



REF: VPL: SCY: OCT: 2016-17

Dated: 12.10.2016

NATIONAL STOCK EXCHANGE OF INDIA LTD,  
"Exchange Plaza"  
Bandra – Kurla Complex,  
Bandra (East),  
Mumbai- 400 051  
Scrip Code: VARDMNPOLY

BOMBAY STOCK EXCHANGE LIMITED  
25<sup>th</sup> Floor,  
P.J. Towers,  
Dalal Street, Fort,  
Mumbai- 400 001  
Scrip Code: 514175

**SUBJECT:** Annual Report under Regulation 34 of the SEBI (LODR) Regulations, 2015

Dear Sir/ Madam,

In compliance with the provisions of Regulation 34 and other applicable provisions of the SEBI (LODR) Regulations, 2015, we submit herewith Annual Report of the Company for the financial year 2015-16 containing inter alia Director's Report, Auditors' Report, Audited Financial Statements (Standalone & Consolidated) as approved and adopted by the Company in its meeting held on 30.09.2016, along with statement on impact of qualification.

This is for your information & Record.

Thanking you,

Yours faithfully

For VARDHMAN POLYTEX LTD

  
**SUSHIL SHARMA**  
COMPANY SECRETARY



Enclosed: As Above

**Vardhman Polytex Ltd**

An Oswal Group Company

CIN: L17122PB1980PLC004242

**Corp. Office:** Vardhman Park,

Chandigarh Road Ludhiana - 141123

Punjab (India). Tel: +91-161-6629888

[www.vpl.in](http://www.vpl.in)

[info@vpl.in](mailto:info@vpl.in)



# Vardhmān POLYTEX LIMITED

Corporate & Regd. Office : Vardhman Park, Chandigarh Road,  
Ludhiana-141123. Punjab (INDIA)

Phone : + 91-161-6629888, 6629990, 2685301-305

Fax : +91-161-6629988

E-mail : info@oswalgroup.com

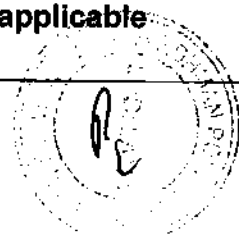
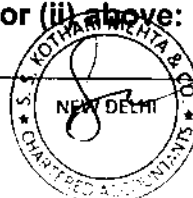
Website : www.oswalgroup.com

CIN : L17122PB1980PLC004242

## **Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone)**

| <b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                         |                                                                   |                                                                       |
|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------|
| I.                                                                                             | Sl. No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Particulars                                             | Audited Figures (as reported before adjusting for qualifications) | Adjusted Figures (audited figures after adjusting for qualifications) |
|                                                                                                | 1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Turnover / Total income                                 | 92,811.45                                                         | 89,761.29                                                             |
|                                                                                                | 2.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Total Expenditure                                       | 91,909.81                                                         | 1,00,740.64                                                           |
|                                                                                                | 3.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Net Profit/(Loss)                                       | 901.64                                                            | (10,979.35)                                                           |
|                                                                                                | 4.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Earnings Per Share                                      | 4.04                                                              | (49.25)                                                               |
|                                                                                                | 5.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Total Assets                                            | 62,697.83                                                         | 50,908.49                                                             |
|                                                                                                | 6.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Total Liabilities excluding net worth                   | 51,955.65                                                         | 52,047.30                                                             |
|                                                                                                | 7.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Net Worth                                               | 10,742.18                                                         | (1,138.81)                                                            |
|                                                                                                | 8.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Any other financial item(s) (as felt appropriate by the |                                                                   |                                                                       |
| II.                                                                                            | <b><u>Audit Qualification (each audit qualification separately):</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                         |                                                                   |                                                                       |
|                                                                                                | <b>Details of Audit Qualification:</b> <p>a) During the year ended March 31, 2015, the Company had transferred land used for real estate development from fixed assets into stock in trade explained in foot note number 5 of the financial results. 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 overstatement of cost of development by Rs.2,958.51 lacs and overstating other income by an amount of Rs.3,050.16 lacs during the year ended March 31, 2016.</p> |                                                         |                                                                   |                                                                       |

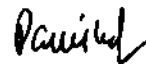
|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>b) No provision has been made on the investment and loans and advances made in one of the subsidiary company F.M. Hammerle Textiles Limited of Rs. 9,126.41 lacs and Rs. 2,662.93 lacs respectively whose net worth has been completely eroded as explained in foot note number 6 of the financial results . 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). This has resulted in profit for the year ended March 31, 2016 being overstated and investments, loans and advances and reserves and surplus being overstated by the same amount at March 31, 2016.</p>                                                                   |
|  | <p>b. <b>Type of Audit Qualification : Qualified Opinion</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|  | <p>c. <b>Frequency of qualification: Repetitive</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|  | <p>d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b></p> <p>a) Due to sale of entire inventories of Vardhman Park, during the year, the Company has transferred all the balance lying in capital reserve Rs. 3050.16 Lacs as on 31<sup>st</sup> Mar'15 to statement of Profit and Loss. Hence, the qualification of the auditors in this respect has been resolved</p> <p>b) 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 has filed reference to the Board for Industrial and Financial Reconstruction (BIFR).</p> |
|  | <p>e. <b>For Audit Qualification(s) where the impact is not quantified by the auditor: Not applicable</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|  | <p>(i) <b>Management's estimation on the impact of audit qualification: Not applicable</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|  | <p>(ii) <b>If management is unable to estimate the impact, reasons for the same: Not applicable</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|  | <p>(iii) <b>Auditors' Comments on (i) or (ii) above: Not applicable</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |



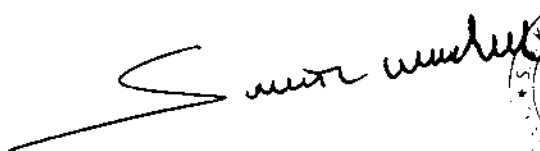
### III. Signatories



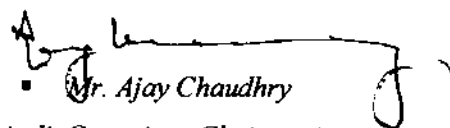
▪ Mr. Adish Oswal  
(Executive Director)



▪ Mr. Parvinder Singh  
(Chief Financial Officer)



▪ M/s S S Kothari Mehta & Co.  
(Statutory Auditors)



▪ Mr. Ajay Chaudhry  
(Audit Committee Chairman)

**Place: Ludhiana**

**Date: 30<sup>th</sup> May, 2016**



# Vardhman POLYTEX LIMITED

Corporate & Regd. Office : Vardhman Park, Chandigarh Road,  
Ludhiana-141123. Punjab (INDIA)

Phone : + 91-161-6629888, 6629990, 2685301-305

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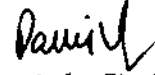
## Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Consolidated)

| <b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016</b><br><b>[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations,</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                     |                                                   |                                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------------------------|
| I.                                                                                                                                                                           | Sl. No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Particulars                                                         | Audited Figures (as reported before adjusting for | Adjusted Figures (audited figures after adjusting for qualifications) |
|                                                                                                                                                                              | 1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Turnover / Total income                                             | 1,00,553.05                                       | 97,502.89                                                             |
|                                                                                                                                                                              | 2.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Total Expenditure                                                   | 1,02,053.14                                       | 99,094.63                                                             |
|                                                                                                                                                                              | 3.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Net Profit/(Loss)                                                   | (1500.09)                                         | (1,592.80)                                                            |
|                                                                                                                                                                              | 4.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Earnings Per Share                                                  | (6.73)                                            | (7.15)                                                                |
|                                                                                                                                                                              | 5.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Total Assets                                                        | 67,541.13                                         | 67,541.13                                                             |
|                                                                                                                                                                              | 6.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Total Liabilities excluding net worth                               | 69,281.22                                         | 69,372.87                                                             |
|                                                                                                                                                                              | 7.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Net Worth                                                           | (1,740.09)                                        | (1831.74)                                                             |
|                                                                                                                                                                              | 8.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Any other financial item(s) (as felt appropriate by the management) | -                                                 | -                                                                     |
| II.                                                                                                                                                                          | <b><u>Audit Qualification (each audit qualification separately):</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                     |                                                   |                                                                       |
|                                                                                                                                                                              | <b>a) Details of Audit Qualification:</b><br>During the year ended March 31, 2015, the Company had transferred land used for real estate development from fixed assets into stock in trade explained in foot note number 6 of the financial results. 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 overstatement of cost of development by Rs.2,958.51 lacs and overstating other income by an amount of Rs.3,050.16 lacs during the year ended March 31, 2016. |                                                                     |                                                   |                                                                       |
|                                                                                                                                                                              | <b>b. Type of Audit Qualification : Qualified Opinion</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                     |                                                   |                                                                       |
|                                                                                                                                                                              | <b>c. Frequency of qualification: Repetitive</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                     |                                                   |                                                                       |
|                                                                                                                                                                              | <b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b><br>Due to sale of entire inventories of Vardhman Park, during the year, the Company has transferred all the balance lying in capital reserve Rs. 3050.16 Lacs as on 31 <sup>st</sup> Mar'15 to statement of Profit and Loss. Hence, the qualification of the auditors in this respect has been resolved                                                                                                                                                                                                                                                                                    |                                                                     |                                                   |                                                                       |
|                                                                                                                                                                              | <b>e. For Audit Qualification(s) where the impact is not quantified by the auditor: NA applicable</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                     |                                                   |                                                                       |
|                                                                                                                                                                              | <b>(i) Management's estimation on the impact of audit qualification: Not applicable</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                     |                                                   |                                                                       |
|                                                                                                                                                                              | <b>(ii) If management is unable to estimate the impact, reasons for the same: Not applicable</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                     |                                                   |                                                                       |
|                                                                                                                                                                              | <b>(iii) Auditors' Comments on (i) or (ii) above: Not applicable</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                     |                                                   |                                                                       |

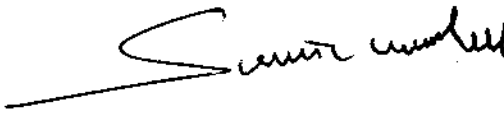
### III. Signatories



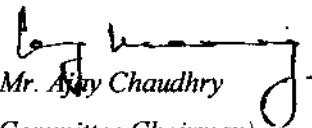
▪ **Mr. Adish Oswal**  
(Executive Director)



▪ **Mr. Parvinder Singh**  
(Chief Financial Officer)



▪ **M/s S S Kothari Mehta & Co.**  
(Statutory Auditors)



▪ **Mr. Ajay Chaudhry**  
(Audit Committee Chairman)

**Place: Ludhiana**

**Date: 30<sup>th</sup> May, 2016**



# SPINNING THE CHANGE

36<sup>th</sup> ANNUAL REPORT 2015-16



**Vardhman Polytex Ltd**  
An **Oswal Group**® Company

## Message from Chairman & Managing Director



Dear Stakeholders,

I am pleased to share with you performance of your company during the year 2015-16. In the face of global and domestic challenges encountered by the textile industry as a whole, your company was able to maintain quantum of sales and registered net operating revenue of ₹ 848.08 Cr against ₹ 942.41 Cr of the previous year. As a result of low realization, the EBIDTA from textile operations remained at ₹ 68.62 Cr as against ₹ 73.55 Cr in the previous year. However, EBIDTA from all segments together was ₹ 107.17 Cr as against ₹ 82.62 Cr in the previous year.

The textile industry at International level witnessed marginal growth though in retails many big brands suffered drop in sales and even closed down many stores/sales outlets. The sentiment in spinning was subdued on account of demand erosion from Chinese market triggered by uncertainty on disposal of cotton reserves and pricing thereof. Trans Pacific Partnership (TPP) agreement amongst USA and other host of countries, prominently Vietnam, speeded up huge investments by Koreans & Chinese for putting up spinning/weaving capacity in Vietnam, to have access to preferential duty structures/concessions. This all sharpened competition which worked against the economics of Textiles in India.

The Government of India in general has been trying to create positive industrial environment by announcing/implementing various schemes i.e. 'Make in India', 'Start Up Industry', 'Skill Development', 'Transform India' etc. The Government has recently announced a package of ₹ 6,000 Cr for Textile Industry to improve its competitiveness/health and generate employment. Although this package will mainly benefit the down stream Garment Industry, yet the gains will also flow back to the entire supply chain.

The Company was able to fulfill its obligations of bankers/financial institutions by selling entire inventory of project "Vardhman Park" during the year. It also contributed to the profitability of the Company this year.

The uncertainty, volatility and disparity in prices of cotton and yarn shall remain challenging in the current year. The optimism of improvement in Market Scenario will depend largely on world cotton balance sheet and at arrival of new crop. The judicious approach towards productivity, cost optimization, product developments and efficient/ effective resource utilization will be key to improve the margins.

The Company embarked upon the idea of re-branding of its products and push for value added products this year which should help to increase the market reach, creditability and improve top & bottom line of the business.

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,

***“Taking Possibility Further”.***

*It gives me great pleasure to reach you through this Annual Report. In the past two years, we have taken fundamental and substantive steps to enhance our quality of business but I believe there is a significant potential still to be fully unlocked. It has been our challenge to design a new way forward, to focus and coordinate our efforts in an increasingly competitive environment.*

*In order to sail through turbulent market conditions and insulate its performance in any eventuality, your company has embarked upon a massive drive for up gradation and branding of products both in cotton and polyester cotton. Besides, differentiation and value addition, product diversification within textiles is under active consideration. These initiatives coupled with cost/efficiency optimization measures shall help your company in improving penetration into niche markets and catering to quality conscious customers both inland and overseas, which in turn should lead to better returns.*

*Our business is built on relationships. The investments we are making in technology are based on focus to hold promises for our brands while understanding priorities and preferences of our esteemed business associates. We would like to empower and delight them by honouring the commitments on quality and service. As we work to deepen our relationships with existing customers, the best measure of our strategy's success will be the growth of the Company through our ability to attract new business – which translates into top-line revenue growth.*

*We have talented and engaged people, innovative capabilities, and a strong and trusted brand, all of which differentiate us in the market and significantly strengthen our businesses.*

*I would also like to share with you that all the CDR conditions have been met in this financial year, leading to significant debt reduction.*

*For 2016, we continue to expect modest comparable sales growth and we will build on our 2015 operational performance improvement. Taking into account ongoing macro-economic headwinds and the phasing of costs and sales, we expect improvements in the year to be back-end loaded.*

*On behalf of the entire VPL team I thank you for your continued support and look forward to working for you this year and for many to come.*

Sincerely



Adish Oswal  
Executive Director



## BOARD OF DIRECTORS

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

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

## REGISTERED & CORPORATE OFFICE

Vardhman Park, Chandigarh Road,  
Ludhiana - 141 123  
Phones : +91-161-6629888  
Fax : +91-161-6629988  
E-mail: info@vpl.in  
Website: www.vpl.in  
CIN: L17122PB1980PLC004242

## WORKS

- Vardhman Polytex Limited,  
Badal Road, Bathinda - 151 005 (PB)
- Vardhman Polytex Limited,  
(Spinning & Dyeing Division),  
D-295/1, Phase VIII, Focal Point,  
Ludhiana - 141 010 (PB)
- Vardhman Polytex Limited,  
Village Nangal Nihla/Upperla,  
Swarghat Road, Nalagarh - 174 101 (HP)
- Amkryon International,  
D-295/1, Phase VIII, Focal Point,  
Ludhiana - 141 010 (PB)

## BRANCH OFFICES

- 305, Ansal Bhawan, 16, K.G. Marg,  
New Delhi - 110 001  
Phones : +91-11-23311582, 23312478  
Fax: +91-11-23312477
- B/31/5436, St. No. 0, Vishwkarma Nagar,  
Tajpur Road, Ludhiana - 141 008

## 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

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## NOTICE

NOTICE is hereby given that the **36<sup>th</sup> Annual General Meeting** of the members of **Vardhman Polytex Limited** ('the Company') will be held on **Friday, the 30<sup>th</sup> day of September, 2016 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 31<sup>st</sup> March, 2016, 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 31<sup>st</sup> March, 2016, together with the Report of Auditors thereon.
2. To appoint a Director in place of Mrs. Rakhi Oswal (DIN-00009682), who retires by rotation and being eligible, offers herself 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 36<sup>th</sup> Annual General Meeting (AGM) to conduct the statutory audit of the Company for the financial year ended 31<sup>st</sup> March, 2017 (who were appointed as the Statutory Auditors of the Company for a term of consecutive three years starting from conclusion of 34<sup>th</sup> AGM till the conclusion of 37<sup>th</sup> AGM) at such remuneration as may be decided by Board of Director of the Company."

### SPECIAL BUSINESS:

4. **Appointment of Mr. Vishal Oswal as an Independent Director**  
*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 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules made thereunder as read with Schedule IV to the Act, as amended from time to time, Mr. Vishal Oswal (DIN-00002678), who was appointed as Additional Director pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company w.e.f. 13<sup>th</sup> February, 2016 and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years upto 12<sup>th</sup> February, 2021.  
 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."
5. **Re-appointment of Mr. Ashok Kumar Goyal as an Executive Director**  
*To consider and if thought fit, to pass, with or without modification(s), the following resolution as a 'Special Resolution':*  
 "RESOLVED THAT pursuant to the provisions of Sections 196,

197, 198, and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and subject to the approval of Central Government, Banks/ Financial Institutions, if required, the consent of the members of the Company be and is hereby accorded for the re-appointment of Mr. Ashok Kumar Goyal (DIN-06676556) as an Executive Director of the Company, being Whole Time Director, liable to retire by rotation, w.e.f. 01.09.2016 for a period of three years i.e. 01.09.2016 to 31.08.2019 on the remuneration as per details given below:

1. **Salary:** Basic Salary will be in the scale of ₹ 2,38,000 - ₹ 19,000 - ₹ 2,76,000 per month.
2. **Commission:** 0.50% of the Net Profit subject to maximum of 75% of the Annual Basic Salary.
3. **Perquisites:** The following perquisites shall be allowed in addition to salary. The valuation of perquisites shall be done as per Income Tax Rules, whenever, applicable:
  - (a) **Housing-** House Rent Allowance equal to 30% of the basic salary.
  - (b) **Medical Re-imbursement-** Medical Reimbursement upto an amount of ₹ 15,000/- per annum.
  - (c) **Uniform and Washing Allowance-** Uniform and Washing Allowance upto an amount of ₹ 3,000/- per month and ₹ 2,000/- per month respectively.
  - (d) **Bonus-** Bonus equal to one month's basic salary for the year.
  - (e) **Special Allowance-** Special Allowance upto an amount of ₹ 45,000/- per month.
  - (f) **Entertainment Allowance-** Entertainment Allowance upto an amount of ₹ 5,000/- per month.
  - (g) **Leave Travel Concession-** The expenses incurred on leave travel by himself and his family shall be reimbursed once in a year in accordance with Company's rules subject to maximum of one month basic salary.
  - (h) **Personal Accident Insurance-** Premium not to exceed ₹ 5,000/- per annum.
  - (i) **Provident Fund-** Contribution to provident fund, superannuation fund or annuity fund as per Company's rule will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - (j) **Gratuity-** Gratuity payable shall not exceed half a month's salary for each completed year of service.
  - (k) **Telephone-** Telephone Reimbursement upto an amount of ₹ 500/- per month and free use of Company's telephone facility for official purpose.
  - (l) **Car-** Free use of Company's Car along with driver for official work as well as personal purposes.
  - (m) **Other Benefit-** Entitled to all other benefits, schemes, privileges and amenities, as are granted to the senior executives/ employees of the Company in accordance with the Company's practice, rules and regulations in force from time to time.

**Explanation: "Family"** means the spouse, the dependent children and dependent parents of the appointee.

RESOLVED FURTHER THAT the said remuneration and perquisites shall be subject to Schedule V of the Companies Act, 2013 and in case during the tenure, there is a loss or the profits are inadequate in the financial year, the aforesaid remuneration and perquisites shall be paid to Mr. Ashok Kumar Goyal in that financial year as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary/alter at any time the remuneration, terms and conditions of the said appointment in such manner as may be approved by the Board of Directors and acceptable to Mr. Ashok Kumar Goyal and to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**6. To ratify remuneration of the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2017**

*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 thereunder (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 31<sup>st</sup> March, 2017, be paid the remuneration of ₹ 90,000/- 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**

Sd/-

**Place: Ludhiana**  
**Date : 12<sup>th</sup> August, 2016**

**(Sushil Sharma)**  
**Company Secretary**  
**(FCS 6535)**

**Registered Office:** Vardhman Park, Chandigarh Road,  
Ludhiana -141 123, Punjab (INDIA)  
Phones: 0161-6629888, Fax: 0161-6629988  
Website:- www.vpl.in, E-mail:-info@vpl.in  
CIN:- L17122PB1980PLC004242

**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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 Share Transfer Books of the Company shall remain closed from 24.09.2016 to 30.09.2016 (Both days inclusive).**

- 4. The copies of relevant documents are open for inspection at the Registered Office of the Company on all working days 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 atleast 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 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 Financial Statements, 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 communications reach you on your preferred email.
- 10. The Annual Report 2015-16 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. The members who have not registered their email addresses, physical copy is being sent by permitted mode.**
- 11. The unpaid/unclaimed dividend upto financial year 2007-2008 has been transferred to Investor Education and Protection Fund (IEPF) of the Central Government. No unclaimed/unpaid dividend is pending with the Company.**

**12. Voting Instructions:**

- a) In compliance with provisions of Section 108 of the Companies Act, 2013 read with rules made there under, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India, the Company is pleased to provide to its members the 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.**
- b) The facility for e-voting i.e. 'venue voting', will also be available at the AGM venue 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 AGM through venue voting. 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.**
- c) A person, holding shares in physical form or in dematerialised form as on the cut-off date, i.e. 23<sup>rd</sup> September, 2016 shall only be entitled to avail the facility of e-voting.**
- d) The remote e-voting period commences on Tuesday, 27<sup>th</sup> September, 2016 (9.00 A.M.) and ends on Thursday, 29<sup>th</sup> September, 2016 (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.**

- e) Mr. Bhupesh Gupta of M/s B. K. Gupta & Associates, Practising Company Secretary has been appointed as the Scrutinizer to conduct, remote e-voting and venue voting process, in a fair and transparent manner.
- f) The Scrutinizer shall submit his report to the Chairman, not later than three days of conclusion of the Meeting. Thereafter, the result shall be declared by the Chairman or any other person authorised by him. The results along with scrutinizer's report shall be placed on Company's website i.e. [www.vpl.in](http://www.vpl.in) and website of CDSL and the same shall be forwarded to the stock exchanges.
- g) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 30<sup>th</sup> September, 2016.
- h) **Steps for remote e-voting:**
- Please log on [www.evotingindia.com](http://www.evotingindia.com).
  - Click on **"Shareholders"** tab.
  - 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 logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - If you are a first time user, follow the steps given below:

|                                                        | <b>For Members holding shares in Demat Form and Physical Form</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PAN                                                    | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department</p> <ul style="list-style-type: none"> <li>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.</li> </ul> |
| Dividend Bank Details<br><b>OR</b> 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"> <li>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).</li> </ul>                                                                                                                                                                                                                                                                                                        |

- 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 **EVS: 160820003 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.
- Click on the **"RESOLUTIONS FILE LINK"** if you wish to view the entire Resolution details.
- 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.
- Once you **"CONFIRM"** your vote on the resolution, you will not be allowed to modify your vote.
- You can also take out print of the voting done by you by clicking on **"Click here to print"** option on the Voting page.
- 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.
- Shareholders can also cast their vote using **CDSL's mobile app i.e. m-Voting** available for android, Apple and Windows based mobiles. The m-Voting app can be downloaded from Google Play Store, App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- 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](http://www.evotingindia.com) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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](mailto: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.

