls under "Sick Company" under the Sick Industrial and Companies (Special Provisions) Act (SICA) of 1985 and is filing an application to the Board for Industrial and Financial Reconstruction (BIFR).

- c) Observation that the company has incurred cash losses in the current financial year but not in the immediately preceding financial year.

We state that the loss incurred during the year is due to volatility in the yarn market which is temporary business phase. The management has initiated steps to control cost and efficient/judicious resource utilization, which will help to improve the margins.

- d) Observation in respect to default in repayment of dues to financial institutions/banks in respect of various loans and interest.

We state that the Vardhman Polytex Ltd, is regular in meeting its obligations since January, 2015.

However, in F.M. Hammerle Textiles Ltd, due to financial stress, the delay has happened. Further, the company is making application to BIFR.

Consolidated Auditor's Report

The explanation, of qualifications/observations which are also common in consolidated auditor's report, has been provided above, except observation in point no (xii) regarding 'a fraud committed by canteen contractor in a subsidiary – F.M. Hammerle Textiles Ltd'.

We state that the company i.e. F.M. Hammerle Textiles Ltd has initiated the appropriate civil and/ criminal legal proceeding against the contractor and others for the recovery of the amount assessed.

Other points of Auditors' Reports on the Accounts of the Company for the year under review are self-explanatory and require no comments.

Secretarial Auditors' Report

The Secretarial Auditors' report does not contain any qualifications, reservations or adverse remarks. Report of the secretarial auditor is annexed herewith as 'Annexure II', which forms part of this report.

21. Energy conservation, technology absorption and foreign exchange earnings and outgo

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

22. Particulars of Employees

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as 'Annexure IV'.

23. Extract of Annual Return

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

24. Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company.

25. Acknowledgements

Your directors are pleased to place on record their sincere gratitude to the Government, Financial Institutions, Bankers and Business Constituents for their continued and valuable co-operation and support to the Company. They also take this opportunity to record their appreciation of the valuable contribution made by the employees in the successful operations of the Company during the year.

26. Cautionary Statement

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations whether expressed or implied. Several factors could make significant difference to the Company's operations. These include climatic and economic conditions affecting demand and supply, government regulations and taxation, natural calamities over which the Company does not have any direct control.

For and on behalf of the Board

Sd/-

(Ashok Kumar Oswal)

Chairman & Managing Director
(DIN-00009403)

Place: Ludhiana

Dated: 25th May, 2015

ANNEXURE-I

NOMINATION AND REMUNERATION POLICY

APPLICABILITY

The policy is applicable to the Board of Directors, Key Managerial Personnel (KMP), Chief Operating Officer, and Senior Management Personnel (herein after collectively referred as Managerial Personnel) or such other persons of the Company as the committee may deem fit for that purpose.

INTERPRETATION

‘Board’ shall mean the Board of Directors of the Company, which comprising all executive, non executive, independent director and nominee director.

‘Chief Executive Officer’ means an officer of a company, who has been designated as such by it;

‘Chief Operating Officer’ shall mean an employee who has been entrusted responsibility of managing any one or more of Units of the Company.

‘Chief Financial Officer’ means a person appointed as the Chief Financial Officer of a company

‘Compliance Officer’ means “Company Secretary” of the Company.

‘Key Managerial Personnel’ in relation to a company, means—

- *Managing Director, or Chief Executive Officer or manager and in their absence, a Whole-Time Director.*
- *Company Secretary; and*
- *Chief Financial Officer; and*

Such other officer as may be prescribed;

‘The Company’ shall mean Vardhman Polytex Ltd.

‘Executive Director’ shall mean and include Company’s Managing Director, Functional Directors, and such other Directors are in full time employment of the Company.

‘Independent Director’ shall same meaning as provide in Companies Act, 2013 read with Listing Agreement.

‘Non-Executive Director’ shall mean those members on Board who are not in whole time employment of the Company.

‘Senior Management Personnel’ shall mean personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the executive directors, including all functional heads.

ROLE OF THE COMMITTEE

The roles of the Nomination and Remuneration Committee are as under:

1. To identify persons who are qualified to become directors, persons who may be appointed in senior management in accordance with the criteria and to recommend to the Board for their appointment and / or removal.
2. To carry out evaluation of every director’s performance.
3. To establish criteria and processes for, and assist the Board and each of its Committees in their performance evaluations.
4. To 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 and other employees.
5. To recommend / review remuneration of the Managing Director(s) and Whole-time Director(s), based on their performance and defined assessment criteria.
6. To administer, monitor and formulate detailed terms and conditions of the Employees’ Stock Option Scheme including:

- the quantum of options to be granted under Employees’ Stock Option Scheme per employee and in aggregate.
- the conditions under which option vested in employees may lapse in case of termination of employment for misconduct.
- the exercise period within which the employee should exercise the option and that the option would lapse on failure to exercise the option within the exercise period.
- the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee.
- the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period.
- the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others.
- the granting, vesting and exercising of options in case of employees who are on long leave; and the procedure for cashless exercise of options.

7. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

8. To perform such other functions as may be necessary or appropriate for the performance of its duties.

IMPLEMENTATION OF POLICIES

The Committee will seek to ensure that the remuneration of executive directors (consisting of basic salary, pension benefits and benefits in kind) will be competitive with those in other comparable organisations so as to attract high caliber individuals with relevant experience.

The Committee will ensure that part of the remuneration of executive directors will be based on the financial performance of the Group using predetermined targets so as to motivate and reward successful business performance in the interest of shareholders.

AUTHORITY

The Committee is authorised:

- to seek any information it requires from any employee of any company within the Group in order to perform its duties;
- to obtain, at the company’s expense, outside legal or other professional advice on any matters within its terms of reference; and
- to call any member of staff to be questioned at a meeting of the Committee as and when required.

FREQUENCY OF MEETINGS

The Committee shall meet as per the requirement of Companies Act, 2013 rules made there under read with requirement of Listing Agreement.

PRESENCE IN ANNUAL GENERAL MEETING

The Chairman of the Committee or, in his absence any other member of the committee as authorized shall attend the Annual General Meeting .

ANNUAL AFFIRMATION

The policy shall be disclosed in the Board Report of the Company.

AMENDMENT

The member of the Nomination and Remuneration Committee of the Company has the right to amend or modify this policy in whole or in part, at any time without assigning any reason, whatsoever.

ANNEXURE-II
FORM NO. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2015

[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,
Vardhman Polytex Limited,
Vardhman Park, Chandigarh Road,
Ludhiana-141123, Punjab, India

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

Based on our verification of the Vardhman Polytex Limited books, papers, minute, books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Vardhman Polytex Limited (the Company) for the financial year ended on 31st March, 2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. 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;

vi. Other Applicable Laws:

Labour Laws:

1. The Factories Act 1948 and Rules framed there under with respect to factory situated at:
 - a. Unit – Vinayak Textiles Mill, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana, Punjab, India
 - b. Vardhman Polytex Limited, Badal Road, Bathinda – 151005
 - c. Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh-174101 (HP), India
 - d. Amkryon International, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana - 141010
2. Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996
3. Shops and Commercial Establishments Act, 1958 read with Shops and Commercial Establishments Rules with respect to factory situated at:
 - a. Unit – Vinayak Textiles Mill, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana, Punjab, India
 - b. Vardhman Polytex Limited, Badal Road, Bathinda – 151005
 - c. Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh – 174101 (HP)
 - d. Amkryon International, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana - 141010
4. The Contract Labour (Regulation & Abolition) Act - 1970 and Rules framed thereunder with respect to factory situated at:
 - a. Unit – Vinayak Textiles Mill, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana, Punjab, India
 - b. Vardhman Polytex Limited, Badal Road, Bathinda – 151005
 - c. Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh – 174101 (HP)
 - d. Amkryon International, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana - 141010
5. Apprentices Act, 1961 read with Apprenticeship Rules, 1992
6. Employees Provident Fund and Miscellaneous Provisions Act, 1952, The Employees Provident Funds Scheme, 1952, The Employees Deposit-Linked Insurance Scheme, 1976 & The Employees Pension Fund Scheme, 1995
7. The Employees State Insurance Act, 1948, Employees State Insurance (Central) Rules, 1950 and Employees State Insurance (General) Regulations, 1950
8. Employment Exchanges Compulsory Notification of Vacancies Act, 1959 and the Employment Exchanges Compulsory Notification of Vacancies Rules, 1960
9. Equal Remuneration Act, 1976 and Equal Remuneration Rules, 1976
10. Employee's Compensation Act, 1923 read with State Workmen's Compensation Rules, 1924 and Workmen's Compensation Returns, 1935.
11. Industrial Disputes Act, 1947 read with State Industrial Disputes Rules framed thereunder.
12. Maternity Benefit Act, 1961 read with State Maternity Benefit Rules framed thereunder.

13. Minimum Wages Act, 1948 read with State Minimum Wages Rules framed thereunder.
 14. The Payment of Gratuity Act, 1972 read with State Payment of Gratuity Rules framed thereunder.
 15. State Labour Welfare Fund Act read with State Labour Welfare Fund Rules framed thereunder.
 16. State Industrial Establishments (National and Festival Holidays and Casual and Sick Leave) Act and State Industrial Establishments (National and Festival Holidays and Casual and Sick Leave) Rules.
 17. Child Labour (Prohibition and Regulation) Act, 1986 read with Child Labour (Prohibition and Regulation) Rules, 1988.
 18. Payment of Wages Act, 1936 read with State Payment of Wages Rules framed thereunder.
 19. The Payment of Bonus Act, 1965 read with the Payment of Bonus Rules, 1975
 20. Industrial Employment (Standing Orders) Act, 1946 read with State Industrial Employment (Standing Orders) Rules
 21. Inter-State Migrant Workmen (Regulation of employment and Conditions of Service) Act, 1978 read with Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) (Tamil Nadu) Rules, 1983
 22. The Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act 2013
 23. The Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988
- Environmental, Health and Safety Laws:
24. The Environment Protection Act, 1986 read with Batteries (Management and Handling) Rules, 2001
 25. e-Waste (Management and Handling) Rules, 2011
 26. Environment Protection Rules, 2002
 27. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
 - a. Unit – Vinayak Textiles Mill, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana, Punjab, India
 - b. Vardhman Polytex Limited, Badal Road, Bathinda – 151005
 - c. Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh – 174101 (HP)
 - d. Amkryon International, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana - 141010
 28. Noise Pollution (Regulation and Control) Rules, 2000
 29. Air (Prevention and Control of Pollution) Act, 1981 read with State Air (Prevention and Control of Pollution) Rules:
 - a. Unit – Vinayak Textiles Mill, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana, Punjab, India
 - b. Vardhman Polytex Limited, Badal Road, Bathinda – 151005
 - c. Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh – 174101 (HP)
 - d. Amkryon International, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana - 141010
 30. Water (Prevention and Control of Pollution) Act, 1974 read with State Water (Prevention and Control of Pollution) Rules:
 - a. Unit – Vinayak Textiles Mill, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana, Punjab, India
 - b. Vardhman Polytex Limited, Badal Road, Bathinda – 151005
 - c. Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh – 174101 (HP)
 - d. Amkryon International, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana - 141010
 31. Water (Prevention and Control of Pollution) Cess Act, 1977 read with Water (Prevention and Control of Pollution) Cess Rules, 1978
 32. The Petroleum Act, 1934 read with Petroleum Rules, 1976
 33. Bio-Medical Waste Management & Handling Rules, 1998
 34. Indian Standard Code of Practice for Selection, Installation and Maintenance of Portable First Aid Fire Extinguishers
 35. Explosives Act, 1884 read with Gas Cylinder Rules, 2004
 36. State Lifts and Escalators Rules
 37. The Electricity Act, 2003 read with relevant Rules and Regulations
- We have also examined compliance with the applicable clauses of the following:
- i. The Secretarial Standards formulated by the Institute of Company Secretaries of India and notified by the Central Government is not applicable during the year under review.
 - ii. The Listing Agreement entered into by the Company with Bombay Stock Exchange and National Stock Exchange.
- We further report that**
- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executives Directors Independent Directors, and the Women Director. 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 along with detailed agenda were is given to all directors for the Board Meetings and a system exists for seeking and obtaining further information and clarification on agenda items before the meeting and for meaningful participation at the meeting.
- As per the minutes maintained by the Company for the Board/Committee and Shareholders, we noticed that most of the decisions were approved by the respective Board/Committee and Shareholders without any dissent note.
- We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- We also report that the compliances of other applicable laws, as listed in Para (vi) above, are based on the management certifications and further reporting to the Board through agenda papers.

**For Nesar & Associates
Company Secretaries**

Sd/-

Nesar Ahmad

Company Secretary

FCS: 3360; CP-1966

Date: 25th May, 2015

Place: Delhi

ANNEXURE-III

Conservation of Energy and Technology Absorption

I Conservation of energy

The Company initiated several steps to conserve energy, wherever possible. The Energy Conservation Cell continuously meets, conducts studies, verifies and monitors the consumption & utilisation of energy including identification of energy conservation areas in different manufacturing units of the Company.

a) Energy conservation measures taken, its impact and capital Investment on equipment

Sr. No.	Energy saving measures taken during 2014-15	Power saving (Units/KWh in lac)	Capital Investment on Installation (₹ in lacs)
1.	Installation of super energy efficient motors, variable frequency drivers on H-plants, optimizing air pressure on spinning machines etc.	8.14	44.03

b) Steps taken by the company for utilising alternate sources of energy;

1. Installation of solar system at some places
2. Heat recovery systems
3. Purchase of power under open Access.

II Research and Development (R&D)

a) Specific areas in which R&D is carried out

The Company's R&D/QC teams regularly focused on product development, process improvement and quality control at every stage of production. Company has been using software named 'LAB ONLINE' to check quality of the products at different levels.

The Company has given more attention to value addition by converting pact of carded production into combed, slub yarns, lycra yarn, modal/cotton, tencel/cotton, neppy yarn, grindle yarn etc and thus increasing the product range and customer base.

b) Benefits derived as result of R&D

The Company has been able to kick start the marketing of the value added yarn and other varieties of normal yarn as a result of effective R & D techniques and maintaining consistent quality that led to less customer complaints throughout the year. It has been able to improve quality, reduce market feedbacks, while optimizing the productivity and cost of production.

c) Expenditure on R&D

(₹ in lac)

Particulars	2014-15	2013-14
Capital	9.05	0.01
Recurring	50.84	21.63
Total	59.89	21.64
Total R&D expenditure as %age of Turnover	0.06%	0.02%

III Technology absorption, adaptation and innovation

Technology up gradation is one of the major areas for development in today's competitive business environment. Mechanical, electrical engineering and R&D teams at different locations are continuously studying and analyzing the existing processes for further improvement.

During this financial year, the company has added the following testing equipment for better monitoring of the product & raw material :-

- Spilcer scanner for checking the splice of yarn
- Trash analyser - Sitra eletrash - indigenous technology- for better monitoring of the trash % of cotton.

IV Foreign exchange earnings, CIF value & expenditure in foreign currency

(₹ in lac)

Particulars	2014-15	2013-14
Earnings (FOB value of exports)	43,237.25	44,123.61
CIF value of imports	263.31	940.50
Expenditure in foreign currency	387.54	194.35

ANNEXURE-IV

Particulars of Employees

The information required under Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year and the percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

Non- Executive Directors	Ratio to Median Remuneration (Rs. in lac)	% increase in remuneration in the financial year
Mr. Ajay Chaudhry	0.69	27.78
Dr. B. S. Bhatia	0.63	23.53
Mr. M. D. Kanitkar	0.11	-31.25
Mr. Amit Jain	0.35	75.00
Mrs Rakhi Oswal	0.26	--*
Executive Directors		
Mr. Adish Oswal	50.77	0.00
Mr. Ashok Kumar Goyal	41.97	7.70**
Managing Director		
Mr. Ashok Kumar Oswal	47.90	0.00

* Since this information is for part of the year, the same is not comparable.

** increase in remuneration taken on annualized basis.

Note: The Company pays only sitting fee to Non executive directors.

The percentage increase in remuneration of Mr. Parvinder Singh, Chief Financial Officer is 15.46% and of Mr. Sushil Sharma, Company Secretary is 7.6%,

b. The percentage increase in the median remuneration of employees in the financial year: 2.72%

c. The number of permanent employees on the rolls of Company: 3,040

d. The median remuneration of employees of the Company during the financial year was ₹ 1.00 lac

e. The explanation on the relationship between average increase in remuneration and Company performance:

On an average, employees received an annual increase of 10% in India. The increment given to each individual employee varied from 5% to 15%, is based on the employees' potential, experience as also their performance and contribution to the Company's progress over a period of time and also benchmarked against a comparable basket of relevant companies in India.

f. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Particulars	Mr. Ashok Kumar Oswal (Chairman & Managing Director)	Mr. Parvinder Singh (CFO)	Mr. Sushil Sharma (Company Secretary)	Aggregate Remuneration to KMPs
Remuneration of Key Managerial Personnel (KMP) in FY15 (₹ in crores)	0.51	0.26	0.11	0.88

Revenue (₹ in crores)	234.39			
Remuneration of KMPs (as % of revenue)	0.22%	0.11%	0.05%	0.38%
Profit before depreciation, Interest & Tax (PBDIT) (₹ in crores)	82.62			
Remuneration of KMP (as % of PBDIT)	0.62%	0.32%	0.14%	1.08%

- g. **Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:**

Particulars	March 31, 2015	March 31, 2014	% Change
Market Capitalisation (Rs. in crore)	85.06	75.84	12.16%
Price Earnings Ratio	-2.72	14.47	-81.20

- h. **Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:**

Particulars	March 31, 2015	IPO on March 28, 1981	% Change
Market Price (BSE)	38.10	10	281%

- i. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average annual increase in the salaries of employees other than the managerial personnel in the last financial year was around 7.22%. During the year, there is no increase in remuneration of Managerial Personnel except Mr. Ashok Kumar Goyal, Executive Director, which is 7.70%.

- j. **The key parameters for any variable component of remuneration availed by the directors:**

The shareholders approved to pay remuneration by way of fixed percentage of commission as variable component to the Managing Director and Executive Directors. Commission is calculated with reference to the net profits of the Company in a particular financial year as per the provisions of Companies Act, 2013.

- k. **The ratio of the 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 year: None**

- l. The Company affirms that the remuneration is as per the remuneration policy of the Company.

- m. Statement showing particulars of the employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not given as no employee was in receipt of remuneration equal to or exceeding ₹ 60 lac per annum or ₹ 5 lac per month if employed for the part of the year.

ANNEXURE-V

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2015

{Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014}

I. Registration & Other Details:

1.	CIN	L17122PB1980PLC004242
2.	Registration Date	20 th August, 1980
3.	Name of the Company	Vardhman Polytex Limited
4.	Category/Sub-category of the Company	Public Limited Company
5.	Address of the Registered office & contact details	Vardhman Park, Chandigarh Road, Ludhiana-141 123 Punjab (INDIA) Phones: +91-161-6629888, 6629990, 2685301-305, Fax: +91-161-6629988 E-Mail- info@oswalgroup.com; Website: www.oswalgroup.com
6.	Whether listed company	Yes, at BSE & NSE
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s Alankit Assignments Limited, 1E/13, Alankit Heights, Jhandewalan Extension, New Delhi – 110055 Phones: +91-11-42541234, 23541234 Fax: +91-11-41543474, Email:-rta@alankit.com

- II. **Principal Business activities of the Company** (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacture of Textile	131	98.8%

III. Particulars of Holding, Subsidiary and Associate Companies:-

Sr. No	Name and address of the company	CIN/GLN	Holding/ subsidiary /associate	% of shares held	Applicable Section
1	FM Hämmerle Textiles Limited, Vardhman Park, Chandigarh Road, Ludhiana-141 123	U17110PB2006PLC029518	Subsidiary	81.7%	2(87)(II)
2	F.M. Hämmerle Verwaltungs GmbH, Austria	N.A	Subsidiary	100%	2(87)(II)

IV. Share Holding Pattern (Equity Share Capital Break up as percentage of Total Equity)

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	347450	0	347450	1.8	638200	0	638200	2.8	+1.0
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	10560002	0	10560002	53.3	12766002	0	12766002	57.3	+4.0
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	10907452	0	10907452	55.1	13404202	0	13404202	60.1	5.0
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	500	1300	1800	0.0	500	1300	1800	0.0	-
b) Banks / FI	0	1134	1134	0.0	0	1134	1134	0.0	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	550000	1200	551200	2.8	550000	1200	551200	2.5	-0.3
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	550500	3634	554134	2.8	550500	3634	554134	2.5	-0.3
2. Non-Institutions									
a) Bodies Corp.	4360700	4603	4365303	22.0	4487841	4603	4492444	20.2	-1.8
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1217027	376519	1593546	8.0	1052568	361383	1413951	6.4	-1.6
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	562453	1800000	2362453	11.9	601058	1800000	2401058	10.7	-1.2
c) Others (specify)	34669	400	35069	0.2	24768	400	25168	0.1	-0.1
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	6174849	2181522	8356371	42.1	6166235	2166386	8332621	37.4	-4.7
Total Public Shareholding (B)=(B)(1)+ (B)(2)	6725349	2185156	8910505	44.9	6716735	2170020	8886755	39.9	-5.0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	17632801	2185156	19817957	100	20120937	2170020	22290957	100	0

B) Shareholding of Promoter-
(i). Body Corporates :-

Sr 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	Panchsheel Tex. Mfg. & Trdg. Co. (P) Ltd.	4402917	22.2%	22.2%	4426917	19.8%	19.8%	-2.4%
2	Enakshi Investments (P) Ltd.	370250	1.9%	1.9%	370250	1.7%	1.7%	-0.2%
3	Allepy Invst. & Trdg. Co. (P) Ltd.	95500	0.5%	0.5%	95500	0.4%	0.4%	-0.1%
4	Gagan Mercantile Co. (P) Ltd.	163900	0.8%	0.8%	163900	0.7%	0.7%	-0.1%
5	Calgary Invst. & Trdg. Co. (P) Ltd.	67300	0.3%	0.3%	67300	0.3%	0.3%	0.0%
6	Kent Investments (P) Ltd.	46950	0.2%	0.2%	46950	0.2%	0.2%	0.0%
7	Liberty Mercantile Co. (P) Ltd.	120550	0.6%	0.6%	120550	0.5%	0.5%	-0.1%
8	Pioneer Mercantile Co. (P) Ltd.	49350	0.3%	0.3%	49350	0.2%	0.2%	-0.1%
9	Ruby Mercantile Co. (P) Ltd.	153000	0.8%	0.8%	153000	0.7%	0.7%	-0.1%
10	Adesh Invst. & Trdg. Co. (P) Ltd.	35100	0.2%	0.2%	35100	0.2%	0.2%	0.0%
11	Boras Invst. & Trdg. Co. (P) Ltd.	32860	0.2%	0.2%	32860	0.2%	0.2%	0.0%
12	Alma Assets Consultancy (P) Ltd	4362325	22.0%	12.0%	4362325	19.6%	19.6%	-2.4%
13	Nightnagle Dealcom (P) Ltd	660000	3.3%	3.3%	660000	3.0%	3.0%	-0.3%
14	Altfort Merchants Pvt. Ltd.	-	-	-	2182000	9.8%	0.0%	9.8%
	TOTAL(A)	10560002	53.3%	43.3 %	12766002	57.3%	47.5%	4.0%

(ii). Individuals :-

Sr. 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	Mr. Adish Oswal	129511	0.7%	0.7%	420511	1.8%	0.6%	1.1%
2	Mr. Ashok Kumar Oswal	127748	0.6%	0.6%	127748	0.5%	0.5%	-0.1%
3	Mrs. Manju Oswal	52694	0.3%	0.3%	52694	0.3%	0.3%	0.0%
4	Mrs. Rakhi Oswal	17820	0.1%	0.1%	17820	0.1%	0.1%	0.0%
5	Mr. Abhinav Oswal	14307	0.1%	0.1%	14307	0.1%	0.1%	0.0%
6	Ms Aketa Oswal	5010	0.0%	0.0%	5010	0.0%	0.0%	0.0%
7	Ashok Kumar & Sons (HUF)	110	0.0%	0.0%	110	0.0%	0.0%	0.0%
8	Dr. Balbir Singh Bhatia	250	0.0%	0.0%	-	-	-	0.0%
	TOTAL(B)	347450	1.8%	1.8%	638200	2.8%	1.6%	1.0%
	GRAND TOTAL (A+B)	10907452	55.1%	45.01%	13404202	60.1%	49.1%	5.0%

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

Sr 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.	At the beginning of the year	10907452	48.9%	10907452	48.9%
2.	Purchase of 24000 Equity Shares by Panchsheel Textile Mfg and Trading Company Private Limited from open market on 24.07.2014	24000	0.2%	10,931,452	49.1%
3.	Preferential Allotment of 24,73000 Equity shares to promoter dated 15.12.2014	2473000	11.0%	13404202	60.1%
4.	At the end of the year	13404202	60.1%	13404202	60.1%

D) Shareholding Pattern of top Ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name	Shareholding at the beginning		Date	Increase/decrease in shareholding	Reason	Cumulative Shareholding during the year/as on 31.03.2015	
		No. of shares at the beginning (01.04.2014)	% of total shares of the company				No. of shares	% of total shares of the company
1	Swarnim Tie up Private Limited	1400000	7.0%	01.04.2014	No Transaction during the year			
				31.03.2015			1400000	6.2%
2	Vineet Sood & Sons HUF	725000	3.6%	01.04.2014	No Transaction during the year			
				31.03.2015			725000	3.2%
3	Master Capital Services Ltd	86285	0.4%	01.04.2014				
				04.04.2014	-3308	Transfer	82977	0.42%
				11.04.2014	-2141	Transfer	80836	0.41%
				19.04.2014	-43	Transfer	80793	0.41%
				25.04.2014	-6383	Transfer	74410	0.38%
				02.05.2014	5775	Transfer	80185	0.40%
				09.05.2014	2724	Transfer	82909	0.42%
				16.05.2014	94	Transfer	83003	0.42%
				23.05.2014	-94	Transfer	82909	0.42%
				30.05.2014	94	Transfer	83003	0.42%
				06.06.2014	-2000	Transfer	81003	0.41%
				13.06.2014	-1714	Transfer	79289	0.40%
				20.06.2014	-17	Transfer	79272	0.40%
				30.06.2014	-1577	Transfer	77695	0.39%
				04.07.2014	769	Transfer	78464	0.40%
				11.07.2014	2372	Transfer	80836	0.41%
				18.07.2014	-5391	Transfer	75445	0.38%
				25.07.2014	-26455	Transfer	48990	0.25%
				01.08.2014	440	Transfer	49430	0.25%
				08.08.2014	-315	Transfer	49115	0.25%
				15.08.2014	335	Transfer	49450	0.25%
				22.08.2014	-1915	Transfer	47535	0.24%
				05.09.2014	3794	Transfer	51329	0.26%
				12.09.2014	-820	Transfer	50509	0.25%
				19.09.2014	1200	Transfer	51709	0.26%
				03.10.2014	-540	Transfer	51169	0.26%
				10.10.2014	-100	Transfer	51069	0.26%
				17.10.2014	500	Transfer	51569	0.26%
				25.10.2014	625024	Transfer	676593	3.41%
				31.10.2014	-1024	Transfer	675569	3.41%
				07.11.2014	3000	Transfer	678569	3.42%
				14.11.2014	1415	Transfer	679984	3.43%
				21.11.2014	-170	Transfer	679814	3.43%
				02.01.2015	-200	Transfer	679614	3.05%
				10.01.2015	-100	Transfer	679514	3.05%
				16.01.2015	350	Transfer	679864	3.05%
				23.01.2015	62	Transfer	679926	3.05%
				06.02.2015	485	Transfer	680411	3.05%
				13.02.2015	150	Transfer	680561	3.05%
				20.02.2015	-100	Transfer	680461	3.05%
				27.02.2015	-50	Transfer	680411	3.05%
				06.03.2015	-65	Transfer	680346	3.05%
				13.03.2015	40	Transfer	680386	3.05%
				31.03.2015	-		680386	3.05%
4	Hypnos Fund Limited	550000	2.7%	01.04.2014	No Transaction during the year			
				31.03.2015			550000	2.4%
5	Real Value Info Solutions Private Limited	532000	2.6%	01.04.2014	No Transaction during the year			
				31.03.2015			532000	2.3%
6	SCM India Private Limited	402203	2.0%	01.04.2014	No Transaction during the year			
				31.03.2015			402203	1.8%

7	Suresh Kumar Jain	325000	1.6%	01.04.2014	No Transaction during the year			
				31.03.2015			325000	1.4%
8	Majestic Scrips Private Limited	273000	1.3%	01.04.2014	No Transaction during the year			
				31.03.2015			273000	1.2%
9	Century Corporate Solutions Private Limited	246028	1.2%	01.04.2014	No Transaction during the year			
				31.03.2015			246028	1.1%
10	Alpic Capital Services Limited	181034	0.9%	01.04.2014	No Transaction during the year			
				31.03.2015			181034	0.8%
	Total	4720550	23.3%				5314651	23.8%

Note:-

- 1) List of the Top 10 Shareholders is taken as on 31.03.2015
- 2) In case where there is no change in shareholding, decrease in % is due to preferential allotment of equity shares on 15.12.2014.
- 3) The data for increase and decrease in shareholding is taken from weekly Benpose details received from NSDL/CDSL.

E) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning		Date	Increase/decrease in shareholding	Reason	Cumulative Shareholding during the year/as on 31.03.2015	
		No. of shares at the beginning (01.04.2014)/end of the year(31.03.2015)	% of total shares of the company				No. of shares	% of total shares of the company
1	Mr. Adish Oswal	129511	0.6%	01.04.2014		-		
				15.12.2014	+291000	Preferential Allotment	420511	1.8%
				31.03.2015		-	420511	1.8%
2	Mr. Ashok Kumar Oswal	127748	0.6%	01.04.2014	-	-	-	-
				31.03.2015		-	127748	0.5%
3	Mrs. Rakhi Oswal	17820	0.09%	01.04.2014	-	-		-
				31.03.2015			17820	0.07%
4	Dr. Balbir Singh Bhatia	250	0.00%	01.04.2014	-	-		0.00%
				27.02.2015	250	Transfer	0	0.00%
				31.03.2015			0	0.00%
5	Mr. Ajay Chaudhry	155	0.00%	01.04.2014	-	-		0.00%
				31.03.2015			155	0.00%
6	Mr. Sushil Sharma	750	0.00%	01.04.2014	-	-		0.00%
				31.03.2015			750	0.00%

V) Indebtedness -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ lac)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	31204.2	2896.4	5.0	34105.5
ii) Interest due but not paid	266.0	88.2	0.0	354.2
iii) Interest accrued but not due	0.0	0.0	1.7	1.7
Total (i+ii+iii)	31470.2	2984.6	6.6	34461.4
Change in Indebtedness during the financial year				
* Addition	1409.7	115.1	0.0	1524.8
* Reduction	5933.7	584.8	6.6	6525.1
Net Change	-4524.0	-469.8	-6.6	-5000.4
Indebtedness at the end of the financial year				
i) Principal Amount	26695.95	2399.8	0.0	29095.8
ii) Interest due but not paid	250.23	115.1		365.3
iii) Interest accrued but not due	0.00	0.0	0.0	0.0
Total (i+ii+iii)	26946.2	2514.9	0.0	29461.1

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors			
		Mr. Ashok Kumar Oswal (MD)	Mr. Adish Oswal (WTD)	Mr. Ashok Kumar Goyal (WTD)	Total
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	41,16,000.00	46,88,000.00	40,21,868.00	1,28,25,868
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3,40,380.94	55,378.95	1,20,600.00	5,16,359.89
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	44,56,380.94	47,43,378.95	41,42,468.00	1,33,42,227.89
	Ceiling as per the Act*	NA	NA	NA	NA

*Note:- The above said remuneration includes value of perquisite as per Income Tax Act i.e. income on interest free loan etc. The ceiling is taken as per Companies Act 1956, because the appointment was made in accordance with section 198 read with schedule XIII of the Act. Central Government approval was taken for the remuneration of Mr. Ashok Kumar Oswal and Mr. Adish Oswal.

B. Remuneration to other directors

(in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Ajay Chuadhry	Mr. M.D. Kanitkar	Mr. B.S. Bhatia	Mr. Amit Jain	
1	Independent Directors					
	Fee for attending board \ committee meetings	69,000	11,000	62,500	34,500	
	Commission					
	Others, please specify					
	Total (1)	69,000	11,000	62,500	34,500	1,77,000
2	Other Non-Executive Directors	Mrs. Rakhi Oswal	-	-	-	
	Fee for attending board committee meetings	26,000	-	-	-	
	Commission	-	-	-	-	
	Others, please specify	-	-	-	-	
	Total (2)	26,000				26,000
	Total (B)=(1+2)					2,03,000
	Total Managerial* Remuneration (A+B)					1,35,45,227.89
	Overall Ceiling as per the Act					N.A**

- Note: - * Total Managerial Remuneration includes remuneration of Whole Time Directors & other Directors.
- ** As there was loss during the year 2014-15 as per section 198 of Companies Act, 2013. No remuneration was paid to Non Executive Directors.

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Parvinder Singh CFO	Mr. Sushil Sharma CS	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	23,67,600	10,50,442	34,18,042
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,05,391	81,000	1,86,391
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	Others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	24,72,991	11,31,442	36,04,443

VII. Penalties / Punishment/ Compounding of Offences:

There is no penalty/punishment/compounding of offences levied against company, its directors and officers in default.

CORPORATE GOVERNANCE REPORT

Corporate Governance assumes a great deal of importance in the business life of the Company. The Company's goal is to find creative and productive ways of delighting its stakeholders, i.e. investors, customers & associates etc while fulfilling the role of a responsible corporate representative committed to best practices. This section besides being in compliance of the mandatory Listing Agreement gives an insight into the process of functioning of the Company.

1. COMPANY'S PHILOSOPHY

- ✓ Total customer delight
- ✓ Competing with the best
- ✓ Total quality people
- ✓ Product quality a way of life
- ✓ Continued improvement through innovation & creativity
- ✓ State of Art Technology with ultra modern R&D facilities
- ✓ Respect of every VPL parivar member
- ✓ Achieving excellence through culture integration
- ✓ Change a way of life
- ✓ Act as responsible corporate citizen and discharge our social responsibilities

2. BOARD OF DIRECTORS

a) Composition

The Company is fully compliant with the Corporate Governance norms in terms of constitution of the Board of Directors ("the Board"). The Board of the Company is composed of eminent individuals from diverse fields. The Board consists 8 (Eight) Directors out of which 3 (Three) are Executive Directors and 5 (Five) are Non-Executive Directors including one women director. The half of the Board comprises Independent Directors.

b) Board Meetings

During the financial year under review, 5 (Five) Board Meetings were held on 30.05.2014, 12.08.2014, 11.11.2014, 06.02.2015 and 31.03.2015 and the gap between two meetings did not exceed one hundred twenty days.

Details of composition of the board, Category of directors, Shareholding details, Number of board meeting attended, Attendance at last AGM, Total number of directorship held, Chairpersonship & Membership of the committees are as given below:

Name of Director	Category of Director	Share holding in the Company	No. of Board Meeting attended	Attendance at last AGM held on 30.09.2014	Total No. of Directorship held / Public Ltd Co.*	Total No. of Committee**	
						Chairpersonship	Membership
Mr. Ashok Kumar Oswal (DIN 00009403)	Chairman & Managing Director/ Promoter	1,27,748	5	YES	16/2	--	1
Mr. Adish Oswal (DIN 00009710)	Executive Director/ Promoter	4,20,511	5	NO	8/2	--	1
Mr. Ashok Kumar Goyal (DIN 06676556)	Executive Director	NIL	4	YES	1/1	--	1
Mr. Ajay Chaudhry (DIN 00055733)	Non-Executive Independent Director	155	5	YES	4/4	4	--
Dr. B. S. Bhatia (DIN 00551715)	Non-Executive Independent Director	NIL	5	NO	2/1	--	1
Mr. M. D. Kanitkar (DIN 00551803)	Non-Executive Independent Director	NIL	1	NO	2/1	--	1
Mr. Amit Jain (DIN 00020860)	Non-Executive Independent Director	NIL	4	NO	3/2	--	--
Mrs. Rakhi Oswal (DIN 00009682)	Non-Executive Director/ Promoter	17,820	3	NO	3/1	--	--

* The Directorship held by directors includes alternate directorships but doesn't include directorship in foreign company.

** Board Committees for this purpose includes only Audit Committee and Stakeholders' Relationship Committee of all public limited companies.

Notes:

- None of the directors on the board hold directorships in more than ten public companies. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a director.
- There is no inter-se relationship between the directors except Mr. Adish Oswal being son of Mr. Ashok Kumar Oswal and Mrs. Rakhi Oswal wife of Mr. Adish Oswal.

c) Change in directorship

During the financial year 2014-15, Mrs. Rakhi Oswal was appointed as director of the Company w.e.f. 12.08.2014 being a woman director on the Board. Mr. Ajay Chaudhry, Dr. B. S. Bhatia, Mr. M. D. Kanitkar and Mr. Amit Jain were appointed as Independent Director for a period of five years upto 31.03.2019.

d) Meetings Procedure

The Company holds Board Meetings regularly. The directors are informed about the venue, date and time of meeting in advance in writing at their registered address/e-mail. Detailed agenda papers along with explanatory statements are circulated to the directors in advance. The Board has complete access to all information with the Company. All information stipulated in Clause 49 is regularly provided to the Board as a part of agenda papers alongwith the action taken report on the matters previously approved/discussed. Directors actively participate in the Board Meetings and contribute significantly by expressing their views, opinions and suggestions. Video Conferencing facilities are used to facilitate directors, who are traveling or present at other locations to participate in the meeting. Decisions are taken after proper and thorough discussion. The Board periodically reviews the compliance report of all laws applicable to the Company.

e) Training / Familiarisation programmes for Board Members

The Board members are provided with necessary documents/brochures, reports and internal policies enable them to familiarize with the Company's procedures and practices. Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors.

The details of such familiarization programmes for Independent Directors are posted on the website of the Company and can be accessed at http://oswalgroup.com/investor_pdf/corporate_governance/Familiarization-Programmes-For-Independent-Directories.pdf

f) Remuneration of Directors

i) **Executive Directors:** The Company pays remuneration to Chairman & Managing Director and Executive Directors as approved by the Board of Directors and Members of the Company.

ii) **Non-Executive Directors:** Non-Executive Directors have not been paid any remuneration. They have been paid only sitting fee for attending Board & Committee Meetings as follow:-

Period	Board Meeting	Committee Meeting
Upto 30 th May, 2014	Rs. 5,000 per meeting	Rs. 3,000 per meeting
W.e.f. 1 st June, 2014	Rs. 7,500 per meeting	Rs. 3,500 per meeting

Details of Remuneration paid to the Directors during the year:

(₹ in lac)

Name	Designation	Salary	Allowances & Other Perquisites	Contribution to Provident & other Funds	Sitting Fee	Total Remuneration
Mr. Ashok Kumar Oswal	Chairman & Managing Director	31.20	12.96	3.74	NA	47.90
Mr. Adish Oswal	Executive Director	31.20	15.83	3.74	NA	50.77
Mr. Ashok Kumar Goyal	Executive Director	23.39	15.78	2.80	NA	41.97
Mr. Ajay Chaudhry	Non- Executive Independent Director	—	—	—	0.69	0.69
Dr. B. S. Bhatia	Non- Executive Independent Director	—	—	—	0.63	0.63
Mr. M. D. Kanitkar	Non- Executive Independent Director	—	—	—	0.11	0.11
Mr. Amit Jain	Non- Executive Independent Director	—	—	—	0.35	0.35
Mrs. Rakhi Oswal	Non- Executive Director	—	—	—	0.26	0.26

g) Independent Directors

Independent directors are non-executive directors as defined under Clause 49(II)(B)(1) of the Listing Agreements. The maximum tenure of the independent directors is in compliance with the Companies Act, 2013 ("Act"). All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under clause 49 of the Listing Agreement and Section 149 of the Act. The terms and conditions of appointment of the independent directors are disclosed on the website of the Company.

During the year, a separate meeting of the independent directors was held on 27.12.2014 inter-alia to review the performance of non-independent directors and the board as a whole.

3. COMMITTEES OF THE BOARD

a) Audit Committee

The Company has an Audit Committee in terms of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, which comprises 3 Independent Directors i.e. Mr. Ajay Chaudhry, Mr. M. D. Kanitkar and Dr. B. S. Bhatia. Mr. Ajay Chaudhry is

the Chairman of the Committee and the Company Secretary acts as the Secretary of the Committee. Statutory Auditors, Internal Auditors & Head of Corporate Finance Department are the permanent invitees to the Committee. The terms of reference of the Audit Committee is based on the role of the Audit Committee as mentioned in Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Committee met 5 (Five) times during the year on 30.05.2014, 05.07.2014, 12.08.2014, 11.11.2014 and 06.02.2015. Attendance of the members of the Committee is given below:

Name of the Members	Category	No. of meetings attended
Mr. Ajay Chaudhry	Non-Executive Independent Director	5
Mr. M. D. Kaniṭkar	Non-Executive Independent Director	1
Dr. B. S. Bhatia	Non-Executive Independent Director	5

b) Stakeholders' Relationship Committee

The Company has a Stakeholders' Relationship Committee to look into the redressal of stakeholders complaints on various issues. The members of the Committee are Mr. Ajay Chaudhry, Mr. Ashok Kumar Oswal and Mr. Ashok Kumar Goyal. Mr. Ajay Chaudhry is the Chairman of the Committee. The Committee met once during the year on 30.05.2014 and Mr. Ajay Chaudhry & Mr. Ashok Kumar Oswal were present at the meeting.

The Company has not received any complaint from shareholders during the financial year 2014-15.

Mr. Sushil Sharma, Company Secretary, is Compliance Officer of the Company, may be contacted at 0161-2685301-05, 6629888, 6629990 and fax at 0161-6629988. As per Clause 47 of the Listing Agreement, Company has designated an E-mail Id exclusively for the purposes of registering complaints/queries of investors which is given below:

Designated E-mail Id : vpl.sect@oswalgroup.com

c) Nomination and Remuneration Committee

The Company has a Nomination and Remuneration Committee consisting of 3 Non- executive Independent Directors i.e. Mr. Ajay Chaudhry, Dr. B. S. Bhatia and Mr. Amit Jain. Mr. Ajay Chaudhry is the Chairman of the Committee. The Committee is empowered to decide, review and approve the remuneration packages including pension rights and compensation payments of Directors, KMP & other employees as per remuneration policy of the Company. The committee met once during the year on 06.02.2015 and all the members were present at the meeting.

The Nomination and Remuneration Committee at its meeting held on 06.02.2015 approved the Nomination and Remuneration Policy. The details of Nomination and Remuneration Policy and criteria for annual appraisal/evaluation of the Board, the Board Committee and the Directors are given below:

i) Selection criteria

To identify the person as director of the company, the committee shall consider the appropriate skills and experience, age limit, conflict of interest, independence of directors etc.

For the Senior Management Personnel, the candidate should have appropriate qualification, skills and experience for discharging the role. The qualification, skills and experience of each such position shall be defined in the job description, which will be maintained by HR function.

ii) Remuneration Policy

The remuneration of executive directors consisting of basic salary, perquisites, pension benefits and benefits in kind will be competitive with those in other comparable organizations so as to attract high caliber individuals with relevant experience. It will ensure that part of the remuneration of executive directors will be based on the financial performance of the group using predetermined targets so as to motivate and reward successful business performance in the interest of shareholders.

Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) shall be paid such remuneration as recommend by the committee and approve by board from time to time. However, for all KMP's (except for the MD/WTD) and/or SMP or other employees, the Committee/Board may also authorize the person in charge of day-to-day affairs of the company to decide their remuneration based on their qualification, experience, expertise and their performance.

iii) Annual Evaluation by the Board

The evaluation framework for assessing the performance of Directors comprises of the following key areas:

- Participation in Board Meetings and Board Committee Meetings.
- Quality of contribution to Board deliberations.
- Strategic perspectives or inputs regarding future growth of Company and its performance.
- Providing perspectives and feedback going beyond information provided by the management.
- Commitment to shareholder and other stakeholder interests.

d) Other Committees of the Board

The other Board's committees composition, number of meetings held during the year and term of reference is as under:

Name of the Committee	Members	Number of meeting held during the year	Term of reference
Share Transfer Committee	Mr. Adish Oswal (Chairman) Mr. Ashok Kumar Goyal Mr. Parvinder Singh Mr. Sushil Sharma	17	Transfer, transmission, transposition, dematerialisation, rematerialization, split, duplicate issue of shares/ securities, authorization to RTA and other matters incidental thereto.

Allotment Committee	Mr. Ashok Kumar Oswal (Chairman) Mr. Adish Oswal Mr. Ajay Chaudhry Dr. B. S. Bhatia	1	Allotment of the shares, warrants, debentures and any other securities.
Risk Management Committee	Mr. Ashok Kumar Oswal (Chairman) Mr. Adish Oswal Mr. Ashok Kumar Goyal Mr. Amit Jain Mrs. Rakhi Oswal Mr. Parvinder Singh	1	Lay down the procedures for risk identification, assessment and minimization of such risks, review the said procedures on periodic basis and formulate risk management policy.
CSR Committee	Mr. Ashok Kumar Oswal (Chairman) Mr. Adish Oswal Mr. Ashok Kumar Goyal Mr. Ajay Chaudhry Mrs. Rakhi Oswal	1	<ul style="list-style-type: none"> Formulate CSR Policy and Indicate the activities to be undertaken; Recommend spending under CSR; and To perform the functions as defined and covered under the Companies Act, 2013 and Listing Agreement.
Banking, Finance & Investment Committee	Mr. Ashok Kumar Oswal (Chairman) Mr. Adish Oswal Mr. Ashok Kumar Goyal Mr. Ajay Chaudhry Mr. Parvinder Singh	1	<ul style="list-style-type: none"> To borrow money/ avail finance of any kind; To invest the funds of the company; To grant or make loans or advances, give guarantee or provide securities in respect of loan; Banking operations activities; and Any other ancillary and incidental issues as required for above said matters.

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report has been included in this Annual Report.

5. CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Company's Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel (SMP) of the Company. The Code of Conduct has been placed on the website of the Company *i.e.* www.oswalgroup.com. All Board Members & SMP have given their affirmations of compliance with the Code. A declaration to this effect signed by Chairman & Managing Director is enclosed and forms part of the Annual Report.

6. RISK MANAGEMENT

The Company has adopted a well defined procedure for risk management. The Risk Management Policy of the Company provides procedures for identification and mitigation of internal as well as external risks of the Company. The Company is having a Risk Management Committee consisting of directors and senior management functionaries within the organization. The Committee assesses the risks in various functional areas of the organization and defines the steps to minimize/mitigate those risks.

7. SUBSIDIARY COMPANIES

The Audit Committee reviews the significant issues including financial statements pertaining to subsidiary companies. The minutes of the subsidiary companies are placed before the Board of Directors of the Company and attention of the Directors is drawn to significant transactions and arrangements entered into by the subsidiary companies. The performance of its subsidiaries is also reviewed by the Board periodically. The Company does not have any material non-listed Indian subsidiary company. The Company has a policy for determining 'material subsidiaries' which is disclosed on its website at the following link

http://oswalgroup.com/investor_pdf/POLICY_FOR_DETERMINING_MATERIAL_SUBSIDIARY.pdf

8. SHAREHOLDERS

a) Details of Directors seeking appointment/re-appointment

The brief profile of the directors being appointed/re-appointed is given in this Annual Report, which forms part of the Corporate Governance Report.

b) Previous Annual General Meetings

The detail of last three Annual General Meetings (AGM) is given as follows:-

Meeting	Day, date & time of the meeting	Venue	No. of Special Resolutions Passed
34 th AGM	Tuesday, 30 th September, 2014 at 11.00 a.m.	Regd. Office: 341 K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana-141 123	6
33 rd AGM	Monday, 30 th September, 2013 at 11.00 a.m.	---- do-----	2
32 nd AGM	Saturday, 29 th September, 2012 at 11.00 a.m.	---- do-----	4

Postal Ballot: During the year 2014-15, the Company has passed the following special resolutions through postal ballot on 31.12.2014 & 30.03.2015.

Sr. No.	Date of Postal Ballot	Particulars	Voting pattern	
			Favour	Against
1	31.12.2014	To authorise Board of Director for charging and/or mortgaging properties/undertaking of the Company, under Section 180(1)(a) of the Companies Act, 2013.	99.999	0.001
2	31.12.2014	To authorise Board of Directors to make loans or investments, give guarantee or provide security, under Section 186 of the Companies Act, 2013.	99.999	0.001
3	30.03.2015	Raising of funds upto Rs. 300 crore by issue of securities.	100	0
4	30.03.2015	To sell, transfer or dispose off the investment held in equity shares of Oswal Industrial Enterprises Private Limited (OIEPL).	100	0
5	30.03.2015	To consider and approve the re-appointment of Mr. Ashok Kumar Oswal as Chairman & Managing Director of the Company.	99.9999	0.0001
6	30.03.2015	To consider and approve the re-appointment of Mr. Adish Oswal as Executive Director of the Company	99.9999	0.0001

Mr. Bhupesh Gupta, Practising Company Secretary was appointed as scrutinizer. The Company had send the postal ballot notices along with Postal Ballot Form either by post or e-mail (to those members who had registered their e-mail with the Company/ Depositories), to all members whose names were appeared in the Register of Members/ record of Depositories as on cut-off date as decided by the Board. The Company had also provided e-voting facility as an alternative.

c) Means of Communication

The Company communicates with the shareholders at large through its Annual Reports, placing the information on Company's website, publication of financial results, press releases in leading newspapers and by filing various reports and returns with the Statutory Bodies like Stock Exchanges, the Registrar of Companies and website of Ministry of Corporate Affairs. The financial results are published in prominent daily newspapers viz. Business Standard and Desh Sewak (Punjabi).

The financial results, annual report and shareholding pattern of the Company are also available on the Company's website viz. www.oswalgroup.com

9. DISCLOSURES

- Related Party Transactions:** All related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business. All Related Party Transactions were placed before the Audit Committee for its approval. The Audit Committee has granted omnibus approval for Related Party transactions as per the provisions and restrictions contained in the Listing Agreement. There was no material/significant transaction with the directors or the management, their subsidiaries or relatives etc. that have any potential conflict with interest of the Company at large read with details of transactions as disclosed in Notes on Accounts annexed in the Balance Sheet as per Accounting Standard (AS) -18. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the following link.
http://oswalgroup.com/investor_pdf/POLICY_ON_MATERIALITY%20_OF_AND_DEALING_WITH_RELATED_PARTY_TRANSACTIONS.pdf
- Non-compliances/ Penalties:** There has not been any non-compliance made by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or SEBI or any other Statutory Authority during the last three years.
- Vigil Mechanism/Whistle Blower Policy:** The Company promotes ethical behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior. The Company has a vigil mechanism/whistle blower policy wherein the employees are free to report violation of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the workgroups. The confidentiality of person reporting violation is maintained and he is not subjected to any discriminatory practice. No person has been denied access to the chairman of Audit Committee. The vigil mechanism policy is available at Company's website.
- Mandatory/ Non-Mandatory requirements:** The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The Company has also implemented non mandatory requirements of Clause 49 regarding direct report by internal auditor to Audit Committee.

10. GENERAL SHAREHOLDERS INFORMATION

- 35th Annual General Meeting**
 - Date : Tuesday, 29th September, 2015
 - Time : 11:00 A.M.
 - Venue : Regd. Office: Vardhman Park, Chandigarh Road, Ludhiana - 141123
- Financial Year** : 1st April to 31st March
- Financial Calendar 2015-2016 (Tentative)**
 - First Quarter Results : August, 2015
 - Second Quarter Results : November, 2015
 - Third Quarter Results : February, 2016
 - Annual Results : May, 2016
- Dates of Book Closure** : 23.09.2015 to 29.09.2015 (both days inclusive)

v) Listing of Securities

Sr. No.	Description	Stock Exchange	Stock Code
1.	Equity Shares	Bombay Stock Exchange Ltd (BSE) 25 th Floor, P.J. Towers, Dalal Street, Mumbai-400 001	514175
		The National Stock Exchange of India Ltd (NSE) "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai-400 051	VARDMNPOLY
2.	Foreign Currency Convertible Bonds (FCCBs)	Singapore Exchange Securities Trading Ltd. 2, Shenton Way, # 19-00, SGX Centre 1 Singapore- 068804	--

The Company has duly paid the listing fees to BSE and NSE for the year 2015-2016.

vi) Stock Market Data

The month-wise highest and lowest stock prices vis-à-vis BSE Sensex and NSE Nifty during the financial year 2014-15 are given below:-

Financial Year 2014-15 (Month)	VPL Share Price at BSE		BSE Sensex		VPL Share Price at NSE		NSE Nifty	
	High	Low	High	Low	High	Low	High	Low
April	42.80	32.65	22939	22198	42.70	32.05	6870	6650
May	49.00	36.65	25376	22277	50.90	36.05	7564	6639
June	48.00	39.00	25725	24270	49.90	38.20	7700	7240
July	64.00	46.50	26300	24892	64.90	47.05	7841	7422
August	65.75	51.50	26674	25233	65.75	52.00	7968	7540
September	61.80	50.10	27355	26220	62.90	50.40	8180	7842
October	55.00	44.35	27894	25911	56.95	46.50	8331	7724
November	58.00	46.50	28822	27740	55.60	44.85	8617	8290
December	54.90	46.70	28810	26469	53.95	43.00	8627	7961
January	49.80	40.00	29844	26776	49.70	43.00	8997	8065
February	48.80	42.60	29560	28044	47.25	42.25	8941	8471
March	47.80	36.25	30025	27248	47.75	36.00	9119	8269

vii) Registrar & Share Transfer Agent (RTA)

M/s Alankit Assignments Limited
(Unit: Vardhman Polytex Limited)
1E/13, Alankit Heights, Jhandewalan Extension, New Delhi-110 055
Telephone No. : 011-42541234, 23541234, Fax No. 011-41543474
E-mail: rta@alankit.com, Web Site: www.alankit.com

viii) Share Transfer System

The Company has a share transfer committee which meets on an average once in a fortnight. A list of valid transfers and objectionable cases received from RTA is placed before the Committee for its approval/confirmation. The share certificates are returned /dispatched to the shareholders by RTA after necessary endorsements normally within 15 days from the date of receipt. The delays, if any, are mostly due to notice given to seller for confirmation in case of difference in signatures and/or non receipt of copy of PAN.

The shares of the Company are traded on the Stock Exchanges compulsorily in demat form. The Company has participated as an issuer both with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shareholders may operate through any of the depositories, based on tariffs, quality and range of services being offered by them. The International Securities Identification Number (ISIN) for equity shares is **INE 835 A01011**.

ix) Dematerialisation of Shares

As on 31st March, 2015, 90.27% of the paid up equity share capital comprising 2,01,20,937 shares were dematerialised against 88.97% comprising 1,76,32,801 shares as on 31st March, 2014.

x) Distribution of Shareholding as on 31st March, 2015

Range (No. of shares)	Shareholders		Shares	
	Numbers	%age	Numbers	%age
Upto 500	6,628	92.96	8,63,569	3.87
501 - 1000	239	3.35	1,90,267	0.85
1001 - 5000	170	2.39	3,87,560	1.74
5001 - 10000	23	0.32	1,84,707	0.84
10001 - 50000	35	0.49	8,65,902	3.88
50001 & Above	35	0.49	1,97,98,952	88.82
Total	7,130	100.00	2,22,90,957	100.00

xi) Shareholding Pattern of the Company

Sr. No.	Category of the shareholders	As on 31 st March, 2015	
		No. of Shares	%age
1.	Promoters	1,34,04,202	60.1
2.	Mutual Funds & UTI	1,800	0.0
3.	Banks, Financial Institutions, Insurance Co.	1,134	0.0
4.	Bodies Corporate	44,92,444	20.2
5.	Indian Public	38,15,009	17.1
6.	NRIs, OCBs, FIIs	5,76,368	2.6
	Total	2,22,90,957	100.0

xii) Outstanding GDRs/ADRs/Warrants

There are no outstanding GDRs/ ADRs/ Convertible Warrants. However, the Company is having outstanding 2% unsecured Foreign Currency Convertible Bonds (FCCBs) for the principal amount of USD 3.2 million.

xiii) Plant/Unit Locations

- Vardhman Polytex Limited,
Badal Road,
Bathinda-151 005
- Vinayak Textile Mills (Spinning Unit)
D- 295/1, Phase VIII, Focal Point,
Ludhiana-141 010
- Vardhman Polytex Limited,
Village Nangal Nihla/Upperla,
Swarghat Road, Nalagarh -174 101(HP)
- Vinayak Textile Mills (Dyeing Unit)
D- 295/1, Phase VIII, Focal Point,
Ludhiana-141 010
- Amkryon International,
D- 295/1, Phase VIII, Focal Point,
Ludhiana-141 010
- Vardhman Park,
Chandigarh Road,
Ludhiana-141 123

xiv) Address for correspondence

Shareholders should address their correspondence to the Company's Registrar & Transfer Agents at the address mentioned in point (vii). Shareholders may also contact Mr. Sushil Sharma, Company Secretary and Compliance Officer at the Registered Office of the Company at Vardhman Park, Chandigarh Road, Ludhiana-141 123.

Tel : 0161-2685301-05, 6629888, 6629990

Fax : 0161-6629988

E-mail : vp1.sect@oswalgroup.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DP).

xv) Unpaid/Unclaimed Dividend

The unpaid/unclaimed dividend upto the financial year 2006-2007 has been transferred to Investor Education and Protection Fund (IEPF) of the Central Government. The members who have not claimed their dividend for the financial 2007-08 are requested to make their claim to the Company at the earliest.

The list of unpaid/unclaimed dividend pending for transfer to IEPF is available on the Company's website at www.oswalgroup.com

xvi) Green Initiative in Corporate Governance

Recognizing the 'Green Initiative' taken by the Ministry of Corporate Affairs ("MCA"), the Company opted and send the Notices, Annual Reports etc during previous year through electronic form to the members at their registered e-mail address provided to the depository participant/ Company/RTA.

11. AUDITOR'S CERTIFICATE ON COMPLIANCE

Certificate from the Statutory Auditors confirming compliance of Clause 49 is given in this Annual Report.

DECLARATION REGARDING COMPLIANCE WITH CODE OF CONDUCT

The Company has adopted the Code of Conduct for all Board members and senior management personnel of the Company.

It is hereby affirmed that all the Directors and Senior Managerial personnel have complied with the Code of Conduct and have given a confirmation in this regard.

Place : Ludhiana

Dated : 25th May, 2015

Sd/-
(Ashok Kumar Oswal)
Chairman & Managing Director
(DIN-00009403)

CERTIFICATE OF CHAIRMAN AND MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

We have reviewed financial statements and cash flow statement for the year ended 31st March, 2015 and to the best of our knowledge and belief:

- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 3) No transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

Further, we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee:

- a) deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies;
- b) significant changes in internal control over financial reporting during the year;
- c) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- d) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Ludhiana
Dated : 25th May, 2015

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Ashok Kumar Oswal
Chairman & Managing Director
(DIN-00009403)

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES IN INDIA

To The Members,
Vardhman Polytex Limited

We have examined the compliance of conditions of Corporate Governance by Vardhman Polytex Limited for the year ended on 31st March, 2015, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges in India.

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

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 above-mentioned Listing Agreement.

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

For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Registration No. 000756N

Sd/-
(Sunil Wahal)
Partner
Membership No. 087294

Place: New Delhi
Dated: 25th May, 2015

INDEPENDENT AUDITORS' REPORT

To The Members of Vardhman Polytex Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Vardhman Polytex Limited** ("the Company"), which comprise the balance sheet as at March 31, 2015, the statement of profit and loss, the cash flow statement, and a summary of significant accounting policies and other explanatory information for the year then ended.

Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control, 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 standalone 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 provision of the Act and Rules made thereunder.

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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

1. *During the financial year ended 31st March 2015 the Company has transferred land used for real estate development from fixed assets into stock in trade (refer note 39 to the financial statements). The transfer was done at the rate as assessed by the management of the Company thereby crediting an amount of Rs. 4,076.02 lacs to 'Capital Reserve' being excess of rate as assessed over cost price. The income from real estate transactions have been accounted on percentage completion method as per revised guidance note "Accounting for Real Estate transactions (Revised 2012)" as prescribed by Institute of Chartered Accountants of India. The Company has transferred amount from capital reserve to the Statement of Profit and Loss being an amount in proportion of revenue recognized under the percentage of completion method on entering into an agreement/ contract for sales. This is at variance with Accounting Standard (AS-2) 'Valuation of Inventories' and Accounting Standard (AS-10) 'Accounting for Fixed Assets', Specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. This has resulted in overstating the reserves by an amount of Rs 3,050.17 lacs and overstating the current assets by Rs. 2,962.86 lacs as on March 31, 2015 and overstating of revenue by Rs. 398.66 lacs, overstating of cost of development by Rs.1,115.08 lacs and overstating other income by an amount of Rs. 1,025.85 lacs during the year ended March 31, 2015.*
2. *No provision has been made for other than temporary diminution in the value of investment in one of the subsidiary company, FM Hammerle Textiles Limited (Formerly known as Oswal FM Hammerle Textiles Limited) of Rs. 9,126.41 lacs whose net worth has been completely eroded and having a loss of Rs. 13,020.97 lacs against share capital of Rs. 12,386.75 lacs as on March 31, 2015. This is at variance with Accounting Standard AS-13 'Accounting for Investments' Specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, resulting in Loss for the year ended March 31, 2015 being understated by the same amount, investments and reserve and surplus being overstated by the same amount.*

Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the matter described in the basis for qualified opinion paragraph above*, the aforesaid standalone 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, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015, ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure 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). Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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). Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e). On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f). The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
 - (g). With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at March 31, 2015 on its financial position in its financial statements – Refer Note 31 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- ii. (a) The physical verification of inventory has been conducted at reasonable intervals during the year by the management.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory, discrepancies noticed on physical verification of inventory as compared to book records were not material, and have been dealt with in the books of accounts.
 - iii. (a) The Company has granted unsecured loans to one of its subsidiary company covered in the register maintained under Section 189 of the Act. The maximum balance outstanding during the year was amounting of Rs. 3,591.33 lacs. The year-end balance of such loan is Rs. 3,292.71 lacs. In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest has been regular, we were explained that this loan is repayable on demand and, therefore, there are no overdue amounts at the year end
 - (b) Based on our audit procedures and the information and explanations made available to us, in case where overdue amount is more than rupees one lakh, reasonable steps have been taken by the Company for recovery of the principal and interest.
 - iv. According to the information and explanations given to us, there seems to be an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. The activities of the Company do not involve rendering of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
 - v. During the current year the Company has paid all its deposits and has not accepted any further deposits. The Company has complied the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
 - vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company
 - vii. (a) According to the information and explanations given to us, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us and the records of the company examined by us, there are no dues of Cess and Custom duty which have not been deposited on account of any dispute except the following dues of income-tax, sales-tax, wealth-tax, service tax and excise duty along with the forum where the dispute is pending;

For S. S. KOTHARI MEHTA & CO
Chartered Accountants
Firm Registration No. 000756N

Sd/-
(Sunil Wahal)
Partner
Membership No: 087294

Place: New Delhi
Date: 25th May, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VARDHMAN POLYTEX LIMITED

The Annexure referred to in our Independent Auditor's Report to the Members of the Company on the standalone financial statements for the year ended 31 March 2015, we report that:

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a program of physical verification of fixed assets that covers every item of fixed assets over a period of three years. In our opinion, this periodicity and manner of physical verification is reasonable having regard to the size of the Company and the nature of its assets. The fixed assets of the Company have not been physically verified by the Management during the year.

Name of the statute	Nature of dues	Period to which it pertains	Amount in dispute (Rs. In Lakhs)	Forum where dispute is pending	Amount deposited	Matter of disputed
Central Excise Act	Excise Duty	2006 – 09	4.63	The Commissioner of Central Excise , Chandigarh	–	Interest on cenvat credit taken wrongly duly reversed thereafter.
	Excise Duty	2004 – 05	28.92	CESTAT, New Delhi	–	Cenvat credit on input has been reversed.
	Excise Duty	1997 – 98 & 2004 – 05	42.34	Hon'ble Punjab & Haryana High Court, Chandigarh	42.34	Difference on account of loose and packed yarn
	Excise Duty	2004 – 05	14.75	Joint Secretary, New Delhi	13.85	
	Excise Duty	2009 – 10	89.07	Chief Commissioner of Central Excise, Ludhiana	–	
	Excise Duty	2009 – 10	1.82	Chief Commissioner of Central Excise, Ludhiana	–	
Service Tax Act	Service tax	2004 – 05, 2005 – 06 and 2006 – 07	14.11	Additional Commissioner of C.E., Ludhiana	1.05	Service Tax on Overseas commission
Income Tax Act	Income tax	AY 1998–99–2002 – 2003, 2004 – 2005, 2005 – 2006, 2011 – 2012	558.76	CIT (Appeals), Ludhiana	92.11	Disallowance of deduction under section 80HHC & 80M, Disallowance of Interest 6Tu/s 36(1)(iii) for investment in subsidiary companies, computation u/s 14A, Interest disallowance on advances to subsidiary companies u/s 36(1)(iii)
	Income tax	AY 2003 -2004, 2004- 2005, 2006-2007, 2008- 2009	139.39	ITAT, Chandigarh	32.98	Disallowance of deduction under section 80HHC & 80M.
	Income tax	AY 1998 – 99 to 2002 – 2003	204.36	Hon'ble Punjab & Haryana High Court, Chandigarh	120.00	Disallowance of Interest u/s 36(1)(iii) & as revenue expenditure or capital expenditure though matter decided by Hon'ble SC in our favor and levy of interest u/s 234 D, Disallowance u/s 14-A.
Punjab General Sales Tax Act	Punjab Vat	2000 – 01, 2001 – 02	17.61	DETC Appeal	5.10	Incremental production in respect of additional fixed capital investment.
	Punjab Vat	2005 – 06, 2006 – 07	0.48	DETC, Patiala	0.38	
	Punjab Vat	2003 – 04	0.51	Assistant Commissioner Sales Tax, Ludhiana	–	Difference on account of job charges under service tax and excise
Wealth Tax Act	Wealth Tax	A.Y. 1998 – 99	2.11	ITAT, Chandigarh	–	Dispute on valuation of land

- (d) According to the information and explanation given to us the company is not required to transfer any amount to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder within time.
- viii. The company has accumulated losses less than fifty percent of its net worth as at the end of the financial year. *The company has incurred cash losses in the current financial year but not in the immediately preceding financial year.*
- ix. According to the information and explanations given to us, *up to 31st December 2014 the Company had defaulted in repayment of dues to financial institutions/banks in respect of various loans and interest aggregating to Rs. 4,924.54 lacs (with delay ranging from 1 to 70 days) were paid during the current financial year.*
- x. As per the information and explanations given to us and on the basis of our examination of the records, the Company has given a corporate guarantee in favor of bankers of the subsidiary company. The term and conditions of such guarantee are prima facie, not prejudicial to the interest of the company.
- xi. In our opinion and on the basis of information and explanations given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained, where such end use has been stipulated by the lender.
- xii. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the management.

For S. S. KOTHARI MEHTA & CO
Chartered Accountants
Firm Registration No. 000756N

Sd/-
(Sunil Wahal)
Partner

Place: New Delhi
Date: 25th May, 2015

Membership No: 087294

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	As at 31.03.2015 ₹ lacs	As at 31.03.2014 ₹ lacs
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	3	2,232.54	1,985.24
(b) Reserves and Surplus	4	10,629.81	9,903.64
Total Shareholders' Funds		12,862.35	11,888.88
2. Share Application Money Pending Allotment	5	-	985.00
3. Non Current Liabilities			
(a) Long Term Borrowings	6	23,195.72	26,141.61
(b) Long Term Provisions	8	206.77	439.47
(c) Other Non Current Liabilities	9	71.51	-
Total Non Current Liabilities		23,474.00	26,581.08
4. Current Liabilities			
(a) Short-Term Borrowings	10	16,463.86	12,427.48
(b) Trade Payables	11	6,886.90	6,598.68
(c) Other Current Liabilities	12	10,042.59	12,761.99
(d) Short - Term Provisions	8	488.80	296.08
Total Current Liabilities		33,882.15	32,084.23
TOTAL		70,218.50	71,539.19
II. ASSETS			
1. Non Current Assets			
(a) Fixed Assets			
Tangible Assets	13	25,712.37	28,276.66
Intangible Assets	13	71.48	46.20
Capital Work In Progress		411.10	765.75
(b) Non Current Investments	14	9,149.56	13,650.48
(c) Deferred Tax Assets (Net)	7	5,016.18	1,821.41
(d) Long - Term Loans And Advances	15	1,095.06	947.55
(e) Other Non Current Assets	16	2,570.67	2,362.99
Total Non Current Assets		44,026.42	47,871.04
2. Current Assets			
(a) Current Investments	14	31.94	69.55
(b) Inventories	17	13,790.03	9,219.18
(c) Trade Receivables	18	5,251.99	6,595.01
(d) Cash and Bank Balances	19	1,420.64	1,310.34
(e) Short - Term Loans and Advances	15	5,697.48	6,474.07
Total Current Assets		26,192.08	23,668.15
TOTAL		70,218.50	71,539.19

Significant Accounting Policies

2

The accompanying notes form an integral part of these financial statements

As per our report of even date
For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Reg. No:- 000756N

FOR AND ON BEHALF OF THE BOARD OF VARDHMAN POLYTEX LIMITED

Sd/-
Sunil Wahal
Partner
M. No. 087294

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary
(FCS-6535)

Sd/-
Ajay Chaudhry
Director
(DIN-00055733)

Sd/-
Ashok Kumar Oswal
Chairman & Managing Director
(DIN-00009403)

Place : Ludhiana
Date : 25th May, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No.	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
I. REVENUE			
(a) Revenue from operations	20	94,241.29	92,272.43
Less : Excise Duty		(0.60)	(0.63)
(b) Other Income	21	2,354.15	2,016.12
Total Revenue		96,594.84	94,287.92
II. EXPENSES			
(a) Cost of Material Consumed	22	63,492.38	63,343.34
(b) Purchase of Stock-in-Trade	23	1,206.35	277.15
(c) Changes in Inventories	24	1,041.20	(2,333.76)
(d) Employee Benefit Expenses	25	5,450.30	5,302.26
(e) Finance Costs	26	7,255.20	7,177.39
(f) Depreciation and Amortization Expenses	27	3,238.57	3,265.85
(g) Other Expenses	28	17,142.77	16,923.46
Total Expenses		98,826.77	93,955.69
III. Profit/(Loss) before exceptional items and tax		(2,231.93)	332.23
Exceptional items		3,585.01	—
IV. Profit/(Loss) before tax		(5,816.94)	332.23
V. Tax Expenses			
(a) Current Tax		—	—
(b) Deferred Tax (credit)		2,936.74	145.28
VI. Profit/(Loss) after tax for the year		(2,880.20)	477.51
VII. Earnings per equity share	29		
(a) Basic (in ₹)		(14.02)	2.59
(b) Diluted (in ₹)		(14.02)	2.28
Significant accounting policies	2		

The accompanying notes form an integral part of these financial statements

As per our report of even date
For S.S. Kothari Mehta & Co.
 Chartered Accountants
 Firm Reg. No:- 000756N

FOR AND ON BEHALF OF THE BOARD OF VARDHMAN POLYTEX LIMITED

Sd/-
Sunil Wahal
 Partner
 M. No. 087294

Sd/-
Parvinder Singh
 Chief Financial Officer

Sd/-
Sushil Sharma
 Company Secretary
 (FCS-6535)

Sd/-
Ajay Chaudhry
 Director
 (DIN-00055733)

Sd/-
Ashok Kumar Oswal
 Chairman & Managing Director
 (DIN-00009403)

Place : Ludhiana
 Date : 25th May, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
I. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax	(5,816.94)	332.23
Add: Depreciation	3,238.57	3,265.85
Interest Paid	7,255.20	7,177.39
Net Loss on fixed assets sold / discarded	3.59	55.45
Loss on sale of investment	3,585.01	—
Foreign Currency Monetary Item translation difference	(56.11)	47.67
Sundry Balance written off	33.93	157.18
Less: Dividend Received	(2.75)	(4.74)
Net Profit on fixed assets sold / discarded	(4.89)	(230.42)
Profit on investment sold	(279.20)	(1,238.23)
Transfer from capital reserve	(1,025.85)	—
Interest received	(278.50)	(195.58)
Sundry Balance written back	(95.08)	(36.61)
Operating profit before working capital changes	6,556.99	9,330.19
Working capital changes		
Trade receivables	1,343.02	(924.60)
Inventories	(494.84)	(4,119.70)
Loans & advances / other current assets	595.16	170.31
Trade payables & other liabilities	(375.91)	1,710.17
Net cash from operating activities	7,624.42	6,166.37
II. CASH FLOW FROM INVESTING ACTIVITIES		
Addition in fixed assets (net)	(1,314.93)	(1,827.83)
Sale of fixed assets	212.77	536.96
Interest/dividend received	281.24	200.32
Sale of investments	953.51	22.44
Net Cash from/(used in) Investing Activities	132.59	(1,068.11)
III. CASH FLOW FROM FINANCING ACTIVITIES		
Long term borrowings - term loans (net of repayments)	(4,730.52)	(5,296.92)
Short term borrowings (working capital)	4,036.37	3,278.39
Other non current liabilities	71.51	—
Issue of share capital	1,360.15	1,136.02
Share application money received/(alloted)	(985.00)	985.00
Interest paid	(7,191.54)	(6,466.76)
Net Cash from/used in financing activities	(7,439.02)	(6,364.27)
Increase/(decrease) in cash or cash equivalents	317.99	(1,266.01)
Opening cash or cash equivalents	1,437.33	2,703.32
Closing cash or cash equivalents*	1,755.32	1,437.33

* Cash Equivalents includes other bank balances -refer note no. 19

As per our report of even date
For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Reg. No:- 000756N

FOR AND ON BEHALF OF THE BOARD OF VARDHMAN POLYTEX LIMITED

Sd/-
Sunil Wahal
Partner
M. No. 087294

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary
(FCS-6535)

Sd/-
Ajay Chaudhry
Director
(DIN-00055733)

Sd/-
Ashok Kumar Oswal
Chairman & Managing Director
(DIN-00009403)

Place : Ludhiana
Date : 25th May, 2015

Notes to the Financial Statements for the year ended 31st March, 2015

1. LEGAL STATUS & ACTIVITIES

- a) Vardhman Polytex Limited (the Company) is a public limited listed company registered under the erstwhile Companies Act 1956. The Company's principal activity is manufacturing of yarn, garments and to develop residential & commercial colony or project.
- b) The company's principal place of business is located at 'Vardhman Park, Chandigarh Road, Ludhiana-141123' & factories/units are located at the following premises:
 - Badal Road, Bathinda, Punjab - 151005.
 - D295/1, Phase VIII, focal point, Ludhiana, Punjab - 141010 (Unit - Vinayak Textiles Mills -Spinning & Dye house, Amkryon International).
 - Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh, Himachal Pradesh - 174101.
- c) The company is developing residential and commercial colony/project named as 'Vardhman Park' situated at Chandigarh Road, Ludhiana-141123' during the current year.
- d) These financial statements are presented in Indian Rupees (₹).

2. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION

These financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the erstwhile Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) {Companies (Accounting Standards) Rules, 2006 as amended} and other relevant provisions of the Companies Act, 2013.

b) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

c) REVENUE RECOGNITION

SALE OF GOODS

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. Revenue is recognized in respect of export sales on the basis of bill of lading.
- ii. Inter unit sales comprising of sale of yarn from spinning unit to dyeing unit is reduced from gross turnover in deriving net turnover.
- iii. Income and export incentives / benefits are accounted for on accrual basis and as per principles given under AS-9 – Revenue recognition.

REVENUE FROM REAL ESTATE ACTIVITY

Revenue from real estate activity ("the project") is recognised on the transfer of all significant risks and rewards of ownership to the customers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration.

The freehold land under real estate development planned for sale, is converted from fixed assets into stock-in-trade at rate as assessed by the management of the Company. The difference between the as assessed rate and cost of that part of freehold land is credited to capital reserve and is released to the Statement of Profit and Loss in the proportion of revenue recognized under the percentage of completion method on entering into an agreement/ contract for sale.

Revenue from real estate development activity where the Company still has obligations to perform substantial acts even after the transfer of all significant risks and rewards, is recognised on the "Percentage of Completion Method". Revenue is recognised in relation to the sold areas, on the basis of percentage of actual cost incurred, including land, development and construction costs as against the total estimated cost of project. Revenue is recognised, if the cost incurred is in excess of 25% of the total estimated cost and the outcome of the project can be reliably ascertained. The Company recognize revenue in accordance with the Revised Guidance Note issued by the Institute of Chartered Accountants of India on "Accounting for Real Estate transactions (Revised 2012)"

Cost of construction/development (including cost of land) incurred is charged to the statement of profit and loss proportionate to area sold and the balance cost is carried over under Inventory as part of development work-in- progress. Cost of construction/development includes all costs directly related to the Project and other expenditure as identified by the management which are reasonably allocable to the project.

Unbilled revenue, if any, disclosed under other non-current assets represents revenue recognized over and above amount due as per payment plans agreed with the customers. Progress billings which exceed the costs and recognized profits to date on projects under construction are disclosed as advance received from customers under other current liabilities. Any billed amount that has not been collected is disclosed under trade receivables.

Interest free maintenance security (IFMS) and Community Club fees received by the company from real estate customers will be treated as part of liabilities till such time the relevant facilities are not provided by the Company.

The estimates of saleable area and cost of construction are revised periodically by the management. The effect of such changes to estimates is recognised in the period such changes are determined. The estimated cost of construction as determined is based on management's estimate of the cost expected to be incurred till the final completion and includes cost of materials, service and other related overheads. Unbilled costs are carried as real estate development work in progress.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/ activity and the foreseeable losses to completion.

DIVIDENDS

Revenue in respect of dividends is recognized when the shareholders' right to receive payment is established by the balance sheet date.

INTEREST

Interest in come is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head 'other income' in statement of profit and loss.

INSURANCE CLAIM

Claims with insurance companies are accounted on accrual basis to the extent, these are measurable and ultimate collection is reasonably certain.

d) INVENTORIES

- i. Finished goods and work in progress are valued at lower of historical cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. By products are valued at net realizable value.
- ii. Stores, spares and raw materials are valued at lower of historical cost or net realizable value. However materials & other items held for use in the production of inventories are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- iii. Cost is determined on the basis of weighted average method.
- iv. 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.

e) INVESTMENTS

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. Long-term investments are carried at cost individually. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments in case of long term investments.

f) FIXED ASSETS

Tangible assets

Fixed assets are stated at historical cost less accumulated depreciation and impairment loss if any. Historical cost comprises the purchase price (net of cenvat / duty credits wherever applicable) and all direct costs attributable to bringing the asset to its working condition for intended use.

Intangible assets

Capital expenditure on purchase and development of identifiable non-monetary assets without physical substance is recognized as intangible assets in accordance with principles given under AS-26 – Intangible assets. These are grouped and separately shown under the schedule of fixed assets. These are amortized over their respective expected useful lives.

g) DEPRECIATION & AMORTIZATION

Depreciation on fixed assets is provided on the basis of useful life of assets prescribed in Schedule II to the Companies Act, 2013. All assets costing ₹ 5,000 or below are fully depreciated in the year of addition.

Asset description	Useful Life (Years)
Plant & machinery	
- continuous process	25
- others	7.50 -15
Other equipment	5 - 10
Computers and Equipements	3 - 6
Vehicle	8
Factory building	3 - 30
Other than factory building	60
Furniture & fixtures	10

However in some of the assets the company has reassessed the estimated useful life of its fixed assets through an independent Chartered Engineers. In such cases the company has not opted for the rates as given by the schedule II of the Companies Act, 2013.

Intangible assets are amortized over a period not exceeding ten years on a straight-line basis. Land on lease is amortized over the period of the lease.

h) **IMPAIRMENT OF ASSETS**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. Previously recognised impairment losses are reversed to the extent the recoverable amount exceeds the carrying amount.

i) **FOREIGN EXCHANGE TRANSACTIONS/TRANSLATION**

i. **Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii. **Exchange Differences**

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as an expense.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

iv. **Forward exchange contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

j) **RESEARCH AND DEVELOPMENT**

Revenue expenditure on research and development including salaries, consumables and power & fuel is charged to statement of profit and loss under respective heads of expenditure. Capital expenditure is shown as addition to fixed assets.

k) **EMPLOYEE BENEFITS**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 – Employee benefits.

i. **Provident Fund & ESI**

The Company makes contribution to Statutory Provident Fund and Employee State Insurance in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance Act, 1948 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

ii. **Gratuity**

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year to which such gains or losses relate.

iii. **Leave encashment**

Liability in respect of leave encashment becoming due or expected after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

iv. **Superannuation benefit**

The Company makes contribution to superannuation fund which is a post employment benefit in the nature of a defined contribution plan & contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

v. Other short term benefits

Expense in respect of other short term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

l) LEASES

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

m) TAXES ON INCOME

Tax expense comprises of current and deferred. Tax provision for current tax is made in accordance with the provisions of Income Tax Act, 1961.

In accordance with Accounting Standard AS-22 'Accounting for Taxes on Income' as notified by Companies (Accounting Standards) Rules, 2006 deferred tax liability/ asset arising from timing differences between book and income tax profits is accounted for at the current rate of tax to the extent these differences are expected to crystallize in later years. However, deferred tax assets are recognized only if there is a reasonable/ virtual certainty of realization thereof. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date

n) GOVERNMENT GRANTS AND SUBSIDIES

Grants and subsidies from the Government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

o) BORROWING COST

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

p) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. A contingent liability is recognized for:

- i. a present obligation that arises from past events but is not recognized as a provision because either the possibility that an outflow of resources embodying economic benefits will be required to settle the obligation is remote or a reliable estimate of the amount of the obligation cannot be made; and
- ii. a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. Contingent assets are neither accounted for nor disclosed in the financial statements.

q) EARNING PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. 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) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

3. SHARE CAPITAL

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Amount ₹ lac	Number	Amount ₹ lac
Authorised				
Equity shares of 10/- each	7,00,00,000	7,000.00	7,00,00,000	7,000.00
TOTAL	7,00,00,000	7,000.00	7,00,00,000	7,000.00
Issued, Subscribed and Fully Paid-up				
2,22,90,957 (Previous year 1,98,17,957) Equity Shares of ₹ 10/- each	2,22,90,957	2,229.09	1,98,17,957	1,981.79
Forfeited Shares	–	3.45	–	3.45
TOTAL	2,22,90,957	2,232.54	1,98,17,957	1,985.24

3.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	₹ lac	No. of Shares	₹ lac
Equity Shares				
At the beginning of the year	1,98,17,957	1,981.80	1,78,42,957	1,784.30
Add: Issued during the year (refer note no. b)	24,73,000	247.29	19,75,000	197.50
Outstanding at the end of the year (refer note no. a)	2,22,90,957	2,229.09	1,98,17,957	1,981.80

Note:

- Out of 1,34,04,202 (Previous Year: 1,09,07,452) equity shares (face value of ₹ 10 each) held by promoters & promoters group companies, 1,09,31,202 (Previous Year: 1,09,07,202) equity shares (face value of ₹ 10 each) pledged with National Securities Depository Limited (NSDL) in favour of Canara Bank (lead banker).
- Equity shares arising out of conversion of the convertible warrants issued on preferential basis.

3.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. During the year ended 31st March, 2015, the amount of dividend recognized as distribution to equity shareholder was ₹ Nil (Previous year ₹ Nil).

3.3 The following hold more than 5% shares

Name of equity shareholder	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	%	No. of Shares	%
Panchsheel Textile Mfg. & Trdg. Co. (P) Ltd.	44,26,917	19.86	44,02,917	22.22
Alma Assets Consultancy (P) Ltd.	43,62,325	19.57	43,62,325	22.01
Swarnim Tie Up (P) Ltd.	14,00,000	6.28	14,00,000	7.06
Altfort Merchants (P) Ltd.	21,82,000	9.79	–	–

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

3.4 Aggregate number of shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date : Nil (Previous year Nil).

4. RESERVES AND SURPLUS

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Capital Subsidy		
Opening balance	95.50	95.50
(+) Current year transfer	—	—
(-) Written back in current year	—	—
Closing balance	95.50	95.50
Capital Redemption Reserve		
Opening balance	0.01	0.01
(+) Current year transfer	—	—
(-) Written back in current year	—	—
Closing balance	0.01	0.01
Capital Reserve		
Opening balance	—	—
(+) Current year created (refer note no. 39)	4,076.02	—
(-) Written back in current year	1,025.85	—
Closing balance	3,050.17	—
General Reserve		
Opening balance	10,366.21	10,366.21
(+) Current year transfer	—	—
(-) Depreciation on account of balance useful life being NIL as on 01 April 2014 as per Companies Act, 2013 (net of deferred tax) (refer note no. 13)	500.52	—
Closing balance	9,865.69	10,366.21
Amalgamation Reserve		
Opening balance	45.00	45.00
(+) Current year transfer	—	—
(-) Written back in current year	—	—
Closing balance	45.00	45.00
Foreign Currency Translation Reserve		
Opening balance	61.82	14.15
(+) Current year transfer	—	47.67
(-) Written back in current year	56.11	—
Closing balance	5.71	61.82
Security Premium Reserve		
Opening balance	6,618.21	5,679.69
(+) Equity share capital issued	1,112.85	938.52
(-) Utilized against premium/coupon on FCCB	—	—
Closing balance	7,731.06	6,618.21
Deficit in the Statement of Profit and Loss		
Opening balance	(7,283.11)	(7,760.62)
(+) (Net loss)/net profit for the year	(2,880.20)	477.51
Closing balance	(10,163.31)	(7,283.11)
TOTAL	10,629.81	9,903.64

5. SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Share application money received	–	985.00
Note as on 31.03.2014	–	985.00
Terms and conditions	<p>a) The holders of each warrant will be entitled and having option to apply for and obtain allotment of one equity share of face value of ₹ 10/- each of the Company against each warrant at any time after the date of allotment but on or before the expiry of 18months from the date of allotment, in one or more tranches. At the time of exercise of entitlement, the warrant holders shall pay the balance of the consideration towards the subscription to each equity share. The amount so paid will be adjusted/ set-off against the issue price of the resultant equity shares.</p> <p>If the entitlement against the warrants to apply for the equity shares is not exercised within the aforesaid period, the entitlement of the warrant holders to apply for equity shares of the Company along with rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.</p> <p>b) The warrant holders shall hold equal rights in respect of future bonus and right issue, if any declared by the company in the same proportion and manner with any other shareholder of the Company.</p> <p>c) The equity shares issued upon the conversion of warrants shall rank pari passu in all respects including with respect to dividend, with the then fully paid up equity shares of the Company, subject however to the provisions of the Memorandum and Articles of Association of the Company.</p> <p>d) The warrant(s) by itself until converted into equity shares, does not give to the holder hereof any rights with respect to that of a shareholder of the Company except as specified above.</p> <p>e) The warrants and equity shares shall be subject to lock-in for a period as prescribed under SEBI (ICDR) Regulations, 2009 (including any amendments thereto or re-enactment thereof)</p>	
Number of shares proposed to be issued	24,73,000 warrants optionally convertible into equal numbers of equity shares face value of ₹ 10/- at a premium of ₹ 45/- per share.	
Amount of Premium	₹ 1,112.85 lac	
The Period before which shares to be allotted	The allotment of the warrants shall be completed within the prescribed period of 15 days from date of the passing of the resolution by the shareholders provided that in case, the allotment of warrants is pending on account of the pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of the receipt of such approval.	
Whether the company has sufficient authorized share capital to cover the share capital amount on allotment of shares out of share application money	Yes	
Interest accrued on amount due for refund	NIL	
The period for which the share application money has been pending beyond the period for allotment as mentioned in the share application form alongwith the reasons for such share application money being pending	Not applicable	

6. LONG TERM BORROWINGS

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Secured loans		
Term loans		
Rupee loan from banks	17,414.86	17,299.12
Rupee loan from others	657.00	697.76
Working capital term loan (I)	–	3,307.23
Working capital term loan (II)	5,873.58	6,246.20
Funded interest term loan	2,718.27	3,600.69
Vehicle loan	32.23	53.16
Unsecured loans		
Foreign currency convertible bonds	1,999.84	2,396.40
From others	400.00	500.00
Fixed deposit from public	–	4.95
TOTAL	29,095.78	34,105.51
Less : Amount disclosed under other current liability (refer note no. 12)	(5,900.06)	(7,963.90)
GRAND TOTAL	23,195.72	26,141.61

Terms of repayment / detail of Security are as follow:-

Rupee term loan from banks											(₹ lac)
Particulars	Rate of Interest % P.A.	No of instalments	O/s as at 31.03.2015	O/s as at 31.03.2014	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Rupee term loan	11.00%	28 Qly	17,414.86	17,299.12	1,840.58	1,677.09	2,385.56	2,739.79	3,094.02	3,447.09	2,230.73
Working capital term loan – I	11.00%	–	–	3,307.23	–	–	–	–	–	–	–
Working capital term loan – II	11.00%	28 Qly	5,873.58	6,246.20	527.48	515.28	772.92	901.74	1,030.56	1,159.38	966.22
Funded interest term loan	11.00%	10 Qly	2,718.27	3,600.69	1,474.37	1,165.33	78.57	–	–	–	–
TOTAL			26,006.71	30,453.24	3,842.43	3,357.70	3,237.05	3,641.53	4,124.58	4,606.47	3,196.95

Rupee term loan from others											(₹ lac)
Lending institution	Rate of Interest % P.A.	No of instalments	O/s as at 31.03.2015	O/s as at 31.03.2014	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Religare Finvest Ltd	15.75%	103 Monthly	422.21	444.63	26.10	30.36	35.32	41.11	47.84	55.66	64.77
Religare Finvest Ltd	15.50%	83 Monthly	234.79	253.13	21.29	24.71	28.68	33.30	38.65	44.86	43.30
TOTAL			657.00	697.76	47.39	55.07	64.00	74.41	86.49	100.52	108.07

Vehicle Loan											(₹ lac)
Lending institution	Rate of Interest % P.A.	No of instalments	O/s as at 31.03.2015	O/s as at 31.03.2014	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
HDFC Bank	10.00%	19 Monthly	10.05	15.63	6.16	3.89	–	–	–	–	–
ICICI Bank	10.50%	–	–	5.68	–	–	–	–	–	–	–
Axis Bank	11.00%	–	–	14.51	–	–	–	–	–	–	–
Canara Bank	10.70%	62 Monthly	22.19	17.34	4.24	4.72	5.26	5.86	1.79	0.32	0.32
TOTAL			32.24	53.16	10.40	8.61	5.26	5.86	1.79	1.79	0.32

Details of security:-

- Term loans from financial institutions and banks as stated as above are/shall be secured by way of joint equitable mortgage of all the immovable properties (present and future) of the Company ranking on pari- passu basis and hypothecation of all movable assets of the company (except book debts) subject to prior charge of the company's bankers on specified movable assets in respect of working capital borrowings.
- Term loan from others is guaranteed by promoter company M/s Panchsheel Textile Mfg & Trading Co. Pvt Ltd. along with charge on specific assets.
- All the term loans & working capital term loan from banks are guaranteed by promoter directors & Mrs. Manju Oswal. (related party)
- Vehicle loan is secured by way of hypothecation of the vehicle against such loan.