- (xix) 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. 23<sup>rd</sup> September, 2016 may follow the same instructions as mentioned above for e-Voting.
- (xx) 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

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

### ITEM NO. 4

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act") and the Articles of Association of the Company, Mr. Vishal Oswal (DIN-00002678), was appointed as an Additional Director being an Independent Director w.e.f. 13<sup>th</sup> February, 2016 on the recommendation of Nomination and Remuneration Committee and he holds office upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member along with deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Vishal Oswal for the appointment as an Independent Director of the Company for a term of five years upto 12<sup>th</sup> February, 2021. Further, pursuant to the provisions of Section 152(6) of the Act, the term of the Independent Directors shall not be liable to retire by rotation.

Mr. Vishal Oswal, age 44 years, is a commerce graduate and has extensive experience of more than twenty years in the field of management & administration of various listed and unlisted companies. He is promoter and Vice-Chairman & Managing Director of Shreyans Industries Limited.

The Company has received the consent in writing from him to act as Director of the Company and a declaration that he is not disqualified to act as Director under Section 164(2) of the Act and meet the criteria of independence as provided in Section 149(6) of the Act and regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015.

In the opinion of the Board, he fulfils the conditions for his appointment as an Independent Director as specified in the Act and SEBI (LODR) Regulations, 2015 and the Company would be immensely benefited by his knowledge, experience and advice. The profile and specific areas of his expertise as required under SEBI (LODR) Regulations, 2015, is provided at the end of this notice. A copy of the draft Letter of Appointment as an Independent Director, setting out terms and conditions of his appointment, is available for inspection at the registered office of the Company during business hours on any working day. The Board recommends the given resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives except the appointee himself, concerned or interested in the said Resolution.

### ITEM NO. 5

The Shareholders vide resolution dated 30.09.2013 had appointed Mr. Ashok Kumar Goyal (DIN-06676556) as an Executive Director of the Company for a period of three years from 01.09.2013 at the basic salary scale of ₹ 1,85,000 - ₹ 17,000 - ₹ 2,19,000 per month with other perquisites and commission @ 0.50% of the net profits. The term of the appointment of Mr. Ashok Kumar Goyal, Executive Director shall be expired on 31.08.2016.

Keeping in view the efforts and contributions made by Mr. Ashok Kumar Goyal towards the growth/progress of the Company and on

the recommendation/approval of the Nomination & Remuneration Committee, the Board of Directors of the Company in its meeting held on 12.08.2016 has approved the re-appointment of Mr. Ashok Kumar Goyal as an Executive Director of the Company for the period of three years with effect from 01.09.2016 to 31.08.2019 at the remuneration and other terms as stated in the resolution.

Mr. Ashok Kumar Goyal does not hold directorship in any other company. He does not hold equity share in the Company. The profile and specific areas of his expertise as required SEBI (LODR) Regulations, 2015, is provided below and also at end of this notice.

The said re-appointment and payment of remuneration is pursuant to Section 196, 197, 198, and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and subject to the approval of Central Government, required if any.

Accordingly, the approval of the Members is solicited for re-appointment & fixation of remuneration of Mr. Ashok Kumar Goyal as Executive Director of the Company for the period of three years w.e.f. 01.09.2016 to 31.08.2019 as per the details mentioned in the resolution.

**The information required under Section II of PART II of Schedule V of the Companies Act, 2013 is given below:**

#### I. GENERAL INFORMATION

1. **Nature of the Industry:** Manufacturing of Textile Yarn & Real estate.
2. **Date of commencement of business:** 02.12.1982
3. **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not applicable
4. **Financial Performance based on given indicators:**

(₹ in lakh)

| Particulars                      | 2015-16   | 2014-15    |
|----------------------------------|-----------|------------|
| Total Revenue (including export) | 92,811.45 | 96,594.84  |
| Export Turnover                  | 38,245.21 | 43,237.25  |
| Profit/(Loss) before Tax (PBT)   | 901.64    | (2,231.93) |
| Profit/(Loss) after Tax (PAT)    | 901.64    | (2,880.20) |

5. **Foreign Investment:** 100% foreign subsidiary i.e. F. M. Hammerle Verwaltungen GmbH, Austria.

#### II. INFORMATION ABOUT THE APPOINTEE

##### 1. Background detail:

Mr. Ashok Kumar Goyal (DIN-06676556), age 56 years, has been Director/Executive Director of the Company since 2013. He is Graduate in Law, Fellow Company Secretary, DBM & MEP (IIMA). He has more than 34 years of experience of working in the Textile Industry at various important assignments and presently heads the operations and business of yarn (spinning and dyeing) & garment division. He has been associated with the Group since last 30 years. He is having excellent techno-commercial knowledge and experience.

##### 2. Past remuneration:

Mr. Ashok Kumar Goyal had appointed as an Executive Director of the Company for a period of three year from 01.09.2013 at the basic salary scale of ₹ 1,85,000 - ₹ 17,000 - ₹ 2,19,000 per month with other perquisites and commission @ 0.50% of the net profits.

##### 3. Recognition or awards: None

##### 4. Job profile and his suitability:

To look after business operations and marketing of

yarn (spinning and dyeing) & garment division of the Company and other functions to be entrusted by the Board from time to time.

#### 5. Remuneration proposed:

The detail of the proposed remuneration payable to Mr. Ashok Kumar Goyal is provided in the resolution. Such proposed increase in remuneration is commensurate with the average increment in the salary of employees/senior management of the Company.

#### 6. Comparative remuneration profile with respect to Industry, size of the company profile of the position and person etc:

The remuneration proposed is reasonable, as compared with the industry standards for a director of similar profile.

#### 7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any: None

### III. OTHER INFORMATION

#### 1. Reasons of loss or inadequate profits:

The Company has earned Net Profit after tax of ₹ 9.02 crore during the financial year 2015-16. The higher interest cost, general reversionary trend in the textile industry, global slowdown and unprecedented volatility in prices of cotton and yarn has squeezed the margins of the Company.

#### 2. Steps taken or proposed to be taken for improvement:

The Company has taken various initiatives viz. product innovation, diversification, reduction of various costs, re-branding for better market penetration and improvement in realization etc.

#### 3. Expected increase in productivity and profits in measurable terms:

It is expected that the performance of Company will get better during the forthcoming financial years as

initiatives taken by the Company/management for increase its productivity and efficiency. The turnover and profitability will also improve, but are not measurable as the same are influenced by various factors such as market prices of yarn, raw material and cost of various inputs etc.

### IV. DISCLOSURES

All the relevant information pertaining to the remuneration and other particulars of Directors mentioned in the Boards' Report under the heading "Corporate Governance", as annexed to the Annual Report.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives except Mr. Ashok Kumar Goyal, being appointee, is concerned or interested in the said resolution.

#### ITEM NO. 6

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 31<sup>st</sup> March, 2017. 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 31<sup>st</sup> March, 2017. The Board recommends the given resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the said resolution.

By Order of the Board

Place: Ludhiana  
Date : 12<sup>th</sup> August, 2016

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

### INFORMATION PURSUANT TO REGULATION 36 OF THE SEBI (LODR) REGULATIONS, 2015, REGARDING THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE MEETING.

| Name of the Director                                                                    | Mrs. Rakhi Oswal                                                                                          | Mr. Vishal Oswal                                                                                                                                                                                         | Mr. Ashok Kumar Goyal                                               |
|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| DIN                                                                                     | 00009682                                                                                                  | 00002678                                                                                                                                                                                                 | 06676556                                                            |
| Date of Birth                                                                           | 03.09.1981                                                                                                | 02.09.1972                                                                                                                                                                                               | 23.10.1959                                                          |
| Date of Appointment                                                                     | 12.08.2014                                                                                                | 13.02.2016                                                                                                                                                                                               | 01.09.2013                                                          |
| Expertise in specific functional area                                                   | Industrialist                                                                                             | Industrialist                                                                                                                                                                                            | Business operations and marketing of yarn                           |
| No. of equity shares held in VPL                                                        | 17,820                                                                                                    | NIL                                                                                                                                                                                                      | NIL                                                                 |
| Qualification                                                                           | BBA                                                                                                       | B.Com                                                                                                                                                                                                    | FCS, LL.B, DBM & MEP (IIMA)                                         |
| Directorships of other Companies as on 31 <sup>st</sup> March, 2016                     | 1. Oswal Industrial Enterprises Pvt. Ltd.<br>2. Oswal Tradecom Pvt. Ltd.<br>3. Vardhman Amrante Pvt. Ltd. | 1. Shreyans Industries Ltd.<br>2. Achin Investment & Mercantile Company.<br>3. Levina Investment & Mercantile Company.<br>4. Ojasvi Investment & Mercantile Company.<br>5. Oasis Share Trading Pvt. Ltd. | NIL                                                                 |
| Chairmanship / Membership of Committees of Companies as on 31 <sup>st</sup> March, 2016 | NIL                                                                                                       | NIL                                                                                                                                                                                                      | Member – Stakeholders' Relationship Committee Vardhman Polytex Ltd. |
| Relationship with other Directors                                                       | Relative of Mr. Adish Oswal and Mr. Ashok Kumar Oswal                                                     | Not related to any director                                                                                                                                                                              | Not related to any director                                         |

## BOARD'S REPORT

Dear Shareholders,

The Directors of your Company are presenting 36<sup>th</sup> Annual Report on the affairs of the Company together with Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2016.

### 1. Financial Highlights

(₹ in lakh)

| Particulars                                               | 2015-16   | 2014-15    |
|-----------------------------------------------------------|-----------|------------|
| Net Operating income                                      | 87,808.10 | 94,240.69  |
| Other Income                                              | 5,003.35  | 2,354.15   |
| Operating Expenses                                        | 82,094.68 | 88,333.00  |
| Profit/(Loss) before Depreciation, Interest & Tax (PBDIT) | 10,716.77 | 8,261.84   |
| Depreciation                                              | 2,818.42  | 3,238.57   |
| Finance Cost                                              | 6,996.71  | 7,255.20   |
| Profit/(Loss) before Tax & exceptional items              | 901.64    | (2,231.94) |
| Exceptional Items                                         | --        | 3,585.01   |
| Profit/(Loss) before Tax                                  | 901.64    | (5,816.95) |
| Tax Expenses                                              | --        | (2,936.74) |
| Profit/(Loss) after Tax                                   | 901.64    | (2,880.20) |
| Earnings Per Share (EPS) (in ₹)                           |           |            |
| (after exceptional items)                                 |           |            |
| - Basic                                                   | 4.04      | (14.02)    |
| - Diluted                                                 | 4.04      | (14.02)    |

### 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 ₹ 87,808.10 lakh as against ₹ 94,240.69 lakh in 2014-15, having a decrease of 6.83%. The FOB value of exports during the year has decreased by 11.55% to ₹ 38,245.21 lakh against ₹ 43,237.25 lakh in 2014-15.

#### Profitability

During the year under review, the Company earned a profit before depreciation, interest & tax of ₹ 10,716.77 lakh as against ₹ 8,261.84 lakh during the previous year. The Company has a net profit after tax of ₹ 901.64 lakh during the current year against net loss of ₹ (2,880.20) lakh in the previous year.

### 3. Management Discussion & Analysis Report

#### a) Industry structure and developments

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector with spinning sector playing pivotal role. The close linkage of the textiles industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textiles industry

has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world. At present, Indian textiles sector occupies prominent position in the International textile trade.

The Indian textiles industry, currently estimated at around US\$ 108 billion, is expected to reach US\$ 223 billion by 2021. The industry is the second largest employer after agriculture, providing employment to over 45 million people directly and 60 million people indirectly. The Indian textiles industry contributes approximately 5 per cent to India's Gross Domestic Product (GDP), and 14 per cent to overall Index of Industrial Production (IIP). Textiles sector is one of the largest contributors to India's exports with approximately 11 per cent of total exports. The Indian textile industry has the potential to reach US\$ 500 billion in size according to a study by Wazir Advisors and PCI Xylenes & Polyester. The growth implies domestic sales to rise to US\$ 315 billion from currently US\$ 68 billion. At the same time, exports are implied to increase to US\$ 185 billion from approximately US\$ 41 billion currently.

Textiles spinning sector globally, seems to be quite unpredictable and uncertain for various reasons including stagnant / diminishing demand as against growing supply side, cotton, futures, currency fluctuations and above all increasing competition from some countries like Vietnam, Bangladesh, Cambodia, Thailand, Indonesia etc. Recently, initiatives launched by Government of India envisages inviting FDI which may give impetus to growth in textiles, particularly the fabric and processing which will lead to balance out the demand supply position for spinning sector.

#### b) Opportunities and Threats

##### Opportunities:

- Government initiatives to boost textile industry through skill development.
- Make in India campaign.
- Scope for Automation.
- Demand for value added product.

##### Threats:

- Shortage of skilled manpower.
- Ever increasing input cost i.e. power, finance & logistics.
- Regional imbalance in taxation/ incentives by States.
- Over capacity in spinning sector.

#### c) Segment wise Performance

During the year under review, the Company has two segments i.e. Textile and Real estates. The segment wise performance is given below:

(₹ in Lakh)

| Particulars    | Segment   |             | Total     |
|----------------|-----------|-------------|-----------|
|                | Textile   | Real Estate |           |
| Net Revenue    | 83,837.24 | 3,970.86    | 87,808.10 |
| Segment Result | 2,090.21  | 3,854.95    | 5,945.16  |

During the year under review, the Company was able to sell the entire inventories related to Vardhman Park, Ludhiana.

#### d) Economic Scenario and Outlook

The World Bank projected that India will grow by a robust above 7 per cent in 2016 & next two years and will be the fastest growing economy in the world in next three years which would outpace China. The slow growth of China shall create potential/opportunity to capture their share in the international market.

In the global exports of textiles, India has improved its ranking. To perform consistently at global level appears to be challenge for the textiles 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.

Indian textiles industry still has cost advantage atleast on a few input costs, besides having self-sustaining cotton crop. However, this alone may not able to be adequate to survive and grow in the international trade. Hence, Indian mills will have to upgrade/ modernize technologically, innovate on development of products/ services and optimize operational and logistic cost to get a positive bottom line.

#### 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. The Audit Committee also evaluates risk management system of the Company periodically.

To cover foreign exchange risk, the Company transacts its all exports through secured mode either against LC or partial advance payment and foreign currency is being hedged simultaneously against almost all confirmed contracts. To cover commodity price risk, the orders of finished goods are usually booked in advance as per stock of the raw material inventory. The management procures raw material and sales orders for finished goods are booked forward/ in advance upon proper market analysis, forecasting and information from Internal & external sources.

#### 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 Accountant along with 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

The gross fixed assets as at 31<sup>st</sup> March, 2016 were ₹ 59,169.17 lakh against ₹ 58,361.10 lakh in the previous year. The net block of assets as on 31<sup>st</sup> March, 2016 was ₹ 23,867.14 lakh as against ₹ 25,783.85 lakh in the previous year.

Inventory levels as at 31<sup>st</sup> March, 2016 were ₹ 7,301.31 lakh as against ₹ 13,790.03 lakh in the previous year. The trade receivable as at 31<sup>st</sup> March, 2016 were ₹ 7,411.89 lakh as against ₹ 5,251.99 lakh in the previous year. Decrease in current assets is due to sale of entire inventories related to Vardhman Park.

##### Financial condition & liquidity

| (₹ in Lakh)                        |            |            |
|------------------------------------|------------|------------|
| Particulars                        | 2015-16    | 2014-15    |
| <b>Cash &amp; cash equivalents</b> |            |            |
| Beginning of the year              | 1,282.73   | 1,437.33   |
| End of the year                    | 907.80     | 1,282.73   |
| <b>Net cash provided(used) by:</b> |            |            |
| Operating Activities               | 10,274.60  | 7,624.41   |
| Investing Activities               | (686.91)   | 132.59     |
| Financial Activities               | (9,962.62) | (7,911.60) |

#### 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 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 employees. Additionally, regular medical facilities are also provided to them.

#### 4. Share Capital

During the year under review, there was no change in the paid-up share capital of the Company.

## 5. Dividend

The Board of Directors of your Company has not recommended any dividend for the financial year 2015-16.

## 6. Directors & Key Managerial Personnel

During the year under review, Mr. Amit Jain has resigned from the directorship of the Company w.e.f. 10.06.2015 and Mr. Vishal Oswal was appointed as an additional director of the Company w.e.f. 13.02.2016 being an independent director of the Company. Mr. Ashok Kumar Oswal was re-appointed as Chairman & Managing Director and Mr. Adish Oswal as Executive Director of the Company w.e.f. 01.04.2015 for a period of three years.

Mr. Ashok Kumar Goyal was re-appointed as an Executive Director of the Company w.e.f. 01.09.2016 for a period of three years i.e. 01.09.2016 to 31.08.2019 subject to the approval of shareholders in the ensuing Annual General Meeting.

Mrs. Rakhi Oswal, Director retires by rotation at this Annual General Meeting, and being eligible offers herself for re-appointment.

All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Section 149(6) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

## 7. Remuneration Policy and Board Evaluation

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

The independent directors in their meeting held on 21.12.2015, 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 as the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders' Relationship Committee. The Nomination & Remuneration Policy containing manner of performance evaluation of the Board/directors/committees is enclosed as 'Annexure-I'.

While evaluating the performance, the following points were considered:

- (i). Participation in Board Meetings and Board Committee Meetings.
- (ii). Managing relationship with other directors and management.
- (iii). Knowledge and Skill i.e. understanding of duties, responsibilities, refreshment of knowledge, knowledge of industry, ability to listen and present his views.
- (iv). Personal attributes like maintain high standard of ethics and integrity.
- (v). Strategic perspectives or inputs regarding future growth of Company and its performance.

## 8. Board/ Committee Meetings

The details of the Board & Committees meetings held during the year and Board's Committees composition are furnished in the Corporate Governance Report, which forms part of this Report.

## 9. Corporate Social Responsibility

The Company considers Corporate Social Responsibility (CSR) as social obligation, sustainable development, regulatory

environment, human resource management, safety health & environment and a part of Corporate Governance and accordingly framed CSR policy, which is available on the Company's website i.e. [www.vpl.in](http://www.vpl.in). The projects/ programs to be undertaken under CSR are specified in the policy. The CSR Committee of the Company consists of Mr. Ashok Kumar Oswal (Chairman), Mr. Adish Oswal, Mr. Ashok Kumar Goyal, Mr. Ajay Chaudhry and Mrs. Rakhi Oswal.

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.

## 10. Listing of Securities

The Securities of the Company are listed on National Stock Exchange of India Ltd. (NSE) and BSE Limited. The Company has paid annual listing fee to exchanges for the year 2016-17. Further, Foreign Currency Convertible Bonds (FCCBs) of the Company are listed at Singapore Exchange Securities Trading Ltd.

## 11. Subsidiaries, Associates and Joint Venture

The Company has two subsidiaries, namely F.M. Hämmerle Textiles Ltd. and F.M. Hämmerle Verwaltungs GmbH, Austria, as on 31<sup>st</sup> March, 2016. There is no associate company 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 audited consolidated financial statements for the financial year ended 31<sup>st</sup> March, 2016 and the same forms part of this Annual Report. 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 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.

## 12. Fixed Deposits

During the year, the Company has not accepted any fixed deposits. There is no outstanding deposit as on 31<sup>st</sup> March, 2016.

## 13. 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.

## 14. Company Petition

A petition filed by M/s Maschinen Umwelttechnik Transportanlagen GmbH, Austria (a shareholder of F.M. Hämmerle Textiles Ltd.) against the Company U/S 397, 398, 402 & 403 of the Companies Act, 1956, has been disposed of by Hon'ble Company Law Board vide its order dated 13.08.2015. The F.M. Hämmerle Textiles Ltd. has filed appeals against the abovesaid order of the Hon'ble Company Law Board which are pending adjudication before the Hon'ble High Court for the State of Punjab and Haryana at Chandigarh.

## 15. Directors' Responsibility Statement

Pursuant to Section 134 of the Companies Act, 2013 the Directors state that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) Appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and of the profit and loss of the Company for the year ended 31<sup>st</sup> March, 2016;
- (c) 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;
- (d) The annual accounts have been prepared on a going concern basis;
- (e) Proper internal financial controls were followed by the Company and such internal financial controls are adequate and were operating effectively; and
- (f) Proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 16. 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 in SEBI (LODR) Regulations, 2015 is annexed to the Report on Corporate Governance.

## 17. 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 SEBI (LODR) Regulations. 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 is available 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.

## 18. Prevention of Sexual Harassment at workplace

The Company has in place a policy for prevention of Sexual Harassment in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. Internal Complaints Committees have been framed at various locations to redress complaints of sexual harassment. The Company has not received any complaint related to sexual harassment during the year.

## 19. 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. The brief contents of the policy are explained in corporate governance report.

## 20. 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 34<sup>th</sup> Annual General Meeting 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, Practicing Company Secretary, New Delhi to conduct the secretarial audit of the Company for the financial year 2015-16.

### iii) Internal Auditors

M/s S. C. Vasudeva & Associates, Chartered Accountants performed the duties of internal auditors of the Company during financial year 2015-16. 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 31<sup>st</sup> March, 2017. As per the requirement of Section 148 of the Companies Act, 2013 read with rules made there under, the remuneration to be paid to them is placed for the ratification by the members at ensuing Annual General Meeting.

## 21. Comments on Auditors' Report and Secretarial Auditors' Report

### Auditors' Report

The Statutory Auditors of the Company have submitted Auditors' Report on the Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2016. 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) During the year ended 31<sup>st</sup> March, 2015, the Company had transferred land used for real estate development from fixed assets into stock in trade explained in note no. 37 of the financial statements. 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 overstatement of cost of development by ₹ 2,958.51 lakh and overstating other income by an amount of ₹ 3,050.17 lakh during the year ended March 31, 2016.

We state that due to sale of entire inventories of Vardhman Park during the year, the Company has transferred all the balance lying in capital reserve ₹ 3,050.16 Lakh as on 31<sup>st</sup> March, 2015 to statement of Profit and Loss. Hence, the qualification of the auditors in this respect has been resolved.

- b) No provision has been made on the investment and loans and advances made in one of the subsidiary company F.M. Hammerle Textiles Limited of ₹ 9,126.41 lakhs and ₹ 2,662.93 lakhs respectively whose net worth has been completely eroded and having a loss of ₹ 15,452.51 lakhs against share capital of ₹ 12,386.75 lakh as on 31<sup>st</sup> March, 2016. 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. This has resulted in profit for the year ended 31<sup>st</sup> March, 2016 being overstated and investments, loans and advances and reserves and surplus being overstated by the same amount at 31<sup>st</sup> March, 2016.

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 said company falls under "Sick Company" under the Sick Industrial and Companies (Special Provisions) Act (SICA) of 1985 and has filed reference to the Board for Industrial and Financial Reconstruction (BIFR).

- (c) In respect to observation specified in point (viii) of Annexure-A of the report, we would like to state that due to certain liquidity stress, the Company has delayed for making the payments to Financial Institution/Bankers. In respect to the repayment for the FCCB, it shall be made on/before 31.12.2016.
- (d) In respect to qualification specified in Annexure-B of the report, we would like to state that the subsidiary F.M. Hammerle Textiles Limited (FMH) has been referred to BIFR, as FMH is unable to meet its borrowing obligations and material delay have happened to the payments to the vendor. However the holding Company, being a major promoter, making all out efforts to support its operation subject to its own liquidity position being non affective. Such financial supportive decisions are being taken by proper discussion and approval of the Management.

### Consolidated Auditor's Report

The qualifications/observations in the consolidated Auditor's Report are similar as stated above as point no. (a) & (d) of the Standalone Auditor's Report. Hence, explanations/Comments of the same are provided above.

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 auditors is annexed herewith as 'Annexure II', which forms part of this report.

### 22. 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'.

### 23. 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, amended as on date, is annexed herewith as 'Annexure IV'.

### 24. 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'.

### 25. Significant and material orders passed by the regulators or courts or tribunals

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.

### 26. Significant changes occurred during the current year

The following significant changes have occurred between the end of the financial year 2015-16 and the date of this report:-

- Adopted new logo & domain alongwith rebranding of Products.
- Changed the name of Ludhiana unit from 'Vinayak Textiles Mills' to 'Vardhman Polytex Limited'.

### 27. 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.

### 28. 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 & taxation and natural calamities over which the Company does not have any direct control.

**For and on behalf of the Board**

Sd/-

(Ashok Kumar Oswal)

**Chairman and Managing Director**  
(DIN-00009403)

**Date: 12<sup>th</sup> August, 2016**  
**Place: Ludhiana**

## 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 deems 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;
- 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 SEBI (LODR) Regulations, 2015.

**‘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 role 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; and
- 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 calibre 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 SEBI (LODR) Regulations, 2015.

#### 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.

#### CRITERIA TO EVALUATE PERFORMANCE

##### a) Selection Criteria for Directors

The Company shall consider the following aspects while appointing a person as a Director on the Board of the Company:

**Skills and Experience:** The candidate shall have appropriate skills and experience in one or more fields of finance, law, management, sales, marketing, administration, public administrative services, research, corporate governance,

technical operations or any other discipline related to the Company's business.

**Age Limit:** The candidate should have completed the age of twenty one (21) years and should not have attained the age of eighty (80) years. In case any director has attained age of 80 year he can be appointed as director with the permission of board.

**Conflict of Interest:** The candidate should not hold Directorship in any competitor company, and should not have any conflict of interest with the Company.

**Directorship:** The number of companies in which the candidate holds Directorship should not exceed the number prescribed under the Act or under the SEBI (LODR) Regulations, 2015 requirements.

**Independence:** The candidate proposed to be appointed as Independent Director, should not have any direct or indirect material pecuniary relationship with the Company and must satisfy the requirements imposed under the Act or under the SEBI (LODR) Regulations, 2015 requirements.

## b) Selection Criteria for Senior Management

As per Selection Criteria Senior Management shall mean employees hired at the level of Divisional Heads and Corporate Functional Heads or equivalent positions.

The policy provides that the candidate should have appropriate qualifications, skills and experience for discharging the role. The qualifications, skills and experience of each such position shall be defined in the job description, which will be maintained by the HR function.

## c) Remuneration for Directors, KMP and other Employees

The policy provides that the remuneration of Directors, KMP and other employees shall be based on the following key principles:

- **Pay for performance:** Remuneration of Executive Directors, KMP and other employees is a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goal. The sitting fee shall be paid to Non-Executive Directors to be decided by the Board from time to time.
- **Balanced rewards to create sustainable value:** The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors and employees of the Company and encourage behavior that is aligned to sustainable value creation.
- **Competitive compensation:** Total target compensation and benefits are comparable to peer companies in the textile industry and commensurate to the qualifications and experience of the concerned individual.
- **Business Ethics:** Strong governance processes and stringent risk management policies are adhered to, in order to safeguard our stakeholders' interest.

## d) Performance Evaluation

The process approved by the Nomination and Remuneration Committee requires the Chairman to initiate the performance evaluation process in the month of April every year. The performance evaluation is conducted based on approved criteria in the evaluation forms. The process highlights are as under:

- a) **Board:** Each Board member completes the self-evaluation form. Independent Directors discuss the self-evaluation forms in a separate meeting and share their feedback with the Chairman of the Company. The Chairman discusses with the entire Board at the Board Meeting.

- b) **Committees:** Each Committee member completes the self-evaluation form and shares feedback with the Chairman of the Committee. The Chairman of the Committee discusses the evaluation form analysis with the Managing Director and later with the entire Board at the Board Meeting.
- c) **Chairman and Executive Directors:** Each Board member completes the peer evaluation form. Independent Directors discuss the peer evaluation forms in a separate meeting and share their feedback with the Chairman. The Chairman conveys feedback individually to the concerned Directors.
- d) **Independent Directors:** Each Board member completes the peer evaluation and shares feedback with the Chairman. The Chairman conveys feedback individually to the concerned Directors.

## 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, 2016

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

To,

The Members,  
Vardhman Polytex Limited,  
Vardhman Park, Chandigarh Road,  
Ludhiana-141123, Punjab

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 31<sup>st</sup> March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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 31<sup>st</sup> March, 2016 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 factories situated at:
      - a. 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, Punjab, India.
    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 offices situated at:
      - a. Vardhman Polytex Limited, 305, Ansal Bhawan, 16 KG Marg, New Delhi 110001, India.
      - b. Vardhman Polytex Limited, Vardhman Park, Chandigarh Road, Ludhiana-141123, Punjab, India.
    4. The Contract Labour (Regulation & Abolition) Act, 1970 and Rules framed thereunder with respect to factory premises mentioned above.
    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 at factory premises mentioned above.
    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 at factory premises mentioned above.
    30. Water (Prevention and Control of Pollution) Act, 1974 read with State Water (Prevention and Control of Pollution) Rules at factory premises mentioned above.

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/regulations of the following:

- i. The Secretarial Standards formulated by the Institute of Company Secretaries of India and notified by the Central Government.
- ii. The Listing Agreement entered into by the Company with Bombay Stock Exchange and National Stock Exchange and SEBI (LODR) Regulations, 2015;

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

#### 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 Woman 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 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. However, the compliances of other applicable laws, as listed in Para (vi) above, are based on the documents presented and management certifications reported to the Board through agenda papers with respect to the factory located at Ludhiana, Bathinda and Nalagarh and office situated at Ludhiana and New Delhi.

For Nesar & Associates

Sd/-

Place: Delhi

Date : 9<sup>th</sup> August, 2016

Nesar Ahmad

Company Secretary

FCS: 3360; CP-1966

## 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

| Energy saving measures taken during 2015-16                                                                                                                                                  | Power saving (Units/KWh in lakh) | Capital Investment (₹ in lakh) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------|
| Installation of super energy efficient motors, variable frequency drivers on H-plants, optimizing air pressure on spinning machines, replacement of ordinary tube lights with LED tubes etc. | 12.51                            | 52.05                          |

##### b) Steps taken by the Company for utilising alternate sources of energy.

1. Heat recovery systems.
2. Installation of VFDs/Inverters.
3. Installation of LED Lights.
4. Controlling compressed air leakages.

#### 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. The Company has given more attention to value addition by converting part of carded production into combed, slub yarns, lycra yarn, modal/cotton, P/C melange, contamination free yarn, neppy yarn, grindle yarn, snow yarn etc and thus increasing the product range and customer base.

##### b) Benefits derived as result of R&D

The Company initiated the production of value added yarns and upgraded varieties of normal yarn as a result of effective R&D techniques and maintaining consistent quality. It has been able to improve quality & reduce market feedbacks without compromising on productivities.

##### c) Expenditure on R&D

(₹ in lakh)

| Particulars                                       | 2015-16       |
|---------------------------------------------------|---------------|
| Capital                                           | 0.97          |
| Recurring                                         | 106.07        |
| <b>Total</b>                                      | <b>107.04</b> |
| Total R&D expenditure as a percentage of Turnover | 0.12%         |

#### 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 the year, the company has upgraded certain machines resulted to improvement in the quality.

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

(₹ in lakh)

| Particulars                     | 2015-16   | 2014-15   |
|---------------------------------|-----------|-----------|
| Earnings (FOB value of exports) | 38,245.21 | 43,237.25 |
| CIF value of imports            | 168.37    | 263.31    |
| Expenditure in foreign currency | 269.92    | 387.54    |

# ANNEXURE-IV

## Particulars of Employees

The information required under Section 197(12) of the Companies Act, 2013 is as under:

### 1. As per rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- 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 financial officer, company secretary in the financial year:

| Particulars                     | Remuneration paid during the year (₹ in lakh) | Ratio to Median Remuneration | % increase in remuneration in the financial year |
|---------------------------------|-----------------------------------------------|------------------------------|--------------------------------------------------|
| <b>Non- Executive Directors</b> |                                               |                              |                                                  |
| Mr. Ajay Chaudhry               | 0.62                                          | 0.60                         | -10.14                                           |
| Dr. B. S. Bhatia                | 0.58                                          | 0.56                         | -7.94                                            |
| Mr. M. D. Kanitkar              | 0.47                                          | 0.46                         | 327.27                                           |
| Mrs. Rakhi Oswal                | 0.15                                          | 0.15                         | -42.31                                           |
| <b>Executive Directors</b>      |                                               |                              |                                                  |
| Mr. Adish Oswal                 | 64.78                                         | 62.89                        | 27.60                                            |
| Mr. Ashok Kumar Goyal           | 47.30                                         | 45.92                        | 12.70                                            |
| <b>Managing Director</b>        |                                               |                              |                                                  |
| Mr. Ashok Kumar Oswal           | 66.43                                         | 64.50                        | 38.68                                            |

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

The percentage increase in gross remuneration of Mr. Parvinder Singh, Chief Financial Officer is 10.64% and of Mr. Sushil Sharma, Company Secretary is 9.53%.

- b) The percentage increase in the median remuneration of employees in the financial year: 5.76%
- c) The number of permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2016: 2,745 employees
- d) The median remuneration of employees of the Company during the financial year: ₹ 1.03 lakh
- e) The average annual increase in the salaries of employees other than the managerial personnel during the financial year was around 7.82%. The average annual increase in the managerial remuneration for the year was 26.93%. Mr. Ashok Kumar Oswal and Mr. Adish Oswal, was re-appointed as Chairman & Managing Director and Executive Director respectively w.e.f. 01.04.2015 alongwith revision/increase of remuneration after a period of three years and such increase in remuneration was commensurate with the average increment of salary in the company on year to year basis.
- f) The Company affirms that the remuneration is as per the remuneration policy of the Company.

### 2. Information as per rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- a) Details of the top ten employees in terms of remuneration drawn during the year ended 31<sup>st</sup> March, 2016

| Sr. No. | Name of Employee      | Date of Birth | Designation                  | Qualifications                    | Total Experience (In Years) | Date of commencement of employment in VPL | Remuneration (CTC) drawn during the year (₹ In lakh) | Previous employer     |
|---------|-----------------------|---------------|------------------------------|-----------------------------------|-----------------------------|-------------------------------------------|------------------------------------------------------|-----------------------|
| 1       | Mr. Ashok Kumar Oswal | 08.02.1955    | Chairman & Managing Director | B.A., LL.B                        | 39                          | 30.10.1987                                | 66.43                                                | N.A.                  |
| 2       | Mr. Adish Oswal       | 18.01.1980    | Executive Director           | B.Com                             | 13                          | 01.08.2003                                | 64.78                                                | N.A.                  |
| 3       | Mr. Ashok Kumar Goyal | 23.10.1959    | Executive Director           | B.Com, LL.B, FCS, DBM, MEP (IIMA) | 34                          | 03.06.1991                                | 47.30                                                | Sterling Tools Ltd.   |
| 4       | Mr. Parvinder Singh   | 22.02.1968    | Vice President & CFO         | ACA                               | 25                          | 15.02.2003                                | 30.72                                                | Trident Ltd.          |
| 5       | Mr. Rohit Bhasker     | 04.05.1965    | General Manager              | PGDBM, PGDCA                      | 29                          | 01.06.2011                                | 30.00                                                | Cheema Spintex Ltd.   |
| 6       | Mr. Vivek Aggarwal    | 28.05.1966    | Chief General Manager        | B.Tech, PGDBM                     | 30                          | 01.10.2003                                | 28.93                                                | Vardhman Textile Ltd. |
| 7       | Mr. Ramesh Raina      | 30.04.1961    | Chief General Manager        | B.Tech                            | 33                          | 11.04.1990                                | 25.31                                                | Nahar Fibres Ltd.     |
| 8       | Mr. Neeraj Modi       | 10.05.1972    | General Manager              | B.Com, MBA                        | 22                          | 02.12.2002                                | 20.16                                                | Adinath Textiles Ltd. |
| 9       | Mr. Abhinav Oswal     | 20.09.1985    | Vice President-Technical     | MBA                               | 8                           | 01.11.2008                                | 17.43                                                | N.A.                  |
| 10      | Mr. Rohit Sood        | 27.10.1973    | Deputy General Manager       | M.A.                              | 20                          | 17.09.1996                                | 16.37                                                | N.A.                  |

- Note:** 1. All employments are contractual, terminable by notice from either side.
2. No employee of the Company hold such percentage of equity shares within the meaning of clause (iii) of rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
3. No employee is relative of any director or manager of the Company except Mr. Adish Oswal and Mr. Abhinav Oswal being sons of Mr. Ashok Kumar Oswal.

- b) There was no employee in receipt of remuneration as mentioned in Rule 5(2)(i), (ii) and (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## ANNEXURE-V

## FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN

As on financial year ended on 31<sup>st</sup> March, 2016

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

## I. Registration &amp; Other Details:

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

## II. Principal Business Activities of the Company (All business activities contributing 10% or more of the total turnover of the Company)

| 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                             | 95.48%                             |

## 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       | F.M. Hämmerle Textiles Limited, Vardhman Park, Chandigarh Road, Ludhiana-141 123 | U17110PB2006PLC029518 | Subsidiary                     | 81.7%            | 2(87)(ii)          |
| 2       | F.M. Hämmerle Verwaltungen GmbH, Austria                                         | N.A.                  | Subsidiary                     | 100%             | 2(87)(ii)          |

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

## A) Category-wise Share Holding:

| Category of Shareholders                  | No. of Shares held at the beginning of the year [As on 01.04.2015] |          |                 |                   | No. of Shares held at the end of the year [As on 31.03.2016] |          |                 |                   | % Change during the year |
|-------------------------------------------|--------------------------------------------------------------------|----------|-----------------|-------------------|--------------------------------------------------------------|----------|-----------------|-------------------|--------------------------|
|                                           | Demat                                                              | Physical | Total           | % of Total Shares | Demat                                                        | Physical | Total           | % of Total Shares |                          |
| <b>A. Promoters</b>                       |                                                                    |          |                 |                   |                                                              |          |                 |                   |                          |
| <b>(1) Indian</b>                         |                                                                    |          |                 |                   |                                                              |          |                 |                   |                          |
| a) Individual/ HUF                        | 638200                                                             | 0        | 638200          | 2.86              | 638650                                                       | 0        | 638650          | 2.86              | --                       |
| b) Central Govt                           | -                                                                  | -        | -               | -                 | -                                                            | -        | -               | -                 | --                       |
| c) State Govt(s)                          | -                                                                  | -        | -               | -                 | -                                                            | -        | -               | -                 | -                        |
| d) Bodies Corp.                           | 12766002                                                           | 0        | 12766002        | 57.27             | 12766002                                                     | 0        | 12766002        | 57.27             | --                       |
| e) Banks / FI                             | -                                                                  | -        | -               | -                 | -                                                            | -        | -               | -                 | -                        |
| f) Any other                              | -                                                                  | -        | -               | -                 | -                                                            | -        | -               | -                 | -                        |
| <b>Total shareholding of Promoter (A)</b> | <b>13404202</b>                                                    | <b>0</b> | <b>13404202</b> | <b>60.13</b>      | <b>13404652</b>                                              | <b>0</b> | <b>13404652</b> | <b>60.13</b>      | <b>--</b>                |
| <b>B. Public Shareholding</b>             |                                                                    |          |                 |                   |                                                              |          |                 |                   |                          |
| <b>1. Institutions</b>                    | -                                                                  | -        | -               | -                 | -                                                            | -        | -               | -                 | -                        |
| a) Mutual Funds                           | 500                                                                | 1300     | 1800            | 0.01              | 500                                                          | 1300     | 1800            | 0.01              | -                        |
| b) Banks / FI                             | 0                                                                  | 1134     | 1134            | 0.01              | 0                                                            | 1134     | 1134            | 0.01              | -                        |
| c) Central Govt                           | -                                                                  | -        | -               | -                 | -                                                            | -        | -               | -                 | -                        |
| d) State Govt(s)                          | -                                                                  | -        | -               | -                 | -                                                            | -        | -               | -                 | -                        |
| e) Venture Capital Funds                  | -                                                                  | -        | -               | -                 | -                                                            | -        | -               | -                 | -                        |
| f) Insurance Companies                    | -                                                                  | -        | -               | -                 | -                                                            | -        | -               | -                 | -                        |

| Category of Shareholders                                                        | No. of Shares held at the beginning of the year [As on 01.04.2015] |                |                 |                   | No. of Shares held at the end of the year [As on 31.03.2016] |                |                 |                   | % Change during the year |
|---------------------------------------------------------------------------------|--------------------------------------------------------------------|----------------|-----------------|-------------------|--------------------------------------------------------------|----------------|-----------------|-------------------|--------------------------|
|                                                                                 | Demat                                                              | Physical       | Total           | % of Total Shares | Demat                                                        | Physical       | Total           | % of Total Shares |                          |
| g) FIs                                                                          | 550000                                                             | 1200           | 551200          | 2.47              | 500000                                                       | 1200           | 501200          | 2.25              | -0.22                    |
| h) Foreign Venture Capital Funds                                                | -                                                                  | -              | -               | -                 | -                                                            | -              | -               | -                 | -                        |
| i) Others (specify)                                                             | -                                                                  | -              | -               | -                 | -                                                            | -              | -               | -                 | -                        |
| <b>Sub-total (B)(1):-</b>                                                       | <b>550500</b>                                                      | <b>3634</b>    | <b>554134</b>   | <b>2.49</b>       | <b>500500</b>                                                | <b>3634</b>    | <b>504134</b>   | <b>2.27</b>       | <b>-0.22</b>             |
| <b>2. Non-Institutions</b>                                                      |                                                                    |                |                 |                   |                                                              |                |                 |                   |                          |
| a) Bodies Corp.                                                                 | 4487841                                                            | 4603           | 4492444         | 20.15             | 4306924                                                      | 4603           | 4311527         | 19.34             | -0.81                    |
| b) Individuals                                                                  |                                                                    |                |                 |                   |                                                              |                |                 |                   |                          |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh          | 1052568                                                            | 361383         | 1413951         | 6.34              | 1202090                                                      | 354564         | 1556654         | 6.98              | +0.64                    |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 601058                                                             | 1800000        | 2401058         | 10.77             | 685644                                                       | 1800000        | 2485644         | 11.15             | +0.38                    |
| c) Others (specify)                                                             |                                                                    |                |                 |                   |                                                              |                |                 |                   |                          |
| Non Resident Indians                                                            | 24768                                                              | 400            | 25168           | 0.11              | 27496                                                        | 400            | 27896           | 0.13              | +0.02                    |
| Overseas Corporate Bodies                                                       | -                                                                  | -              | -               | -                 | -                                                            | -              | -               | -                 | -                        |
| Foreign Nationals                                                               | -                                                                  | -              | -               | -                 | -                                                            | -              | -               | -                 | -                        |
| Clearing Members                                                                | -                                                                  | -              | -               | -                 | -                                                            | -              | -               | -                 | -                        |
| Trusts                                                                          | -                                                                  | -              | -               | -                 | 450                                                          | 0              | 450             | 0.00              | -                        |
| Foreign Bodies - D R                                                            | -                                                                  | -              | -               | -                 | -                                                            | -              | -               | -                 | -                        |
| <b>Sub-total (B)(2):-</b>                                                       | <b>6166235</b>                                                     | <b>2166386</b> | <b>8332621</b>  | <b>37.38</b>      | <b>6222604</b>                                               | <b>2159567</b> | <b>8382171</b>  | <b>37.60</b>      | <b>+0.22</b>             |
| <b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>                             | <b>6716735</b>                                                     | <b>2170020</b> | <b>8886755</b>  | <b>39.87</b>      | <b>6723104</b>                                               | <b>2163201</b> | <b>8886305</b>  | <b>39.87</b>      | <b>0</b>                 |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                          | <b>0</b>                                                           | <b>0</b>       | <b>0</b>        | <b>0</b>          | <b>0</b>                                                     | <b>0</b>       | <b>0</b>        | <b>0</b>          | <b>0</b>                 |
| <b>Grand Total (A+B+C)</b>                                                      | <b>20120937</b>                                                    | <b>2170020</b> | <b>22290957</b> | <b>100</b>        | <b>20127756</b>                                              | <b>2163201</b> | <b>22290957</b> | <b>100</b>        | <b>0</b>                 |