The period and amount of default as on the balance sheet date are as under: (₹ lac)

Particulars	Period of default	Principal	Interest accrued and due	Total	Paid/Settled	Balance
Secured (Term Loans)						
As at 31.03.2014	From 01.02.2014 to 31.03.2014	269.80	266.00	535.80	535.80	–
Unsecured (FCCB)						
As at 31.03.2015	Before 31.03.2015	624.95	115.05	740.00	740.00	–
As at 31.03.2014	From 31.12.2013	479.28	88.24	567.52	567.52	–

Note:

- Principal and interest accrued on Secured (term loans) have been repaid with in 7 working days of the end of March 31, 2015 which is not a continuing default hence not been considered in default as at March 31, 2015.
- The company has signed settlement agreement with Foreign Currency Convertible Bond holders of principal value of USD 85,00,000 (₹ 4,613.80 lacs) worth of bonds and redemption premium of USD 15,64,850 (₹ 849.40 lacs) aggregating the total of USD 1,00,64,850 (₹ 5,463.20 lacs) . Under the settlement agreement, the final amount including redemption premium has been settled at USD 51,71,513 which is payable in instalment up to year 2016. Out of the final settled amount of USD 51,71,513 the company had paid an amount of USD 30,57,823 (equivalent value bonds surrendered to the company) out of which an amount of USD 4,50,000 (equivalent value bonds surrendered to the company) has been paid in current financial year and accordingly an amount of USD 32,17,939 has been written back in the books of accounts . The Axis Bank bond holders reserves the right to exit the settlement agreement on the balance amount of USD 22,00,000, if there is reasonable ground for it to conclude (at its own discretion) that the company may not fulfil its obligation and retains its rights to recompense.

Profit on write back of bonds has been recognized under the head “Other income”.

7. DEFERRED TAX (NET)

Particulars	As at 31.03.2015 ₹ lac	Charge / (credit) during the year ₹ lac	As at 31.03.2014 ₹ lac
Deferred Tax Liabilities			
Arising on account of timing difference :			
Accumulated depreciation	2,336.82	(322.99)	2,659.81
Deferred tax assets			
Arising on account of timing difference :			
Unabsorbed depreciation / losses and Sec 43B items	(7,094.97)	(2,613.75)	(4,481.22)
Others	(258.03)	–	–
Net Deferred Tax Liability/(Assets)	(5,016.18)	(2,936.74)	(1,821.41)

8. PROVISIONS

Particulars	Long-term		Short-term	
	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Premium on Redemption of FCCB	–	242.65	368.17	198.53
Employee related benefits	206.77	196.82	120.63	97.55
TOTAL	206.77	439.47	488.80	296.08

9. OTHER NON CURRENT LIABILITIES

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Community club fees	71.51	—
TOTAL	71.51	—

10. SHORT TERM BORROWINGS

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Secured		
Loans repayable on demand		
-Working capital loans from banks	16,463.86	12,427.48
TOTAL	16,463.86	12,427.48

Detail of securities :

- Working capital loans from banks are secured by hypothecation of all stocks (except the stock of raw material already pledge with third party), present and future of stores, spare parts, packing materials, raw materials, finished goods, goods in transit/process, book debts, outstanding money receivable, claims, bills etc. and second charge by way of joint equitable mortgage of immovable properties of Company.
- Personal guarantee given by promoter Director & Mrs. Manju Oswal. (related party).

11. TRADE PAYABLES

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Payable to Micro Small & Medium Enterprises (MSME)	—	—
Payable to other than MSME	6,886.90	6,598.68
TOTAL	6,886.90	6,598.68

The information as required to be disclosed under The Micro, Small and Medium Enterprises (Development) Act, 2006 ("the Act") has not been received so far, so the disclosure requirement for balance outstanding, interest paid/payable as at the year end as required by the Act has not been given.

12. OTHER CURRENT LIABILITIES

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Current maturities of long-term borrowings (refer note no-6)	5,900.06	7,963.90
Interest accrued and due on borrowings	851.40	786.08
Interest accrued but not due	—	1.66
Creditor for service & contracts	252.36	240.60
Trade deposits & advances	666.12	593.24
Security deposits	73.53	97.72
Unclaimed dividend*	3.03	7.59
Other payables		
Employees related	671.42	658.78
Statutory dues	178.10	176.58
Trade expenses	348.71	986.38
Others	1,097.86	1,249.46
TOTAL	10,042.59	12,761.99

- * Investors Education and Protection Fund under Section 205C of erstwhile Companies Act 1956 will be credited by unclaimed dividend amount expiring on seven years from the dividend declaration, the amount is not due at the year end.

13. FIXED ASSETS

a) For the year ended 31.03.2015

Particulars	Tangible assets							Intangible assets			Total Assets	
	Leasehold Land	Free hold Land	Building	Plant & Machinery	Other Equipment	Furniture & Fixtures	Vehicles	Total	Softwares (Bought out)	Trade Mark (Bought out)	Total	
	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac
Cost												
As at 1st April 2014	136.77	1,808.17	12,435.50	41,339.85	143.79	222.88	610.12	56,697.08	356.93	3.27	360.20	57,057.28
Additions	–	259.54	70.74	1,229.74	20.26	13.77	21.27	1,615.32	54.27	–	54.27	1,669.59
Relating to disposals	–	(170.09)	(3.11)	(110.94)	(0.47)	(8.49)	(72.36)	(365.46)	(0.31)	–	(0.31)	(365.77)
As at 31st March 2015	136.77	1,897.62	12,503.13	42,458.65	163.58	228.16	559.03	57,946.94	410.89	3.27	414.16	58,361.10
Depreciation												
As at 1st April 2014	–	–	2,502.96	25,451.56	59.54	145.49	260.88	28,420.43	311.03	2.97	314.00	28,734.43
Charge for the year	–	–	415.57	2,691.78	20.88	14.72	73.30	3,216.25	22.27	0.05	22.32	3,238.57
Relating to disposals	–	–	(0.27)	(99.73)	(0.06)	(7.66)	(46.50)	(154.22)	(0.05)	–	(0.05)	(154.27)
Adjustment	–	–	209.16	506.19	28.95	5.57	2.26	752.11	6.41	–	6.41	758.55
As at 31st March 2015	–	–	3,127.42	28,549.78	109.31	158.12	289.94	32,234.57	339.66	3.02	342.68	32,577.25
Net block												
As at 31st March 2015	136.77	1,897.62	9,375.71	13,908.86	54.27	70.04	269.09	25,712.37	71.23	0.25	71.48	25,783.85

b) For the year ended 31.03.2014

Particulars	Tangible Assets							Intangible Assets			Total Assets	
	Leasehold Land	Free hold Land	Building	Plant & Machinery	Other Equipment	Furniture & Fixtures	Vehicles	Total	Softwares (Bought out)	Trade Mark (Bought out)	Total	
	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac
Cost												
As at 1st April 2013	173.07	1,749.88	12,272.66	40,388.31	133.43	219.14	618.13	55,554.62	353.38	3.27	356.65	55,911.27
Additions	–	69.31	417.55	1,927.37	10.76	3.74	44.90	2,473.63	3.55	–	3.55	2,477.18
Relating to disposals	(36.30)	(11.02)	(254.71)	(975.82)	(0.41)	–	(52.91)	(1,331.17)	–	–	–	(1,331.17)
As at 31st March 2014	136.77	1,808.17	12,435.50	41,339.86	143.78	222.88	610.12	56,697.08	356.93	3.27	360.20	57,057.28
Depreciation												
As at 1st April 2013	–	–	2,315.99	23,381.23	52.72	135.34	249.78	26,135.06	299.77	2.91	302.68	26,437.74
Charge for the year	–	–	353.06	2,832.28	6.84	10.15	52.20	3,254.53	11.26	0.06	11.32	3,265.85
Relating to disposals	–	–	(166.08)	(761.98)	(0.02)	–	(41.10)	(969.18)	–	–	–	(969.18)
As at 31st March 2014	–	–	2,502.97	25,451.55	59.54	145.49	260.88	28,420.43	311.03	2.97	314.00	28,734.42
Net Block												
As at 31st March 2014	136.77	1,808.17	9,932.53	15,888.32	84.24	77.39	349.25	28,276.66	45.90	0.30	46.20	28,322.86

- a) The leasehold land includes ₹ 136.77 lac (previous year ₹ 136.77 lac) is forfeited by Maharashtra Industrial Development Corporation (MIDC), due to non compliance of the terms of allotment. Leasehold land was allotted for a period of 95 years.
- b) Pursuant to provisions prescribed in Schedule II to the Companies Act, 2013, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, the Company has fully depreciated net carrying value as on April 1, 2014 net of residual value and has adjusted an amount of ₹ 500.52 lacs (net of deferred tax) against the opening retained earnings under the head 'Reserves and surplus'.

However in some of the assets the company has reassessed the estimated useful life of its fixed assets through an independent Chartered Engineers. In such cases the company has not opted for the rates as given by the schedule II of the Companies Act, 2013.

14. INVESTMENTS

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Non-Current Investments		
Other investment (valued at cost, except for permanent diminution in value)		
Investments in equity instruments		
Unquoted-investment in subsidiary		
Oswal Industrial Enterprise (P) Ltd		
1,000 (Previous year 5,00,49,999) equity shares of ₹ 10 each fully paid	0.09	4,996.00
Less : Provision for diminution in the value of Investment	–	(495.00)
FM Hammerle Textiles Ltd (Formerly Known as Oswal F.M. Hammerle Textiles Ltd)		
9,12,64,073 (Previous year 9,12,64,073) equity shares of ₹ 10 each fully paid *	9,126.41	9,126.41
FM Hammerle Verwaltung GmbH, Austria	22.54	22.54
(Minimum Registration Capital)		
FM Hammerle Nfg GmbH, Austria (Minimum Registration Capital)	22.54	22.54
Provision for diminution in the value of Investment	(22.54)	(22.54)
Unquoted –Investment in others		
VKM Colour Spin Limited		
250 (Previous Year 250) equity shares of ₹ 10 each fully paid	0.03	0.03
Deluxe Fabrics Limited		
5,000 (Previous Year 5,000) equity shares of ₹ 10 each fully paid	0.50	0.50
TOTAL	9,149.56	13,650.48
Current Investments		
Other investments (valued at lower of cost and net realizable value)		
Unquoted- Investment in others		
3,194 (Previous Year 6,955) of IL & FS Milestone Fund of ₹ 1,000/- each	31.94	69.55
GROSS TOTAL	9,181.50	13,720.03
Aggregate amount of unquoted investments	9,181.50	13,720.03
Aggregate provision for diminution in value of investments	(22.54)	(517.54)

Note:-

- Out of total shares held in FM Hammerle Textile Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd), 2,28,16,018 shares (Previous year 2,28,16,018 shares) (face value of ₹ 10 each) pledge in favour of State Bank of India (lead banker of FMH) in dematerialisation form.
- During the year, the company has sold substantial investment in Oswal Industrial Enterprises (P) Ltd. at a consideration of ₹ 915.90 lacs and accounted a loss of ₹ 3,585.01 lacs under the head “Exceptional items” in the Statement of Profit and Loss.

15. LOANS & ADVANCES

Particulars	Long-term		Short-term	
	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Unsecured, considered good unless stated other wise				
Security deposits	424.80	425.56	–	–
Unsecured, considered good	–	–	698.99	1,680.69
Capital advance	670.26	521.99	–	180.00
Balances with statutory authorities (net of provisions)	–	–	1,305.34	1,208.19
Prepaid expenses	–	–	279.47	252.85
Interest receivable (including TUFs subsidy)	–	–	430.97	355.61
"Direct taxes refundable	–	–	420.46	372.35
Advance to subsidiaries	–	–	1,056.72	912.56
Export incentive receivable (net of provisions)	–	–	708.66	734.77
Other receivables	–	–	796.87	777.05
TOTAL	1,095.06	947.55	5,697.48	6,474.07

- a) Based on legal advice, discussions with the solicitors, etc., the management believes that there are fair chances of decisions in the company's favour in respect of all the items listed above and no value adjustment is considered necessary.
- b) Direct taxes refundable represent amounts recoverable from the Income Tax Department for various assessment years. In respect of disputed demands, company has filed appeals which are pending at various levels and the company is hopeful of getting the desired reliefs at various forums. Necessary value adjustments shall be made on final settlement by the department.
- c) Provision for Income Tax for earlier years has been made based on the Tax Liability calculated at prevalent rates.
- d) Balance with statutory authorities includes ₹ 186.47 lac (Previous year ₹ 188.26 lac) being amount of ESI, Excise Duty, Sales Tax, PSEB deposited under protest. No provision has been made in accounts in respect thereof. The same will be made in the year of settlement.

16. OTHER NON CURRENT ASSETS

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Advances to subsidiary company (refer note no. 43)	2,236.00	2,236.00
Other bank balances (refer note no.19)	334.67	126.99
TOTAL	2,570.67	2,362.99

17. INVENTORIES (valued at lower of cost or net realizable value)

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Raw Materials	5,843.52	3,507.32
Finished goods (refer note no. - 24)	2,523.20	3,452.41
Stock in trade (refer note no. - 23)	479.45	277.15
Work-in-progress (refer note - 24)	1,307.96	1,622.26
Real estate development work in progress (refer note - 39)	3,429.80	63.51
Stores and spares	206.10	240.15
Asset held for disposal	—	56.38
TOTAL	13,790.03	9,219.18

18. TRADE RECEIVABLES

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
As taken, valued and certified by management and		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	455.73	763.28
Doubtful	287.51	287.51
Less : Provision for Doubtful debts	(287.51)	(287.51)
TOTAL (A)	455.73	763.28
Outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	4,796.27	5,831.73
Doubtful	—	—
TOTAL (B)	4,796.27	5,831.73
TOTAL (A+B)	5,251.99	6,595.01

19. CASH AND BANK BALANCES

Particulars	Non-Current		Current	
	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Cash and cash equivalents				
Cash on hand	–	–	45.55	76.07
Bank balance in current account**	–	–	1,009.71	378.72
Cheques on hand	–	–	–	435.00
SUB-TOTAL	–	–	1,055.26	889.79
Other bank balances				
Earmarked balance for unpaid dividend	–	–	3.42	7.99
Fixed deposit*	334.67	126.99	361.96	412.56
SUB-TOTAL	334.67	126.99	365.38	420.55
TOTAL	334.67	126.99	1,420.64	1,310.34

*Pledged with bank against bank guarantee to Custom Department and others.

**Includes bank balance under escrow.

20. REVENUE FROM OPERATIONS

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Sale of products		
Textile Business		
-Grey yarn	69,366.76	70,303.48
-Dyed yarn	13,505.19	13,032.34
-Garments	1,045.14	545.05
-Trading goods (Textile)	1,132.37	–
-Waste sale	6,306.91	6,739.13
Real estate business	1,167.33	–
Sale of Services (Job Work)	–	19.74
Other operating income (Export incentives)	1,717.59	1,632.69
TOTAL	94,241.29	92,272.43

21. OTHER INCOME

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Interest income from bank deposits and other (Non current)	278.50	195.58
Profit on buy back of FCCB	279.20	1,238.23
Profit on sale of fixed assets	4.89	230.42
Dividend income from current investment	2.75	4.74
Exchange rate fluctuation (net)	528.78	–
Provisions no longer required written back (Net)	95.08	36.61
Rent received	23.03	160.45
Transfer from capital reserve (refer note no.39)	1,025.85	–
Other misc income	116.07	150.09
TOTAL	2,354.15	2,016.12

22. COST OF MATERIAL CONSUMED

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Raw material consumption		
Cotton	52,112.39	53,761.23
Cotton yarn	2,827.18	2,835.64
Synthetic fibre	5,514.37	5,363.11
Dyes & chemicals	1,752.24	1,383.36
Real estate Project development cost	1,286.20	–
TOTAL	63,492.38	63,343.34

The above consumption figures are disclosed on the basis of derived figures and are after adjusting excesses and shortages ascertained on physical count, unserviceable items, etc.

Value of indigenous & imported raw material consumption

Particulars	Year ended 31.03.2015		Year ended 31.03.2014	
	₹ lac	%	₹ lac	%
Indigenous	62,194.11	99.98	62,679.19	98.95
Imported	12.07	0.02	664.15	1.05
TOTAL	62,206.18	100.00	63,343.34	100.00

23. PURCHASE OF STOCK IN TRADE

The detail are as follow:

For the year ended 31.03.2015

Particulars	Opening Stock		Purchase		Sale		Closing Stock	
	Qty	₹ lac	Qty	₹ lac	Qty	₹ lac	Qty	₹ lac
Knitted Fabric (Kg)	79,183.55	277.15	4,96,786.15	1,206.35	3,64,432.44	1,132.37	2,11,537.27	479.45
TOTAL	79,183.55	277.15	4,96,786.15	1,206.35	3,64,432.44	1,132.37	2,11,537.27	479.45

24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Closing inventories		
Finished goods (Including waste)	3,002.65	3,729.55
Work in progress	1,307.96	1,622.26
SUB-TOTAL	4,310.61	5,351.81
Opening inventories		
Finished goods (Including waste)	3,729.55	2,119.65
Work in progress	1,622.26	898.40
SUB-TOTAL	5,351.81	3,018.05
Decrease/(Increase)	1,041.20	(2,333.76)

25. EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2015 ₹ lac
Salaries and wages	4,745.15	4,680.41
Contribution to providend and other funds	433.12	413.95
Staff welfare	272.03	207.90
TOTAL	5,450.30	5,302.26

26. FINANCE COSTS

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Interest Expense		
-Term Loans	2,143.80	2,184.96
-Working Capital Borrowings	3,634.69	3,329.53
-Other Loans	1,375.91	1,373.60
Other Borrowing Costs	100.80	289.30
TOTAL	7,255.20	7,177.39

27. DEPRECIATION AND AMORTIZATION

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Depreciation/Amortization of tangible assets	3,216.25	3,254.53
Amortization of intangible assets	22.32	11.32
TOTAL	3,238.57	3,265.85

28. OTHER EXPENSES

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Packing Charges	1,350.13	1,211.53
Job/Process Charges	309.12	196.52
Power & Fuel	9,964.58	9,728.55
Repairs and Maintenance :		
Plant & machinery	976.62	880.14
Building	36.24	30.64
General	176.22	169.69
Electric	26.65	32.45
Rent	82.45	82.58
Rates and Taxes	61.82	64.15
Insurance Charges	111.22	106.98
Travelling Expenses	207.94	243.32
Legal & Professional Expenses	163.85	350.82
Exchange Rate Fluctuation (Net)	-	91.03
Sundry Balances written off	28.92	85.22
Fixed assets written off	5.01	71.96
Provision for Doubtful Debts	-	101.71
Loss on Sale of Fixed Assets	3.59	55.45
Loss on Sale of Raw Material	-	12.56
Selling Commission	712.99	730.70
Delivery Expenses	1,995.11	1,843.88
Rebate & Discounts	187.96	174.91
Advertisement Cost	10.16	7.83
Bank Charges	380.89	341.97
Miscellaneous Expenses	351.30	308.87
TOTAL	17,142.77	16,923.46

Note: Miscellaneous expenses include the following

Include payment to statutory auditor the details of which are as follows:

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
As Auditor:		
-Statutory Audit	8.43	8.43
-Tax Audit	2.24	2.24
-Other Services	3.37	2.02
Reimbursement of Expenses	3.47	1.85
TOTAL	17.51	14.54

Value of Indigenous & Imported Stores & Spares Consumption

Particulars	Year ended 31.03.2015		Year ended 31.03.2014	
	₹ lac	%	₹ lac	%
Indigenous	961.11	83.37	796.83	75.90
Imported	191.73	16.63	253.02	24.10
TOTAL	1,152.84	100.00	1,049.86	100.00

29. EARNING PER SHARE

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
The basic and diluted earning per share is as under:		
Net (loss)/profit after tax (₹ lacs)	(2,880.20)	477.51
Weighted average no. of equity shares outstanding (*)	2,05,42,573	1,84,26,962
Nominal value of per equity shares (₹)	10.00	10.00
Basic earnings per share (₹)	(14.02)	2.59
Diluted earnings per share (₹)	(14.02)	2.28

*There are no dilutive potential equity share in current year (Previous year, there were 24,73,000 dilutive potential equity shares on account of share application money pending for allotment).

30. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
a) Claims against the Company not acknowledged as debts	221.25	477.52
b) Bills discounted with bankers.	10,325.02	5,837.41
c) Letter of credit & bank gurantee issued	187.80	8.53
d) Income Tax demands under appeal	599.40	783.55
e) Demand of PSEB for voltage surcharge and DSA	256.24	256.24
f) Subordination letter for not to withdraw the loan from foreign subsidiary until negative equity situation reverses	237.33	237.33
g) Corporate guarantee given on behalf of subsidiary company "FM Hammerle Textiles Ltd (formerly Known as Oswal F.M. Hammerle Textiles Ltd)" pursuant to scheme of CDR	8,233.00	8,233.00

There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Accounting Standard (AS)-29 'Provisions, Contingent Liabilities & Contingent Assets as it is not probable that an outflow of resources embodying economic benefits will be required.

31. LITIGATION STATUS OF THE COMPANY AS ON 31ST MARCH, 2015 ARE AS FOLLOWS:

- a) The following is a summarized status of pending litigation involving Vardhman Polytex Ltd against the Company:
(₹ lac)

Sr. No.	Nature of Dispute	Name of Statute	Amount Involved	Provision Made	Disclosed as Contingent Liability	Amount Deposited Under Protest
i)	Indirect Taxation	Central Excise Act 2002	574.18	-	220.79	56.19
			(574.18)	-	(220.79)	(56.19)
		Service Tax Act	33.53	-	-	1.56
			(19.44)	-	-	(0.51)
		Punjab Vat Act	200.94	148.13	0.46	5.48
			(200.94)	(148.13)	(0.46)	(5.48)
ii)	Direct Taxation	Income Tax Act	904.86	-	599.40	245.00
			(1,060.34)	-	(783.55)	(216.33)
		Wealth Tax Act	2.11	-	-	-
			(2.11)	-	-	-

iii)	Labour laws	ESI Act	2.20	-	-	2.20
			(2.20)	-	-	(2.20)
iv)	Commercial matters	PSEB	256.24	-	256.24	134.89
			(256.24)		(256.24)	(134.89)
	Total		1,974.06	148.13	1,076.89	445.32
			(2,115.45)	(148.13)	(1,261.04)	(415.60)

Figures in brackets in aforesaid note represent previous year figures.

- b) The following is a summarized status of pending litigation involving Vardhman Polytex Ltd by the Company:

Sr. No.	Name of Statute	Amount Involved	Provision Made	Amount Decreed in favour of the Company (under execution)	Balance Amount Still contested by the Company
1	Commercial matters-Legal cases customers	331.26 (331.26)	98.96 (98.96)	— —	232.30 (232.30)

Figures in brackets in aforesaid note represent previous year figures.

32. OBLIGATIONS AND COMMITMENTS OUTSTANDING

Particulars		As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
a)	Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	437.86	914.03
b)	Estimated value of contracts remaining to be executed on other than capital account and not provided for (net of advances)	4,723.31	7,929.32

33. DERIVATIVE HEDGED INSTRUMENTS AND UN-HEDGED FOREIGN CURRENCY EXPOSURE

a) Particulars of hedged foreign currency forward contracts and derivatives outstanding at the Balance Sheet date

Particulars	Currency	As at 31.03.2015		As at 31.03.2014	
		In million	₹ lac	In million	₹ lac
Forward cover (trade receivables)	USD	8.51	5,465.61	1.60	1,063.15
TOTAL		8.51	5,465.61	1.60	1,063.15

b) Particulars of foreign currency exposure un-hedged at the balance sheet date

Particulars	Currency	As at 31.03.2015		As at 31.03.2014	
		In million	₹ lac	In million	₹ lac
Trade Receivables	USD	1.57	1,100.28	1.79	1,067.68
Loan (including interest)	USD	3.79	2,368.01	4.74	2,837.58
TOTAL		5.36	3,468.29	6.53	3,905.26

34. Inventories, loans & advances, trade receivables and other current / non-current assets are reviewed annually and in the opinion of the Management do not have a value on realization in the ordinary course of business, less than the amount at which they are stated in the Balance Sheet.

35. EMPLOYEE BENEFIT OBLIGATION**Defined Contribution Plan**

Contribution to Defined Contribution Plan recognized as expenses for the year are as under:-

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
i) Employer's contribution to Provident Fund	219.69	224.92
ii) Employer's contribution to Superannuation Fund	11.70	13.50
iii) Employer's contribution to Pension Scheme	83.38	66.98

Defined Benefit Plan

The Employees' Gratuity Fund scheme managed by a trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations.

Reconciliation of opening and closing balances of Defined Benefit Obligation

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Defined benefit obligation at the beginning of the year	404.59	398.94
Current service cost	66.88	60.99
Interest cost	29.44	33.67
Actuarial gain / (loss)	11.85	(31.23)
Benefit paid	(59.22)	(57.78)
Defined obligation at year end	453.54	404.59

Reconciliation of opening and closing balances of fair value of plan assets

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Fair value of plan assets at the beginning of the Year	380.96	349.77
Expected return on plan assets	36.19	27.98
Actuarial gain / (loss)	(3.27)	3.21
Employer contribution	—	—
Benefit paid	—	—
Fair value of plan assets at year end	413.88	380.96

Reconciliation of fair value of assets & obligation

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Fair value of plan assets at the end	413.88	380.96
Present value of obligation	453.54	404.59
Net asset/(liability) recognized in the balance sheet	(39.65)	(23.63)

Amount recognized in the statement of profit & loss

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Current service cost	66.88	60.99
Interest cost	29.44	33.67
Expected return on plan assets	(36.19)	(27.98)
Actuarial (gain)/loss recognized in IVP	15.12	(34.43)
Amount recognized in the statement of profit & loss	75.24	32.25

The principal assumptions used in determining gratuity for the Company's plans are shown below :

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Discount rate	7.85%	9.10%
Expected rate of return on assets	9.50%	8.00%
Mortality rate	IAL 2006-08 Ultimate	IAL 06-08 Ultimate
Salary rise	5.00%	5.00%

Amount for the current year and previous 3 years in respect of gratuity are as follows:-

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac	Year ended 31.03.2012 ₹ lac
Defined benefit obligation	404.59	398.94	323.27	294.62
Plan assets	413.88	380.96	349.77	320.44
Surplus/(deficit)	(39.65)	(23.63)	(49.17)	(2.83)
Experience adjustment on plan assets	(3.27)	3.21	3.70	(1.01)
Experience adjustment on plan liabilities	(11.85)	31.23	(40.19)	(5.16)

LEAVE ENCASHMENT

Reconciliation of opening and closing balances of defined benefit obligation

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Defined benefit obligation at the beginning of the year	196.82	207.85
Current service cost	102.89	94.42
Interest cost	12.92	15.74
Actuarial (gain) /loss	(41.39)	(51.51)
Benefit paid	(64.48)	(69.68)
Defined obligation at year end	206.77	196.82

Reconciliation of fair value of assets & obligations

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Fair value of plan assets at the end	—	—
Present value of obligation	206.77	196.82
Amount recognized in balance sheet	206.77	196.82

Amount recognized in the statement of Profit & Loss

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Current service cost	102.89	94.42
Interest cost	12.92	15.74
Expected return on plan assets	—	—
Actuarial (gain)/loss recognized in IVP	(41.39)	(51.51)
Amount recognized in the statement of profit & loss	74.43	58.65

The principal assumptions used in determining leave encashment for the company's plan are shown below.

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Discount rate	7.85%	9.10%
Expected rate of return on assets	NA	NA
Mortality rate	IAL 2006-08 Ultimate	IAL 06-08- Ultimate
Salary rise	5.00%	5.00%

Actuary has given the disclosure table for long term provision only in respect of leave encashment in the certificate however we have recognised the short term provision & long term provision in the books as at March 31, 2015 and March 31, 2014 as per the index summary given in actural certificate.