**B) Shareholding of Promoter-**

**(i) Body Corporate :-**

| 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. | 4426917                                   | 19.86                            | 19.86                                            | 4426917                             | 19.86                            | 19.86                                            | 0.0                                      |
| 2       | Enakshi Investments (P) Ltd.              | 370250                                    | 1.66                             | 1.66                                             | 370250                              | 1.66                             | 1.66                                             | 0.0                                      |
| 3       | Allepy Invst. & Trdg. Co. (P) Ltd.        | 95500                                     | 0.43                             | 0.43                                             | 95500                               | 0.43                             | 0.43                                             | 0.0                                      |
| 4       | Gagan Mercantile Co. (P) Ltd.             | 163900                                    | 0.74                             | 0.74                                             | 163900                              | 0.74                             | 0.74                                             | 0.0                                      |
| 5       | Calgary Invst. & Trdg. Co. (P) Ltd.       | 67300                                     | 0.30                             | 0.30                                             | 67300                               | 0.30                             | 0.30                                             | 0.0                                      |
| 6       | Kent Investments (P) Ltd.                 | 46950                                     | 0.21                             | 0.21                                             | 46950                               | 0.21                             | 0.21                                             | 0.0                                      |
| 7       | Liberty Mercantile Co. (P) Ltd.           | 120550                                    | 0.54                             | 0.54                                             | 120550                              | 0.54                             | 0.54                                             | 0.0                                      |
| 8       | Pioneer Mercantile Co. (P) Ltd.           | 49350                                     | 0.22                             | 0.22                                             | 49350                               | 0.22                             | 0.22                                             | 0.0                                      |
| 9       | Ruby Mercantile Co. (P) Ltd.              | 153000                                    | 0.69                             | 0.69                                             | 153000                              | 0.69                             | 0.69                                             | 0.0                                      |
| 10      | Adesh Invst. & Trdg. Co. (P) Ltd.         | 35100                                     | 0.16                             | 0.16                                             | 35100                               | 0.16                             | 0.16                                             | 0.0                                      |
| 11      | Boras Invst. & Trdg. Co. (P) Ltd.         | 32860                                     | 0.15                             | 0.15                                             | 32860                               | 0.15                             | 0.15                                             | 0.0                                      |
| 12      | Alma Assets Consultancy (P) Ltd.          | 4362325                                   | 19.57                            | 19.57                                            | 4362325                             | 19.57                            | 19.57                                            | 0.0                                      |
| 13      | Nightnagle Dealcom (P) Ltd.               | 660000                                    | 2.96                             | 2.96                                             | 660000                              | 2.96                             | 2.96                                             | 0.0                                      |
| 14      | Altfort Merchants Pvt. Ltd.               | 2182000                                   | 9.79                             | --                                               | 2182000                             | 9.79                             | --                                               | 0.0                                      |
|         | <b>TOTAL(A)</b>                           | <b>12766002</b>                           | <b>57.27</b>                     | <b>47.48</b>                                     | <b>12766002</b>                     | <b>57.27</b>                     | <b>47.48</b>                                     | <b>0.0</b>                               |

## (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          | 420511                                    | 1.89                             | 0.58                                             | 420511                              | 1.89                             | 0.58                                             | 0.0                                      |
| 2       | Mr. Ashok Kumar Oswal    | 127748                                    | 0.57                             | 0.57                                             | 127748                              | 0.57                             | 0.57                                             | 0.0                                      |
| 3       | Mrs. Manju Oswal         | 52694                                     | 0.24                             | 0.24                                             | 52694                               | 0.24                             | 0.24                                             | 0.0                                      |
| 4       | Mrs. Rakhi Oswal         | 17820                                     | 0.08                             | 0.08                                             | 17820                               | 0.08                             | 0.08                                             | 0.0                                      |
| 5       | Mr. Abhinav Oswal        | 14307                                     | 0.06                             | 0.06                                             | 14307                               | 0.06                             | 0.06                                             | 0.0                                      |
| 6       | Ms. Aketa Oswal          | 5010                                      | 0.02                             | 0.02                                             | 5460                                | 0.02                             | 0.02                                             | 0.0                                      |
| 7       | Ashok Kumar & Sons (HUF) | 110                                       | 0.00                             | 0.00                                             | 110                                 | 0.00                             | 0.00                                             | --                                       |
|         | <b>TOTAL(B)</b>          | <b>638200</b>                             | <b>2.86</b>                      | <b>1.55</b>                                      | <b>638650</b>                       | <b>2.86</b>                      | <b>1.55</b>                                      | <b>0.00</b>                              |
|         | <b>GRAND TOTAL (A+B)</b> | <b>13404202</b>                           | <b>60.13</b>                     | <b>49.03</b>                                     | <b>13404652</b>                     | <b>60.13</b>                     | <b>49.03</b>                                     | <b>0.00</b>                              |

## 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                     | 13404202                                  | 60.13                            | 13404202                                | 60.13                            |
| 2       | Shares acquired by Ms. Aketa Oswal on 02.10.2015 | 450                                       | 0.00                             | 13404652                                | 60.13                            |
| 3       | At the end of the year                           | 13404652                                  | 60.13                            | 13404652                                | 60.13                            |

## D) Shareholding Pattern of top ten Shareholders:

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

| Sr. No. | Name                                                     | Shareholding at the beginning i.e. 01.04.2015 |                                  | Date       | Increase/ decrease in share-holding | Reason   | Cumulative Shareholding during the year / as on 31.03.2016 |                                  |
|---------|----------------------------------------------------------|-----------------------------------------------|----------------------------------|------------|-------------------------------------|----------|------------------------------------------------------------|----------------------------------|
|         |                                                          | No. of shares                                 | % of total shares of the company |            |                                     |          | No. of shares                                              | % of total shares of the company |
| 1       | Swarnim Tie up Private Limited                           | 1400000                                       | 6.28                             | 31.03.2016 | No transaction during the year      |          | 1400000                                                    | 6.28                             |
| 2       | Vineet Sood & Sons HUF                                   | 725000                                        | 3.25                             | 31.03.2016 | No transaction during the year      |          | 725000                                                     | 3.25                             |
| 3       | Master Infrastructure and Real Estate Developers Limited | 0                                             | 0.00                             | 03.07.2015 | +625000                             | Purchase | 625000                                                     | 2.80                             |
|         |                                                          |                                               |                                  | 31.03.2016 | --                                  | --       | 625000                                                     | 2.80                             |
| 4       | Real Value Info Solutions Private Limited                | 532000                                        | 2.39                             | 31.03.2016 | No transaction during the year      |          | 532000                                                     | 2.39                             |
| 5       | Hypnos Fund Limited                                      | 550000                                        | 2.47                             | 31.03.2016 | -50000                              | Transfer | 500000                                                     | 2.24                             |
| 6       | SCM India Private Limited                                | 402203                                        | 1.80                             | 31.03.2016 | No transaction during the year      |          | 402203                                                     | 1.80                             |
| 7       | Suresh Kumar Jain                                        | 325000                                        | 1.46                             | 31.03.2016 | No transaction during the year      |          | 325000                                                     | 1.46                             |
| 8       | Majestic Scrips Private Limited                          | 273000                                        | 1.22                             | 31.03.2016 | No transaction during the year      |          | 273000                                                     | 1.22                             |
| 9       | Century Corporate Solutions Private Limited              | 246028                                        | 1.10                             | 09.10.2015 | -1500                               | Transfer | 244528                                                     | 1.09                             |
|         |                                                          |                                               |                                  | 16.10.2015 | -3700                               | Transfer | 240828                                                     | 1.08                             |
|         |                                                          |                                               |                                  | 27.11.2015 | -700                                | Transfer | 240128                                                     | 1.07                             |
|         |                                                          |                                               |                                  | 04.12.2015 | -200                                | Transfer | 239928                                                     | 1.07                             |
|         |                                                          |                                               |                                  | 08.01.2016 | -1300                               | Transfer | 238628                                                     | 1.07                             |
|         |                                                          |                                               |                                  | 25.03.2016 | +4447                               | Transfer | 243075                                                     | 1.09                             |
|         |                                                          |                                               |                                  | 31.03.2016 | --                                  | --       | 243075                                                     | 1.09                             |
| 10      | Alpic Capital Services Limited                           | 181034                                        | 0.81                             | 31.03.2016 | No transaction during the year      |          | 181034                                                     | 0.81                             |
|         | <b>Total</b>                                             | <b>4634265</b>                                | <b>23.59</b>                     |            |                                     |          | <b>5206312</b>                                             | <b>23.36</b>                     |

Note:-

- 1) List of the Top 10 Shareholders is taken as on 31.03.2016.
- 2) 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 i.e. 01.04.2015 |                                  | Date       | Increase/decrease in share-holding | Reason | Cumulative Shareholding during the year / as on 31.03.2016 |                                  |
|---------|-----------------------|-----------------------------------------------|----------------------------------|------------|------------------------------------|--------|------------------------------------------------------------|----------------------------------|
|         |                       | No. of shares                                 | % of total shares of the company |            |                                    |        | No. of shares                                              | % of total shares of the company |
| 1       | Mr. Adish Oswal       | 420511                                        | 1.89                             | 31.03.2016 | No transaction during the year     |        | 420511                                                     | 1.89                             |
| 2       | Mr. Ashok Kumar Oswal | 127748                                        | 0.57                             | 31.03.2016 | No transaction during the year     |        | 127748                                                     | 0.57                             |
| 3       | Mrs. Rakhi Oswal      | 17820                                         | 0.08                             | 31.03.2016 | No transaction during the year     |        | 17820                                                      | 0.08                             |
| 4       | Mr. Ajay Chaudhry     | 155                                           | 0.00                             | 31.03.2016 | No transaction during the year     |        | 155                                                        | 0.00                             |
| 5       | Mr. Sushil Sharma     | 750                                           | 0.00                             | 31.03.2016 | No transaction during the year     |        | 750                                                        | 0.00                             |

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

(₹ in lakh)

| Particulars                                                | Secured Loans Excluding Deposits | Unsecured Loans  | Deposits    | Total Indebtedness |
|------------------------------------------------------------|----------------------------------|------------------|-------------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                  |             |                    |
| i) Principal Amount                                        | 26,695.95                        | 2,399.84         | 0.00        | 29,095.79          |
| ii) Interest due but not paid                              | 250.23                           | 115.05           | 0.00        | 365.28             |
| iii) Interest accrued but not due                          | 0.00                             | 0.00             | 0.00        | 0.00               |
| <b>Total (i+ii+iii)</b>                                    | <b>26,946.18</b>                 | <b>2,514.89</b>  | <b>0.00</b> | <b>29,461.07</b>   |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                  |             |                    |
| * Addition                                                 | 19.75                            | 90.00            | 0.00        | 109.75             |
| * Reduction                                                | 3,389.18                         | 1,536.14         | 0.00        | 4,925.32           |
| Net Change                                                 | <b>-3,369.43</b>                 | <b>-1,446.14</b> | <b>0.00</b> | <b>-4,815.57</b>   |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                  |             |                    |
| i) Principal Amount                                        | 23,576.75                        | 1,068.75         | 0.00        | 24,645.50          |
| ii) Interest due but not paid                              | 310.24                           | 16.74            | 0.00        | 326.98             |
| iii) Interest accrued but not due                          | 0.00                             | 0.00             | 0.00        | 0.00               |
| <b>Total (i+ii+iii)</b>                                    | <b>23,886.99</b>                 | <b>1,085.49</b>  | <b>0.00</b> | <b>24,972.48</b>   |

**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                                       |                       |                             | Total              |
|---------|-------------------------------------------------------------------------------------|---------------------------------------------------------|-----------------------|-----------------------------|--------------------|
|         |                                                                                     | Mr. Ashok Kumar Oswal (MD)                              | Mr. Adish Oswal (WTD) | Mr. Ashok Kumar Goyal (WTD) |                    |
| 1       | Gross salary                                                                        |                                                         |                       |                             |                    |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 49,45,200                                               | 52,75,200             | 36,07,160                   | 1,38,27,560        |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 5,10,000                                                | 15,000                | 81,000                      | 6,06,000           |
|         | (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                                                  | -                                                       | -                     | -                           | -                  |
| 5       | Others allowances/ perquisites                                                      | 11,88,000                                               | 11,88,000             | 10,41,900                   | 34,17,900          |
|         | <b>Total (A)</b>                                                                    | <b>66,43,200</b>                                        | <b>64,78,200</b>      | <b>47,30,060</b>            | <b>1,78,51,460</b> |
|         | Ceiling as per the Act                                                              | As per part II of schedule V of the Companies Act, 2013 |                       |                             |                    |

## B. Remuneration to other Directors

(in ₹)

| Sr. No. | Name of Directors                          | Particulars of Remuneration                 |            |           | Total              |
|---------|--------------------------------------------|---------------------------------------------|------------|-----------|--------------------|
|         |                                            | Fee for attending board/ committee meetings | Commission | Others    |                    |
| 1       | <b>Independent Directors</b>               |                                             |            |           |                    |
|         | Mr. Ajay Chuadhry                          | 61,500                                      | --         | --        | 61,500             |
|         | Mr. M.D. Kanitkar                          | 47,000                                      | --         | --        | 47,000             |
|         | Dr. B.S. Bhatia                            | 58,000                                      | --         | --        | 58,000             |
|         | <b>Sub-total (1)</b>                       | <b>1,66,500</b>                             | <b>--</b>  | <b>--</b> | <b>1,66,500</b>    |
| 2       | <b>Other Non-Executive Directors</b>       |                                             |            |           |                    |
|         | Mrs. Rakhi Oswal                           | 15,000                                      | --         | --        | 15,000             |
|         | <b>Sub-total (2)</b>                       | <b>15,000</b>                               | <b>--</b>  | <b>--</b> | <b>15,000</b>      |
|         | <b>Total (B) = (1+2)</b>                   | <b>1,81,500</b>                             | <b>--</b>  | <b>--</b> | <b>1,81,500</b>    |
|         | <b>Total Managerial Remuneration (A+B)</b> | <b>--</b>                                   | <b>--</b>  | <b>--</b> | <b>1,80,32,960</b> |

## 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 | 22,97,027                 | 10,28,433              | 33,25,460        |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 1,23,075                  | 21,000                 | 1,44,075         |
|         | (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                                                  | -                         | -                      | -                |
| 5       | Others allowances/ perquisites                                                      | 6,52,000                  | 3,64,104               | 10,16,104        |
|         | <b>Total</b>                                                                        | <b>30,72,102</b>          | <b>14,13,537</b>       | <b>44,85,639</b> |

## VII. Penalties / Punishment/ Compounding of Offences:

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

For and on behalf of the Board

Sd/-

(Ashok Kumar Oswal)

Chairman and Managing Director  
(DIN-00009403)

Date: 12<sup>th</sup> August, 2016

Place: Ludhiana

## 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "SEBI (LODR) Regulations") gives an insight into the process of functioning of the Company.

Pursuant to SEBI (LODR) Regulations, the Company has executed fresh Listing Agreements with the Stock Exchanges. The Company is in compliance with the requirements stipulated under erstwhile Clause 49 of the Listing Agreements and regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (LODR) Regulations, as applicable, with regard to corporate governance.

### 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 Board consists of eight directors out of which three are Executive Directors and five are Non-Executive Directors including one woman director. The half of the Board comprises of Independent Directors. The Board of the Company is composed of eminent individuals from diverse fields.

#### b) Board Meetings

During the financial year under review, four Board Meetings were held on 25.05.2015, 08.08.2015, 10.11.2015 and 13.02.2016 and the gap between two consecutive meetings did not exceed one hundred and twenty days.

Details of composition of the board, Category of director, Shareholding details, Number of board meetings attended, Attendance at 35<sup>th</sup> 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 35 <sup>th</sup> AGM held on 29.09.2015 | 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                     | 4                             | YES                                                   | 16/2                                             | --                       | 1          |
| Mr. Adish Oswal (DIN 00009710)       | Executive Director/Promoter           | 4,20,511                     | 2                             | NO                                                    | 8/1                                              | --                       | --         |
| Mr. Ashok Kumar Goyal (DIN 06676556) | Executive Director                    | NIL                          | 4                             | YES                                                   | 1/1                                              | --                       | 1          |
| Mr. Ajay Chaudhry (DIN 00055733)     | Non-Executive Independent Director    | 155                          | 4                             | YES                                                   | 3/3                                              | 3                        | 1          |
| Dr. B. S. Bhatia (DIN 00551715)      | Non-Executive Independent Director    | NIL                          | 4                             | NO                                                    | 2/1                                              | --                       | 1          |
| Mr. M. D. Kanitkar (DIN 00551803)    | Non-Executive Independent Director    | NIL                          | 3                             | NO                                                    | 2/1                                              | --                       | 1          |
| Mrs. Rakhi Oswal (DIN 00009682)      | Non-Executive Director/Promoter       | 17,820                       | 2                             | NO                                                    | 4/1                                              | --                       | --         |
| Mr. Vishal Oswal (DIN 00002678)***   | Non-Executive Independent Director    | NIL                          | N.A.                          | N.A.                                                  | 6/2                                              | --                       | --         |

\* 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.

\*\*\* Mr. Vishal Oswal was appointed as Independent Director of the Company w.e.f. 13.02.2016.

## Notes:

1. 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 chairperson of more than five committees across all public companies in which he is a director.
2. 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 2015-16, Mr. Amit Jain was ceased from the directorship of the Company w.e.f 10.06.2015 and Mr. Vishal Oswal was appointed as an Additional Director being Independent director on the Board of the Company w.e.f. 13.02.2016. Mr. Ashok Kumar Oswal was re-appointed as Chairman & Managing Director and Mr. Adish Oswal as Executive Director of the Company w.e.f. 01.04.2015 for a period of three years.

### 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 SEBI (LODR) Regulations is regularly provided to the Board as a part of agenda papers along with 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://www.oswalgroup.com/investor\\_pdf/corporate-policy/Familiarization\\_Programmes-for-Independent-Directors.pdf](http://www.oswalgroup.com/investor_pdf/corporate-policy/Familiarization_Programmes-for-Independent-Directors.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 except sitting fees for attending Board Meeting @ ₹ 7,500/- per meeting and for the Committees Meeting @ ₹ 3,500/- per meeting.

#### Details of Remuneration paid to the Directors during the year:

(₹ in lakh)

| Name of Director      | Designation                         | Salary | Allowances & other Perquisites | Contribution to Provident & other Funds | Sitting Fee | Total Remuneration |
|-----------------------|-------------------------------------|--------|--------------------------------|-----------------------------------------|-------------|--------------------|
| Mr. Ashok Kumar Oswal | Chairman & Managing Director        | 39.60  | 22.08                          | 4.75                                    | N.A.        | 66.43              |
| Mr. Adish Oswal       | Executive Director                  | 39.60  | 20.43                          | 4.75                                    | N.A.        | 64.78              |
| Mr. Ashok Kumar Goyal | Executive Director                  | 25.43  | 18.82                          | 3.05                                    | N.A.        | 47.30              |
| Mr. Ajay Chaudhry     | Non- Executive Independent Director | –      | –                              | –                                       | 0.62        | 0.62               |
| Dr. B. S. Bhatia      | Non- Executive Independent Director | –      | –                              | –                                       | 0.58        | 0.58               |
| Mr. M. D. Kanitkar    | Non- Executive Independent Director | –      | –                              | –                                       | 0.47        | 0.47               |
| Mrs. Rakhi Oswal      | Non- Executive Director             | –      | –                              | –                                       | 0.15        | 0.15               |

### g) Independent Directors

Independent directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI (LODR) Regulations read with Section 149(6) of the Companies Act, 2013 ("Act"). The maximum tenure of the independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI (LODR) Regulations and Section 149(6) of the Companies Act, 2013.

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 21.12.2015 inter-alia reviewed the performance of Non-Independent Directors, Chairman & Managing Director 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 Regulation 18 of the SEBI (LODR) Regulations, which comprises three 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 & Accounts 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 Regulation 18 of the SEBI (LODR) Regulations.

The Committee met five times during the year on 25.05.2015, 08.08.2015, 10.11.2015, 21.12.2015 and 13.02.2016. 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                        |
| Dr. B. S. Bhatia    | Non-Executive Independent Director | 5                        |
| Mr. M. D. Kanitkar  | Non-Executive Independent Director | 4                        |

#### 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 08.08.2015 and all members were present at the meeting.

During the financial year 2015-16, the Company received five complaints which were mainly relating to dividend, interest, transfer, non receipt of Annual Report etc. The Company has duly addressed all the complaints and no complaint is pending.

Mr. Sushil Sharma, Company Secretary, is Compliance Officer of the Company, may be contacted at 0161-6629888 and fax at 0161-6629988. As per Regulation 6 of the SEBI (LODR) Regulations, the designated E-mail Id for the purpose of registering complaints/queries of investors is: [secretarial@vpl.in](mailto:secretarial@vpl.in)

#### c) Nomination and Remuneration Committee

The Company has Nomination & Remuneration Committee in terms of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations, which comprises three Non-executive Directors i.e. Mr. Ajay Chaudhry, Mr. M.D. Kanitkar and Dr. B.S. Bhatia. Mr. Ajay Chaudhry is the Chairman of the Committee. Terms of references of the Committee is in accordance with the Companies Act, 2013 and SEBI (LODR) Regulations. Two meetings were held during the year on 08.08.2015 and 13.02.2016 and all the members were present at the meetings.

The selection and remuneration criteria of directors, senior management personnel and performance evaluation of directors/ board/committee are defined in the Nomination and Remuneration Policy which forms part of the Annual Report.

#### d) Other Committees of the Board

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

| Name of the Committee                   | Members                                                                                                                  | Number of meeting held during the year | Terms of reference                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Share Transfer Committee                | Mr. Adish Oswal (Chairman)<br>Mr. Ashok Kumar Goyal<br>Mr. Parvinder Singh<br>Mr. Sushil Sharma                          | 10                                     | Issue of duplicate share/security certificate, splitting/ consolidation of shares/security, issue of new certificate of any type of securities, authorization to RTA and other matters incidental thereto.                                                                                                                                                                          |
| Allotment Committee                     | Mr. Ashok Kumar Oswal (Chairman)<br>Mr. Adish Oswal<br>Mr. Ajay Chaudhry<br>Dr. B. S. Bhatia                             | --                                     | Allotment the shares, warrants, debentures and any other securities.                                                                                                                                                                                                                                                                                                                |
| Risk Management Committee               | Mr. Ashok Kumar Oswal (Chairman)<br>Mr. Adish Oswal<br>Mr. Ashok Kumar Goyal<br>Mrs. Rakhi Oswal<br>Mr. Parvinder Singh  | --                                     | 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)<br>Mr. Adish Oswal<br>Mr. Ashok Kumar Goyal<br>Mr. Ajay Chaudhry<br>Mrs. Rakhi Oswal    | --                                     | <ul style="list-style-type: none"> <li>Formulate CSR Policy and Indicate the activities to be undertaken;</li> <li>Recommend spending under CSR; and</li> <li>To perform the functions as defined and covered under the Companies Act, 2013 and SEBI (LODR) Regulations.</li> </ul>                                                                                                 |
| Banking, Finance & Investment Committee | Mr. Ashok Kumar Oswal (Chairman)<br>Mr. Adish Oswal<br>Mr. Ashok Kumar Goyal<br>Mr. Ajay Chaudhry<br>Mr. Parvinder Singh | --                                     | <ul style="list-style-type: none"> <li>To borrow money/ avail finance of any kind;</li> <li>To invest the funds of the company;</li> <li>To grant or make loans or advances, give guarantee or provide securities in respect of loan;</li> <li>Banking operations activities; and</li> <li>Any other ancillary and incidental issues as required for above said matters.</li> </ul> |

#### 4. 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 is available at Company's website. 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.