36. RELATED PARTY DISCLOSURES:-

i) List of related parties and relationships:-

Particulars	2014-15	2013-14
a) Subsidiary Company	F.M. Hammerle Textiles Ltd (FMH) (Formerly known as Oswal F.M. Hammerle Textiles Ltd) Oswal Industrial Enterprises (P) Ltd. (Upto 30 th March, 2015) F M Hammerle Verwaltung Gmbh, Austria	Oswal F.M. Hammerle Textiles Ltd (OFMH) Oswal Industrial Enterprises (P) Ltd. F M Hammerle Verwaltung Gmbh, Austria
b) Key management personnel	Mr. Ashok Kumar Oswal Mr. Adish Oswal Mr. Ashok Kumar Goyal Mr. Sushil Sharma Mr. Parvinder Singh Mrs. Rakhi Oswal	Mr. Ashok Kumar Oswal Mr. Adish Oswal Mr. Ashok Kumar Goyal — — —
c) Relative of KMP	Mr. Abhinav Oswal Mrs. Manju Oswal Ms. Aketa Oswal	Mr. Abhinav Oswal Mrs. Rakhi Oswal Mrs. Manju Oswal Ms. Aketa Oswal
d) Enterprise over which KMP is able to exercise significant influence	Oswal Industrial Enterprises (P) Limited (wef. 31 st March, 2015) Panchsheel Textile Mfg & Trading Co.Pvt Ltd Enakshi Investments (P) Limited. Liberty Mercantile Co.(P)Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments (P) Limited. Ruby Mercantile Co. (P) Limited. Boras Investment & Trading Co. (P) Ltd. Gagan Mercantile Co. (P) Limited. Pioneer Marcantile India (P) Limited. Adesh Investment & Trading Co. (P) Ltd. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech (P) Ltd. Oswal Tradecom (P) Ltd. Oswal Holding (P) Ltd. Nightangle Dealcom (P) Ltd. Alma Assets Consultancy (P) Ltd Altfort Merchants (P) Ltd	— Panchsheel Textile Mfg & Trading Co.Pvt Ltd Enakshi Investments (P) Limited. Liberty Mercantile Co.(P)Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments (P) Limited. Ruby Mercantile Co. (P) Limited. Boras Investment & Trading Co. (P) Ltd. Gagan Mercantile Co. (P) Limited. Pioneer Marcantile India (P) Limited. Adesh Investment & Trading Co. (P) Ltd. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech (P) Ltd. Oswal Tradecom (P) Ltd. Oswal Holding (P) Ltd. Nightangle Dealcom (P) Ltd. Alma Assets Consultancy (P) Ltd —

ii) Transaction with related parties during the year:-

(₹ lacs)

Nature of Transactions	Subsidiaries		KMP		Relatives of KMP		Enterprise over which KMP is able to exercise Significant Influence		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Loan received	-	-	204.00	-	-	-	364.00	-	568.00	-
Loan repaid	-	-	204.00	-	-	-	364.00	-	568.00	-
Sale of goods	1.85	4.46	-	-	-	-	-	-	1.85	4.46
Purchase of fabric/bed sheet	0.38	129.49	-	-	-	-	-	-	0.38	129.49
Equity share capital issued on premium	-	-	160.05	-	-	-	1,200.10	1,136.02	1,360.15	1,136.02
Advance(net)	0.10	636.80	-	-	-	-	-	-	0.10	636.80
Expense reimbursement	169.96	95.29	-	-	-	-	-	-	169.96	95.29
Rent paid	-	-	37.21	27.72	-	-	-	-	37.21	27.72
Job charges Paid	55.99	21.75	-	-	-	-	-	-	55.99	21.75
Rent received	1.56	1.64	-	-	-	-	-	-	1.56	1.64
Interest received	79.19	-	-	-	-	-	-	-	79.19	-
Interest paid	-	-	-	-	-	-	7.28	-	7.28	-
Remuneration	-	-	37.73	-	11.71	11.21	-	-	49.44	11.21
Managerial remuneration	-	-	140.64	180.02	-	-	-	-	140.64	180.02
Amount received	-	-	42.77	-	196.42	-	-	-	239.19	-
Development cost recoverable	-	-	23.13	-	22.12	-	-	-	45.25	-
Amount received on sale of shares of Oswal Industrial Enterprise Private Limited	-	-	-	-	-	-	915.89	-	915.89	-
Cheque received against advance	350.00	300.00	-	-	-	-	-	-	350.00	300.00
Corporate guarantee	1,000.00	600.00	-	-	-	-	-	-	1,000.00	600.00
OUTSTANDING BALANCES AT YEAR END										
Corporate guarantee to subsidiary	8,233.00	8,233.00	-	-	-	-	-	-	8,233.00	8,233.00
Corporate guarantee by subsidiary	1,600.00	600.00	-	-	-	-	-	-	1,600.00	600.00
Loan payable/ fixed deposit	-	-	-	-	-	3.00	-	-	-	3.00
Investment in equity shares	9,148.95	13,649.94	-	-	-	-	0.09	-	9,149.04	13,649.94
Amount payable	-	-	19.64	-	174.30	-	-	-	193.94	-
Advance	3,293.91	3,151.95	5.00	5.00	-	-	0.07	-	3,298.98	3,156.95

Transactions during the year:-

- Loan received from KMP ₹ 204.00 lacs (Previous year ₹ NIL) includes, ₹ 32.50 lacs (Previous year ₹ NIL) from Mr. Adish Oswal, ₹ 171.50 lacs (Previous ₹ NIL) from Mr. Ashok Kumar Oswal.
Loan received from enterprise over which KMP has significant influence is ₹ 364.00 lacs includes, ₹ 35.00 lacs loan (Previous year ₹ NIL) from Allepy Investment Private Limited, ₹ 280 lacs loan (Previous year ₹ NIL) from Alfort merchants (P) Ltd., ₹ 29 lacs loan (Previous year ₹ NIL) from Nightangle Dealcom Pvt. Ltd. & ₹ 20 lacs loan (Previous year ₹ NIL) from Panchsheel Textiles Mfg & Trading Co. Pvt Ltd.
- Loan repaid to KMP ₹ 204.00 lacs (Previous year ₹ NIL) includes, ₹ 32.50 lacs (Previous year ₹ NIL) to Mr. Adish Oswal, ₹ 171.50 lacs (Previous ₹ NIL) to Mr. Ashok Kumar Oswal, Loan repaid to enterprise over KMP ₹ 364.00 lacs includes, ₹ 35.00 lacs (Previous year ₹ NIL) to Allepy Investment Private Limited, ₹ 280 lacs (Previous year ₹ NIL) to Alfort merchants (P) Ltd., ₹ 29 lacs loan (Previous year ₹ NIL) to Nightangle Dealcom Pvt. Ltd. & ₹ 20 lacs (Previous year ₹ NIL) to Panchsheel Textiles Mfg & Trading Co. Pvt Ltd.
- Sale of goods includes transactions with F.M. Hammerle Textiles Limited ₹ 1.19 lacs & ₹ 0.66 lacs with Oswal Industrial Enterprises (P) Ltd. (Previous year ₹ 3.29 lacs with F.M. Hammerle Textiles Limited & ₹ 1.17 lacs with Oswal Industrial Enterprises (P) Ltd.)
- Purchase of fabrics/bed sheets includes transactions ₹ 0.33 lacs (Previous year ₹ 129.49 lacs) with Oswal Industrial Enterprises (P) Ltd & ₹ 0.05 lacs (Previous year ₹ NIL lacs) with F.M. Hammerle Textiles Limited.
- Equity shares issued ₹ 1,360.15 lacs includes ₹ 1,200.10 lacs (Previous year ₹ NIL) issued to Alfort Merchants (P) Ltd., ₹ 160.05 lacs (Previous year ₹ NIL) to Mr. Adish Oswal & ₹ NIL to Alma Assets Consultancy (P) Ltd. (Previous year ₹ 1,136.02 lacs).

- f) Advance given (net of funds received) includes transactions with F.M. Hammerle Textiles Ltd. ₹ 6.39 lacs (Previous year ₹ 461.66 lacs), with Oswal Industrial Enterprise (P) Ltd ₹ (6.29) (Previous year ₹ 175.14) and with F.M. Hammerle Verwaltung GmbH ₹ Nil (Previous year ₹ Nil).
- g) Expenses reimbursement to F.M. Hammerle Textiles Ltd. ₹ 124.26 lacs (Previous year ₹ 87.85 lacs) & ₹ 45.70 lacs to Oswal Industrial Enterprises (P) Ltd. (Previous year ₹ 7.44 lacs).
- h) Rent paid to Mr. Ashok Kumar Oswal ₹ 37.21 lacs (Previous year ₹ 27.72 lacs).
- i) Job charges paid to Oswal Industrial Enterprises (P) Ltd. ₹ 55.99 lacs (Previous year ₹ 21.75 lacs).
- j) Rent Received from Oswal Industrial Enterprises (P) Ltd. ₹ 1.56 lacs (Previous year ₹ 1.64 lacs).
- k) Interest received from subsidiary includes ₹ 79.19 lacs (Previous year ₹ NIL) from F.M. Hammerle Textiles Limited.
- l) Interest paid to enterprises over which KMP has significant influence ₹ 7.28 lacs (Previous year NIL) which includes 0.88 lacs paid to Allepy Investment and Trading Co. (P) Ltd. (Previous year NIL), ₹ 5.07 lacs to Alfort merchants (P) Ltd (Previous year NIL), ₹ 0.73 lacs to Nightangle Dealcom Pvt. Ltd. (Previous year NIL) and ₹ 0.60 lacs to Panchsheel Textile Mfg & Trading Co. Pvt Ltd. (Previous year NIL).
- m) Remuneration includes transaction with Mr. Abhinav Oswal ₹ 11.71 lacs (Previous year ₹ 11.21 lacs), Mr. Parvinder Singh ₹ 26.32 lacs (Previous year Nil) & Mr. Sushil Sharma ₹ 11.41 lacs (Previous year Nil).
- n) Managerial Remuneration includes transactions with Mr. Ashok Kumar Oswal ₹ 47.90 lacs (Previous year ₹ 47.90 lacs) & arrear ₹ NIL lacs (Previous year ₹ 29.03 lacs), Mr. Adish Oswal ₹ 50.77 lacs (Previous year ₹ 50.72 lacs) & arrear ₹ NIL lacs (Previous year ₹ 30.47 lacs), Mr. Ashok Goyal ₹ 41.97 lacs (Previous year ₹ 21.89 lacs).
- o) Amount received of ₹ 239.19 lacs includes ₹ 42.77 lacs (Previous year NIL) on behalf of Mr. Adish Oswal and ₹ 196.42 lacs (Previous year NIL) on behalf of Mr. Abhinav Oswal on sale of plots.
- p) Development cost recoverable of ₹ 45.25 lacs includes ₹ 23.13 lacs (Previous year Nil) recoverable on account of Mr. Adish Oswal and ₹ 22.12 lacs (Previous year Nil) recoverable on account of Mr. Abhinav Oswal on real estate transaction.
- q) Amount received on sale of shares of Oswal Industrial Enterprise Pvt Ltd. includes ₹ 915.89 lacs (previous year Nil) received from Mr. Adish Oswal.
- r) Cheques received against advance includes cheques received from F.M. Hammerle Textiles Ltd. ₹ 350.00 lacs (Previous year ₹ 300.00 lacs).
- s) During the year the Company had received Corporate Guarantee from F.M Hammerle Textiles Limited of ₹ 1,000 Lacs (Previous year ₹ 600 lacs).

Closing balance at the year end:-

- a) Corporate Guarantee to subsidiary company: Gurantee outstanding given to lenders of F.M. Hammerle Textiles Ltd. ₹ 8,233.00 lacs (Previous year ₹ 8,233.00 lacs).
- b) Corporate Guarantee by subsidiary company: Gurantee outstanding received from F.M. Hammerle Textiles Ltd. ₹ 1,600.00 lacs (Previous year ₹ 600 lacs).
- c) Loan payable/ fixed deposits includes ₹ NIL lacs payable to Ms. Aketa Oswal (Previous year ₹ 3.00 lacs).
- d) Investment of ₹ 9,149.12 lacs includes investment in F.M. Hammerle Textiles Ltd. ₹ 9,126.41 lacs (Previous year ₹ 9,126.41 lacs), in Oswal Industrial Enterprise (P) Ltd. ₹ 0.09 lacs (Previous year ₹ 4,501.00 lacs), in F.M. Hammerle Verwaltung GmbH, Austria ₹ 22.54 lacs (Previous year ₹ 22.54 lacs).
- e) Amount payable includes ₹ 174.30 lacs (Previous year ₹ NIL) to Mr. Abhinav Oswal and ₹ 19.64 lacs payable to Mr. Adish Oswal (Previous year Nil) on account of real estate transactions.
- f) Advance of ₹ 3,293.98 lacs includes, F.M. Hammerle Textiles Ltd. (Previously known as Oswal F.M. Hammerle Textiles Ltd.) ₹ 3,065.01 lacs (Previous year ₹ 2,864.81 lacs), in Oswal Industrial Enterprise (P) Ltd. ₹ 0.07 lacs (Previous year ₹ 2.13 lacs), in F.M. Hammerle Verwaltung GmbH, Austria ₹ 228.90 lacs (Previous year ₹ 285.01 lacs) and ₹ 5.00 lacs includes advance to Mr. Ashok Kumar Oswal (Previous year ₹ 5.00 lacs).

37. a) Value of imports calculated on CIF basis in respect of: (Accrual Basis)

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Raw Materials	12.07	664.15
Components & Spare parts	211.17	276.35
Capital Goods	40.06	—
TOTAL	263.31	940.50

b) Expenditure in foreign currency on account of: (Accrual basis)

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Commission, consultancy, travelling, interest and others	387.54	194.35

38. EARNINGS IN FOREIGN CURRENCY

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Export of goods calculated on FOB basis	43,237.25	44,123.61

39. Disclosure in respect of project which falls under the Revised Guidance Note issued by the Institute of Chartered Accountants of India on "Accounting for Real Estate transactions (Revised 2012)" are as follows:

a) Description

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Amount of project revenue recognized as revenue during the year	1,167.33	—
Aggregate amount of costs incurred	1,286.20	—
Loss recognized to date	(118.86)	—
Transfer from Capital Reserve	1,025.85	—
Profit recognized to date	906.98	—
Amount of advances received	1,992.63	—
Amount of real estate development work-in-progress	3,429.80	—

- b) During the current year, the company has converted a fixed asset (consisting of land) into stock in trade at rate as assessed by the Management of the Company. The surplus (collector's rate less original cost) arising on such conversion was credited to Capital Reserve of ₹ 4,076.02 lacs and transferred ₹ 1,025.85 lacs to statement of profit and loss.

40. SEGMENT INFORMATION :

The following table presents segment revenues, results, assets & liabilities in accordance with AS-17: (₹ lac)

Particulars	Segments		Total
	Textile Business	Real Estate Business	
Revenue			
Gross Revenue	93,073.96	1,167.33	94,241.29
Less : Excise duty	(0.60)	-	(0.60)
Less: Inter Segment Revenue	-	-	-
Net Revenue	93,073.36	1,167.33	94,240.69
Results			
Segment result	(29.17)	906.98	877.81
Less: Finance Cost	-	-	7,255.20
Add: Other unallocable income net of unallocable expenditure	-	-	560.44
Loss before tax	-	-	(5,816.95)
Tax expense	-	-	2,936.74
Loss after tax	-	-	(2,880.21)
Segment Assets	50,769.84	3,737.02	54,506.86
Non Segments Assets			15,711.64
Total Assets			70,218.50
Segment Liabilities	32,666.15	1,126.07	33,792.21
Non Segments liabilities			23,563.90
Total Liabilities			57,356.11
Segment capital employed	18,103.69	2,610.95	20,714.65
Depreciation	-	-	3,238.57
Capital Expenditure	-	-	1,669.59
Non cash expenses other than depreciation	33.93	-	33.93

41. CORPORATE DEBT RESTRUCTURING

- The Debt Restructuring Scheme (the 'Scheme') under CDR Mechanism had been approved and Letter of Approval issued on 28th Dec'2012. The Scheme inter-alia included restructuring of repayment schedule, interest funding, reduction in interest rates and additional security in favour of CDR lenders by pledge of shares of promoters stipulated. Master Restructuring Agreement ("MRA") had been executed on March 15, 2013 with the lenders. The impact in terms of the approved Scheme has been given effect in financial statements with effect from the cut-off date being January 1, 2012.
- Interest has been accounted for based upon terms of package/confirmations received from the banks.
- The Funded Interest Term Loan (FITL) has been created on certain credit facilities.

- iv) The credit facilities/loans under CDR are further secured by unconditional & irrevocable personal guarantee of promoter director & Mrs. Manju Oswal (related party) and corporate guarantee of M/s FM Hammerle Textiles Ltd., subsidiary company.
- v) Other conditions as stipulated under the scheme are being complied with.
42. During the earlier years, the Company had Issued 2% Unsecured Foreign Currency Convertible Bonds (FCCBs) in the aggregate principal amount of United State Dollars 12 (Twelve) Millions in the course of International Offerings. The expenses incurred & premium payable on the redemption of such bonds has been adjusted with share premium reserves in accordance with the provisions of Section 78 of the erstwhile Companies Act, 1956.
43. The company had received a letter from F.M Hammerle Textile Limited, Subsidiary Company, dated 26.03.2013 for considering option for conversion of advance given of ₹ 2,236 lac in different trenches into Preference Shares. The Board of the directors had approved subject to bankers and shareholders for the same.
44. The Central Government vide its letter dated: 30/08/2013 under section 198,309 (3), 310 r/w Section 637A & 637AA of the erstwhile Companies Act,1956 has approved the increase in remuneration of Mr. Ashok Oswal, Managing Director and Mr. Adish Oswal, Executive Director w.e.f 01/04/2012 till 31st March 2015. The remuneration during the current year has been paid considering this approval.
45. The Company is paying rentals for office premises taken on rent which are not in the nature of lease agreements. Therefore, disclosure requirements of Accounting Standard AS-19 are not applicable.
46. In accordance with the provisions of Accounting Standard on impairment of Assets, (AS-28), the management has made assessment of assets in use & considering the business prospects related thereto, no provision is considered necessary in these accounts on account of impairment of assets.
47. Details of loans and advances in nature of loans to subsidiaries, parties in which Directors are interested and investments by the loanee in the shares of the company (as required by clause 31 of listing agreement)

Loans & advances to subsidiaries:-

(₹ lac)

Particulars	Outstanding amount as at 2014-15	Maximum amount outstanding during the financial year 2014-15	Outstanding amount as at 2013-14	Maximum amount outstanding during the financial year 2013-14
FM Hammerle Textiles Ltd	3,063.82	3,362.44	2,861.90	2,861.90
Oswal Industrial Enterprise (P) Ltd*	–	94.71	1.65	283.47
FM Hammerle Verwaltung GmbH	228.89	228.89	285.01	285.01

* Oswal Industrial Enterprises (P) Ltd. has been classified as “Enterprise over which KMP is able to exercise significant influence “ as on 31st March 2015.

48. The company has given loans / advances to various companies. Amount outstanding at the year ended is as follow:-

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Opening Balance	860.90	311.39
Add: Given during the year	583.17	932.93
Less: Received back during the year	(552.52)	(383.42)
TOTAL	891.55	860.90

The above loans have been given for business purposes. The company has charged interest on these loans ranging from 9.5% to 14.40% per annum (P.Y. 11% to 14.40%).

49. Previous year figures have been regrouped /reclassified wherever necessary to conform to current year classification.

As per our report of even date

For S.S. Kothari Mehta & Co.

Chartered Accountants

Firm Reg. No:- 000756N

FOR AND ON BEHALF OF THE BOARD OF VARDHMAN POLYTEX LIMITED

Sd/-
Sunil Wahal

Partner
M. No. 087294

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary
(FCS-6535)

Sd/-
Ajay Chaudhry
Director
(DIN-00055733)

Sd/-
Ashok Kumar Oswal
Chairman & Managing Director
(DIN-00009403)

Place : Ludhiana

Date : 25th May, 2015

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF VARDHMAN POLYTEX LIMITED AND ITS SUBSIDIARIES

To The Members of Vardhman Polytex Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Vardhman Polytex Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated balance sheet as at 31st March, 2015, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 thereunder.

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose

of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us in terms of the report referred to in the other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Basis for qualified opinion

During the financial year ended 31st March 2015 the Holding Company has transferred land used for real estate development from fixed assets into stock in trade (refer note 43 to the consolidated financial statements). The transfer was done at the rate as assessed by the management of the Company thereby crediting an amount of ₹ 4,076.02 lacs to 'Capital Reserve' being excess of rate as assessed over cost price. The income from real estate transactions have been accounted on percentage completion method as per revised guidance note "Accounting for Real Estate transactions (Revised 2012)" as prescribed by Institute of Chartered Accountants of India. The Company has transferred amount from capital reserve to the statement of profit and loss being an amount in proportion of revenue recognized under the percentage of completion method on entering into an agreement/ contract for sales. This is at variance with Accounting Standard (AS-2) 'Valuation of Inventories' and Accounting Standard (AS-10) 'Accounting for Fixed Assets', Specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. This has resulted in overstating the reserves by an amount of ₹ 3,050.17 lacs and overstating the current assets by ₹ 2,962.86 lacs as on March 31, 2015 and overstating of revenue by ₹ 398.66 lacs, overstating of cost of development by ₹ 1,115.08 lacs and overstating other income by an amount of ₹ 1,025.85 lacs during the year ended March 31, 2015.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion paragraph above*, the aforesaid consolidated 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 consolidated state of affairs of the Group as at March 31, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of matter

We draw attention to the following matters in the notes to the consolidated financial statements:

- a. Note 2 (v) to the consolidated financial statements relating to 'Going Concern' which indicates that in view of the continuous losses suffered by the subsidiary company, F.M. Hammerle Textiles Ltd. (Formerly known as Oswal F.M. Hammerle Textiles Ltd.) the company has accumulated losses of ₹ 13,020.97 lacs which has eroded more than 100% of the company's share capital. These conditions raise doubt about the subsidiary company's ability to continue as a

going concern. Management's plans in regard to this are also described in Note 2 (v). In view of this the accompanying financial statements do not include any adjustments that might result from the outcome of these uncertainties, to the recoverability and classification of assets carrying amounts or the amount and classification of liabilities that might be necessary should the company be unable to continue as a going concern.

- b. Note 47 to the consolidated financial statements relating to subsidiary company, F.M. Hammerle Textiles Ltd. (Formerly known as Oswal F.M. Hammerle Textiles Ltd.) as being classified as 'Sick Company'. In view of continuous losses suffered by the Company, the Company's accumulated losses are ₹ 13,020.97 lacs which has eroded 100% of the of share capital. As per Sick Industrial Companies (Special Provision) Act (SICA) of 1985, the company is now classified as "Sick Company" and required to file an application to Board for Industrial and Financial Reconstruction (BIFR).

Our opinion is not qualified in respect of these matters.

Other Matters

We did not audit the financial statements of a subsidiary, F.M. Hammerle Verwaltungs GmbH, Austria whose financial statement reflect total assets of ₹ 83.36 lacs and total revenues of ₹ 81.56 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary company incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - (c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt

with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- (d) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion Paragraph above.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group— Refer Note 30 to the consolidated financial statements;
 - ii. The Group did not have any material foreseeable losses on long term contracts including derivative contracts; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S. S. KOTHARI MEHTA & CO

Chartered Accountants

Firm Registration No. 000756N

Sd/-

(Sunil Wahal)

Partner

Place: New Delhi

Date: 25th May, 2015

Membership No: 087294

Annexure referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' of the Independent Auditor's Report to the members of Vardhman Polytex Limited on its consolidated financial statements as of and for the year ended March 31, 2015.

Our reporting on the Order includes one subsidiary incorporated in India, to which the Order is applicable. In respect of the other subsidiary incorporated outside India which has been included in the consolidated financial statements based on management certified accounts, the Order is not applicable and accordingly the possible effects of the same on our reporting under the Order has not been considered.

- (i) (a) The Group have maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The physical verification of fixed assets is being conducted by the respective management of the Group based on a program designed to cover all assets over a period of three years which, in our opinion, is reasonable having regard to the size of the company and nature of its business. Discrepancies noticed on such verification as compared to book records were not

- material and have been properly adjusted in the books of account. During the current year the Group has not done any physical verification of its fixed assets.
- (ii) (a) The inventories of the Group have been physically verified by the respective management of the Group during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the respective management of the Group are reasonable and adequate in relation to the size of the respective entities and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Group is maintaining proper records of inventories and the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the respective books of accounts.
- (iii) According to the information and explanations given to us, the Group have not granted any loans to companies, firms or other parties companies, firms or other parties covered in the register maintained under section 189 of the Act. Therefore, provisions of clause 3(iii) (a) and 3(iii) (b) of Companies (Auditor's Report) Order, 2015 are not applicable, however the Holding Company has given certain loans to subsidiaries companies in compliance of section 189 of the Act.
- (iv) According to the information and explanations given to us, there seems to be adequate internal control systems commensurate with the size of the Group and the nature of their business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Group carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of a continuing failure to correct major weaknesses in the aforesaid internal control systems.
- (v) In our opinion and according to the information and explanations given to us, the Holding Company has paid all its deposits and has not accepted any further deposits during the year. The Holding Company has complied the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) According to the information and explanation given to us, the Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Group for the current year.
- (vii) (a) According to the information and explanations given to us and on the basis of the records of the Group examined by us, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues of Group have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues of Group were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and as per the books and records examined by us of Group, there are no dues of cess and custom duty which have not been deposited on account of any dispute, except the following in respect of disputed income tax, wealth tax, sales tax, excise duty and service tax along with the forum where dispute is pending:

Name of the statute	Nature of dues	Period to which it pertains	Amount in dispute (₹ lacs)	Forum where dispute is pending	Amount deposited	Matter of disputed
Central Excise Act	Excise Duty	2006-09	4.63	The Commissioner of Central Excise , Chandigarh	-	Interest on cenvat credit taken wrongly duly reversed thereafter.
	Excise Duty	2004-05	28.92	CESTAT, New Delhi	-	Cenvat credit on input has been reversed.
	Excise Duty	1997-98 & 2004-05	42.34	Hon'ble Punjab & Haryana High Court, Chandigarh	42.34	Difference on account of loose and packed yarn
	Excise Duty	2004-05	14.75	Joint Secretary, New Delhi	13.85	
	Excise Duty	2009-10	89.07	Chief Commissioner of Central Excise, Ludhiana	-	
	Excise Duty	2009-10	1.82	Chief Commissioner of Central Excise, Ludhiana	-	
Service Tax act	Service tax	2004 – 05, 2005 – 06 and 2006 – 07	14.11	Additional Commissioner of C.E., Ludhiana	1.05	Service tax on Overseas commission
Income Tax Act	Income tax	AY 1998-99-2002- 2003, 2004 -2005, 2005- 2006, 2011-2012	558.76	CIT (Appeals), Ludhiana	92.11	Disallowance of deduction under section 80HHC & 80M, Disallowance of Interest 6T u/s 36(1)(iii) for investment in subsidiary companies, computation u/s 14A, Interest disallowance on advances to subsidiary companies u/s 36(1)(iii)

	Income tax	AY 2003-2004, 2004-2005, 2006-2007, 2008-2009	139.39	ITAT, Chandigarh	32.98	Disallowance of deduction under section 80HHC & 80M.
	Income tax	AY 1998-99 to 2002-2003	204.36	Hon'ble Punjab & Haryana High Court, Chandigarh	120.00	Disallowance of Interest u/s 36(1)(iii) & as revenue expenditure or capital expenditure though matter decided by Hon'ble SC in our favor and levy of interest u/s 234 D, Disallowance u/s 14-A.
	Income tax (TDS)	2008-2009	0.85	CIT (Appeal) Pune	0.75	
Punjab General Sales Tax Act	Punjab Vat	2000-01, 2001-02	17.61	DETC Appeal	5.10	Incremental production in respect of additional fixed capital investment.
	Punjab Vat	2005-06, 2006-07	0.48	DETC, Patiala	0.38	
	Punjab Vat	2003-04	0.51	Assistant Commissioner Sales Tax, Ludhiana	-	Difference on account of job charges under service tax and excise
Wealth Tax Act	Wealth Tax	A.Y. 1998-99	2.11	ITAT, Chandigarh	-	Dispute on valuation of land

- (d) According to the information and explanation given to us the Group is not required to transfer any amount to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder within time.
- (viii) *The Group has accumulated losses at the end of the financial year which are more than fifty percent of its net worth. The Group has incurred cash losses in the current financial year but not in the immediately preceding financial year.*
- (ix) According to the records of the Group examined by us and the information and explanations given to us, we report that:
- (a) *Up to 31st December 2014, the Holding Company had defaulted in repayment of dues to financial institutions/banks in respect of various loans and interest aggregating to ₹ 4,924.54 lacs (with delay ranging from 1 to 70 days) were paid during the current financial year.*
- (b) *The Subsidiary Company, F.M. Hammerle Textiles Ltd. (Formerly known as Oswal F.M. Hammerle Textiles Ltd.) has defaulted in repayment of dues to financial institutions/banks in respect of various loans and interest aggregating to ₹ 982.05 lacs (as per details noted hereunder) were delayed and paid during the current financial year. Principal and interest aggregating to ₹ 1,937.36 lacs are outstanding as on balance sheet date and not paid subsequently.*
- State Bank of India TL, 4 instances of ₹ 555.44 lacs (Rs.555.44 lacs was paid during the current financial year) with delay ranging from 1 to 80 days amount to ₹ 55.03 Lakhs, ₹ 235.13 Lacs with delay ranging from 81 to 160 Days and ₹ 265.28 Lacs with delay ranging from 161 to 243 Days.*
 - State Bank of Patiala TL, 3 instances of ₹ 248.00 lacs (Rs.248.00 lacs was paid during the current financial year) with delay ranging from 1 to 80 days amounts to ₹ 39.60 Lacs, ₹ 8.85 Lacs with a delay ranging from 81 days to 160 days and ₹ 199.55 Lacs with a delay ranging from 161 days to 243 days.*
 - State Bank of Mysore TL, 4 instances of ₹ 178.61 lacs (Rs.178.61 lacs during the current financial*

year) with delay ranging from 1 to 80 days amounts to ₹ 37.69 Lacs, ₹ 98.96 Lacs with a delay ranging from 81 days to 160 days and ₹ 41.96 Lacs with a delay ranging from 161 days to 243 days.

- (x) As per the information and explanations given to us and on the basis of our examination of the records, the Holding Company has given a corporate guarantee in favour of bankers of the subsidiary company and the subsidiary company has given a corporate guarantee in favour of bankers of the holding company. The term and conditions of such guarantee are prima facie, not prejudicial to the interest of the Group.
- (xi) As per the information and explanations given to us and on the basis of our examination of the records, in our opinion, the term loans taken by the Holding Company have been applied for the purpose for which they were obtained, where such end use has been stipulated by the lender. The subsidiary company has not taken any loan during the year, hence the related reporting requirement is not applicable.
- (xii) During the course of our examination of the books and records of the Group carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Group noticed or reported during the year, except for fraud committed by Canteen Contractor in case of subsidiary company F.M. Hammerle Textiles Ltd. (Formerly known as Oswal F.M. Hammerle Textiles Ltd.) aggregating to ₹ 78.80 lacs for which the management has taken appropriate steps, we have neither come across any instance of fraud on or by the Group noticed or reported during the year, nor have we been informed of such case by the management

For S. S. KOTHARI MEHTA & CO
Chartered Accountants
Firm Registration No. 000756N

Sd/-
(Sunil Wahal)
Partner

Place: New Delhi
Date: 25th May, 2015

Membership No: 087294

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	3	2,232.54	1,985.25
(b) Reserves and Surplus	4	5,053.53	2,260.82
(c) Preference Capital held by others		1,220.75	1,220.75
(d) Share Application/Warrant Money Pending Allotment	5	—	985.00
Total Shareholders' Fund		8,506.82	6,451.82
2. Minority Interest		—	—
3. Non - Current Liabilities			
(a) Long-Term Borrowings	6	32,037.80	36,465.09
(b) Deferred Tax Liabilities	7	—	—
(c) Long-Term Provisions	8	459.45	590.56
(d) Other Long Term Liabilities	9	71.51	—
Total Non - Current Liabilities		32,568.76	37,055.65
4. Current Liabilities			
(a) Short-Term Borrowings	10	18,214.55	13,909.88
(b) Trade Payable	11	8,234.80	8,741.20
(c) Other Current Liabilities	12	13,868.38	15,425.56
(d) Short-Term Provisions	8	559.04	357.56
Total Current Liabilities		40,876.76	38,434.20
TOTAL		81,952.34	81,941.66
II. ASSETS			
1. Non - Current Assets			
(a) Fixed Assets			
Tangible Assets	13	38,731.99	42,156.02
Intangible Assets	13	925.28	1,198.82
Capital Work-in-Progress		411.72	799.93
(b) Non-Current Investments	14	0.62	0.53
(c) Deferred Tax Assets (Net)	7	5,016.18	1,821.41
(d) Long-Term Loans and Advances	15	1,151.58	1,030.72
(e) Other Non-Current Assets	18	561.63	382.52
Total Non - Current Assets		46,799.00	47,389.96
2. Goodwill on Consolidation		5,666.69	5,666.69
3. Current Assets			
(a) Current Investments	14	31.94	813.29
(b) Inventories	16	15,418.02	10,544.61
(c) Trade Receivables	17	7,164.42	9,495.51
(d) Cash and Bank Balances	18	1,513.88	1,425.55
(e) Short-Term Loans and Advances	15	5,358.39	6,606.05
Total Current Assets		29,486.65	28,885.01
TOTAL		81,952.34	81,941.66

Significant Accounting Policies

2

The accompanying notes form an integral part of these financial statements

As per our report of even date

For S.S. Kothari Mehta & Co.

Chartered Accountants

Firm Reg. No:- 000756N

FOR AND ON BEHALF OF THE BOARD OF VARDHMAN POLYTEX LIMITED

Sd/-

Sunil Wahal

Partner

M. No. 087294

Sd/-

Parvinder Singh

Chief Financial Officer

Sd/-

Sushil Sharma

Company Secretary

(FCS-6535)

Sd/-

Ajay Chaudhry

Director

(DIN-00055733)

Sd/-

Ashok Kumar Oswal

Chairman & Managing Director

(DIN-00009403)

Place : Ludhiana

Date : 25th May, 2015

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No.	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
I. REVENUE			
(a) Revenue from Operations	19	1,02,149.93	1,05,356.93
Less: Excise Duty		(0.60)	(0.63)
(b) Other Income	20	2,565.92	2,425.35
Total Revenue		1,04,715.24	1,07,781.65
II. EXPENSES			
(a) Cost of Material Consumed	21	67,051.31	67,739.63
(b) Purchase of Stock-in-Trade	22(a)	1,206.35	2,757.64
(c) Changes in Inventories	22	797.99	(1,580.77)
(d) Employee Benefit Expenses	23	7,188.89	6,915.00
(e) Finance Costs	24	8,663.14	8,353.81
(f) Depreciation and Amortization Expenses	25	4,249.94	4,829.31
(g) Other Expenses	26	19,399.16	19,559.11
Total Expenses		1,08,556.79	1,08,573.72
III. Profit/(Loss) before exceptional items and tax		(3,841.53)	(792.07)
Exceptional Items		3,585.01	-
IV. Profit/(Loss) before tax		(7,426.54)	(792.07)
V. Tax Expenses			
a) Current Tax		(1.36)	(1.16)
b) Deferred Tax	7	2,936.74	145.28
VI. Profit/(Loss) after tax for the year		(4,491.15)	(647.95)
Income attributable to consolidated group		(4,491.15)	(647.95)
Amount transfer to Balance Sheet		(4,491.15)	(647.95)
VII. Earnings per Equity Share	27		
1) Basic (in ₹)		(21.51)	(3.52)
2) Diluted (in ₹)		(21.51)	(3.10)
Significant Accounting Policies	2		

The accompanying notes form an integral part of these financial statements

As per our report of even date
For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Reg. No:- 000756N

FOR AND ON BEHALF OF THE BOARD OF VARDHMAN POLYTEX LIMITED

Sd/-
Sunil Wahal
Partner
M. No. 087294

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary
(FCS-6535)

Sd/-
Ajay Chaudhry
Director
(DIN-00055733)

Sd/-
Ashok Kumar Oswal
Chairman & Managing Director
(DIN-00009403)

Place : Ludhiana
Date : 25th May, 2015

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
I) CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax	(7,426.54)	(792.07)
Add: Depreciation	4,249.94	4,829.31
Interest Paid	8,663.14	8,353.81
Loss on Sale of Investment (Shares)	3,585.01	-
Net Loss on Fixed Assets Sold / Discarded	3.59	58.89
Foreign Currency Monetary Item Translation Difference	(8.57)	8.88
Tax Paid	-	-
Sundry Balances Written off	101.29	177.99
Less: Dividend Received	(2.75)	(4.74)
Net Profit on Fixed Assets Sold/Discarded	(89.39)	(230.42)
Net Profit on Investment Sold	(279.20)	(1,238.23)
Interest Received	(220.64)	(258.30)
Income Recognised	(1,052.84)	(26.99)
Sundry Balances Written Back	(117.19)	(47.14)
Operating Profit before Working Capital Changes	7,405.87	10,830.99
Working Capital Changes		
Trade Receivables	2,331.09	172.31
Inventories	(797.38)	(3,096.48)
Loans & Advances / Other Current Assets	1,025.52	(1,633.40)
Liabilities and Provisions	(1,491.47)	810.42
Net Cash from Operating Activities	8,473.63	7,083.84
II) CASH FLOW FROM INVESTING ACTIVITIES		
Addition in Fixed Assets (Net)	(2,132.86)	(1,546.37)
Sale of Fixed Assets	369.68	171.53
Dividend/Interest Received	223.38	263.04
Sale of Investments	1,697.25	-
Net Cash from /(used in) Investing Activities	157.46	(1,111.80)
III) CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings - Term Loans (Net of Repayments)	(5,494.63)	(5,176.57)
Short Term Borrowings (Working Capital)	4,304.67	3,266.26
Other Long Term Liabilities	71.51	-
Issue of Share Capital	375.15	2,341.77
Interest Paid	(7,799.45)	(7,652.16)
Net Cash from/(used in) Financing Activities	(8,542.76)	(7,220.70)
NET/(DECREASE) IN CASH OR CASH EQUIVALENTS	88.33	(1,248.66)
Cash or cash equivalents at beginning of the year	1,425.55	2,674.21
Closing cash or cash equivalents at end of the year	1,513.88	1,425.55

Notes: The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements".

As per our report of even date

For S.S. Kothari Mehta & Co.

Chartered Accountants

Firm Reg. No:- 000756N

FOR AND ON BEHALF OF THE BOARD OF VARDHMAN POLYTEX LIMITED

Sd/-

Sunil Wahal

Partner

M. No. 087294

Sd/-

Parvinder Singh

Chief Financial Officer

Sd/-

Sushil Sharma

Company Secretary

(FCS-6535)

Sd/-

Ajay Chaudhry

Director

(DIN-00055733)

Sd/-

Ashok Kumar Oswal

Chairman & Managing Director

(DIN-00009403)

Place : Ludhiana

Date : 25th May, 2015

Consolidated Financial Statements- Notes forming part of the Financial Statements

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. LEGAL STATUS & ACTIVITIES

- Vardhman Polytex Limited ('the Company') is a public limited listed company registered under the erstwhile Companies Act 1956. The Company's principal activity is manufacturing of yarn, garments and to develop residential & commercial colony or project.
- During the year, the name of one of the subsidiary company was changed from OSWAL F.M. HAMMERLE TEXTILES LIMITED to F.M. HAMMERLE TEXTILES LIMITED pursuant to the provisions of Section 13 and all other applicable provisions if any, of the Companies Act, 2013 has obtained the consent of the shareholders and consequently the Clause I of the Memorandum of Association of the company be altered/substituted vide shareholders resolution at the Extraordinary General Meeting held on 11.09.2014. The Company's principal activity is manufacturing of fabric.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Vardhman Polytex Limited has prepared Consolidated Financial Statement by consolidating its accounts with those of its following subsidiaries as on 31.03.2015, in accordance with Accounting Standard AS-21 (Consolidated Financial Statements) notified by Companies (Accounting Standards) Rules, 2006.

Name of Subsidiaries	Country of Incorporation	% Shareholding/Voting Power as on 31 st March, 2015
F.M. Hämmerle Textiles Ltd	India	81.73%
F. M. Hämmerle Verwaltungs GmbH	Austria	100.00%

- The Financial Statements of parent company and its subsidiaries have been consolidated on line by line basis by adding together book value of like items of assets, liabilities, income and expenses after eliminating intra group balances and intra-group transactions.
- Foreign subsidiary - operations of foreign subsidiary has been considered by Management as non integral; thus items of the assets and liabilities both monetary and non-monetary, have been translated at the exchange rates prevailing at the end of the year and items of income and expenses have been translated at the average rate prevailing during the period. Resulting exchange difference arising on translation of said items have been transferred to foreign currency translation Reserve account.
- Since Foreign Subsidiary is in same line of business which function in different regulatory environment, certain policies such as in respect of reinstatement of forex liabilities are different from the policies followed by the Holding Company. The notes on accounts and policies followed by subsidiary and holding company are disclosed in their respective Financial Statements.
- Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in the line with parent company's financial statements.
- Going Concern:-

In view of continuous losses suffered by the subsidiary company (FM Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd), the subsidiary company's accumulated losses stand at ₹ 13,020.97 lacs which has eroded 100% of the share capital. During the year the management of the company has applied to its lead bankers for restructuring of its debts and the company is hopeful to restructure its entire debt. This will result in positive cash flows in future. In addition, the promoters of holding company have assured to support the company for all cash flow requirements in the future. The financial statements have, therefore, been prepared on a going concern basis.

3. SHARE CAPITAL

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Amount ₹ lac	Number	Amount ₹ lac
Authorised				
Equity shares of ₹10/- each	7,00,00,000	7,000.00	7,00,00,000	7,000.00
TOTAL	7,00,00,000	7,000.00	7,00,00,000	7,000.00
Issued, Subscribed and Fully Paid-up				
Equity shares of ₹10/- each	2,22,90,957	2,229.09	1,98,17,957	1,981.80
Forfeited shares	—	3.45	—	3.45
TOTAL	2,22,90,957	2,232.54	1,98,17,957	1,985.25

3.1 Reconciliation of the Equity Shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Amount ₹ lac	Number	Amount ₹ lac
Equity Shares				
At the beginning of the year	1,98,17,957	1,981.80	1,78,42,957	1,784.30
Add: Shares Issued during the year (Net) (refer note no. ii)	24,73,000	247.29	1,975,000	197.50
Outstanding at the end of the year (refer note no.i)	2,22,90,957	2,229.09	1,98,17,957	1,981.80

Note:

- Out of 1,34,04,202 (Previous Year: 1,09,07,452) equity shares (face value of ₹10 each) held by promoters & promoters group companies, 1,09,31,202 (Previous year: 1,09,07,202) equity shares (face value of ₹10 each) pledged with National Securities Depository Limited (NSDL) in favour of Canara Bank (lead banker).
- Equity shares arising out of conversion of the convertible warrants issued on preferential basis.

3.2 Terms/rights attached to equity shares

Company has only one class of equity shares having a par value of ₹10/- each holder of equity shares is entitled to one vote per share.

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

During the year ended 31st March, 2015, the amount of dividend recognized as distribution to equity shares was ₹ Nil (Previous Year ₹ Nil)

3.3 Details of shareholders holding more than 5% Equity Shares in the Company

Name of Equity Shareholders	As at 31.03.2015		As at 31.03.2014	
	Number	% Holding	Number	% Holding
Panchsheel Textile Mfg & Trading Co.Pvt Ltd	44,26,917	19.86	44,02,917	22.22
Alma Assets Consultancy (P) Ltd	43,62,325	19.57	43,62,325	22.01
Swarnim Tie Up (P) Ltd.	14,00,000	6.28	14,00,000	7.06
Altfort Merchants (P) Ltd.	21,82,000	9.79	-	-

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

3.4 Aggregate number of shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date - ₹ Nil (Previous year ₹ Nil).

4. RESERVES AND SURPLUS

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Capital Subsidy		
Balances as per last financial statements	236.75	263.74
Less: Transfer to Statement of Profit & Loss	(26.99)	(26.99)
Closing balance	209.76	236.75
Capital Redemption Reserve		
Balances as per last financial statements	0.01	0.01
Add: Addition during the year	-	-
Closing balance	0.01	0.01
Capital Reserve		
Opening balance		
Add: Current year created (refer note no. 43)	4,076.02	-
Less: Written back in current year	(1,025.85)	-
Closing balance	3,050.17	-
General Reserve		
Balances as per last financial statements	10,366.21	10,366.21
Less: Depreciation on account of balance useful life being NIL as on 01 April 2014 as per Companies Act, 2013 (net of deferred tax)	(500.52)	-
Closing balance	9,865.69	10,366.21
Amalgamation Reserve		
Balances as per last financial statements	45.00	45.00
Add: Addition during the year	-	-
Closing balance	45.00	45.00
Foreign Currency Translation Reserve		
Balances as per last financial statements	6.64	(2.25)
Add: Addition during the year	(8.57)	8.89
Closing balance	(1.93)	6.64
Security Premium Reserve		
Balances as per last financial statements	6,618.21	5,679.69
Add: Addition during the year	1,112.85	938.52
Less: Utilized against premium/coupon on FCCB	-	-
Closing balance	7,731.06	6,618.21
Deficit balance in the statement of profit and loss		
Balance as per last financial statements	(15,012.00)	(14,364.05)
Less: Amount transferred from statement of profit and loss	(4,491.15)	(647.95)
Depreciation on account of balance useful life being NIL as on 01 April 2014 as per Companies Act, 2013	(32.34)	-
Adjustment of Oswal Industrial Enterprises Pvt.Ltd.	3,551.27	-
Minority interest	138.00	-
Closing balance	(15,846.23)	(15,012.00)
TOTAL	5,053.53	2,260.82

5. SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Share application money received	-	985.00
	-	985.00

Note as on 31.03.2014

Terms and conditions

- The holders of each warrant will be entitled and having option to apply for and obtain allotment of one equity share of face value of ₹ 10/- each of the Company against each warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, in one or more tranches. At the time of exercise of entitlement, the warrant holders shall pay the balance of the consideration towards the subscription to each equity share. The amount so paid will be adjusted/ set-off against the issue price of the resultant equity shares. If the entitlement against the warrants to apply for the equity shares is not exercised within the aforesaid period, the entitlement of the warrant holders to apply for equity shares of the Company along with rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.
- The warrant holders shall hold equal rights in respect of future bonus and right issue, if any declared by the company in the same proportion and manner with any other shareholder of the Company.

	<p>c) The equity shares issued upon the conversion of warrants shall rank pari passu in all respects including with respect to dividend, with the then fully paid up equity shares of the Company, subject however to the provisions of the Memorandum and Articles of Association of the Company.</p> <p>d) The warrant(s) by itself until converted into equity shares, does not give to the holder hereof any rights with respect to that of a shareholder of the Company except as specified above.</p> <p>e) The warrants and equity shares shall be subject to lock-in for a period as prescribed under SEBI (ICDR) Regulations, 2009 (including any amendments thereto or re-enactment thereof).</p>
Number of shares proposed to be issued	24,73,000 warrants optionally convertible into equal numbers of equity shares face value of ₹ 10/- at a premium of ₹ 45/- per share.
Amount of premium	₹ 1,112.85 lacs
The Period before which shares to be allotted	The allotment of the warrants shall be completed within the prescribed period of 15 days from date of the passing of the resolution by the shareholders provided that in case, the allotment of warrants is pending on account of the pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of the receipt of such approval.
Whether the company has sufficient authorized share capital to cover the share capital amount on allotment of shares out of share application money	Yes
Interest accrued on amount due for refund	NIL
The period for which the share application money has been pending beyond the period for allotment as mentioned in the share application form along with the reasons for such share application money being pending	Not applicable

6. LONG TERM BORROWINGS

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Secured Loans		
Term Loans		
Rupee Loan from Banks	28,578.11	29,262.77
Rupee Loan from others	764.00	697.76
Funded Interest Term Loan	2,718.27	3,600.69
Working Capital Term Loan (I)	-	3,307.23
Working Capital Term Loan (II)	5,873.58	6,246.20
Vehicle Loan	37.61	129.24
Unsecured Loans		
Foreign Currency Convertible Bonds	1,999.84	2,396.40
From others	400.00	500.00
Fixed Deposits from Public*	-	4.95
TOTAL	40,371.41	46,145.24
Less: Current maturities amount disclosed under other Current Liabilities (refer note : 12)	(8,333.61)	(9,680.15)
TOTAL	32,037.80	36,465.09

*FDR from Public includes deposits from directors ₹ Nil (Previous year ₹ 6.50 lac).

a) Terms of repayment / detail of securities of Holding Company are as follow :

Rupree Term Loan from Banks

Particulars	Rate of Interest % P.A. instalments	No. of instalments	O/s as at 31.03.2015	O/s as at 31.03.2014	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Rupree Term Loan	11.00%	28 Qly	17,414.86	17,299.12	1,840.58	1,677.09	2,385.56	2,739.79	3,094.02	34,47.09	2,230.73
Working Capital Term Loan – I	11.00%	--	-	3,307.23	-	-	-	-	-	-	-
Working Capital Term Loan – II	11.00%	28 Qly	5,873.58	6,246.20	527.48	515.28	772.92	901.74	1,030.56	1,159.38	966.22
Funded Interest Term Loan	11.00%	10 Qly	2,718.27	3,600.69	1,474.37	1,165.33	78.57	-	-	-	-
TOTAL			26,006.71	30,453.24	3,842.43	3,357.70	3,237.05	3,641.53	4,124.58	4,606.47	3,196.95

Rupree Term Loan from others

Lending Institution	Rate of Interest % P.A.	No. of instalments	O/s as at 31.03.2015	O/s as at 31.03.2014	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Religare Finvest Ltd	15.75%	103 Monthly	422.21	444.63	26.10	30.36	35.32	41.11	47.84	55.66	64.77	75.37	45.68
Religare Finvest Ltd.	15.50%	83 Monthly	234.79	253.13	21.29	24.71	28.68	33.30	38.65	44.86	43.30	-	-
TOTAL			657.00	697.76	47.39	55.07	64.00	74.41	86.49	100.52	108.07	75.37	45.68

Vehicle Loan

Lending institution	Rate of Interest % P.A.	No of instalments	O/s as at 31.03.2015	O/s as at 31.03.2014	2015-16 2022-23	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
HDFC Bank	10.00%	19 Monthly	10.05	15.63	6.16	3.89	-	-	-	-	-
ICICI Bank	10.50%	-	-	5.68	-	-	-	-	-	-	-
Axis Bank	11.00%	-	-	14.51	-	-	-	-	-	-	-
Canara Bank	10.70%	62 Monthly	22.19	17.34	4.24	4.72	5.26	5.86	1.79	0.32	-
TOTAL			32.24	53.17	10.40	8.61	5.26	5.86	1.79	0.32	-

Details of security :

- Term loans from Financial Institutions and Banks as stated as above are/shall be secured by way of joint equitable mortgage of all the immovable properties (present and future) of the Company ranking on pari- passu basis and hypothecation of all movable assets of the company (except book debts) subject to prior charge of the company's bankers on specified movable assets in respect of working capital borrowings.
- Term loan from others is guaranteed by promoter company M/s Panchsheel Textile Mfg & Trading Co. Pvt Ltd. along with charge on specific assets.
- All the Term Loans & Working Capital Term Loan from banks are guaranteed by promoter directors & Mrs. Manju Oswal (related party).
- Vehicle loan is secured by way of hypothecation of the vehicle against such loan.

The period and amount of default as on the Balance Sheet date are as under:

(₹ lac)

Particulars	Period of default	Principal	Interest accrued and due	Total	Paid/Settled	Balance
Secured (Term Loans)						
As at 31.03.2014	From 01.02.2014 to 31.03.2014	269.80	266.00	535.80	535.80	–
Unsecured (FCCB)						
As at 31.03.2015	Before 31.03.2015	624.95	115.05	740.00	740.00	–
As at 31.03.2014	From 31.12.2013	479.28	88.24	567.52	567.52	–

Note:

- Principal and interest accrued on Secured (term loans) have been repaid with in 7 working days of the end of March 31, 2015 which is not a continuing default hence not been considered in default as at March 31, 2015
- The company has signed settlement agreement with Foreign Currency Convertible Bond holders of principal value of USD 85,00,000 (₹ 4,613.80 lacs) worth of bonds and redemption premium of USD 15,64,850 (₹ 849.40 lacs) aggregating the total of USD 1,00,64,850 (₹ 5,463.20 lacs) . Under the settlement agreement, the final amount including redemption premium has been settled at USD 51,71,513 which is payable in instalment up to year 2016. Out of the final settled amount of USD 51,71,513 the company had paid an amount of USD 30,57,823 (equivalent value bonds surrendered to the company) out of which an amount of USD 4,50,000 (equivalent value bonds surrendered to the company) has been paid in current financial year and accordingly an amount of USD 32,17,939 has been written back in the books of accounts . The Axis Bank bond holders reserves the right to exit the settlement agreement on the balance amount of USD 22,00,000, if there is reasonable ground for it to conclude (at its own discretion) that the company may not fulfil its obligation and retains its rights to recompense. (Refer Note no.38)

Profit on write back of bonds has recognized under the head “Other income”.

- Terms of repayment/detail of security of subsidiary company i.e. F.M. Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd) are as follow:-** (₹ lac)

Lending institution/ banks	Rate of interest % p.a.	No of instalments/ payment	O/s as on 31.03.2015	O/s as on 31.03.2014	Annual Repayment Schedule				
					2015-16	2016-17	2017-18	2018-19	2019-20
State Bank of India	11.40%	23/Qtrly	5,389.66	5,803.12	722.00	722.00	1,292.00	1,292.00	973.26
State Bank of Patiala	11.40%	23/Qtrly	3,917.84	4,167.35	481.32	481.32	861.01	861.01	881.05
State Bank of Mysore	11.40%	23/Qtrly	1,855.75	1,993.19	240.68	240.68	430.32	430.32	375.21
Vehicle Loan			5.36	76.07	3.47	1.89	–	–	–
TOTAL			11,168.62	12,039.73	1,447.47	1,445.89	2,583.33	2,583.33	2,229.52

- Term loans from Financial Institutions and Banks as stated above are secured by way of joint equitable mortgage of all the immovable properties (present and future) of the company ranking pari- passu basis and hypothecation of all movable assets of the company (except book debts).
- Corporate Guarantee has been given by Vardhman Polytex Limited, Holding Company.
- Personal Guarantee has been given by Promoters - Mr. Ashok Kumar Oswal & Mr. Adish Oswal.
- Collateral Security of Residential flat situated at Vasant Vihar, Delhi held in the name of Mr. Ashok Kumar Oswal.
- Vehicle loan is secured by way of hypothecation of the vehicle acquired against such loan.
- During the year, the banks accounts are classified as Non Performing Asset (NPA) by banks since : State Bank of India (August 2014), State Bank of Patiala (July 2014) and State Bank of Mysore (October 2014) hence ₹ 879.08 lacs has been shown as default and current maturity of long term borrowings as on March 31, 2015.

The period and amount of default as on the balance sheet date are as under:

(₹ lac)

Period of default (Secured)	Principal	Interest accrued and due	Total	Paid	Balance
01.07.14 to 31.03.15	879.08	1,058.28	1,937.36	–	1,937.36
01.01.13 to 31.03.14	235.48	258.49	493.97	493.97	–

7. DEFERRED TAX (NET)

Particulars	As at 31.03.2015 ₹ lac	Charge / (credit) during the year ₹ lac	As at 31.03.2014 ₹ lac
Deferred Tax Liabilities			
Arising on account of timing difference :			
Accumulated depreciation	2,336.82	(322.99)	2,659.81
Deferred Tax Assets			
Arising on account of timing difference :			
Unabsorbed depreciation / losses and Sec 43B items	(7,094.97)	(2,613.75)	(4,481.22)
Others	(258.03)	—	—
Net Deferred Tax Liability/(Assets)	(5,016.18)	(2,936.74)	(1,821.41)

In respect of subsidiary company i.e. F.M. Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd), the company has deferred tax liability of ₹ 3,903.10 Lacs up to the end of this year on account of differences arising between depreciation as per books of accounts and that as per income tax. However, deferred tax assets on account of unabsorbed depreciation as per income tax computation are much higher than the deferred tax liability. In view of absence of virtual certainty of profits in the near future deferred tax assets have been restricted to the extent of deferred tax liability on account of unabsorbed depreciation and those on account of unabsorbed losses have not been recognized at all.

8. PROVISIONS

Particulars	Long-term		Short-term	
	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Premium on Redemption of FCCB	—	242.65	368.17	198.53
Employee related benefits	459.45	347.91	190.87	159.03
TOTAL	459.45	590.56	559.04	357.56

9. OTHER LONG TERM LIABILITIES

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Community club fees	71.51	—
TOTAL	71.51	—

10. SHORT TERM BORROWINGS

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Secured		
Loans repayable on demand		
Working capital loans from banks	18,201.15	13,893.20
Others	13.40	—
Unsecured		
Letter of Credit/Sale bill discounting with the banks/Financial Institution	—	—
Bill discounting from others	—	—
Others	—	16.68
TOTAL	18,214.55	13,909.88

- a) Working Capital Loans from Banks are secured by hypothecation of all stocks, present and future of stores, spare parts, packing materials, raw materials, finished goods, goods in transit / process, book debts, outstanding monies receivable, claims, bills etc. and second charge by way of joint equitable mortgage of immovable properties of the Company.
- b) In respect of Holding company, Personal Guarantee has been given by Promoters directors & Mrs. Manju Oswal (related party).
- c) In respect of subsidiary company i.e.FM Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd), Personal guarantee has been given by promoters Mr. Ashok Kumar Oswal & Mr. Adish Oswal.
- d) Corporate Guarantee has been given by Vardhman Polytex Limited, Holding Company for loan facility availed by the subsidiary company i.e. F.M. Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd).
- e) Collateral Security of Residential flat situated at Vasant Vihar, Delhi held in the name of Mr. Ashok Kumar Oswal.
- f) During the year all the bank has classified the accounts as Non Performing Asset (NPA).

11. TRADE PAYABLES

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Payable to Micro Small & Medium Enterprises (MSME)	-	-
Payable to other than MSME	8,234.80	8,741.20
TOTAL	8,234.80	8,741.20

The information as required to be disclosed under The Micro, Small and Medium Enterprises (Development) Act, 2006 ("the Act") has not been received so far, so the disclosure requirement for balance outstanding, interest paid/payable as at the year end as required by the Act has not been given.

12. OTHER CURRENT LIABILITIES

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Current maturities of long-term borrowings (refer note no-6)	8,333.61	9,680.15
Interest accrued and due on borrowings	1,909.67	1,044.57
Interest accrued but not due	1.12	1.65
Creditor for service & contracts	252.36	240.60
Trade deposits & advances	705.27	593.24
Security deposits	73.53	97.72
Unclaimed dividend*	3.03	7.59
Payable to capital goods suppliers	-	97.42
Other payables		
Employees related	785.15	764.55
Statutory dues	209.04	204.20
Trade expenses	348.71	986.38
Share application money (pending allotment, preference capital held by others)	-	-
Others	1,246.89	1,707.45
TOTAL	13,868.38	15,425.56

* Investors Education and Protection Fund under Section 205C of erstwhile Companies Act, 1956 will be credited by unclaimed dividend amount expiring on seven years from the dividend declaration, the amount is not due at the year end.