#### 5. 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.

#### 6. 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://www.oswalgroup.com/investor\\_pdf/corporate-policy/Determination-of-Material-Subsidiary-Policy.pdf](http://www.oswalgroup.com/investor_pdf/corporate-policy/Determination-of-Material-Subsidiary-Policy.pdf)

#### 7. SHAREHOLDERS

##### a) Details of Directors seeking appointment/re-appointment

The brief profile of the directors seeking appointment/re-appointment is provided in the Notice of convening the Annual General Meeting, 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 |
|----------------------|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------|-----------------------------------|
| 35 <sup>th</sup> AGM | Tuesday, 29 <sup>th</sup> September, 2015 at 11:00 a.m. | <b>Regd. Office:</b><br>Vardhman Park, Chandigarh Road,<br>Ludhiana - 141 123                          | NIL                               |
| 34 <sup>th</sup> AGM | Tuesday, 30 <sup>th</sup> September, 2014 at 11.00 a.m. | <b>Regd. Office:</b><br>341 K-1, Mundian Khurd, P.O.<br>Sahabana, Chandigarh Road,<br>Ludhiana-141 123 | 6                                 |
| 33 <sup>rd</sup> AGM | Monday, 30 <sup>th</sup> September, 2013 at 11.00 a.m.  | ---- do-----                                                                                           | 2                                 |

**Postal Ballot:** During the year 2015-16, the Company has not passed any resolution through postal ballot.

##### 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.vpl.in](http://www.vpl.in)

#### 8. DISCLOSURES

**a) 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 SEBI (LODR) Regulations. 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://www.oswalgroup.com/investor\\_pdf/corporate-policy/Policy-on-dealing-with-Related-Party-Transactions.pdf](http://www.oswalgroup.com/investor_pdf/corporate-policy/Policy-on-dealing-with-Related-Party-Transactions.pdf)

**b) 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.

**c) 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.

**d) Mandatory/Discretionary requirements:** Due to resignation of Mr. Amit Jain, being Independent director on 10.06.2015, the Company had not been having a requisite number of independent directors. However, the same has been complied with from 13.02.2016 upon the appointment of Mr. Vishal Oswal as independent director of the Company. All other mandatory requirements of SEBI (LODR) Regulations/erstwhile clause 49 of Listing Agreement has been complied with during the year.

The Company has also implemented discretionary requirements of SEBI (LODR) Regulations regarding direct report by internal auditor to Audit Committee.

## 9. GENERAL SHAREHOLDERS INFORMATION

### I) 36<sup>th</sup> Annual General Meeting

Date : Friday, 30<sup>th</sup> September, 2016  
Time : 11:00 A.M.  
Venue : Regd. Office: Vardhman Park, Chandigarh Road, Ludhiana - 141123

### II) Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March

### III) Financial Calendar 2016-2017 (Tentative)

First Quarter Results : August, 2016  
Second Quarter/Half year Results : November, 2016  
Third Quarter Results : February, 2017  
Annual Results : May, 2017

### IV) Dividend Payment date : Not Applicable

### V) Listing of Securities

| Sr. No. | Description                                | Stock Exchange                                                                                                       | Stock Code |
|---------|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------|
| 1.      | Equity Shares                              | BSE Limited<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001                                               | 514175     |
|         |                                            | The National Stock Exchange of India Ltd (NSE)<br>"Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai-400 051 | VARDMPOLY  |
| 2.      | Foreign Currency Convertible Bonds (FCCBs) | Singapore Exchange Securities Trading Ltd.<br>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 2016-2017.

### VI) Stock Market Data

The month-wise highest, lowest and closing stock prices vis-à-vis BSE Sensex and NSE Nifty during the financial year 2015-16 are given below:-

| Financial Year 2015-16<br>(Month) | VPL Share Price at BSE |       |       | BSE Sensex |       |       | VPL Share Price at NSE |       |       | NSE Nifty |      |       |
|-----------------------------------|------------------------|-------|-------|------------|-------|-------|------------------------|-------|-------|-----------|------|-------|
|                                   | High                   | Low   | Close | High       | Low   | Close | High                   | Low   | Close | High      | Low  | Close |
| April                             | 48.00                  | 36.30 | 40.15 | 29095      | 26898 | 27011 | 48.00                  | 37.75 | 41.00 | 8845      | 8145 | 8182  |
| May                               | 44.40                  | 37.30 | 40.95 | 28071      | 26424 | 27828 | 44.75                  | 36.65 | 39.10 | 8490      | 7997 | 8434  |
| June                              | 42.00                  | 34.00 | 39.35 | 27969      | 26307 | 27781 | 42.70                  | 34.10 | 38.50 | 8467      | 7940 | 8369  |
| July                              | 55.55                  | 39.90 | 49.00 | 28578      | 27416 | 28115 | 55.40                  | 40.75 | 49.30 | 8655      | 8315 | 8533  |
| August                            | 68.00                  | 34.05 | 41.75 | 28418      | 25298 | 26283 | 69.00                  | 35.25 | 41.15 | 8622      | 7667 | 7971  |
| September                         | 44.50                  | 36.25 | 40.65 | 26472      | 24834 | 26155 | 48.40                  | 34.10 | 40.25 | 8055      | 7540 | 7949  |
| October                           | 55.00                  | 39.25 | 42.50 | 27618      | 26169 | 26657 | 55.50                  | 38.25 | 42.25 | 8336      | 7931 | 8066  |
| November                          | 51.75                  | 42.00 | 49.45 | 26824      | 25451 | 26146 | 51.95                  | 41.05 | 48.55 | 8116      | 7714 | 7935  |
| December                          | 56.40                  | 40.35 | 50.15 | 26256      | 24868 | 26118 | 56.40                  | 43.15 | 49.80 | 7979      | 7551 | 7946  |
| January                           | 61.95                  | 41.00 | 42.45 | 26197      | 23840 | 24871 | 61.50                  | 40.70 | 42.15 | 7973      | 7242 | 7564  |
| February                          | 46.90                  | 33.10 | 35.90 | 25002      | 22495 | 23002 | 43.80                  | 32.90 | 35.50 | 7600      | 6826 | 6987  |
| March                             | 45.50                  | 33.65 | 37.90 | 25480      | 23133 | 25342 | 41.00                  | 34.00 | 37.85 | 7778      | 7035 | 7738  |

### 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](mailto:rta@alankit.com), Web Site: [www.alankit.com](http://www.alankit.com)

### VIII) Share Transfer System

The Company has authorised RTA for transfer/transmission/dematerialization/rematerialization etc., who process the formalities related thereto on an average once in a week. A status report, of valid physical transfer/transmission etc. and objectionable cases, receive from RTA is placed before the board of directors periodically. The share certificates are returned/dispached 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.

### IX) Dematerialisation of Shares

The shares of the Company are traded on the Stock Exchanges compulsorily in demat form. The International Securities Identification Number (ISIN) for equity shares is INE835A01011. 90.30% of the paid up equity share capital comprising 2,01,27,756 shares were dematerialised as on 31<sup>st</sup> March, 2016.

**X) Distribution of Shareholding as on 31<sup>st</sup> March, 2016**

| Range<br>(No. of shares) | Shareholders |               | Shares             |               |
|--------------------------|--------------|---------------|--------------------|---------------|
|                          | Numbers      | %age          | Numbers            | %age          |
| Upto 500                 | 6,703        | 91.86         | 8,77,161           | 3.94          |
| 501 - 1000               | 284          | 3.89          | 2,28,159           | 1.02          |
| 1001 - 5000              | 211          | 2.89          | 4,88,117           | 2.19          |
| 5001 - 10000             | 25           | 0.34          | 1,94,848           | 0.87          |
| 10001 - 50000            | 44           | 0.60          | 10,85,454          | 4.87          |
| 50001 & Above            | 30           | 0.42          | 1,94,17,218        | 87.11         |
| <b>Total</b>             | <b>7,297</b> | <b>100.00</b> | <b>2,22,90,957</b> | <b>100.00</b> |

**XI) Shareholding Pattern of the Company**

| Sr.<br>No. | Category of the shareholders                 | As on 31 <sup>st</sup> March, 2016 |               |
|------------|----------------------------------------------|------------------------------------|---------------|
|            |                                              | No. of Shares                      | %age          |
| 1.         | Promoters/Promoter Group                     | 1,34,04,652                        | 60.13         |
| 2.         | Mutual Funds / Trust                         | 2,250                              | 0.01          |
| 3.         | Banks, Financial Institutions, Insurance Co. | 1,134                              | 0.01          |
| 4.         | Bodies Corporate                             | 43,11,527                          | 19.34         |
| 5.         | Indian Public                                | 40,42,298                          | 18.13         |
| 6.         | NRIs, OCBs, FIIs                             | 5,29,096                           | 2.38          |
|            | <b>Total</b>                                 | <b>2,22,90,957</b>                 | <b>100.00</b> |

**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 1.1 million.

**XIII) Commodity Price Risk/Foreign Currency Risk/Hedging Activities**

Please refer point 3(e) of the Board's Report for the same.

**XIV) Plant/Unit Locations**

- Vardhman Polytex Limited,  
Badal Road, Bathinda-151 005 (PB)
- Vardhman Polytex Limited (Spinning & Dyeing division)  
D- 295/1, Phase VIII, Focal Point, Ludhiana-141 010 (PB)
- Vardhman Polytex Limited, Village Nangal Nihla/Upperla,  
Swarghat Road, Nalagarh -174 101(HP)
- Amkryon International,  
D-295/1, Phase VIII, Focal Point, Ludhiana-141 010 (PB)

**XV) Address for correspondence**

Shareholders may send their correspondence to the Company's Registrar & Transfer Agents (RTA) 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 : 0161-6629888

Fax : 0161-6629988

E-mail : [secretarial@vpl.in](mailto:secretarial@vpl.in)

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

**XVI) Unpaid/Unclaimed Dividend**

The unpaid/unclaimed dividend upto the financial year 2007-2008 has been transferred to Investor Education and Protection Fund (IEPF) of the Central Government and there is no unclaimed/unpaid dividend pending with the Company.

**10. AUDITOR'S CERTIFICATE ON COMPLIANCE**

Certificate from the Statutory Auditors on the compliances 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 : 12<sup>th</sup> August, 2016

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 31<sup>st</sup> March, 2016 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 we 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 we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Ludhiana  
Dated : 12<sup>th</sup> August, 2016

Sd/-  
**Parvinder Singh**  
Chief Financial Officer

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

## CERTIFICATE OF COMPLIANCE FROM AUDITORS

To The Members,  
Vardhman Polytex Limited

We have examined the compliance of conditions of Corporate Governance by **Vardhman Polytex Limited ("the Company")** for the year ended March 31, 2016, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (erstwhile clause 49 of the Listing Agreement) with the documents and records maintained by the Company and the report on corporate governance as adopted by the Board of Directors.

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 and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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: 12<sup>th</sup> August, 2016

## 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, 2016, the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **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 the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone 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 provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as 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 standalone financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone 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 year ended March 31, 2015, the Company had transferred land used for real estate development from fixed assets into stock in trade as explained in note 37 of the financial statements. 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 Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This has resulted in overstatement of cost of development by ₹2,958.51 lakh and overstating other income by an amount of ₹3,050.17 lakh during the year ended March 31, 2016.*
2. *No provision has been made on the investment and loans and advances made in one of the subsidiary company F.M. Hammerle Textiles Limited of ₹ 9,126.41 lakh and ₹ 2,662.93 lakh respectively whose net worth has been completely eroded and having a loss of ₹ 15,452.51 lakh against share capital of ₹ 12,386.75 lakh as on March 31, 2016. This is at variance with Accounting Standard AS-13 'Accounting for Investments' specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This has resulted in profit for the year ended March 31, 2016 being overstated and investments, loans and advances and reserves and surplus being overstated by the same amount at March 31, 2016.*

### **Qualified 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, 2016, and its profit 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, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and, except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid standalone financial statements;
  - b. In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";
  - g. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
  - h. 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, 2016 on its financial position in its standalone financial statements – Refer Note 28 & 29 to the standalone 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.

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

Sd/-  
**Sunil Wahal**  
Partner  
Membership No: 087294

Place: New Delhi  
Date: May 30, 2016

## Annexure A to the Independent Auditor's Report to the members of Vardhman Polytex Limited on its standalone financial statements dated May 30, 2016

### Report on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 ("the Act") as referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the company except for one case of immovable property of leasehold land costing ₹ 136.77 lakh out of ₹ 1,969.35 lakh (freehold/leasehold) as at March 31, 2016 for which during the year, Maharashtra Industrial Development Corporation has asked the Company to surrender and vacate the possession of this land, as the management has decided not to set up the factory on such land.

- ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. In respect of inventories lying with third parties we have relied on the confirmations given by such parties as at year end and no material discrepancies were noticed in respect of such confirmations.
- iii. (a) The Company has granted loan to one of its subsidiary company covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of this loan is not prejudicial to the Company's interest.
- (b) The above loan is re-payable on demand as agreed. In respect of this loan, we are informed that the company has not demanded repayment of such loan, thus there is no default on repayment of such loan. In respect of interest on such loan, the company has charged interest for the period 1<sup>st</sup> April 2015 to 30<sup>th</sup> June 2016 and waived interest for the balance period up to 31<sup>st</sup> March 2016 as approved vide its Board Meeting dated May 30, 2016.
- (c) As the above loan is repayable on demand therefore this loan is not outstanding for more than ninety days.
- iv. As per the information and explanations given to us and on the basis of our examination of the records, the Company has complied with provision of section 185 and 186 of the Act, except for a loan given to its subsidiary covered under section 186 of the Act, where interest has been charged for part of the year from 1<sup>st</sup> April 2015 to 30<sup>th</sup> June 2015 and waived for the balance period up to 31<sup>st</sup> March, 2016 as approved vide its Board Meeting dated May 30, 2016.
- v. As the Company has not accepted deposits, the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under, are not applicable.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act and are of the opinion that prima facie, the specified accounts and records have been made and maintained by the Company. However, we are not required to make a detailed examination of such accounts and records.
- 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 duty of customs and value added tax 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:

| Name of the statute      | Nature of dues | Period to which it pertains | Amount in dispute (₹ in lakh) | Forum where the dispute is pending              | Amount deposited (₹ in lakh) | Matter of dispute                                                 |
|--------------------------|----------------|-----------------------------|-------------------------------|-------------------------------------------------|------------------------------|-------------------------------------------------------------------|
| Central Excise Act, 1944 | Excise Duty    | 2006-09                     | 4.63                          | The Commissioner of Central Excise, Chandigarh  | -                            | Interest on cenvat credit taken wrongly duly reversed thereafter. |
| Central Excise Act, 1944 | Excise Duty    | 2004-05                     | 28.92                         | CESTAT, New Delhi                               | -                            | Cenvat credit on input has been reversed.                         |
| Central Excise Act, 1944 | 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                    |
| Central Excise Act, 1944 | Excise Duty    | 2004-05                     | 14.75                         | Joint Secretary, New Delhi                      | 13.85                        |                                                                   |
| Central Excise Act, 1944 | Excise Duty    | 2009-10                     | 89.07                         | Chief Commissioner of Central Excise, Ludhiana  | -                            |                                                                   |

| Name of the statute                | Nature of dues | Period to which it pertains                              | Amount in dispute (₹ in lakh) | Forum where the dispute is pending              | Amount deposited (₹ in lakh) | Matter of dispute                                                                                                                                                                               |
|------------------------------------|----------------|----------------------------------------------------------|-------------------------------|-------------------------------------------------|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Central Excise Act, 1944           | Excise Duty    | 2009-10                                                  | 1.82                          | Chief Commissioner of Central Excise, Ludhiana  | -                            |                                                                                                                                                                                                 |
| Finance Act, 1994                  | Service tax    | 2004-05, 2005-06 and 2006-07                             | 14.11                         | Additional Commissioner of C.E., Ludhiana       | 1.91                         | Service Tax on overseas commission                                                                                                                                                              |
| Income Tax Act, 1961               | Income tax     | AY 1998-99 to 2002-2003, 2007-2008, 2008-2009, 2011-2012 | 594.89                        | CIT (Appeals), Ludhiana                         | 92.11                        | Disallowance of deduction under section 80HHC & 80M<br>Disallowance of Interest u/s 36(1)(iii) for investment in subsidiary companies and interest disallowance u/s 14A.                        |
| Income Tax Act, 1961               | Income tax     | AY 2003-2004, 2004-2005, 2005-2006, 2006-2007,           | 162.70                        | ITAT, Bench Chandigarh                          | 32.98                        | Disallowance of deduction under section 80HHC & 80M.                                                                                                                                            |
| Income Tax Act, 1961               | Income tax     | AY 1998-99 to 2001-2002,                                 | 218.08                        | 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, 1948 | Punjab Vat     | 2000-01, 2001-02                                         | 17.61                         | DETC Appeal                                     | 5.10                         | Incremental production in respect of additional fixed capital investment.                                                                                                                       |
| Punjab General Sales Tax Act, 1948 | Punjab Vat     | 2005-06, 2006-07                                         | 0.48                          | DETC, Patiala                                   | 0.38                         |                                                                                                                                                                                                 |
| Punjab General Sales Tax Act, 1948 | 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, 1957               | Wealth Tax     | AY 1998-99                                               | 2.11                          | ITAT, Chandigarh                                | -                            | Dispute on valuation of land                                                                                                                                                                    |

viii. In our opinion, and according to the information and explanations given to us, we report as follows:

*The Company has defaulted in repayment of dues to financial institutions/banks in respect of various loans and interest aggregating ₹ 5,825.88 lakh (with delays ranging from 1 to 59 days) were delayed and either paid during the current financial year or subsequently. Principal and interest aggregating to ₹ 1,083.33 lakh are outstanding as on balance sheet date and paid subsequently by 27<sup>th</sup> May, 2016.*

*The Company has defaulted in repayment borrowing and premium on Foreign Currency Convertible Bonds (payable to Bank), amounting to ₹ 862.94 lakh and was outstanding as at balance sheet date .*

ix. In our opinion, and according to the information and explanations given to us, the company has not raised

any monies by way of initial public offer or further public offer or term loan during the financial year, hence the related reporting requirement of the Order are not applicable.

- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

- xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Act, where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Act.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S.S. Kothari Mehta & Co**

Chartered Accountant

Firm Registration Number: 000756N

Sd/-

**Sunil Wahal**

Partner

Place: New Delhi

Date: May 30, 2016

Membership Number: 087294

**Annexure B to the Independent Auditor's Report to the Members of Vardhman Polytex Limited ('the Company') on its standalone financial statements dated May 30, 2016**

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

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

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These

responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

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

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in

accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

## **Qualified Opinion**

*According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2016.*

*The Company's internal financial controls over evaluation and assessment of recoverability including any provision to be made there against in respect of investments made in subsidiaries and loans/advances given to subsidiaries were*

*not operating effectively which could potentially result in the Company not recognizing sufficient provision there against.*

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

*In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2016.*

**For S.S. KOTHARI MEHTA & CO**

Chartered Accountants  
Firm Registration No. 000756N

Sd/-

**Sunil Wahal**

Partner

Membership No: 087294

Place: New Delhi

Date: May 30, 2016


**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

| Particulars                                                                               | Note No. | As at 31.03.2016<br>₹ lakh | As at 31.03.2015<br>₹ lakh |
|-------------------------------------------------------------------------------------------|----------|----------------------------|----------------------------|
| <b>I. EQUITY AND LIABILITIES</b>                                                          |          |                            |                            |
| <b>1. Shareholders' Funds</b>                                                             |          |                            |                            |
| (a) Share capital                                                                         | 3        | 2,232.54                   | 2,232.54                   |
| (b) Reserves and surplus                                                                  | 4        | 8,509.64                   | 10,629.81                  |
| <b>Total Shareholders' Funds</b>                                                          |          | <b>10,742.18</b>           | <b>12,862.35</b>           |
| <b>2. Non Current Liabilities</b>                                                         |          |                            |                            |
| (a) Long term borrowings                                                                  | 5        | 19,370.26                  | 22,795.72                  |
| (b) Long term provisions                                                                  | 7        | 213.08                     | 206.77                     |
| (c) Other non current liabilities                                                         | 8        | -                          | 71.51                      |
| <b>Total Non Current Liabilities</b>                                                      |          | <b>19,583.34</b>           | <b>23,074.00</b>           |
| <b>3. Current Liabilities</b>                                                             |          |                            |                            |
| (a) Short term borrowings                                                                 | 9        | 16,633.35                  | 16,391.28                  |
| (b) Trade payables                                                                        | 10       |                            |                            |
| - total outstanding dues of micro enterprises and small enterprises                       |          | -                          | -                          |
| - total outstanding dues of creditors other than micro enterprises and small enterprises. |          | 6,372.62                   | 6,858.45                   |
| (c) Other current liabilities                                                             | 11       | 9,142.43                   | 10,071.04                  |
| (d) Short term provisions                                                                 | 7        | 223.91                     | 488.80                     |
| <b>Total Current Liabilities</b>                                                          |          | <b>32,372.31</b>           | <b>33,809.57</b>           |
| <b>TOTAL</b>                                                                              |          | <b>62,697.83</b>           | <b>69,745.92</b>           |
| <b>II. ASSETS</b>                                                                         |          |                            |                            |
| <b>1. Non Current Assets</b>                                                              |          |                            |                            |
| (a) Fixed assets                                                                          |          |                            |                            |
| Tangible assets                                                                           | 12       | 23,729.22                  | 25,712.37                  |
| Intangible assets                                                                         | 12       | 137.92                     | 71.48                      |
| Capital work in progress                                                                  |          | 663.58                     | 411.10                     |
| (b) Non current investments                                                               | 13       | 9,149.56                   | 9,149.56                   |
| (c) Deferred tax assets (Net)                                                             | 6        | 5,016.18                   | 5,016.18                   |
| (d) Long term loans and advances                                                          | 14       | 1,470.43                   | 1,123.01                   |
| (e) Other non current assets                                                              | 15       | 2,530.37                   | 2,570.67                   |
| <b>Total Non Current Assets</b>                                                           |          | <b>42,697.26</b>           | <b>44,054.37</b>           |
| <b>2. Current Assets</b>                                                                  |          |                            |                            |
| (a) Current investments                                                                   | 13       | 18.34                      | 31.94                      |
| (b) Inventories                                                                           | 16       | 7,301.31                   | 13,790.03                  |
| (c) Trade receivables                                                                     | 17       | 7,411.89                   | 5,251.99                   |
| (d) Cash and bank balances                                                                | 18       | 613.43                     | 948.06                     |
| (e) Short term loans and advances                                                         | 14       | 4,655.60                   | 5,669.53                   |
| <b>Total Current Assets</b>                                                               |          | <b>20,000.57</b>           | <b>25,691.55</b>           |
| <b>TOTAL</b>                                                                              |          | <b>62,697.83</b>           | <b>69,745.92</b>           |

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 &amp; Co.