13. FIXED ASSETS

a) For the year ended 31.03.2015

Particulars	Tangible assets							Intangible assets			Total Assets
	Leasehold Land	Free hold Land	Building	Plant & Machinery	Other Equipment	Furniture & Fixtures	Vehicles	Total	Software (Bought out)	Trade Mark (Bought out)	
	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	
Cost											
As at 1st April 2014	430.88	1,750.21	19,192.52	54,982.12	171.58	465.42	773.95	77,766.72	526.09	2,657.00	80,949.82
Additions	-	259.54	70.74	1,302.78	21.39	14.05	21.27	1,689.77	54.88	-	1,744.65
Relating to Disposals	-	(170.09)	(47.79)	(110.94)	(0.47)	(8.49)	(72.36)	(410.14)	(0.31)	(32.91)	(443.36)
Adjustment of OIEL	-	-	-	(9.57)	(0.24)	(5.68)	(117.10)	(132.59)	-	-	(132.59)
As at 31st March 2015	430.88	1,839.66	19,215.47	56,164.39	192.26	465.30	605.76	78,913.76	580.66	2,624.09	82,118.52
Depreciation											
As at 1st April 2014	19.87	-	3,701.97	31,300.96	68.45	237.64	281.78	35,610.67	455.78	1,528.50	37,594.94
Charge for the year	2.34	-	621.40	3,208.42	21.83	43.71	78.03	3,975.73	25.20	249.01	4,249.94
Relating to Disposals	-	-	(5.45)	(99.73)	(0.06)	(7.66)	(46.50)	(159.40)	(0.05)	-	(159.45)
Adjustments	-	-	209.17	506.19	44.32	5.57	4.60	769.85	21.04	-	790.89
Adjustment of OIEL	-	-	-	(0.95)	(0.09)	(2.61)	(11.43)	(15.08)	-	-	(15.08)
As at 31st March 2015	22.21	-	4,527.09	34,914.89	134.45	276.65	306.48	40,181.77	501.97	1,777.51	42,461.25
Net Block											
As at 31st March 2015	408.67	1,839.66	14,688.38	21,249.50	57.81	188.65	299.28	38,731.99	78.69	846.58	39,657.27

b) For the year ended 31.03.2014

Particulars	Tangible Assets							Intangible Assets			Total Assets
	Leasehold Land	Free hold Land	Building	Plant & Machinery	Other Equipment	Furniture & Fixtures	Vehicles	Total	Software (Bought out)	Trade Mark (Bought out)	
	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	
Cost											
As at 1st April 2013	467.18	1,691.92	19,029.69	54,030.18	161.22	461.25	778.74	76,620.18	522.29	2,629.04	79,771.52
Additions	-	69.31	417.55	1,927.77	10.76	4.17	70.79	2,500.35	3.80	27.96	2,532.11
Relating to Disposals	(36.30)	(11.02)	(254.71)	(975.82)	(0.41)	-	(75.59)	(1,353.85)	-	-	(1,353.85)
As at 31st March 2014	430.88	1,750.21	19,192.53	54,982.13	171.57	465.42	773.94	77,766.68	526.09	2,657.00	80,949.78
Depreciation											
As at 1st April 2013	17.39	-	3,305.51	28,171.45	60.39	214.20	271.73	32,040.67	429.89	1,278.98	33,749.54
Charge for the year	2.48	-	562.54	3,891.48	8.08	23.43	65.89	4,553.90	25.89	249.52	4,829.31
Relating to Disposals	-	-	(166.08)	(761.97)	(0.02)	-	(55.84)	(983.91)	-	-	(983.91)
As at 31st March 2014	19.87	-	3,701.97	31,300.96	68.45	237.63	281.78	35,610.66	455.78	1,528.50	37,594.94
Net Block											
As at 31st March 2014	411.01	1,750.21	15,490.56	23,681.17	103.12	227.79	492.16	42,156.02	70.31	1,128.50	43,354.84

- a) The leasehold land includes ₹136.77 lac (previous year ₹136.77 lac) is forfeited by Maharashtra Industrial Development Corporation (MIDC), due to non compliance of the terms of allotment. Leasehold land was allotted for a period of 95 years.
- b) "Pursuant to provisions prescribed in Schedule II to the Companies Act, 2013, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, the Company has fully depreciated net carrying value as on April 1, 2014 net of residual value and has adjusted an amount of ₹ 500.52 lacs (net of deferred tax) against the opening retained earnings under the head 'Reserves and surplus' in respect of Holding Company. However in some of the assets the company has reassessed the estimated useful life of its fixed assets through an independent Chartered Engineers. In such cases the company has not opted for the rates as given by the schedule II of the Companies Act, 2013."

- c) Pursuant to provisions prescribed in Schedule II to the Companies Act, 2013, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, the Company has fully depreciated net carrying value as on April 1, 2014 net of residual value and has adjusted an amount of ₹32.34 lacs against the opening retained earnings under the head 'Reserves and surplus' in respect of subsidiary company i.e.FM Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd).

14. INVESTMENTS

Particulars	As at 31.03.2015 ₹ lac	As at 31.03.2014 ₹ lac
Non Current Investments		
Other Investment (valued at cost, except for permanent diminution in value)		
Unquoted - Investment in others		
Oswal Industrial Enterprise (P) Ltd		
1,000 (Previous year 5,00,49,999) equity shares of ₹10 each fully paid	0.09	-
VKM Colour Spin Limited		
250 (Previous Year 250) Equity shares of ₹ 10/- each fully paid	0.03	0.03
Deluxe Fabrics Limited		
5,000 (Previous Year 5,000) Equity Shares of ₹ 10/- each fully paid	0.50	0.50
TOTAL	0.62	0.53
Current Investments		
Other investments (valued at lower of cost and net realizable value)		
Unquoted - Investment in others		
Investments in Equity Instruments	-	743.74
(Share application money pending allotment)		
3,194 (Previous Year 6,955) of IL & FS Milestone Fund of ₹ 1,000/- each	31.94	69.55
TOTAL	31.94	813.29
GROSS TOTAL	32.56	813.82
Aggregate amount of unquoted investments	32.56	813.82

15. LOANS & ADVANCES

Particulars	Long-term		Short-term	
	As on 31.03.2015 ₹ lac	As on 31.03.2014 ₹ lac	As on 31.03.2015 ₹ lac	As on 31.03.2014 ₹ lac
Unsecured, considered good unless stated other wise				
Security deposits	459.99	492.70	-	-
Advances for goods / services				
Unsecured, considered good	-	-	904.75	1,748.35
Balances with Statutory Authorities	-	-	1,508.13	1,426.25
Prepaid expenses	-	-	315.93	289.55
Interest receivable (including TUFF subsidy)	-	-	609.29	669.16
Direct taxes refundable				
{net of provisions ₹1,475.42 lacs, (Previous year ₹ 1,475.42 lacs)}	21.33	16.02	420.46	403.94
Export incentive receivable	-	-	780.74	854.02
Capital advance	670.26	522.00	-	180.00
Other receivables	-	-	819.09	1,034.78
TOTAL	1,151.58	1,030.72	5,358.39	6,606.05

- a) Based on legal advice, discussions with the solicitors, etc., the management believes that there are fair chances of decisions in the company's favour in respect of all the items listed above and no value adjustment is considered necessary.
- b) Direct taxes refundable represent amounts recoverable from the Income Tax Department for various assessment years. In respect of disputed demands, company has filed appeals which are pending at various levels and the company is hopeful of getting the desired reliefs at various forums. Necessary value adjustments shall be made on final settlement by the department.
- c) Provision for Income Tax for earlier years has been made based on the Tax Liability calculated at prevalent rates.

- d) Balance with statutory authorities includes ₹ 186.47 lac (Previous year ₹ 188.26 lac) being amount of ESI, Excise Duty, Sales Tax, PSEB deposited under protest. No provision has been made in accounts in respect thereof. The same will be made in the year of settlement.

16. INVENTORIES (As taken valued and certified by the management)

Particulars	As on 31.03.2015 ₹ lac	As on 31.03.2014 ₹ lac
Raw Material [Includes material in transit ₹ 72.16 Lacs ; (Previous year ₹ 53.19 Lacs)]	6,260.09	3,877.23
Work-in-progress (refer note - 22)	1,926.10	2,266.79
Real estate development work in progress (refer note - 43)	3,429.80	63.51
Finished goods (refer note no. - 22)	3,077.54	3,737.13
Stores and spares [Includes material in transit ₹ 1.89 lacs (Previous year ₹ Nil)]	245.04	259.73
Stock in trade	479.45	283.84
Machinery held for disposal	-	56.38
TOTAL	15,418.02	10,544.61

17. TRADE RECEIVABLES

Particulars	As on 31.03.2015 ₹ lac	As on 31.03.2014 ₹ lac
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	1,512.08	1,902.05
Doubtful	322.11	337.09
Less : Provision for doubtful debts	(322.11)	(337.09)
TOTAL (A)	1,512.08	1,902.05
Outstanding for a period Less than six months from the date they are due for payment		
Unsecured, considered good	5,652.34	7,593.46
Doubtful	-	-
TOTAL (B)	5,652.34	7,593.46
TOTAL (A+B)	7,164.42	9,495.51

18. CASH AND BANK BALANCES

Particulars	Non-Current		Current	
	As on 31.03.2015 ₹ lac	As on 31.03.2014 ₹ lac	As on 31.03.2015 ₹ lac	As on 31.03.2014 ₹ lac
Cash and cash equivalents				
Cash on hand	-	-	95.60	93.71
Bank balance in current account**	-	-	1,052.91	468.80
Bank balance in fixed deposit account with maturity of upto three months	-	-	-	-
Cheques on hand	-	-	-	435.00
SUB TOTAL	-	-	1,148.51	997.51
Other bank balances				
Earmarked balance for unpaid dividend	-	-	3.42	7.99
Fixed deposit *	561.63	382.52	361.95	420.05
SUB TOTAL	561.63	382.52	365.37	428.04
Less:				
Amount disclosed under the head "other non current assets"	(561.63)	(382.52)	-	-
TOTAL	-	-	1,513.88	1,425.55

* Pledged with Bank against Bank Guarantee to Custom Department and others.

** Includes Bank Balance under escrow account.

19. REVENUE FROM OPERATIONS

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Grey Yarn	69,366.76	70,300.19
Dyed Yarn	13,505.19	13,032.34
Fabric Sales	7,333.30	9,742.08
Garments	1,043.95	543.89
Trading goods (Textile goods)	1,132.37	2,902.03
Waste Sales	6,327.40	6,798.38
Real estate business	1,167.33	-
Sale of Services (Job Work)	487.43	305.32
Other Operating Income (Export Incentives)	1,786.20	1,732.70
TOTAL	1,02,149.93	1,05,356.93

20. OTHER INCOME

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Interest Income from bank deposits & others	220.64	258.30
Profit from Sale of Investment / Buy back of liability	279.20	1,238.23
Profit from Sale of Fixed Assets	89.39	230.42
Dividend Income from Current Investment	2.75	4.74
Provisions no longer required, written back	117.19	47.14
Exchange rate fluctuation (net)	559.94	-
Miscellaneous Income	220.94	182.18
Difference in exchange rate	-	160.88
Income recognised under Government grant	26.99	26.98
Rent Received	23.03	160.45
Transfer from capital reserve (refer note no. 43)	1,025.85	-
Profit on trading Activity [refer note 20a]	-	116.03
TOTAL	2,565.92	2,425.35

a) Trading Activity

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Sales	-	1,925.27
Less: Purchase	-	1,809.24
Profit on Trading Activity	-	116.03

21. COST OF MATERIAL CONSUMED

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Cotton	52,112.39	53,761.23
Cotton Yarn	5,626.80	6,374.31
Synthetic Fibre	5,514.37	5,363.11
Dyes & Chemical	2,481.67	2,226.33
Fabric	29.88	14.65
Project development cost	1,286.20	-
Cost of material consumed	67,051.31	67,739.63

The above consumption figures are disclosed on the basis of derived figures and are after adjusting excesses and shortages ascertained on physical count, unserviceable items, etc.

Value of Indigenous & Imported Raw Material Consumption

Particulars	Year ended 31.03.2015		Year ended 31.03.2014	
	₹ lac	%	₹ lac	%
Indigenous	66,993.95	99.91	67,037.53	98.96
Imported	57.36	0.09	702.10	1.04
TOTAL	67,051.31	100.00	67,739.63	100.00

22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Opening balance of inventories		
Finished goods (including waste)	3,737.13	2,897.68
Work in progress	2,266.79	1,802.16
Trading goods	277.16	7.15
SUB-TOTAL	6,281.08	4,706.99
Closing balance of inventories		
Finished goods (including waste)	3,077.54	3,737.13
Work in progress	1,926.10	2,266.79
Trading goods	479.45	283.84
SUB-TOTAL	5,483.09	6,287.76
Decrease/(Increase)	797.99	(1,580.77)

22(a) PURCHASE OF STOCK IN TRADE

Particulars	Opening Stock		Purchase		Sale		Closing Stock	
	Qty	₹ lac	Qty	₹ lac	Qty	₹ lac	Qty	₹ lac
Knitted Fabric (Kg)	79,183.55	277.15	496,786.15	1,206.35	364,432.44	1,132.37	211,537.27	479.45
TOTAL	79,183.55	277.15	496,786.15	1,206.35	364,432.44	1,132.37	211,537.27	479.45

23. EMPLOYEE BENEFITS EXPENSES

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Salaries and wages	6,315.22	6,102.22
Contribution to provident and other funds	532.17	506.12
Staff welfare	341.50	306.66
TOTAL	7,188.89	6,915.00

24. FINANCE COSTS

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Interest Expense		
Term loans	3,305.32	3,059.37
-Working capital borrowings	3,805.92	3,494.35
-Other loans	1,444.56	1,499.98
-Other borrowing costs	107.34	300.11
TOTAL	8,663.14	8,353.81

25. DEPRECIATION AND AMORTIZATION

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Depreciation/amortization on tangible assets	3,975.73	4,553.90
Amortization on intangible assets	274.21	275.41
TOTAL	4,249.94	4,829.31

26. OTHER EXPENSES

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Consumption of stores and spare parts	-	204.05
Packing charges	1,387.33	1,270.02
Job/process charges	402.56	255.89
Power & fuel	10,816.04	10,713.54
Repairs and maintenance		
Plant & machinery	1,133.70	860.73
Building	42.99	41.01
General	286.16	277.34
Contractual labour	47.09	55.00
Rent	144.61	138.87
Rates and taxes, excluding taxes on income	74.88	87.14
Insurance charges	151.17	143.11
Travelling expenses	341.92	396.60
Legal & professional expenses	246.79	433.87
Difference in Exchange Rates (Net)	0.00	91.94
Sundry balances written off	96.28	106.03
Fixed assets written off	5.01	71.96
Loss on sale of raw materials	-	12.56
Loss on sale of fixed assets	3.59	58.89
Electricity & water charges	110.64	128.59
Commission	759.50	838.13
Delivery expenses	2,062.26	1,964.43
Rebate & discounts	224.77	226.76
Provision for doubtful debts	-	149.84
Cost of samples	171.26	178.81
Advertisement cost	10.16	7.83
Bank charges	430.82	397.00
Loss on sale of investment	-	-
Project development cost	-	-
Miscellaneous expenses (see note below)	449.63	449.17
TOTAL	19,399.16	19,559.11

Note: Miscellaneous expenses include the following

Include payment to statutory auditor the details of which are as follows:

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
As auditor:		
Statutory audit	9.83	10.29
Tax audit	2.53	2.35
Other services	3.37	2.15
Reimbursement of expenses	4.23	2.38
TOTAL	19.96	17.17

Value of indigenous & imported stores & spares consumption

Particulars	Year ended 31.03.2015		Year ended 31.03.2014	
	₹ lac	%	₹ lac	%
Indigenous – stores & spares	1,003.06	78.94	903.73	73.21
Imported – stores & spares	267.57	21.06	330.77	26.79
TOTAL	1,270.63	100.00	1,234.50	100.00

27. EARNING PER SHARE

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
The basic and diluted Earning Per Share is as under:		
Net loss after tax (₹ lacs)	(4,491.15)	(647.95)
Weighted average no. of equity shares outstanding *	20,878,325	18,426,962
Nominal value of per equity share (₹)	10.00	10.00
Basic earnings per share (₹)	(21.51)	(3.52)
Diluted earnings per share (₹)	(21.51)	(3.10)

*There are 24,73,000 dilutive potential equity shares on account of share application/warrant money pending for allotment.

28. MINORITY INTEREST

Accumulated losses attributable to the minority are in excess of their minority interest. The excess, and any further losses applicable to the minority, are adjusted against the majority interest except to the extent that the minority has a binding obligation to, and is able to make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

29. CONTINGENT LIABILITIES

Particulars	As on 31.03.2015 ₹ lac	As on 31.03.2014 ₹ lac
a) Claims against the Company not acknowledged as debts	221.25	477.52
b) Bills discounted with bankers.	10,850.24	6,463.35
c) Income Tax demands under appeal	599.40	783.55
d) Letter of credit & bank guarantee issued	469.33	290.53
e) Liability on EPCG license pending export	369.54	1,789.79
f) Subordination letter for not to withdraw the loan from foreign subsidiary until negative equity situation reverses	237.33	237.33
g) Corporate guarantee given on behalf of subsidiary company "FM Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd)" pursuant to scheme of CDR	8,233.00	8,233.00
h) Demand of PSEB for voltage surcharge and DSA	256.24	256.24

There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in accounting standard (AS)-29 'Provisions, Contingent Liabilities & Contingent Assets' as it is not probable that an outflow of resources embodying economic benefits will be required.

30. LITIGATION STATUS OF THE COMPANY AS ON 31ST MARCH 2015 ARE AS FOLLOWS:

Holding company :

a) The following is a summarized status of pending litigation involving Vardhman Polytex Ltd against the Company: (₹ lac)

Sr No.	Nature of Dispute	Name of Statute	Amount Involved	Provision Made	Disclosed as Contingent Liability	Amount Deposited Under Protest
i)	Indirect Taxation	Central Excise Act 2002	574.18	—	220.79	56.19
			(574.18)	—	(220.79)	(56.19)
		Service Tax Act	33.53	—	—	1.56
			(19.44)	—	—	(0.51)
		Punjab Vat Act	200.94	148.13	0.46	5.48
			(200.94)	(148.13)	(0.46)	(5.48)
ii)	Direct Taxation	Income Tax Act	904.86	—	599.40	245.00
			(1,060.34)	—	(783.55)	(216.33)
		Wealth Tax Act	2.11	—	—	—
			(2.11)	—	—	—
iii)	Labour laws	ESI Act	2.20	—	—	2.20
			(2.20)	—	—	(2.20)
iv)	Commercial matters	PSEB	256.24	—	256.24	134.89
			(256.24)	—	(256.24)	(134.89)
	Total		1,974.06	148.13	1,076.89	445.32
			(2,115.45)	(148.13)	(1,261.04)	(415.60)

Figures in brackets in aforesaid note represent previous year figures

b) The following is a summarized status of pending litigation involving Vardhman Polytex Ltd by the Company: (₹ lac)

Sr. No.	Name of Statute	Amount Involved	Provision Made	Amount Decreed in favour of the Company (under execution)	Balance Amount Still contested by the Company
i)	Commercial matters - Legal cases customers	331.26	98.96	—	232.30
		(331.26)	(98.96)	—	(232.30)

Figures in brackets in aforesaid note represent previous year figures

Subsidiary company (FM Hammerle Textiles Limited) :

The following is a summarized status of pending litigation involving F.M. Hammerle Textiles Limited (formerly Known as Oswal F.M. Hammerle Textiles Ltd) against the Company: (₹ lac)

Sr. No.	Nature of Dispute	Name of Statute	Amount Involved	Provision Made	Disclosed as Contingent Liability	Amount Deposited Under Protest
i)	Direct Taxation	Income Tax Act	0.85	—	—	0.75
			(0.85)	—	—	(0.75)
	Total		0.85	—	—	0.75
			(0.85)	—	—	(0.75)

31. Obligations and commitments outstanding (Holding company):

Particulars		As on 31.03.2015 ₹ lac	As on 31.03.2014 ₹ lac
a)	Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	437.86	957.40
b)	Estimated value of contracts remaining to be executed on other than capital account and not provided for (net of advances)	4,723.31	7,929.32

32. DERIVATIVE HEDGED INSTRUMENTS AND HEDGED/UN-HEDGED FOREIGN CURRENCY EXPOSURE
-Derivative instruments and un-hedged foreign Currency exposure
a) Particulars of foreign currency forward contracts and derivatives outstanding at the balance sheet date (Holding company)

Particulars	Currency	As at 31.03.2015		As at 31.03.2014	
		In million	₹ lac	In million	₹ lac
Forward cover (trade receivables)	USD	8.51	5,465.61	1.60	1,063.15
TOTAL		8.51	5,465.61	1.60	1,063.15

b) Particulars of foreign currency exposure un-hedged at the balance sheet date (Holding company)

Particulars	Currency	As at 31.03.2015		As at 31.03.2014	
		In million	₹ lac	In million	₹ lac
Trade Receivables	USD	1.57	1,100.28	1.79	1,067.68
Loan (including interest)	USD	3.79	2,368.01	4.74	2,837.58
TOTAL		5.36	3,468.29	6.53	3,905.26

c) Un – hedged foreign currency exposure as at the balance sheet date (Subsidiary company) i.e. F.M. Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd)

Particulars	Currency	As at 31.03.2015		As at 31.03.2014	
			₹ lac		₹ lac
Trade receivables (net of advances)	USD	312,440.98	182.68	890,031.39	543.54
	EURO	101,537.26	67.67	115,817.71	137.78
	GBP	4,710.29	4.57	12,792.14	12.74
TOTAL			254.92		694.06

Particulars	Currency	As at 31.03.2015		As at 31.03.2014	
			₹ lac		₹ lac
Trade paybles (net of advances)	USD	9,335	5.83	–	–
	EURO	17,891	12.01	12,280	10.26
TOTAL			17.84		10.26

d) Detail of Hedged foreign currency exposures at balance sheet date

Particulars	Currency	As at 31.03.2015		As at 31.03.2014	
			₹ lac		₹ lac
Trade receivables	USD	377,931	242.20	919,937	551.41
Trade payables (LC)	USD	30,134	18.83	–	–
TOTAL			261.03		551.41

- 33.** Inventories, loans & advances, trade receivables and other current / non-current assets are reviewed annually and in the opinion of the Management do not have a value on realization, less than the amount at which they are stated in the Balance Sheet date in the ordinary course of business.

34. EMPLOYEE BENEFIT OBLIGATION

Holding Company

Defined Contribution Plan

Contribution to defined Contribution Plan recognized as expenses for the year are as under:-

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
i) Employer's contribution to Provident Fund	219.69	224.92
ii) Employer's contribution to Superannuation Fund	11.70	13.50
iii) Employer's contribution to Pension Scheme	83.38	66.98

Defined Benifit Plan

The Employees' Gratuity Fund scheme managed by a trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations.

Reconciliation of opening and closing balances of Defined Benefit Obligation

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Defined benefit obligation at the beginning of the year	404.59	398.94
Current service cost	66.88	60.99
Interest cost	29.44	33.67
Acturial gain / (loss)	11.85	(31.23)
Benefit paid	(59.22)	(57.78)
Defined obligation at year end	453.54	404.59

Reconciliation of opening and closing balances of fair value of plan assets

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Fair value of plan assets at the beginning of the Year	380.96	349.77
Expected return on plan assets	36.19	27.98
Acturial gain / (loss)	(3.27)	3.21
Employer contribution	—	—
Benefit paid	—	—
Fair value of plan assets at year end	413.88	380.96

Reconciliation of fair value of assets & obligation

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Fair value of plan assets at the end	413.88	380.96
Present value of obligation	453.54	404.59
Net asset/(liability) recognized in the balance sheet	(39.65)	(23.63)

Amount recognized in the statement of profit & loss

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Current service cost	66.88	60.99
Interest cost	29.44	33.67
Expected return on plan assets	(36.19)	(27.98)
Acturial (gain)/loss recognized in IVP	15.12	(34.43)
Amount recognized in the statement of profit & loss	75.24	32.25

The principal assumptions used in determining gratuity for the Company's plans are shown below :

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Discount rate	7.85%	9.10%
Expected rate of return on assets	9.50%	8.00%
Mortality rate	IAL 2006-08 Ultimate	IAL 06-08 Ultimate
Salary rise	5.00%	5.00%

Amount for the current year and previous 3 years in respect of gratuity are as follows:-

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac	Year ended 31.03.2012 ₹ lac
Defined benefit obligation	404.59	398.94	323.27	294.62
Plan assets	413.88	380.96	349.77	320.44
Surplus/(deficit)	(39.65)	(23.63)	(49.17)	(2.83)
Experience adjustment on plan assets	(3.27)	3.21	3.70	(1.01)
Experience adjustment on plan liabilities	(11.85)	31.23	(40.19)	(5.16)

LEAVE ENCASHMENT
Reconciliation of opening and closing balances of defined benefit obligation

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Defined benefit obligation at the beginning of the year	196.82	207.85
Current service cost	102.89	94.42
Interest cost	12.92	15.74
Actuarial (gain) /loss	(41.39)	(51.51)
Benefit paid	(64.48)	(69.68)
Defined obligation at year end	206.77	196.82

Reconciliation of fair value of assets & obligations

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Fair value of plan assets at the end	—	—
Present value of obligation	206.77	196.82
Amount recognized in balance sheet	206.77	196.82

Amount recognized in the statement of profit & loss

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Current service cost	102.89	94.42
Interest cost	12.92	15.74
Expected return on plan assets	—	—
Actuarial (gain)/loss recognized in IVP	(41.39)	(51.51)
Amount recognized in the statement of profit & loss	74.43	58.65

The principal assumptions used in determining leave encashment for the Company's plans are shown below :

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Discount rate	7.85%	9.10%
Expected rate of return on assets	NA	NA
Mortality rate	IAL 2006-08 Ultimate	IAL 06-08- Ultimate
Salary rise	5.00%	5.00%

Actuary has given the disclosure table for long term provision only in respect of leave encashment in the certificate however we have recognised the short term provision & long term provision in the books as at March 31, 2015 and March 31, 2014 as per the index summary given in actuarial certificate.

Subsidiary Company i.e. F. M. Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd)
Defined contribution plan

Contribution to defined contribution plan recognized as expenses for the year are as under:-

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
a) Employer's contribution to provident fund	58.28	53.29
b) Employer's contribution to superannuation fund	—	—
c) Employer's contribution to pension scheme	38.44	36.31

Defined Benefit Plan

The employees' gratuity plan for the company is a defined benefit plan where the annual contribution on the actuarial valuation is charged to the statement of profit & loss. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Reconciliation of opening and closing balances of defined benefit obligation

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Defined benefit obligation at the beginning of the year	105.06	60.82
Current service cost	37.33	24.24
Interest cost	7.60	5.47
Acturial gain / (loss)	51.21	16.02
Benefit paid	(15.34)	(1.48)
Defined obligation at the end of the year	185.86	105.06

Reconciliation of fair value of assets & obligation

Particulars	As on 31.03.2015 ₹ lac	As on 31.03.2014 ₹ lac
Fair value of plan assets at the end	—	—
Present value of obligation	185.86	105.06
Amount Recognized in balance sheet	185.86	105.06

Amount recognized in the statement of profit & loss

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Current service cost	37.33	24.24
Interest cost	7.60	5.47
Acturial (gain)/loss recognized in IVP	51.21	16.02
Amount recognized in the statement of profit & loss	96.13	45.73

LEAVE ENCASHMENT

The principal assumptions used in determining gratuity for the company's plans are shown below :

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Discount rate	7.80%	9.10%
Expected rate of return on assets	NA	NA
Mortality table	"IAL 2006-08 Ultimate"	"IAL 2006-08 Ultimate"
Salary rise	10.00%	5.00%

Amount for the current year and previous 3 years in respect of gratuity are as follows:-

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac	Year ended 31.03.2012 ₹ lac
Defined benefit obligation	105.06	60.82	55.30	45.33
Plan assets	—	—	—	—
Surplus/(deficit)	185.86	105.06	60.82	55.30
Experience adjustment on plan assets	51.21	16.02	(6.16)	(6.19)
Experience adjustment on plan liabilities	—	—	—	—

Reconciliation of opening and closing balances of defined benefit obligation

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Defined benefit obligation at the beginning of the year	64.05	71.73
Current service cost	59.21	39.46
Interest cost	4.42	6.09
Actuarial (gain) /loss	(16.86)	(43.70)
Benefit paid	(14.66)	(9.54)
Defined obligation at year end	96.17	64.05

Reconciliation of fair value of assets & obligations

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Fair value of plan assets at the end :		
Present value of obligation	96.17	64.05
Amount recognized in balance sheet	96.17	64.05

Amount recognized in the statement of profit & loss

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Current service cost	59.21	39.46
Interest cost	4.42	6.09
Actuarial (gain)/loss recognized in IVP	(16.86)	(43.70)
Amount recognized in the statement of profit & loss	46.77	1.86

The principal assumptions used in determining leave encashment for the company's plans are shown below :

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Discount rate	7.80%	9.10%
Expected rate of return on assets	NA	NA
Mortality rate	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate
Salary rise	10.00%	5.00%

Amount for the current year in respect of leave encashment are as follows:-

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Defined benefit obligation	64.05	71.73
Plan assets	—	—
Surplus / (deficit)	96.17	64.05
Experience adjustment on plan assets	—	—
Experience adjustment on plan liabilities	—	—

Actuary has given the disclosure table for long term provision only in respect of leave encashment in the certificate however we have recognised the short term provision & long term provision in the books as at March 31, 2015 and March 31, 2014 as per the index summary given in actuarial certificate.