Chartered Accountants

Firm Reg. No:- 000756N

FOR AND ON BEHALF OF 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 &amp; Managing Director

(DIN-00009403)

Place : Ludhiana

Date : 30<sup>th</sup> May, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016**

| Particulars                                                | Note No. | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|------------------------------------------------------------|----------|------------------------------------|------------------------------------|
| <b>I. REVENUE</b>                                          |          |                                    |                                    |
| (a) Revenue from operations                                | 19       | 87,808.92                          | 94,241.29                          |
| Less : Excise duty                                         |          | (0.82)                             | (0.60)                             |
| (b) Other incomes                                          | 20       | 5,003.35                           | 2,354.15                           |
| <b>Total Revenue</b>                                       |          | <b>92,811.45</b>                   | <b>96,594.84</b>                   |
| <b>II. EXPENSES</b>                                        |          |                                    |                                    |
| (a) Cost of material consumed                              | 21       | 56,188.33                          | 63,492.38                          |
| (b) Purchase of stock in trade                             |          | 3,806.95                           | 1,206.35                           |
| (c) Changes in inventories                                 | 22       | 162.84                             | 1,041.20                           |
| (d) Employee benefit expense                               | 23       | 5,480.66                           | 5,450.30                           |
| (e) Finance costs                                          | 24       | 6,996.71                           | 7,255.20                           |
| (f) Depreciation and amortization expense                  | 25       | 2,818.42                           | 3,238.57                           |
| (g) Other expenses                                         | 26       | 16,455.90                          | 17,142.77                          |
| <b>Total Expenses</b>                                      |          | <b>91,909.81</b>                   | <b>98,826.77</b>                   |
| <b>III. Profit/(Loss) before exceptional items and tax</b> |          | <b>901.64</b>                      | <b>(2,231.93)</b>                  |
| Exceptional items (Refer note no. 13(b))                   |          | -                                  | 3,585.01                           |
| <b>IV. Profit/(Loss) before tax</b>                        |          | <b>901.64</b>                      | <b>(5,816.94)</b>                  |
| <b>V. Tax expense</b>                                      |          |                                    |                                    |
| (a) Current tax                                            |          | -                                  | -                                  |
| (b) Deferred tax (credit)                                  |          | -                                  | 2,936.74                           |
| <b>VI. Profit/(Loss) after tax for the year</b>            |          | <b>901.64</b>                      | <b>(2,880.20)</b>                  |
| <b>VII. Earnings per equity share (in ₹)</b>               | 27       |                                    |                                    |
| (a) Basic                                                  |          | 4.04                               | (14.02)                            |
| (b) Diluted                                                |          | 4.04                               | (14.02)                            |

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 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 : 30<sup>th</sup> May, 2016


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

| Particulars                                            | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|--------------------------------------------------------|------------------------------------|------------------------------------|
| <b>a) CASH FLOW FROM OPERATING ACTIVITIES</b>          |                                    |                                    |
| Profit/(Loss) before tax                               | 901.64                             | (5,816.94)                         |
| <b>Add:</b> Depreciation                               | 2,818.42                           | 3,238.57                           |
| Interest paid                                          | 6,996.71                           | 7,255.20                           |
| Net loss on fixed assets sold / discarded              | -                                  | 3.59                               |
| Loss on sale of investment                             | -                                  | 3,585.01                           |
| Foreign currency monetary item translation difference  | 28.36                              | (56.11)                            |
| Sundry balance written off                             | 30.24                              | 33.92                              |
| <b>Less:</b> Dividend received                         | -                                  | (2.75)                             |
| Net profit on fixed assets sold / discarded            | (232.42)                           | (4.89)                             |
| Profit on investment sold                              | (635.42)                           | (279.20)                           |
| Transfer from capital reserve                          | (3,050.17)                         | (1,025.85)                         |
| Interest received                                      | (221.27)                           | (278.50)                           |
| Sundry balance written back                            | (92.93)                            | (95.08)                            |
| <b>Operating profit before working capital changes</b> | <b>6,543.16</b>                    | <b>6,556.97</b>                    |
| <b>Working capital changes</b>                         |                                    |                                    |
| Trade receivables                                      | (2,159.90)                         | 1,343.02                           |
| Inventories                                            | 6,488.73                           | (494.84)                           |
| Loans & advances / other current assets                | 666.62                             | 643.28                             |
| Trade payables & other liabilities                     | (1,233.65)                         | (375.91)                           |
| <b>Cash Generated from Operations</b>                  | <b>10,304.96</b>                   | <b>7,672.52</b>                    |
| Less: Direct taxes paid                                | 30.36                              | 48.11                              |
| <b>Net Cash from Operating activities</b>              | <b>10,274.60</b>                   | <b>7,624.41</b>                    |
| <b>b) CASH FLOW FROM INVESTING ACTIVITIES</b>          |                                    |                                    |
| Addition in fixed assets (net)                         | (1,247.67)                         | (1,314.93)                         |
| Sale of fixed assets                                   | 325.89                             | 212.77                             |
| Interest/dividend received                             | 221.27                             | 281.24                             |
| Sale of investments                                    | 13.60                              | 953.51                             |
| <b>Net cash from/(used) in investing activities</b>    | <b>(686.91)</b>                    | <b>132.59</b>                      |
| <b>c) CASH FLOW FROM FINANCING ACTIVITIES</b>          |                                    |                                    |
| Long term borrowings - term loans (net of repayments)  | (3,754.87)                         | (5,130.52)                         |
| Short term borrowings (working capital)                | 242.07                             | 3,963.80                           |
| Other non current liabilities                          | (71.51)                            | 71.51                              |
| Issue of share capital                                 | -                                  | 1,360.15                           |
| Share application money received/(allotted)            | -                                  | (985.00)                           |
| Interest paid                                          | (6,378.31)                         | (7,191.54)                         |
| <b>Net cash used in financing activities</b>           | <b>(9,962.62)</b>                  | <b>(7,911.60)</b>                  |
| <b>Increase/(decrease) in cash or cash equivalents</b> | <b>(374.93)</b>                    | <b>(154.60)</b>                    |
| Opening cash or cash equivalents                       | 1,282.73                           | 1,437.33                           |
| <b>Closing cash or cash equivalents*</b>               | <b>907.80</b>                      | <b>1,282.73</b>                    |

\* Cash or cash equivalents includes cash & cash equivalents & other bank balances - refer note no.18

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

**FOR AND ON BEHALF OF 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 : 30<sup>th</sup> May, 2016

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2016

### 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 developed residential and commercial colony/project named as 'Vardhman Park' situated at Chandigarh Road, Ludhiana -141123.
- d) These financial statements are presented in Indian Rupees (₹).

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### a) BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### b) USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### 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 the rate as assessed by the management of the Company. The difference between the rate as assessed 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.

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, services 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 income 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 centvat / 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.

| <b>Asset description</b>    | <b>Useful Life (Years)</b> |
|-----------------------------|----------------------------|
| Plant & machinery           |                            |
| - continuous process        | 25                         |
| - others                    | 7.50 -15                   |
| Other equipment             | 5 - 10                     |
| Computers and equipments    | 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 31.03.2016 |                  | As at 31.03.2015 |                  |
|---------------------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                                     | Number           | Amount<br>₹ lakh | Number           | Amount<br>₹ lakh |
| <b>Authorised</b>                                                   |                  |                  |                  |                  |
| Equity shares of ₹ 10/- each                                        | 7,00,00,000      | 7,000.00         | 7,00,00,000      | 7,000.00         |
| <b>TOTAL</b>                                                        | 7,00,00,000      | 7,000.00         | 7,00,00,000      | 7,000.00         |
| <b>Issued, subscribed and fully paid up</b>                         |                  |                  |                  |                  |
| 2,22,90,957 (Previous year 2,22,90,957 equity shares of ₹10/- each) | 2,22,90,957      | 2,229.09         | 2,22,90,957      | 2,229.09         |
| Forfeited shares                                                    | -                | 3.45             | -                | 3.45             |
| <b>TOTAL</b>                                                        | 2,22,90,957      | 2,232.54         | 2,22,90,957      | 2,232.54         |

**3.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

| Particulars                                           | As at 31.03.2016 |          | As at 31.03.2015 |          |
|-------------------------------------------------------|------------------|----------|------------------|----------|
|                                                       | No. of shares    | ₹ lakh   | No. of shares    | ₹ lakh   |
| <b>Equity shares</b>                                  |                  |          |                  |          |
| At the beginning of the year                          | 2,22,90,957      | 2,229.09 | 1,98,17,957      | 1,981.80 |
| <b>Add:</b> Issued during the year (Refer note no. b) | -                | -        | 24,73,000        | 247.29   |
| Outstanding at the end of the year (Refer note no. a) | 2,22,90,957      | 2,229.09 | 2,22,90,957      | 2,229.09 |

**Note:**

- a) Out of 1,34,04,652 (Previous year: 1,34,04,202) equity shares (face value of ₹10/- each) held by promoters & promoters group companies, 1,09,31,202 (Previous year: 1,09,31,202) equity shares (face value of ₹10/- each) pledged with National Securities Depository Limited (NSDL) in favour of Canara Bank (lead banker).
- b) 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, 2016, 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 31.03.2016 |       | As at 31.03.2015 |       |
|----------------------------------------------|------------------|-------|------------------|-------|
|                                              | No. of Shares    | %     | No. of Shares    | %     |
| Panchsheel Textile Mfg. & Trdg. Co. (P) Ltd. | 44,26,917        | 19.86 | 44,26,917        | 19.86 |
| Alma Assets Consultancy (P) Ltd.             | 43,62,325        | 19.57 | 43,62,325        | 19.57 |
| Swarnim Tie Up (P) Ltd.                      | 14,00,000        | 6.28  | 14,00,000        | 6.28  |
| Altfort Merchants (P) Ltd.                   | 21,82,000        | 9.79  | 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<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>Capital Subsidy</b>                                                                                                                                   |                               |                               |
| Opening balance                                                                                                                                          | 95.50                         | 95.50                         |
| Changes during the year                                                                                                                                  | -                             | -                             |
| <b>Closing balance</b>                                                                                                                                   | <b>95.50</b>                  | <b>95.50</b>                  |
| <b>Capital Redemption Reserve</b>                                                                                                                        |                               |                               |
| Opening balance                                                                                                                                          | 0.01                          | 0.01                          |
| Changes during the year                                                                                                                                  | -                             | -                             |
| <b>Closing balance</b>                                                                                                                                   | <b>0.01</b>                   | <b>0.01</b>                   |
| <b>Capital Reserve</b>                                                                                                                                   |                               |                               |
| Opening balance                                                                                                                                          | 3,050.17                      | -                             |
| (+) Current year created                                                                                                                                 | -                             | 4,076.02                      |
| (-) Written back in current year (refer note no. 37)                                                                                                     | 3,050.17                      | 1,025.85                      |
| <b>Closing balance</b>                                                                                                                                   | <b>-</b>                      | <b>3,050.17</b>               |
| <b>General Reserve</b>                                                                                                                                   |                               |                               |
| Opening balance                                                                                                                                          | 9,865.69                      | 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. 12(b)) | -                             | 500.52                        |
| <b>Closing balance</b>                                                                                                                                   | <b>9,865.69</b>               | <b>9,865.69</b>               |
| <b>Amalgamation Reserve</b>                                                                                                                              |                               |                               |
| Opening balance                                                                                                                                          | 45.00                         | 45.00                         |
| Changes during the year                                                                                                                                  | -                             | -                             |
| <b>Closing balance</b>                                                                                                                                   | <b>45.00</b>                  | <b>45.00</b>                  |
| <b>Foreign Currency Translation Reserve</b>                                                                                                              |                               |                               |
| Opening balance                                                                                                                                          | 5.71                          | 61.82                         |
| (+) Current year transfer                                                                                                                                | 28.36                         | -                             |
| (-) Written back in current year                                                                                                                         | -                             | 56.11                         |
| <b>Closing balance</b>                                                                                                                                   | <b>34.07</b>                  | <b>5.71</b>                   |
| <b>Security Premium Reserve</b>                                                                                                                          |                               |                               |
| Opening balance                                                                                                                                          | 7,731.06                      | 6,618.21                      |
| (+) Equity share capital issued                                                                                                                          | -                             | 1,112.85                      |
| <b>Closing balance</b>                                                                                                                                   | <b>7,731.06</b>               | <b>7,731.06</b>               |
| <b>Net Deficit in the Statement of Profit and Loss</b>                                                                                                   |                               |                               |
| Opening balance                                                                                                                                          | (10,163.31)                   | (7,283.11)                    |
| (+) Net profit/(loss) for the year                                                                                                                       | 901.64                        | (2,880.20)                    |
| <b>Closing balance</b>                                                                                                                                   | <b>(9,261.67)</b>             | <b>(10,163.31)</b>            |
| <b>Total Reserve and Surplus</b>                                                                                                                         | <b>8,509.64</b>               | <b>10,629.81</b>              |

#### 5. LONG TERM BORROWINGS

| Particulars                                                               | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|---------------------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>Secured loans</b>                                                      |                               |                               |
| <b>Term loans</b>                                                         |                               |                               |
| Rupee loan from banks (Refer note a, b & c below)                         | 15,932.34                     | 17,414.86                     |
| Rupee loan from others (Refer note a, b & c below)                        | 609.02                        | 657.00                        |
| Working capital term loan (II) (Refer note a, b & c below)                | 5,451.88                      | 5,873.58                      |
| Funded interest term loan (Refer note a, b & c below)                     | 1,542.19                      | 2,718.27                      |
| Vehicle loan (Refer note d below)                                         | 41.31                         | 32.23                         |
| <b>Unsecured loans</b>                                                    |                               |                               |
| Foreign currency convertible bonds                                        | 728.75                        | 1,999.84                      |
| <b>TOTAL</b>                                                              | <b>24,305.49</b>              | <b>28,695.78</b>              |
| Less : Amount disclosed under other current liability (refer note no. 11) | (4,935.23)                    | (5,900.06)                    |
| <b>GRAND TOTAL</b>                                                        | <b>19,370.26</b>              | <b>22,795.72</b>              |

**Terms of repayment / detail of Security are as follow:-****Rupee term loan from banks**

(₹ lakh)

| Particulars                    | Rate of Interest % P.A. | No of instalments | O/s as at 31.03.2016 | O/s as at 31.03.2015 | Annual Repayment Schedule |                 |                 |                 |                 |                 |
|--------------------------------|-------------------------|-------------------|----------------------|----------------------|---------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                |                         |                   |                      |                      | 2016-17                   | 2017-18         | 2018-19         | 2019-20         | 2020-21         | 2021-22         |
| Rupee term loan                | 11.00%                  | 24 Qtly           | 15,932.34            | 17,414.86            | 2,035.09                  | 2,385.56        | 2,739.79        | 3,094.02        | 3,447.09        | 2,230.79        |
| Working capital term loan – II | 11.00%                  | 24 Qtly           | 5,451.88             | 5,873.58             | 621.13                    | 772.92          | 901.74          | 1,030.56        | 1,159.38        | 966.15          |
| Funded interest term loan      | 11.00%                  | 06 Qtly           | 1,542.19             | 2,718.27             | 1,476.08                  | 66.11           | -               | -               | -               | -               |
| <b>Total</b>                   |                         |                   | <b>22,926.41</b>     | <b>26,006.71</b>     | <b>4,132.30</b>           | <b>3,224.59</b> | <b>3,641.53</b> | <b>4,124.58</b> | <b>4,606.47</b> | <b>3,196.94</b> |

**Rupee term loan from others**

(₹ lakh)

| Lending institution   | Rate of interest % P.A. | No of instalments | O/s as at 31.03.2016 | O/s as at 31.03.2015 | Annual Repayment Schedule |              |              |              |               |               |
|-----------------------|-------------------------|-------------------|----------------------|----------------------|---------------------------|--------------|--------------|--------------|---------------|---------------|
|                       |                         |                   |                      |                      | 2016-17                   | 2017-18      | 2018-19      | 2019-20      | 2020-21       | 2021-22       |
| Religare Finvest Ltd. | 13.75%                  | 83 Monthly        | 394.32               | 422.21               | 36.74                     | 42.13        | 48.30        | 55.37        | 63.49         | 72.79         |
| Religare Finvest Ltd. | 14.50%                  | 70 Monthly        | 214.70               | 234.79               | 25.60                     | 29.58        | 34.17        | 39.46        | 45.59         | 40.30         |
| <b>Total</b>          |                         |                   | <b>609.02</b>        | <b>657.00</b>        | <b>62.34</b>              | <b>71.71</b> | <b>82.47</b> | <b>94.83</b> | <b>109.08</b> | <b>113.09</b> |

**Vehicle Loan**

(₹ lakh)

| Lending institution | Rate of interest % P.A. | No of instalments | O/s as at 31.03.2016 | O/s as at 31.03.2015 | Annual Repayment Schedule |             |             |             |             |
|---------------------|-------------------------|-------------------|----------------------|----------------------|---------------------------|-------------|-------------|-------------|-------------|
|                     |                         |                   |                      |                      | 2016-17                   | 2017-18     | 2018-19     | 2019-20     | 2020-21     |
| HDFC Bank           | 10.00%                  | 07 Monthly        | 3.89                 | 10.05                | 3.89                      | -           | -           | -           | -           |
| Canara Bank         | 10.50%                  | 50 Monthly        | 37.42                | 22.19                | 7.95                      | 8.83        | 9.80        | 6.14        | 4.70        |
| <b>Total</b>        |                         |                   | <b>41.31</b>         | <b>32.24</b>         | <b>11.84</b>              | <b>8.83</b> | <b>9.80</b> | <b>6.14</b> | <b>4.70</b> |

**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:**

(₹ lakh)

| Particulars                                    | Period of default             | Principal | Interest accrued and due | Total    | Paid/Settled | Balance  |
|------------------------------------------------|-------------------------------|-----------|--------------------------|----------|--------------|----------|
| <b>Secured (term loans)</b> (Refer note no. a) |                               |           |                          |          |              |          |
| As at 31.03.2016                               | From 01.04.2015 to 31.03.2016 | 773.09    | 310.24                   | 1,083.33 | -            | 1,083.33 |
| <b>Unsecured (FCCB)</b> (Refer note no. b)     |                               |           |                          |          |              |          |
| As at 31.03.2016                               | From 31.03.2016               | 728.75    | 134.19                   | 862.94   | -            | 862.94   |
| As at 31.03.2015                               | Before 31.03.2015             | 624.95    | 115.05                   | 740.00   | 740.00       | -        |

**Note:**

- Principal and interest accrued on secured (term loans) as at balance sheet date has been paid by 27<sup>th</sup> May, 2016.
- The company has signed settlement agreement with Foreign Currency Convertible Bond holders of principal value of USD 85,00,000 (₹ 4,613.80 lakh) worth of bonds and redemption premium of USD 15,64,850 (₹ 849.40 lakh) aggregating the total of USD 1,00,64,850 (₹ 5,463.20 lakh). 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 44,67,353 (equivalent value bonds surrendered to the company) out of which an amount of USD 14,09,530 (equivalent value bonds surrendered to the company) has been paid in current financial year and accordingly an amount of USD 42,95,071 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 11,00,000, 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".

## 6. DEFERRED TAX (NET)

| Particulars                                        | As at<br>31.03.2016<br>₹ lakh | Charge / (credit)<br>during the year<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|----------------------------------------------------|-------------------------------|------------------------------------------------|-------------------------------|
| <b>Deferred tax liabilities</b>                    |                               |                                                |                               |
| Arising on account of timing difference :          |                               |                                                |                               |
| Accumulated depreciation                           | 2,272.49                      | (64.33)                                        | 2,336.82                      |
| <b>Deferred tax assets</b>                         |                               |                                                |                               |
| Arising on account of timing difference :          |                               |                                                |                               |
| Unabsorbed depreciation / losses and Sec 43B items | (7,030.64)                    | 64.33                                          | (7,094.97)                    |
| Others                                             | (258.03)                      | -                                              | (258.03)                      |
| <b>Net deferred tax liability/ (assets)</b>        | <b>(5,016.18)</b>             | -                                              | <b>(5,016.18)</b>             |

The company has deferred tax liability of ₹ 2,272.49 lakh up to the end of the current 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 this no further deferred tax assets are being provided.

## 7. PROVISIONS

| Particulars                   | Long term                     |                               | Short term                    |                               |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                               | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
| Premium on redemption of FCCB | -                             | -                             | 134.19                        | 368.17                        |
| Employee related              | 213.08                        | 206.77                        | 89.72                         | 120.63                        |
| <b>TOTAL</b>                  | <b>213.08</b>                 | <b>206.77</b>                 | <b>223.91</b>                 | <b>488.80</b>                 |

## 8. OTHER NON-CURRENT LIABILITIES

| Particulars         | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|---------------------|-------------------------------|-------------------------------|
| Community club fees | -                             | 71.51                         |
| <b>TOTAL</b>        | <b>-</b>                      | <b>71.51</b>                  |

## 9. SHORT TERM BORROWINGS

| Particulars                                                       | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|-------------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>Secured</b>                                                    |                               |                               |
| Loans repayable on demand                                         |                               |                               |
| -Working capital loans from banks (Refer note no. a, b & c below) | 16,293.35                     | 15,991.28                     |
| <b>Unsecured</b>                                                  |                               |                               |
| from director - related party                                     | 40.00                         | -                             |
| from body corporate - related party                               | 50.00                         | -                             |
| from other body corporate                                         | 250.00                        | 400.00                        |
| <b>TOTAL</b>                                                      | <b>16,633.35</b>              | <b>16,391.28</b>              |

### 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).
- Includes credit balance in current account.

## 10. TRADE PAYABLES

| Particulars                                 | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|---------------------------------------------|-------------------------------|-------------------------------|
| Payable to Micro & Small Enterprises (MSME) | -                             | -                             |
| Payable to other than MSME                  | 6,372.62                      | 6,858.45                      |
| <b>TOTAL</b>                                | <b>6,372.62</b>               | <b>6,858.45</b>               |

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.

## 11. OTHER CURRENT LIABILITIES

| Particulars                                                    | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|----------------------------------------------------------------|-------------------------------|-------------------------------|
| Current maturities of long-term borrowings (refer note no - 5) | 4,935.23                      | 5,900.06                      |
| Interest accrued and due on borrowings                         | 1,469.80                      | 851.40                        |
| Creditor for service & contracts                               | 261.58                        | 252.36                        |
| Trade deposits & advances                                      | 60.64                         | 666.12                        |
| Security deposits                                              | 133.38                        | 73.53                         |
| Unclaimed dividend*                                            | -                             | 3.03                          |
| Other payables                                                 |                               |                               |
| Capital Payables                                               | 33.07                         | 28.45                         |
| Employees related                                              | 619.93                        | 677.93                        |
| Statutory dues                                                 | 204.98                        | 178.10                        |
| Others                                                         | 1,423.82                      | 1,440.06                      |
| <b>TOTAL</b>                                                   | <b>9,142.43</b>               | <b>10,071.04</b>              |

\* Investors Education and Protection Fund have been credited during the year ended 31<sup>st</sup> March, 2016.

## 12. FIXED ASSETS

### a) For the year ended 31<sup>st</sup> March, 2016

| Particulars                              | Tangible assets |                 |                  |                   |                 |                        |               | Intangible assets |                        |                         | Total assets  |                  |
|------------------------------------------|-----------------|-----------------|------------------|-------------------|-----------------|------------------------|---------------|-------------------|------------------------|-------------------------|---------------|------------------|
|                                          | Leasehold land  | Free hold land  | Building         | Plant & machinery | Other equipment | Furniture and fixtures | Vehicles      | Total             | Softwares (bought out) | Trade mark (bought out) | Total         | Total            |
|                                          | ₹ lakh          | ₹ lakh          | ₹ lakh           | ₹ lakh            | ₹ lakh          | ₹ lakh                 | ₹ lakh        | ₹ lakh            | ₹ lakh                 | ₹ lakh                  | ₹ lakh        | ₹ lakh           |
| <b>Cost</b>                              |                 |                 |                  |                   |                 |                        |               |                   |                        |                         |               |                  |
| As at 1 <sup>st</sup> April, 2015        | 136.77          | 1,897.62        | 12,503.13        | 42,458.65         | 163.57          | 228.17                 | 559.04        | 57,946.95         | 410.88                 | 3.27                    | 414.15        | 58,361.10        |
| Additions                                | -               | -               | 404.79           | 440.65            | 24.07           | 3.42                   | 30.74         | 903.66            | 91.52                  | -                       | 91.52         | 995.19           |
| Relating to disposals                    | -               | (65.04)         | -                | (29.05)           | -               | -                      | (87.67)       | (181.76)          | (5.36)                 | -                       | (5.36)        | (187.12)         |
| <b>As at 31<sup>st</sup> March, 2016</b> | <b>136.77</b>   | <b>1,832.58</b> | <b>12,907.92</b> | <b>42,870.25</b>  | <b>187.64</b>   | <b>231.58</b>          | <b>502.11</b> | <b>58,668.85</b>  | <b>497.05</b>          | <b>3.27</b>             | <b>500.32</b> | <b>59,169.17</b> |
| <b>Depreciation</b>                      |                 |                 |                  |                   |                 |                        |               |                   |                        |                         |               |                  |
| As at 1 <sup>st</sup> April, 2015        | -               | -               | 3,127.43         | 28,549.79         | 109.30          | 158.12                 | 289.93        | 32,234.58         | 339.66                 | 3.01                    | 342.68        | 32,577.25        |
| Charge for the year                      | -               | -               | 405.21           | 2,301.79          | 15.77           | 12.61                  | 58.24         | 2,793.61          | 24.76                  | 0.05                    | 24.81         | 2,818.42         |
| Relating to disposals                    | -               | -               | -                | (22.79)           | -               | -                      | (65.76)       | (88.55)           | (5.09)                 | -                       | (5.09)        | (93.64)          |
| Adjustment                               | -               | -               | -                | -                 | -               | -                      | -             | -                 | -                      | -                       | -             | -                |
| <b>As at 31<sup>st</sup> March, 2016</b> | <b>-</b>        | <b>-</b>        | <b>3,532.64</b>  | <b>30,828.79</b>  | <b>125.07</b>   | <b>170.72</b>          | <b>282.42</b> | <b>34,939.64</b>  | <b>359.33</b>          | <b>3.06</b>             | <b>362.40</b> | <b>35,302.03</b> |
| <b>Net block</b>                         |                 |                 |                  |                   |                 |                        |               |                   |                        |                         |               |                  |
| <b>As at 31<sup>st</sup> March, 2016</b> | <b>136.77</b>   | <b>1,832.58</b> | <b>9,375.28</b>  | <b>12,041.46</b>  | <b>62.57</b>    | <b>60.86</b>           | <b>219.69</b> | <b>23,729.22</b>  | <b>137.71</b>          | <b>0.21</b>             | <b>137.92</b> | <b>23,867.14</b> |

### b) For the year ended 31<sup>st</sup> March, 2015

| Particulars                              | Tangible assets |                 |                  |                   |                 |                        |               | Intangible assets |                        |                         | Total assets  |                  |
|------------------------------------------|-----------------|-----------------|------------------|-------------------|-----------------|------------------------|---------------|-------------------|------------------------|-------------------------|---------------|------------------|
|                                          | Leasehold land  | Free hold land  | Building         | Plant & machinery | Other equipment | Furniture and fixtures | Vehicles      | Total             | Softwares (bought out) | Trade mark (bought out) | Total         | Total            |
|                                          | ₹ lakh          | ₹ lakh          | ₹ lakh           | ₹ lakh            | ₹ lakh          | ₹ lakh                 | ₹ lakh        | ₹ lakh            | ₹ lakh                 | ₹ lakh                  | ₹ lakh        | ₹ lakh           |
| <b>Cost</b>                              |                 |                 |                  |                   |                 |                        |               |                   |                        |                         |               |                  |
| As at 1 <sup>st</sup> 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)         |
| <b>As at 31<sup>st</sup> March, 2015</b> | <b>136.77</b>   | <b>1,897.62</b> | <b>12,503.13</b> | <b>42,458.65</b>  | <b>163.57</b>   | <b>228.17</b>          | <b>559.04</b> | <b>57,946.95</b>  | <b>410.88</b>          | <b>3.27</b>             | <b>414.15</b> | <b>58,361.10</b> |
| <b>Depreciation</b>                      |                 |                 |                  |                   |                 |                        |               |                   |                        |                         |               |                  |
| As at 1 <sup>st</sup> April, 2014        | -               | -               | 2,502.96         | 25,451.56         | 59.54           | 145.49                 | 260.88        | 28,420.43         | 311.03                 | 2.97                    | 314.00        | 28,734.42        |
| 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)       | (154.23)          | (0.05)                 | -                       | (0.05)        | (154.29)         |
| Adjustment                               | -               | -               | 209.17           | 506.19            | 28.95           | 5.57                   | 2.26          | 752.13            | 6.41                   | -                       | 6.41          | 758.55           |
| <b>As at 31<sup>st</sup> March, 2015</b> | <b>-</b>        | <b>-</b>        | <b>3,127.43</b>  | <b>28,549.79</b>  | <b>109.30</b>   | <b>158.12</b>          | <b>289.93</b> | <b>32,234.58</b>  | <b>339.66</b>          | <b>3.01</b>             | <b>342.68</b> | <b>32,577.25</b> |
| <b>Net Block</b>                         |                 |                 |                  |                   |                 |                        |               |                   |                        |                         |               |                  |
| <b>As at 31<sup>st</sup> March, 2015</b> | <b>136.77</b>   | <b>1,897.62</b> | <b>9,375.70</b>  | <b>13,908.86</b>  | <b>54.27</b>    | <b>70.05</b>           | <b>269.10</b> | <b>25,712.37</b>  | <b>71.22</b>           | <b>0.26</b>             | <b>71.48</b>  | <b>25,783.85</b> |

a) The Company's right on leasehold land has been forfeited by Maharashtra Industrial Development Corporation (MIDC), due to non compliance of the terms of allotment. The land was allotted for a period of 95 years. Management of the Company feels that the amount of ₹ 136.77 lakh (Previous year ₹ 136.77 lakh) is fully recoverable as at balance sheet date and accordingly no provision for impairment has been provided in the books of accounts.

b) During previous year, 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 lakh (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.

### 13. INVESTMENTS

| Particulars                                                                              | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>Non-Current Investments</b>                                                           |                               |                               |
| Other investment (valued at cost, except for permanent diminution in value)              |                               |                               |
| Investments in equity instruments                                                        |                               |                               |
| <b>Unquoted-investment in subsidiary</b>                                                 |                               |                               |
| <b>F.M. Hammerle Textiles Ltd. (Formerly Known as Oswal F.M. Hammerle Textiles Ltd.)</b> |                               |                               |
| 9,12,64,073 (Previous year 9,12,64,073) equity shares of ₹10/- each fully paid           | 9,126.41                      | 9,126.41                      |
| <b>F.M. Hammerle Verwaltung GmbH, Austria (Minimum Registration Capital)</b>             | 22.54                         | 22.54                         |
| F.M. Hammerle Nfg GmbH, Austria (Minimum Registration Capital)                           | 22.54                         | 22.54                         |
| Provision for diminution in the value of Investment                                      | (22.54)                       | (22.54)                       |
| <b>Unquoted –Investment in others</b>                                                    |                               |                               |
| <b>Oswal Industrial Enterprise (P) Ltd.</b>                                              |                               |                               |
| 1,000 (Previous year 1,000) equity shares of ₹10/- each fully paid                       | 0.09                          | 0.09                          |
| <b>VKM Colour Spin Limited</b>                                                           |                               |                               |
| 250 (Previous year 250) equity shares of ₹ 10/- each fully paid                          | 0.03                          | 0.03                          |
| <b>Deluxe Fabrics Limited</b>                                                            |                               |                               |
| 5,000 (Previous year 5,000) equity shares of ₹ 10/- each fully paid                      | 0.50                          | 0.50                          |
| <b>TOTAL</b>                                                                             | <b>9,149.56</b>               | <b>9,149.56</b>               |
| <b>Current Investments</b>                                                               |                               |                               |
| Other investments (valued at lower of cost and net realizable value)                     |                               |                               |
| <b>Unquoted- Investment in others</b>                                                    |                               |                               |
| 1,834 (Previous year 3,194) of IL & FS Milestone Fund of ₹ 1,000/- each                  | 18.34                         | 31.94                         |
| <b>TOTAL</b>                                                                             | <b>18.34</b>                  | <b>31.94</b>                  |
| <b>GROSS TOTAL</b>                                                                       | <b>9,167.90</b>               | <b>9,181.50</b>               |
| Aggregate amount of unquoted investments                                                 | 9,167.90                      | 9,181.50                      |
| Aggregate provision for diminution in value of investments                               | (22.54)                       | (22.54)                       |

#### Note:-

- Out of total shares held in F.M. Hammerle Textile Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd.), 4,65,44,677 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 previous year, the company had sold substantial investment in Oswal Industrial Enterprises (P) Ltd. at a consideration of ₹ 915.90 lakh and accounted a loss of ₹ 3,585.01 lakh under the head “Exceptional items” in the statement of profit and loss.

### 14. LOANS & ADVANCES

| Particulars                                                                                   | Long-term                     |                               | Short-term                    |                              |
|-----------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|
|                                                                                               | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh | As at<br>31.03.2016<br>₹ lakh | As at<br>31.3.2015<br>₹ lakh |
| <b>Unsecured, considered good unless stated other wise</b>                                    |                               |                               |                               |                              |
| Security deposits                                                                             | 635.93                        | 452.75                        | -                             | -                            |
| Advances for goods / services                                                                 | -                             | -                             | 359.05                        | 698.99                       |
| Capital advance                                                                               | 817.09                        | 670.26                        | -                             | -                            |
| Balances with statutory authorities                                                           | -                             | -                             | 1,246.05                      | 1,305.34                     |
| Prepaid expenses                                                                              | 17.41                         | -                             | 202.25                        | 279.46                       |
| Interest receivable (including TUFs subsidy)                                                  | -                             | -                             | 492.74                        | 430.97                       |
| Direct taxes refundable (net of provisions of ₹ 1,459.07 lakh, Previous year ₹ 1,477.07 lakh) | -                             | -                             | 450.82                        | 420.46                       |
| Advance to subsidiaries                                                                       | -                             | -                             | 684.18                        | 1,056.72                     |
| Export incentive receivable (net of provisions of ₹ 195.05 lakh, Previous year ₹ 205.52 lakh) | -                             | -                             | 317.96                        | 708.66                       |
| Other receivables                                                                             | -                             | -                             | 902.55                        | 768.93                       |
| <b>TOTAL</b>                                                                                  | <b>1,470.43</b>               | <b>1,123.01</b>               | <b>4,655.60</b>               | <b>5,669.53</b>              |

- 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 ₹ 186.83 lakh (Previous year ₹ 186.47 lakh) 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.

#### 15. OTHER NON CURRENT ASSETS

| Particulars                                        | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|----------------------------------------------------|-------------------------------|-------------------------------|
| Advances to subsidiary company (Refer note no. 41) | 2,236.00                      | 2,236.00                      |
| Other bank balances (Refer note no.18)             | 294.37                        | 334.67                        |
| <b>TOTAL</b>                                       | <b>2,530.37</b>               | <b>2,570.67</b>               |

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

| Particulars                                                    | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|----------------------------------------------------------------|-------------------------------|-------------------------------|
| Raw materials                                                  | 2,983.93                      | 5,843.52                      |
| Finished goods (Refer note no. - 22)                           | 1,945.38                      | 2,523.20                      |
| Stock in trade                                                 | 701.65                        | 479.45                        |
| Work-in-progress (Refer note no. - 22)                         | 1,500.73                      | 1,307.96                      |
| Real estate development work in progress (Refer note no. - 37) | -                             | 3,429.80                      |
| Stores and spares                                              | 163.36                        | 206.10                        |
| Asset held for disposal                                        | 6.26                          | -                             |
| <b>TOTAL</b>                                                   | <b>7,301.31</b>               | <b>13,790.03</b>              |

#### 17. TRADE RECEIVABLES

| Particulars                                                                          | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|--------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>As taken, valued and certified by management</b>                                  |                               |                               |
| Outstanding for a period exceeding six months from the date they are due for payment |                               |                               |
| Unsecured, considered good                                                           | 281.38                        | 455.72                        |
| Doubtful                                                                             | 327.51                        | 287.51                        |
| <b>Less : Provision for Doubtful debts</b>                                           | <b>(327.51)</b>               | <b>(287.51)</b>               |
| <b>TOTAL (A)</b>                                                                     | <b>281.38</b>                 | <b>455.72</b>                 |
| Outstanding for a period less than six months from the date they are due for payment |                               |                               |
| Unsecured, considered good                                                           | 7,130.51                      | 4,796.27                      |
| Doubtful                                                                             | -                             | -                             |
| <b>TOTAL (B)</b>                                                                     | <b>7,130.51</b>               | <b>4,796.27</b>               |
| <b>TOTAL (A+B)</b>                                                                   | <b>7,411.89</b>               | <b>5,251.99</b>               |

## 18. CASH AND BANK BALANCES

| Particulars                                                             | Non Current                   |                               | Current                       |                               |
|-------------------------------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                                                         | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
| <b>Cash and cash equivalents</b>                                        |                               |                               |                               |                               |
| Cash on hand                                                            | —                             | —                             | 41.23                         | 45.55                         |
| Bank balance in current account*                                        | —                             | —                             | 99.90                         | 537.13                        |
| Bank balance in fixed deposit account with maturity upto three months** | —                             | —                             | 123.99                        | —                             |
|                                                                         | —                             | —                             | 265.12                        | 582.68                        |
| <b>Other bank balances</b>                                              |                               |                               |                               |                               |
| Earmarked balance for unpaid dividend                                   | —                             | —                             | 0.40                          | 3.42                          |
| Fixed deposit**                                                         | 294.37                        | 334.67                        | 347.91                        | 361.96                        |
|                                                                         | 294.37                        | 334.67                        | 348.31                        | 365.38                        |
| <b>TOTAL</b>                                                            | <b>294.37</b>                 | <b>334.67</b>                 | <b>613.43</b>                 | <b>948.06</b>                 |

\*Includes bank balance under escrow account.

\*\*Held with bank against margin money against Letter of Credit, bank guarantee and others.

## 19. REVENUE FROM OPERATIONS

| Particulars                                | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|--------------------------------------------|------------------------------------|------------------------------------|
| <b>Sale of products</b>                    |                                    |                                    |
| Textile Business                           |                                    |                                    |
| -Grey yarn                                 | 62,351.48                          | 69,366.75                          |
| -Dyed yarn                                 | 11,161.53                          | 13,505.19                          |
| -Garments                                  | 1,281.99                           | 1,045.15                           |
| -Trading goods (textile)                   | 2,565.52                           | 1,132.38                           |
| -Waste sale                                | 5,184.22                           | 6,306.90                           |
| Real estate business                       | 3,970.86                           | 1,167.33                           |
| Sale of services (job work)                | 4.09                               | -                                  |
| Other operating income (export incentives) | 1,289.23                           | 1,717.59                           |
| <b>TOTAL</b>                               | <b>87,808.92</b>                   | <b>94,241.29</b>                   |

## 20. OTHER INCOME

| Particulars                                                | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|------------------------------------------------------------|------------------------------------|------------------------------------|
| Interest income from bank deposits and other (Non current) | 221.27                             | 278.50                             |
| Profit on buy back of FCCB                                 | 635.42                             | 279.20                             |
| Profit on sale of fixed assets                             | 232.42                             | 4.89                               |
| Dividend income from current investment                    | -                                  | 2.75                               |
| Exchange rate fluctuation (net)                            | 232.56                             | 528.78                             |
| Provisions no longer required written back (Net)           | 92.93                              | 95.08                              |
| Rent received                                              | 74.42                              | 23.03                              |
| Transfer from capital reserve (refer note no. - 37)        | 3,050.17                           | 1,025.85                           |
| Other misc income                                          | 464.16                             | 116.07                             |
| <b>TOTAL</b>                                               | <b>5,003.35</b>                    | <b>2,354.15</b>                    |

**21. COST OF MATERIAL CONSUMED**

| Particulars                          | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|--------------------------------------|------------------------------------|------------------------------------|
| <b>Raw material consumption</b>      |                                    |                                    |
| Cotton                               | 44,749.79                          | 52,112.39                          |
| Cotton yarn                          | 1,660.84                           | 2,827.18                           |
| Synthetic fibre                      | 4,762.06                           | 5,514.37                           |
| Dyes & chemicals                     | 1,424.34                           | 1,752.24                           |
| Real estate project development cost | 3,591.30                           | 1,286.20                           |
| <b>TOTAL</b>                         | <b>56,188.33</b>                   | <b>63,492.38</b>                   |

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

**Value of indigenous & imported raw material consumption\***

| Particulars | Year ended 31.03.2016 |        | Year ended 31.03.2015 |        |
|-------------|-----------------------|--------|-----------------------|--------|
|             | ₹ lakh                | %      | ₹ lakh                | %      |
| Indigenous  | 52,592.06             | 99.99  | 62,194.11             | 99.98  |
| Imported    | 4.97                  | 0.01   | 12.07                 | 0.02   |
|             | 52,597.03             | 100.00 | 62,206.18             | 100.00 |

\* Excluding Real estate project development cost

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

| Particulars                      | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|----------------------------------|------------------------------------|------------------------------------|
| <b>Closing inventories</b>       |                                    |                                    |
| Finished goods (Including waste) | 2,647.03                           | 3,002.65                           |
| Work in progress                 | 1,500.73                           | 1,307.96                           |
|                                  | 4,147.76                           | 4,310.61                           |
| <b>Opening inventories</b>       |                                    |                                    |
| Finished goods (Including waste) | 3,002.64                           | 3,729.55                           |
| Work in progress                 | 1,307.96                           | 1,622.26                           |
|                                  | 4,310.60                           | 5,351.81                           |
| <b>Decrease</b>                  | <b>162.84</b>                      | <b>1,041.20</b>                    |

**23. EMPLOYEE BENEFIT EXPENSES**

| Particulars                               | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|-------------------------------------------|------------------------------------|------------------------------------|
| Salaries and wages                        | 4,718.47                           | 4,745.15                           |
| Contribution to provident and other funds | 433.99                             | 433.12                             |
| Staff welfare                             | 328.20                             | 272.03                             |
| <b>TOTAL</b>                              | <b>5,480.66</b>                    | <b>5,450.30</b>                    |

**24. FINANCE COSTS**

| Particulars                 | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|-----------------------------|------------------------------------|------------------------------------|
| <b>Interest expense</b>     |                                    |                                    |
| -Term loans                 | 2,891.09                           | 3,089.71                           |
| -Working capital borrowings | 2,817.50                           | 2,688.78                           |
| -Other loans                | 1,214.73                           | 1,375.91                           |
| Other borrowing costs       | 73.39                              | 100.80                             |
| <b>TOTAL</b>                | <b>6,996.71</b>                    | <b>7,255.20</b>                    |

**25. DEPRECIATION AND AMORTIZATION**

| Particulars                                  | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|----------------------------------------------|------------------------------------|------------------------------------|
| Depreciation/Amortization of tangible assets | 2,793.61                           | 3,216.25                           |
| Amortization of intangible assets            | 24.81                              | 22.32                              |
| <b>TOTAL</b>                                 | <b>2,818.42</b>                    | <b>3,238.57</b>                    |

**26. OTHER EXPENSES**

| Particulars                            | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|----------------------------------------|------------------------------------|------------------------------------|
| Packing charges                        | 1,238.39                           | 1,350.13                           |
| Job/process charges                    | 296.85                             | 309.12                             |
| Power & fuel                           | 9,397.18                           | 9,964.58                           |
| Repairs and maintenance :              |                                    |                                    |
| Plant & machinery                      | 970.81                             | 976.62                             |
| Building                               | 59.80                              | 36.24                              |
| General                                | 189.02                             | 176.22                             |
| Electric                               | 26.50                              | 26.65                              |
| Rent                                   | 78.09                              | 82.45                              |
| Rates and taxes                        | 58.50                              | 61.82                              |
| Insurance charges                      | 108.09                             | 111.22                             |
| Travelling expenses                    | 203.47                             | 207.94                             |
| Legal & professional expenses          | 89.37                              | 163.85                             |
| Sundry balances written off            | 30.24                              | 28.92                              |
| Provision for doubtful debts           | 40.00                              | -                                  |
| Loss on sale/discarded of fixed assets | -                                  | 8.60                               |
| Selling commission                     | 745.80                             | 712.99                             |
| Delivery expenses                      | 1,878.39                           | 1,995.11                           |
| Rebate & discounts                     | 240.54                             | 187.96                             |
| Bank charges                           | 446.30                             | 380.89                             |
| Miscellaneous expenses                 | 358.56                             | 361.46                             |
| <b>TOTAL</b>                           | <b>16,455.90</b>                   | <b>17,142.77</b>                   |

**Note:**

(i) Miscellaneous expenses include payment to statutory auditor the details of which are as follows:

| Particulars               | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|---------------------------|------------------------------------|------------------------------------|
| <b>As auditor:</b>        |                                    |                                    |
| -Statutory audit          | 10.31                              | 8.43                               |
| -Tax audit                | 2.58                               | 2.24                               |
| -Other services           | 4.29                               | 3.37                               |
| Reimbursement of expenses | 2.10                               | 3.47                               |
| <b>TOTAL</b>              | <b>19.28</b>                       | <b>17.51</b>                       |

(ii) Value of Indigenous & Imported Stores & Spares Consumption

| Particulars  | Year ended 31.03.2016 |               | Year ended 31.03.2015 |               |
|--------------|-----------------------|---------------|-----------------------|---------------|
|              | ₹ lakh                | %             | ₹ lakh                | %             |
| Indigenous   | 956.05                | 82.49         | 961.11                | 83.37         |
| Imported     | 202.91                | 17.51         | 191.73                | 16.63         |
| <b>TOTAL</b> | <b>1,158.96</b>       | <b>100.00</b> | <b>1,152.84</b>       | <b>100.00</b> |

**27. EARNINGS PER SHARE**

| Particulars                                                 | Year ended<br>31.03.2016 | Year ended<br>31.03.2015 |
|-------------------------------------------------------------|--------------------------|--------------------------|
| <b>The basic and diluted earning per share is as under:</b> |                          |                          |
| Net Profit/(loss) after tax (₹ lakh)                        | <b>901.64</b>            | (2,880.20)               |
| Weighted average no. of equity shares outstanding (*)       | <b>2,22,90,957</b>       | 2,05,42,573              |
| Nominal value of per equity share (₹)                       | <b>10.00</b>             | 10.00                    |
| Basic earnings per share (₹)                                | <b>4.04</b>              | (14.02)                  |
| Diluted earnings per share (₹)                              | <b>4.04</b>              | (14.02)                  |

\*There are no dilutive potential equity share.