35. RELATED PARTY DISCLOSURES:-

i) List of related parties and relationships

Particulars	2014-15	2013-14
a) Key Management Personnel (KMP)	Mr. Ashok Kumar Oswal Mr. Adish Oswal Mr. Ashok Kumar Goyal Mr. Sushil Sharma Mr. Parvinder Singh Mrs. Rakhi Oswal Mr. Kuldeep Singla (w.e.f. September 2014) Mr. Sumit Jain (w.e.f. 31 March 2015)	Mr. Ashok Kumar Oswal Mr. Adish Oswal Mr. Ashok Kumar Goyal - - - - -
b) Relative of KMP	Mrs. Manju Oswal Mr. Abhinav Oswal - Ms. Aketa Oswal	Mrs. Manju Oswal Mr. Abhinav Oswal Ms. Rakhi Oswal Ms. Aketa Oswal
c) Enterprise over which KMP is able to exercise significant influence	Panchsheel Textile Mfg & Trading Co. (P) Ltd. Enakshi Investments (P) Ltd. Liberty Mercantile Co.(P) Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments (P) Ltd. Ruby Mercantile Co. (P) Ltd. Boras Investment & Trading Co. (P) Ltd. Gagan Mercantile Co. (P) Ltd. Pioneer Marcantile India (P) Ltd. Adesh Investment & Trading Co. (P) Ltd. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech (P) Ltd. Oswal Tradecom (P) Ltd. Oswal Holding (P) Ltd. Nightangle Dealcom (P) Ltd. Alma Assets Consultancy (P) Ltd. Altfort Merchants (P) Ltd.	Panchsheel Textile Mfg & Trading Co. (P) Ltd. Enakshi Investments (P) Ltd. Liberty Mercantile Co.(P)Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments (P) Ltd. Ruby Mercantile Co. (P) Ltd. Boras Investment & Trading Co. (P) Ltd. Gagan Mercantile Co. (P) Ltd. Pioneer Marcantile India (P) Ltd. Adesh Investment & Trading Co. (P) Ltd. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech (P) Ltd. Oswal Tradecom (P) Ltd. Oswal Holding (P) Ltd. Nightangle Dealcom (P) Ltd. Alma Assets Consultancy (P) Ltd. -

(ii) Transaction with related parties during the year:-

(₹ lac)

Nature of Transactions	KMP		Relative of KMP		Enterprise over which KMP is able to exercise Significant Influence		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Loan received	433.50	-	-	-	529.50	-	963.00	-
Loan repaid	342.00	-	-	-	514.00	-	856.00	-
Equity share issued	198.05	-	-	-	1,300.10	1,136.02	1,498.15	1,136.02
Preference share capital issued	-	-	-	-	-	500.00	-	500.00
Rent paid	37.21	27.72	-	-	-	-	37.21	27.72
Interest paid	-	-	-	-	8.40	-	8.40	-
Remuneration	44.74	-	11.71	11.21	-	-	56.45	11.21
Managerial Remuneration	140.64	180.02	-	-	-	-	140.64	180.02
Amount received	42.77	-	196.42	-	-	-	239.19	-
Development cost recoverable	23.13	-	22.12	-	-	-	45.25	-
Amount received on sale of shares of Oswal Industrial Enterprise Private Limited	-	-	-	-	915.89	-	915.89	-
Outstanding balances at year end								
Loan payable/Fixed deposit	-	-	-	3.00	-	-	-	3.00
Advance	5.00	5.00	-	-	0.07	-	5.07	5.00
Investment in equity shares	-	-	-	-	0.09	-	0.09	-
Amount receivable	-	-	9.00	9.00	5.04	-	14.04	9.00
Amount payable on account of unsecured loan	91.50	-	-	-	15.50	-	107.00	-
Amount payable	19.64	-	174.30	-	-	-	193.94	-

Transactions during the year:-

- a) "Loan received from KMP ₹ 433.50 lacs (Previous year ₹ NIL) includes, ₹ 32.50 lacs (Previous year ₹ NIL) from Mr. Adish Oswal, ₹ 401.00 lacs (Previous ₹ NIL) from Mr. Ashok Kumar Oswal, Loan received from enterprise over which KMP has significant influence is ₹ 529.50 lacs includes, ₹ 35.00 lacs loan (Previous year ₹ NIL) from Allepy Investment Private Limited, ₹ 445.50 lacs loan (Previous year ₹ NIL) from M/s Alfort merchants (P) Ltd., ₹ 29 lacs loan (Previous year ₹ NIL) from M/s Nightangle Dealcom Pvt. Ltd. & ₹ 20 lacs loan (Previous year ₹ NIL) from M/s Panchsheel Textiles Mfg & Trading Co. Pvt Ltd."
- b) "Loan repaid to KMP ₹ 342.00 lacs (Previous year ₹ NIL) includes, ₹ 32.50 lacs (Previous year ₹ NIL) to Mr. Adish Oswal, ₹ 309.50 lacs (Previous ₹ NIL) to Mr. Ashok Kumar Oswal, Loan repaid to enterprise over KMP ₹ 514.00 lacs includes, ₹ 35.00 lacs (Previous year ₹ NIL) to Allepy Investment Private Limited, ₹ 430 lacs (Previous year ₹ NIL) to Alfort merchants (P) Ltd., ₹ 29 lacs loan (Previous year ₹ NIL) to Nightangle Dealcom Pvt. Ltd. & ₹ 20 lacs (Previous year ₹ NIL) to Panchsheel Textiles Mfg & Trading Co. Pvt Ltd."
- c) Equity shares issued ₹ 1,498.15 lacs includes ₹ 1,300.10 lacs (Previous year ₹ NIL) issued to Alfort Merchants (P) Ltd., ₹ 160.05 lacs (Previous year ₹ NIL) to Mr. Adish Oswal, ₹ 38.00 lacs (Previous year ₹ NIL) to Ashok Kumar Oswal & ₹ Nil to Alma Assets Consultancy (P) Ltd. (Previous year ₹ 1,136.02 lacs).
- d) During the year Preference share issued are Nil (Previous year- ₹ 500 Lacs).
- e) Rent paid to Mr. Ashok Kumar Oswal ₹ 37.21 lacs (Previous year ₹ 27.72 lacs).
- f) Interest paid to enterprises over which KMP has significant influence ₹ 8.40 lacs (Previous year NIL) which includes 0.88 lacs paid to Allepy Investment and Trading Co. (P) Ltd. (Previous year NIL), ₹ 6.19 lacs to Alfort merchants (P) Ltd (Previous year NIL), ₹ 0.73 lacs to Nightangle Dealcom Pvt. Ltd. (Previous year NIL) and ₹ 0.60 lacs to Panchsheel Textile Mfg & Trading Co. Pvt Ltd. (Previous year NIL).
- g) Remuneration includes transaction with Mr. Abhinav Oswal ₹ 11.71 lacs (Previous year ₹ 11.21 lacs), Mr. Parvinder Singh ₹ 26.32 lacs (Previous year Nil) & Mr. Sushil Sharma ₹ 11.41 lacs (Previous year Nil), Mr. Kuldeep Singla(CFO) ₹ 7.00 lacs (Previous year ₹ NIL) & ₹ 800 Mr. Sumit Jain (Previous year ₹ NIL).
- h) Managerial Remuneration ₹ 147.65 lacs includes transactions with Mr. Ashok Kumar Oswal ₹ 47.90 lacs (Previous year ₹ 47.90 lacs) & arrear ₹ NIL lacs (Previous year ₹ 29.03 lacs), Mr. Adish Oswal ₹ 50.77 lacs (Previous year ₹ 50.72 lacs), arrear ₹ NIL (Previous year ₹ 30.47 lacs), Mr. Ashok Goyal ₹ 41.97 lacs (Previous year ₹ 21.89 lacs).
- i) Amount received of ₹ 239.19 lacs includes ₹ 42.77 lacs (Previous year NIL) on behalf of Mr. Adish Oswal and ₹ 196.42 lacs (Previous year NIL) on behalf of Mr. Abhinav Oswal on sale of plots.
- j) Development cost recoverable of ₹ 45.25 lacs includes ₹ 23.13 lacs (Previous year Nil) recoverable on account of Mr. Adish Oswal and ₹ 22.12 lacs (Previous Year Nil) recoverable on account of Mr. Abhinav Oswal on real estate transaction.
- k) Amount received on sale of shares of Oswal Industrial Enterprises Pvt Ltd. includes ₹ 915.89 lacs (Previous year Nil) received from Mr. Adish Oswal.

Closing balance at the year end:-

- a) Loan payable/ fixed deposits includes ₹ NIL lacs payable to Ms. Aketa Oswal (Previous year ₹ 3.00 lacs).
- b) Amount payable on account of Unsecured loan includes payable amount of ₹ 15.50 lacs(Previous year-Nil) against M/s Alfort Merchants Private Limited and the ₹ 91.55 Lacs (Previous year-Nil) of Mr.Ashok Kumar Oswal.
- c) Advance receivable includes ₹ 5.04 lacs (Previous year ₹ NIL) of Oswal Industrial Enterprises Private Limited.
- d) Advance of ₹ 5.07 lacs includes, ₹ 0.07 lacs (Previous year ₹ 2.13 lacs) and ₹ 5.00 lacs includes advance to Mr. Ashok Kumar Oswal (Previous year ₹ 5.00 lacs).
- e) Amount payable includes ₹ 174.30 lacs (Previous year ₹ NIL) to Mr. Abhinav Oswal and ₹ 19.64 lacs payable to Mr. Adish Oswal (Previous year Nil) on account of real estate transactions.

36 DETAILS RELATING TO NET ASSETS AND PROFIT OR LOSS IN RESPECT OF SUBSIDIARIES ARE AS FOLLOWS:

Name of the entity Subsidiaries	Year	Net Assets		Share in Profit or Loss	
		Amount (₹ lacs)	As % of consolidated net assets	Amount (₹ lacs)	As % of consolidated profit or loss
A. Parent					
Vardhman Polytex Limited	Current Year	12,862.35	151.20%	(2,880.20)	64.13%
	Previous Year	11,888.88	217.47%	477.50	-73.69%
B. Subsidiaries					
Indian Subsidiaries					
F. M. Hammerle Textiles Limited	Current Year	(634.22)	-7.46%	(1,623.05)	36.14%
	Previous Year	910.16	16.65%	(1,468.94)	226.71%
Oswal Industrial Enterprises Pvt. Ltd.	Current Year	-	—	-	—
	Previous Year	949.73	17.37%	370.50	-57.18%
Foreign Subsidiaries					
F. M. Hammerle Verwaltung GmbH	Current Year	(239.06)	-2.81%	12.08	-0.27%
	Previous Year	(298.70)	-5.46%	(27.01)	4.17%
Less: Minority Interest in all subsidiaries		-		-	
Less: Elimination / Adjustments	Current Year	(3,482.25)	-40.93%	-	-
	Previous Year	(7,983.25)	-146.03%	-	-
TOTAL	Current Year	8,506.82	100.00%	(4,491.15)	100.00%
	Previous Year	5,466.82	100.00%	(647.95)	100.00%

37. There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Accounting Standard (AS)-29 'Provisions, Contingent Liabilities & Contingent Assets' as it is not probable that an outflow of resources embodying economic benefits will be refunded.
38. During the earlier years, the Company had Issued 2% Unsecured Foreign Currency Convertible Bonds (FCCBs) in the aggregate principal amount of United State Dollars 12 (Twelve) Millions in the course of International Offerings. The expenses incurred & premium payable on the redemption of such bonds has been adjusted with share premium reserves in accordance with the provisions of Section 78 of the erstwhile Companies Act, 1956.
39. The Company is paying rentals for office premises taken on rent which are not in the nature of lease agreements. Therefore, disclosure requirements of Accounting Standard AS-19 are not applicable.
40. In accordance with the provisions of Accounting Standard on impairment of Assets, (AS-28), the management has made assessment of assets in use & considering the business prospects related thereto, no provision is considered necessary in these accounts on account of impairment of assets.
41. Government subsidy (Subsidiary company) i.e. F.M. Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd)
- The Govt. of Maharashtra has sanctioned value added tax (Vat) subsidy in the form of lower tax rate under the mega project scheme.
 - Under mega project scheme, Govt of Maharashtra has sanctioned subsidized power in power loom area of the plant and electricity duty exemption from the period 01.08.2008 to 31.07.2023
 - Under the Textile Up-gradation Fund Scheme (TUFF) the company is not eligible for a 5% interest subsidy on term loans during the period once the loan accounts are classified as Non Performing Assets (NPA) by the bankers or financial institutions.
 - During the year 2009-10, the company had received capital subsidy of ₹ 276.17 Lacs on specific items of fixed assets in process house / dye house machinery.

42. The following table presents segment revenues, results, assets & liabilities in accordance with AS-17 in respect of Vardhman Polytex Limited, holding company & subsidiary companies:

(₹ lac)

Particulars	Segments		Total
	Textile Business	Real Estate Business	
Revenue			
Gross Revenue	100,982.60	1,167.33	102,149.94
Less : Excise duty	(0.60)	–	(0.60)
Less: Inter Segment Revenue	–	–	–
Net Revenue	100,982.00	1,167.33	102,149.34
Results			
Segment result	(172.97)	906.98	734.01
Less: Finance Cost	–	–	8,663.14
Add: Other unallocable income net of unallocable expenditure	–	–	502.58
Profit before tax	–	–	(7,426.55)
Tax expense	–	–	2,935.39
Profit after tax	–	–	(4,491.15)
Segment Assets	66,938.26	3,737.02	70,675.28
Non Segments Assets	–	–	11,277.04
Total Assets	–	–	81,952.32
Segment Liabilities	39,913.49	1,126.07	41,039.56
Non Segments liabilities	–	–	32,405.95
Total Liabilities	–	–	73,445.51
Segment capital employed	27,024.77	2,610.95	29,635.72
Depreciation	–	–	4,249.94
Capital Expenditure	–	–	1,744.65
Non cash expenses other than depreciation	101.29	–	101.29

43. Disclosure in respect of project which falls under the Revised Guidance Note issued by the Institute of Chartered Accountants of India on “Accounting for Real Estate transactions (Revised 2012)” in respect of Vardhman Polytex Limited, holding company are as follows:

a) Description

Particulars	Year ended 31.03.2015 ₹ lac	Year ended 31.03.2014 ₹ lac
Amount of project revenue recognized as revenue during the year	1,167.33	–
Aggregate amount of costs incurred	1,286.20	–
Loss recognized to date	(118.86)	–
Transfer from Capital Reserve	1,025.85	–
profit recognized to date	906.98	–
Amount of advances received	1,992.63	–
Amount of real estate development work-in-progress	3,429.80	–

- b) During the current year, the company has converted a fixed asset (consisting of land) into stock in trade at the rate as assessed by the management of the Company. The surplus (rate as assessed less original cost) arising on such conversion was credited to Capital Reserve of ₹ 4,076.02 lacs and transferred ₹ 1,025.85 lacs to statement of profit and loss.

44. Due to initial hiccup in the form of increase in the prices of building material and labour shortage, the company's project was commissioned with a delay leading to cost overrun . Due to global slowdown, the operation also suffered leading to lower production. All these had a severe impact on operational cash flows. Due to liquidity problem, the Company was not able to service its debt obligation, in the form of delayed payment of principal amounts and interest. Having already undertaken restructuring from the lender in the past in the form of deferment of principal repayments, the Company got the Corporate Debt Restructuring (CDR) approved by the bankers.

45. CORPORATE DEBT RESTRUCTURING (HOLDING COMPANY)

- i) The Debt Restructuring Scheme (the 'scheme') under CDR mechanism was approved and letter of approval issued on 28th Dec, 2012. The scheme inter-alia included restructuring of repayment schedule, interest funding, reduction in interest rates and additional security in favour of CDR lenders by pledge of shares of promoters stipulated.

Master Restructuring Agreement ("MRA") had been executed on March 15, 2013 with the lenders. The impact in terms of the approved Scheme has been given effect in financial statements with effect from the cut-off date being January 1, 2012.

- ii) Interest has been accounted for based upon terms of package/confirmations received from the bankers.
- iii) The Funded Interest Term Loan (FITL) has been created on certain credit facilities.
- iv) The credit facilities/loans under CDR are further secured by unconditional & irrevocable personal guarantee of CMD Mr. Ashok Kumar Oswal, Director Mr. Adish Oswal & Mrs. Manju Oswal and corporate guarantee of F.M. Hammerle Textiles Ltd., subsidiary company.
- v) Other conditions as stipulated under the scheme are being complied with.

Corporate debt restructuring (Subsidiary company)

- i) The Debt Restructuring Scheme (the 'scheme') under CDR mechanism was approved and letter of approval issued on 9th February' 2011. The scheme inter-alia included restructuring of repayment schedule, interest funding, reduction in interest rates and additional security in favour of CDR lenders by pledge of shares of promoters stipulated. Master restructuring agreement ("MRA") was executed on 18th March'2011 with the lenders. The impact in terms of the approved scheme has been given in final balance sheet.
- ii) Interest has been accounted for based upon terms of package/confirmations received from the bankers.
- iii) The credit facilities/loans under CDR are further secured by unconditional & irrevocable personal guarantee of CMD Mr. Ashok Kumar Oswal & Director Mr. Adish Oswal and corporate guarantee of M/s Vardhman Polytex Limited, holding company.
- iv) Other conditions as stipulated under the scheme are not being due (delay in payment)

46. Vardhman Polytex Ltd, holding company has filed a petition u/s 397, 398 of the erstwhile Companies Act, 1956 in the Hon'ble Company Law Board, Principal Bench, New Delhi against the company, Maschinen Umwelttechnik Transportanlagen Gesellschaft mbH, Austria (another shareholder), IRIS Textile GmbH (erstwhile foreign Collaborator), Mr. Josef Hahnl, Director and Mr. Ishwinder Maddh (erstwhile Alternate director to Mr. Josef Hahnl) alleging that the activities and acts of Mr. Josef Hahnl and Mr. Ishwinder Maddh are in the manner oppressive to Vardhman Polytex Ltd. The said petition is at the stage of arguments. The Company has filed case under Section 111A of the erstwhile Companies Act, 1956, the Hon'ble Company Law Board Decision is pending.
47. In view of continuous losses suffered by the F.M. Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd), the subsidiary company's accumulated losses are ₹ 13,020.97 lacs which has eroded 100% of the of share capital. As per Sick Industrial Companies (Special Provision) Act (SICA) of 1985, the company is now classified as "Sick Company" and required to file an application to Board for Industrial and Financial Reconstruction (BIFR).
48. During the current year, the Vardhman Polytex Limited, the holding company has sold substantial investment in Oswal Industrial Enterprises (P) Ltd. at a consideration of ₹ 915.90 lacs and accounted a loss of ₹ 3,585.01 lacs under the head "Exceptional items" in the Statement of Profit and loss.
49. The company has given loans / advances to various companies. Amount outstanding at year end is as follows:

Particulars	As at 31.03.2015 (₹ lac)	As at 31.03.2014 (₹ lac)
Opening Balance	235.00	235.00
Add: Given during the year	-	-
Less: Received back during the year	(100.00)	-
TOTAL	135.00	235.00

The above loans have been given for business purposes. The company has charged interest on these loans ranging from 9.5% to 14.40% per annum (P.Y. 11% to 14.40%).

50. Previous year figures have been regrouped/ reclassified wherever necessary to conform to current year classification.

As per our report of even date

For S.S. Kothari Mehta & Co.

Chartered Accountants

Firm Reg. No:- 000756N

FOR AND ON BEHALF OF THE BOARD OF VARDHMAN POLYTEX LIMITED

Sd/-

Sunil Wahal

Partner

M. No. 087294

Sd/-

Parvinder Singh

Chief Financial Officer

Sd/-

Sushil Sharma

Company Secretary

(FCS-6535)

Sd/-

Ajay Chaudhry

Director

(DIN-00055733)

Sd/-

Ashok Kumar Oswal

Chairman & Managing Director

(DIN-00009403)

Place : Ludhiana

Date : 25th May, 2015

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**Part “A”: Subsidiaries**

(₹ lacs)

Sr. No.	Particulars	As at 31.03.2015	As at 31.03.2015
1	Name of the company	F.M. Hammerle Textiles Ltd (Formerly: Oswal F.M. Hämmerle Textiles Limited), India	F.M. Hämmerle Verwaltungs GmbH, Austria
2	Reporting period of the subsidiary concerned, if different from the holding company's reporting period.	Not Applicable	Not Applicable
3	Reporting currency and exchange rate as on the last date of the relevant financial year in case of foreign subsidiaries.	Not Applicable	1EURO=Rs. 67.1426
4	Share Capital	12,386.75	22.54
5	Reserves & Surplus	(13,020.97)	(261.60)
6	Total Assets	18,495.31	83.36
7	Total Liabilities	18,495.31	83.36
8	Details of Investment (except in case of investment in the subsidiaries)	-	-
9	Turnover (Net)	7,909.83	-
10	Profit before taxation	(1,623.05)	12.10
11	Provision for taxation	-	-
12	Profit after taxation	(1,623.05)	12.10
13	Proposed dividend (including tax thereon)	-	-
14	% of shareholding	81.37%	100%

Note: 1. Name of the subsidiaries which are yet to commence operations - N.A.
2. Names of subsidiaries which have been liquidated or sold during the year :- Oswal Industrial Enterprises Pvt Ltd.

Part “B”: Associates and Joint Ventures: Not Applicable

Note: The above statement also indicates performance and financial position of each of the Subsidiary.

FOR AND ON BEHALF OF THE BOARD OF VARDHMAN POLYTEX LIMITED

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary
(FCS-6535)

Sd/-
Ajay Chaudhry
Director
(DIN-00055733)

Sd/-
Ashok Kumar Oswal
Chairman & Managing Director
(DIN-00009403)

Place : Ludhiana
Date : 25th May, 2015

Financial Highlights for Five years

Parameters	2014-15	2013-14	2012-13	2011-12	2010-11
Gross sales and operating income	94,241.29	92,272.44	78,623.30	74,927.60	71,644.40
FOB value of Exports	43,237.25	44,123.61	30,294.91	28,552.59	21,276.44
Net profit	(2,880.20)	477.51	117.07	(8,141.22)	2,669.96
Profit Before Tax (PBT)	(2,231.93)	332.23	(505.17)	(10,465.96)	3,585.21
Cash Profit (PBT + Dep. - Excep. Items)	(2,578.37)	3,598.07	3,154.90	(7,506.27)	6,316.97
Gross Block (FA + CWIP)	58,772.20	57,823.03	57,326.37	57,521.54	47,244.73
Net Block (NA + CWIP)	26,194.95	29,088.61	30,888.61	33,942.59	26,452.94
Paid up Share Capital	2,232.54	1,985.24	1,787.75	1,627.75	1,627.75
Net Worth	12,862.35	11,888.88	10,227.69	9,380.11	17,603.44
Capital Employed	70,218.50	71,924.09	68,521.81	65,047.46	66,821.20
Long Term Debt Equity Ratio	1.83	2.20	3.04	2.14	1.63
Current Ratio	0.77	0.74	0.78	0.45	1.31

Equity shares data for Five years

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Book value per share (Rs.)	57.70	59.99	57.32	57.75	108.38
Earning per share (Rs.)					
- Basic	(14.02)	2.59	0.72	(50.12)	20.02
- Diluted	(14.02)	2.28	0.72	(50.12)	20.02
- Cash	(10.41)	16.14	17.68	(46.19)	47.36
Dividend per share (Rs.)	-	-	-	-	-
P/E Ratio	(2.72)	14.47	91.88	(1.38)	3.25
Price to Cash Earning Ratio	(3.67)	2.05	3.74	(1.50)	1.37
Price to Book Value Per Share	0.66	0.55	1.15	1.20	0.60

Vardhman Polytex Limited (CIN: L17122PB1980PLC004242)**Registered Office:** Vardhman Park, Chandigarh Road, Ludhiana -141 123, Punjab (INDIA)

Phones: 0161-2685301-05, 6629888 Fax: 0161-6629988 Website: www.oswalgroup.com, E-Mail: info@oswalgroup.com

**ATTENDANCE SLIP****35th Annual General Meeting – 29th September, 2015**

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the **35th ANNUAL GENERAL MEETING** of Vardhman Polytex Limited at Registered Office: Vardhman Park, Chandigarh Road, Ludhiana -141 123, Punjab (INDIA), at 11.00 a.m. on Tuesday, the 29th September, 2015.

Name of the member / proxy : _____ (in Block letters)

No. of Share held: _____ Folio No. / DP Id and Client ID _____

Signature _____

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the meeting.**Vardhman Polytex Limited** (CIN: L17122PB1980PLC004242)**Registered Office:** Vardhman Park, Chandigarh Road, Ludhiana -141 123, Punjab (INDIA)

Phones: 0161-2685301-05, 6629888 Fax: 0161-6629988, Website: www.oswalgroup.com, E-Mail: info@oswalgroup.com

**PROXY FORM**

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

Name of the Member(s) : _____

Registered address : _____

E-mail Id : _____ Folio No. / DP Id and Client ID _____

I / We, being the member(s) holding equity shares of Vardhman Polytex Limited, hereby appoint:

1. Name : Email ID :
 Address : Signature : or failing him/her.

2. Name : Email ID :
 Address : Signature : or failing him/her.

3. Name : Email ID :
 Address : Signature : or failing him/her.

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **35th ANNUAL GENERAL MEETING** of the Company to be held at Registered Office: Vardhman Park, Chandigarh Road, Ludhiana -141 123, Punjab (INDIA), at 11.00 a.m. on Tuesday, the 29th September, 2015 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description of the Resolution	For	Against
Ordinary Business			
1(a).	Adoption of Audited Financial Statements of the Company for the financial year ended 31 st March, 2015, together with the Report of Auditors and Board of Directors thereon; and		
1(b).	Adoption of Audited Consolidated Financial Statements of the Company for the financial year ended 31 st March, 2015, together with the Report of Auditors thereon.		
2.	Appointment of Director in place of Mr. Adish Oswal (DIN 00009710), who retires by rotation and being eligible, offers himself for re-appointment.		
3.	Ratify the appointment of Statutory Auditors of the Company.		
Special Business			
4.	Ratify the remuneration of the Cost Auditors for the financial year ending 31 st March, 2016.		

Signed this day of 2015

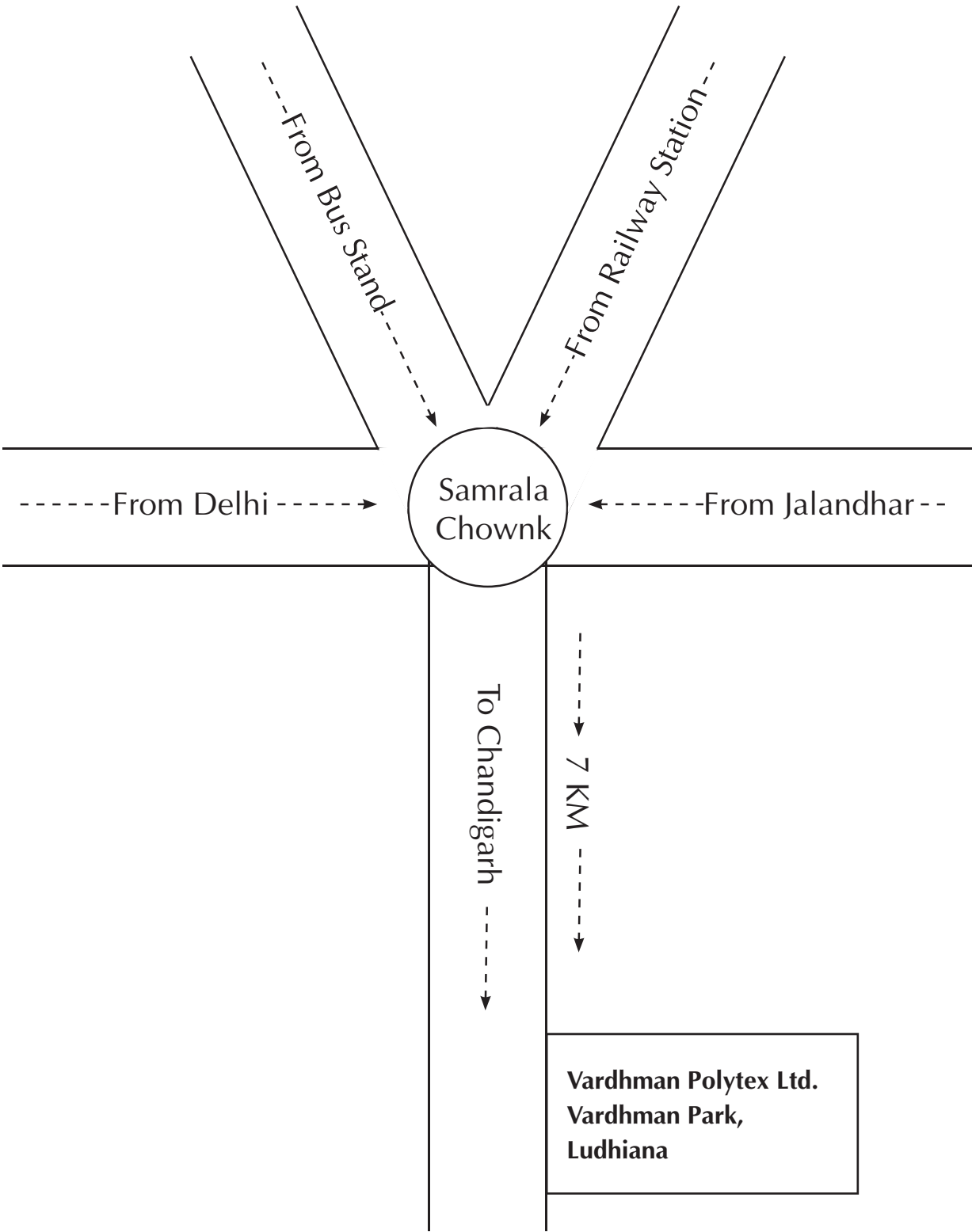
Signature of Proxy holder(s)

Affix
Revenue
Stamp
Re. 1/-

Signature of Member(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**For E-voting the EVSN of the Company: 150817021**

Route Map
to
Vardhman Polytex Ltd., Ludhiana, Punjab



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[illegible]

Prominent view of Spinning Units



Prominent view of Garment and Dyeing Unit



Overview of construction/development at Vardhman Park, Ludhiana



REGISTERED BOOK POST



RESIDENTIAL PLOTS | VILLAS | INDEPENDENT FLOORS | COMMERCIAL SPACES

if undelivered, please return to:

VARDHMAN POLYTEX LIMITED

CIN: L17122PB1980PLC004242

Regd. Office: Vardhman Park, Chandigarh Road,
Ludhiana-141123
info@oswalgroup.com
www.oswalgroup.com