**28. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:**

| Particulars                                                                                                                                                                | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| a) Claims against the Company not acknowledged as debts                                                                                                                    | <b>221.25</b>                 | 221.25                        |
| b) Bills discounted with bankers                                                                                                                                           | <b>5,220.90</b>               | 10,325.02                     |
| c) Letter of credit & bank guarantee issued                                                                                                                                | <b>186.33</b>                 | 187.80                        |
| d) Income Tax demands under appeal (net of amount deposited ₹ 245 lakh, Previous year - ₹ 245 lakh)                                                                        | <b>657.33</b>                 | 599.40                        |
| e) Service Tax demands under appeal (net of amount deposited ₹ 1.91 lakh, Previous year - ₹ 1.41 lakh)                                                                     | <b>12.20</b>                  | 12.70                         |
| f) Demand of PSEB for voltage surcharge and DSA                                                                                                                            | <b>256.24</b>                 | 256.24                        |
| g) Subordination letter for not to withdraw the loan from foreign subsidiary until negative equity situation reverses                                                      | <b>237.33</b>                 | 237.33                        |
| h) Corporate guarantee given on behalf of subsidiary company "F.M. Hammerle Textiles Ltd. (formerly Known as Oswal F.M. Hammerle Textiles Ltd.)" pursuant to scheme of CDR | <b>8,233.00</b>               | 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 Asset' as it is not probable that an outflow of resources embodying economic benefits will be required.

**29. LITIGATION STATUS OF THE COMPANY AS ON 31<sup>ST</sup> MARCH, 2016 ARE AS FOLLOWS:**

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

| 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                            | 42.34                          |
|         |                    |                          | (574.18)        | -              | (220.79)                          | (56.19)                        |
|         |                    | Service Tax Act          | 33.53           | -              | 14.11                             | 1.91                           |
|         |                    |                          | (33.53)         | -              | (14.11)                           | (1.41)                         |
|         |                    | Punjab Vat Act           | 200.94          | 158.52         | 0.46                              | 5.48                           |
|         |                    |                          | (200.94)        | (148.13)       | (0.46)                            | (5.48)                         |
| ii)     | Direct Taxation    | Income Tax Act           | 975.67          | -              | 657.33                            | 245.00                         |
|         |                    |                          | (904.86)        | -              | (599.40)                          | (245.00)                       |
|         |                    | 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   |                    |                          | 2,044.87        | 158.52         | 1,148.93                          | 431.82                         |
|         |                    |                          | (1,974.06)      | (148.13)       | (1,091.00)                        | (445.17)                       |

Figures in brackets in aforesaid note represent previous year figures.

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

(₹ lakh)

| Sr. No. | Nature of Dispute                          | Amount Involved    | Provision Made    | Amount Decried in favour of the Company (under execution) | Balance Amount Still contested by the Company |
|---------|--------------------------------------------|--------------------|-------------------|-----------------------------------------------------------|-----------------------------------------------|
| 1       | Commercial matters - Legal cases customers | 331.26<br>(331.26) | 138.96<br>(48.96) | -<br>-                                                    | 192.30<br>(282.30)                            |

Figures in brackets in aforesaid note represent previous year figures.

### 30. OBLIGATIONS AND COMMITMENTS OUTSTANDING

| Particulars                                                                                                                                                      | As at 31.03.2016<br>₹ lakh | As at 31.03.2015<br>₹ lakh |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)                                               | 114.32                     | 437.86                     |
| b) Estimated value of contracts remaining to be executed on other than capital account and not provided for (net of advances)-Pending cotton purchase commitment | 4,805.86                   | 4,723.31                   |

### 31. 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 31.03.2016 |          | As at 31.03.2015 |          |
|                                                                                                                   |          | In million       | ₹ lakh   | In million       | ₹ lakh   |
| Forward cover (trade receivables)                                                                                 | USD      | 3.79             | 2,587.63 | 8.51             | 5,465.61 |
| <b>TOTAL</b>                                                                                                      |          | 3.79             | 2,587.63 | 8.51             | 5,465.61 |

| b) Particulars of foreign currency exposure un-hedged at the balance sheet date |          |                  |          |                  |          |
|---------------------------------------------------------------------------------|----------|------------------|----------|------------------|----------|
| Particulars                                                                     | Currency | As at 31.03.2016 |          | As at 31.03.2015 |          |
|                                                                                 |          | In million       | ₹ lakh   | In million       | ₹ lakh   |
| Trade Receivables*                                                              | USD      | 4.54             | 3,005.70 | 1.57             | 1,100.28 |
| Loan (including interest)                                                       | USD      | 1.30             | 862.94   | 3.79             | 2,368.01 |
| <b>TOTAL</b>                                                                    |          | 5.84             | 3,868.64 | 5.36             | 3,468.29 |

\*excluding bill negotiated of ₹ 5,202.14 lakh (Previous year ₹ 10,123.53 lakh)

32. 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.

### 33. EMPLOYEE BENEFIT OBLIGATION

#### Defined Contribution Plan

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

| Particulars                                        | Year ended 31.03.2016<br>₹ lakh | Year ended 31.03.2015<br>₹ lakh |
|----------------------------------------------------|---------------------------------|---------------------------------|
| i) Employer's contribution to Provident Fund       | 210.85                          | 219.69                          |
| ii) Employer's contribution to Superannuation Fund | 9.42                            | 11.70                           |
| iii) Employer's contribution to Pension Scheme     | 92.69                           | 83.38                           |

#### 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<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|---------------------------------------------------------|------------------------------------|------------------------------------|
| Defined benefit obligation at the beginning of the year | 453.54                             | 404.59                             |
| Current service cost                                    | 72.17                              | 66.88                              |
| Interest cost                                           | 33.98                              | 29.44                              |
| Actuarial gain / (loss)                                 | (4.90)                             | 11.85                              |
| Benefit paid                                            | (52.29)                            | (59.22)                            |
| Defined obligation at year end                          | 502.49                             | 453.54                             |

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

| Particulars                                            | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|--------------------------------------------------------|------------------------------------|------------------------------------|
| Fair value of plan assets at the beginning of the Year | 413.88                             | 380.96                             |
| Expected return on plan assets                         | 38.03                              | 36.19                              |
| Actuarial gain / (loss)                                | (1.70)                             | (3.27)                             |
| Employer contribution                                  | 41.45                              | -                                  |
| Benefit paid                                           | -                                  | -                                  |
| Fair value of plan assets at year end                  | 491.66                             | 413.88                             |

**Reconciliation of fair value of assets & obligation**

| Particulars                                           | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|-------------------------------------------------------|------------------------------------|------------------------------------|
| Fair value of plan assets at the end                  | 491.66                             | 413.88                             |
| Present value of obligation                           | 502.49                             | 453.54                             |
| Net asset/(liability) recognized in the balance sheet | (10.83)                            | (39.65)                            |

**Amount recognized in the statement of profit & loss**

| Particulars                                         | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|-----------------------------------------------------|------------------------------------|------------------------------------|
| Current service cost                                | 72.17                              | 66.88                              |
| Interest cost                                       | 33.98                              | 29.44                              |
| Expected return on plan assets                      | (38.03)                            | (36.19)                            |
| Actuarial (gain)/loss recognized in IVP             | (3.20)                             | 15.12                              |
| Amount recognized in the statement of profit & loss | 64.92                              | 75.24                              |

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

| Particulars                       | Year ended<br>31.03.2016 | Year ended<br>31.03.2015 |
|-----------------------------------|--------------------------|--------------------------|
| Discount rate                     | 7.95%                    | 7.85%                    |
| Attrition rate                    | 30.00%                   | 30.00%                   |
| Expected rate of return on assets | 8.75%                    | 9.50%                    |
| Mortality rate                    | IAL 2006-08<br>Ultimate  | IAL 2006-08<br>Ultimate  |
| Salary rise                       | 5.00%                    | 5.00%                    |

**Amount for the current year and previous 4 years in respect of gratuity are as follows:-**

| Particulars                               | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh | Year ended<br>31.03.2014<br>₹ lakh | Year ended<br>31.03.2013<br>₹ lakh | Year ended<br>31.03.2012<br>₹ lakh |
|-------------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Defined benefit obligation                | 502.49                             | 453.54                             | 398.94                             | 323.27                             | 294.62                             |
| Plan assets                               | 491.66                             | 413.88                             | 380.96                             | 349.77                             | 320.44                             |
| Surplus/(deficit)                         | (10.83)                            | (39.65)                            | (23.63)                            | (49.17)                            | (2.83)                             |
| Experience adjustment on plan assets      | (1.70)                             | (3.27)                             | 3.21                               | 3.70                               | (1.01)                             |
| Experience adjustment on plan liabilities | 4.90                               | (11.85)                            | 31.23                              | (40.19)                            | (5.16)                             |

**LEAVE ENCASHMENT (UNFUNDED)**
**Reconciliation of opening and closing balances of defined benefit obligation**

| Particulars                                             | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|---------------------------------------------------------|------------------------------------|------------------------------------|
| Defined benefit obligation at the beginning of the year | 206.77                             | 196.82                             |
| Current service cost                                    | 104.41                             | 102.89                             |
| Interest cost                                           | 14.33                              | 12.92                              |
| Actuarial (gain) /loss                                  | (59.41)                            | (41.39)                            |
| Benefit paid                                            | (53.02)                            | (64.48)                            |
| Defined obligation at year end                          | 213.08                             | 206.77                             |

**Reconciliation of fair value of assets & obligations**

| Particulars                          | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|--------------------------------------|------------------------------------|------------------------------------|
| Fair value of plan assets at the end | -                                  | -                                  |
| Present value of obligation          | 213.08                             | 206.77                             |
| Amount recognized in balance sheet   | 213.08                             | 206.77                             |

**Amount recognized in the statement of profit & loss**

| Particulars                                         | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|-----------------------------------------------------|------------------------------------|------------------------------------|
| Current service cost                                | 104.41                             | 102.89                             |
| Interest cost                                       | 14.33                              | 12.92                              |
| Expected return on plan assets                      | -                                  | -                                  |
| Actuarial (gain)/loss recognized in IVP             | (59.41)                            | (41.39)                            |
| Amount recognized in the statement of profit & loss | 59.33                              | 74.43                              |

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

| Particulars                       | Year ended<br>31.03.2016 | Year ended<br>31.03.2015 |
|-----------------------------------|--------------------------|--------------------------|
| Discount rate                     | 7.95%                    | 7.85%                    |
| Attrition rate                    | 30.00%                   | 30.00%                   |
| Expected rate of return on assets | NA                       | NA                       |
| Mortality rate                    | IAL 2006-08<br>Ultimate  | IAL 2006-08<br>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, 2016 and March 31, 2015 as per the index summary given in actuarial certificate.

### 34. RELATED PARTY DISCLOSURES:-

#### i) List of related parties and relationships

| Particulars                                                            | 2015-16                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 2014-15                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a) Subsidiary Company                                                  | F.M. Hammerle Textiles Ltd. (FMH) (Formerly known as Oswal F.M. Hammerle Textiles Ltd.)<br>F. M. Hammerle Verwaltung GmbH, Austria<br>-                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | F.M. Hammerle Textiles Ltd. (FMH) (Formerly known as Oswal F.M. Hammerle Textiles Ltd.)<br>F M Hammerle Verwaltung GmbH, Austria<br>Oswal Industrial Enterprise (P) Ltd.<br>(Upto 30 <sup>th</sup> March, 2015)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| b) Key management personnel                                            | Mr. Ashok Kumar Oswal<br><br>Mr. Adish Oswal<br>Mr. Ashok Kumar Goyal<br>Mr. Sushil Sharma<br>Mr. Parvinder Singh                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Mr. Ashok Kumar Oswal<br><br>Mr. Adish Oswal<br>Mr. Ashok Kumar Goyal<br>Mr. Sushil Sharma<br>Mr. Parvinder Singh                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| c) Relative of KMP                                                     | Mr. Abhinav Oswal<br>Mrs. Manju Oswal<br>Ms. Aketa Oswal<br>Mrs. Rakhi Oswal<br>Ms. Shruti Goyal (w.e.f. 1 <sup>st</sup> June, 2015)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Mr. Abhinav Oswal<br>Mrs. Manju Oswal<br>Ms. Aketa Oswal<br>Mrs. Rakhi Oswal<br>-                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| d) Enterprise over which KMP is able to exercise significant influence | Oswal Industrial Enterprise (P) Ltd.<br><br>Panchsheel Textile Mfg & Trading Co. (P) Ltd.<br>Enakshi Investments (P) Ltd.<br>Liberty Mercantile Co. (P) Ltd.<br>Allepy Investment & Trading Co. (P) Ltd.<br>Kent Investments (P) Ltd.<br>Ruby Mercantile Co. (P) Ltd.<br>Boras Investment & Trading Co. (P) Ltd.<br>Gagan Mercantile Co. (P) Ltd.<br>Pioneer Mercantile India (P) Ltd.<br>Adesh Investment & Trading Co. (P) Ltd.<br>Calgary Investment & Trading Co. (P) Ltd.<br>Oswal Infratech (P) Ltd.<br>Oswal Tradecom (P) Ltd.<br>Oswal Holding (P) Ltd.<br>Nightangle Dealcom (P) Ltd.<br>Alma Assets Consultancy (P) Ltd.<br>Altfort Merchants (P) Ltd. | Oswal Industrial Enterprise (P) Ltd.<br>(w.e.f. 31 <sup>st</sup> March, 2015)<br>Panchsheel Textile Mfg & Trading Co. (P) Ltd.<br>Enakshi Investments (P) Ltd.<br>Liberty Mercantile Co. (P) Ltd.<br>Allepy Investment & Trading Co. (P) Ltd.<br>Kent Investments (P) Ltd.<br>Ruby Mercantile Co. (P) Ltd.<br>Boras Investment & Trading Co. (P) Ltd.<br>Gagan Mercantile Co. (P) Ltd.<br>Pioneer Mercantile India (P) Ltd.<br>Adesh Investment & Trading Co. (P) Ltd.<br>Calgary Investment & Trading Co. (P) Ltd.<br>Oswal Infratech (P) Ltd.<br>Oswal Tradecom (P) Ltd.<br>Oswal Holding (P) Ltd.<br>Nightangle Dealcom (P) Ltd.<br>Alma Assets Consultancy (P) Ltd.<br>Altfort Merchants (P) Ltd. |

#### ii) Transactions with related parties during the year:-

(₹ lakh)

| Particulars                                                                      | Subsidiaries |          | KMP     |         | Relatives of KMP |         | Enterprise over which KMP is able to exercise Significant Influence |          | Total   |          |
|----------------------------------------------------------------------------------|--------------|----------|---------|---------|------------------|---------|---------------------------------------------------------------------|----------|---------|----------|
|                                                                                  | 2015-16      | 2014-15  | 2015-16 | 2014-15 | 2015-16          | 2014-15 | 2015-16                                                             | 2014-15  | 2015-16 | 2014-15  |
| Loan received                                                                    | -            | -        | 40.00   | 204.00  | -                | -       | 450.00                                                              | 364.00   | 490.00  | 568.00   |
| Loan repaid                                                                      | -            | -        | -       | 204.00  | -                | -       | 400.00                                                              | 364.00   | 400.00  | 568.00   |
| Sale of goods                                                                    | 5.05         | 1.85     | -       | -       | -                | -       | 1.26                                                                | -        | 6.31    | 1.85     |
| Purchase of fabric/bed sheet                                                     | 339.08       | 0.38     | -       | -       | -                | -       | 8.24                                                                | -        | 347.32  | 0.38     |
| Equity share capital issued on premium                                           | -            | -        | -       | 160.05  | -                | -       | -                                                                   | 1,200.10 | -       | 1,360.15 |
| Advance(net)                                                                     | 30.42        | 0.10     | -       | -       | -                | -       | -                                                                   | -        | 30.42   | 0.10     |
| Expense reimbursement (Receivable)                                               | 385.10       | 169.96   | -       | -       | -                | -       | -                                                                   | -        | 385.10  | 169.96   |
| Rent paid                                                                        | -            | -        | 36.84   | 37.21   | -                | -       | -                                                                   | -        | 36.84   | 37.21    |
| Job charges Paid                                                                 | -            | 55.99    | -       | -       | -                | -       | 59.69                                                               | -        | 59.69   | 55.99    |
| Rent received                                                                    | 0.11         | 1.56     | -       | -       | -                | -       | 1.53                                                                | -        | 1.64    | 1.56     |
| Interest received*                                                               | 22.56        | 79.19    | -       | -       | -                | -       | -                                                                   | -        | 22.56   | 79.19    |
| Interest paid                                                                    | -            | -        | -       | -       | -                | -       | 10.83                                                               | 7.28     | 10.83   | 7.28     |
| Remuneration                                                                     | -            | -        | 44.86   | 37.73   | 18.44            | 11.71   | -                                                                   | -        | 63.30   | 49.44    |
| Managerial remuneration                                                          | -            | -        | 178.51  | 140.64  | -                | -       | -                                                                   | -        | 178.51  | 140.64   |
| Amount received on behalf of Co-developers                                       | -            | -        | 77.96   | 42.77   | 74.54            | 196.42  | -                                                                   | -        | 152.50  | 239.19   |
| Development cost recoverable                                                     | -            | -        | 9.13    | 23.13   | 8.72             | 22.12   | -                                                                   | -        | 17.85   | 45.25    |
| Amount received on sale of shares of Oswal Industrial Enterprise Private Limited | -            | -        | -       | -       | -                | -       | -                                                                   | 915.89   | -       | 915.89   |
| Cheque received against advance                                                  | 400.00       | 350.00   | -       | -       | -                | -       | -                                                                   | -        | 400.00  | 350.00   |
| Corporate guarantee                                                              | -            | 1,000.00 | -       | -       | -                | -       | -                                                                   | -        | -       | 1,000.00 |

| Particulars                             | Subsidiaries |          | KMP     |         | Relatives of KMP |         | Enterprise over which KMP is able to exercise Significant Influence |         | Total    |          |
|-----------------------------------------|--------------|----------|---------|---------|------------------|---------|---------------------------------------------------------------------|---------|----------|----------|
|                                         | 2015-16      | 2014-15  | 2015-16 | 2014-15 | 2015-16          | 2014-15 | 2015-16                                                             | 2014-15 | 2015-16  | 2014-15  |
| <b>Outstanding balances at year end</b> |              |          |         |         |                  |         |                                                                     |         |          |          |
| Corporate guarantee to subsidiary       | 8,233.00     | 8,233.00 | -       | -       | -                | -       | -                                                                   | -       | 8,233.00 | 8,233.00 |
| Corporate guarantee by subsidiary       | 1,600.00     | 1,600.00 | -       | -       | -                | -       | -                                                                   | -       | 1,600.00 | 1,600.00 |
| Investment in equity shares             | 9,148.95     | 9,148.95 | -       | -       | -                | -       | 0.09                                                                | 0.09    | 9,149.04 | 9,149.04 |
| Unsecured loan                          | -            | -        | 40.00   | -       | -                | -       | 50.00                                                               | -       | 90.00    | -        |
| Amount payable/(recoverable)            | -            | -        | (51.03) | 13.64   | 20.87            | 174.30  | -                                                                   | -       | (30.16)  | 187.94   |
| Advance                                 | 2,920.19     | 3,293.91 | 5.00    | 5.00    | -                | -       | -                                                                   | 0.07    | 2,925.19 | 3,298.98 |

\* The Company has not charged interest on loan given to its subsidiary F.M.Hammerle Textiles Ltd for the period 1<sup>st</sup> July, 2015 to 31<sup>st</sup> March, 2016 as approved vide its Board Meeting dated 30<sup>th</sup> May, 2016.

#### Transactions during the year:-

- Loan received includes loan received from enterprise over which KMP has significant influence is ₹ 450 lakh (Previous year ₹ 364 lakh) from Alfort Merchants (P) Ltd.
- Loan repaid to enterprise over KMP ₹ 400.00 lakh (Previous year ₹ 280 lakh) to Alfort Merchants (P) Ltd.
- Sale of goods includes transactions ₹ 5.05 lakh (Previous year ₹ 1.19 lakh) with F.M. Hammerle Textiles Limited & ₹ 1.26 lakh (Previous year ₹ 0.66 lakh) with Oswal Industrial Enterprises (P) Ltd.
- Purchase of fabrics/bed sheets includes transactions of ₹ 339.08 lakh (Previous year ₹ 0.05 lakh) with F.M. Hammerle Textiles Limited.
- Advance given (net of funds received) includes transactions with F.M. Hammerle Textiles Ltd. ₹ 30.42 lakh (Previous Year ₹ 6.39 lakh).
- Expenses reimbursement to F.M. Hammerle Textiles Ltd. of ₹ 385.10 lakh (Previous year ₹ 124.26 lakh).
- Rent paid to Mr. Ashok Kumar Oswal ₹ 36.84 lakh (Previous year ₹ 37.21 lakh).
- Job charges paid to Oswal Industrial Enterprises (P) Ltd. ₹ 59.69 lakh (Previous year ₹ 55.99 lakh).
- Rent received includes rent from Oswal Industrial Enterprises (P) Ltd ₹ 1.53 lakh (Previous year ₹ 1.56 lakh).
- Interest received from subsidiary includes ₹ 22.56 lakh (Previous year ₹ 79.19) from F.M. Hammerle Textiles Limited.
- Interest paid to enterprises over which KMP has significant influence ₹ 10.83 lakh paid to Alfort Merchants (P) Ltd. (Previous year ₹ 5.07 lakh).
- Remuneration includes transaction with Mr. Abhinav Oswal ₹ 17.39 lakh (Previous year ₹ 11.71 lakh), Mr. Parvinder Singh ₹ 30.72 lakh (Previous year ₹ 26.32 lakh) & Mr. Sushil Sharma ₹ 14.14 lakh (Previous year ₹ 11.41 lakh).
- Managerial Remuneration includes transactions with Mr. Ashok Kumar Oswal ₹ 66.43 lakh (Previous year ₹ 47.90 lakh), Mr. Adish Oswal ₹ 64.78 lakh (Previous year ₹ 50.77 lakh) and Mr. Ashok Goyal ₹ 47.30 lakh (Previous year ₹ 41.97 lakh).
- Amount received of ₹ 152.50 lakh includes ₹ 77.96 lakh (Previous year ₹ 42.77 lakh) on behalf of Mr. Adish Oswal and ₹ 74.54 lakh (Previous year ₹ 196.42 lakh) on behalf of Mr. Abhinav Oswal on sale of plots.
- Development cost recoverable of ₹ 17.85 lakh includes ₹ 9.13 lakh (Previous year ₹ 23.13 lakh) recoverable on account of Mr. Adish Oswal and ₹ 8.72 lakh (Previous year ₹ 22.12 lakh) recoverable on account of Mr. Abhinav Oswal on real estate transaction.
- Cheques received against advance includes cheques received from F.M. Hammerle Textiles Ltd. ₹ 400.00 lakh (Previous year ₹ 350.00 lakh).

#### Closing balance at the year end:-

- Corporate Guarantee to subsidiary company: Gurantee outstanding given to lenders of F.M. Hammerle Textiles Ltd. ₹ 8,233.00 lakh (Previous year ₹ 8,233.00 lakh).
- Corporate Guarantee by subsidiary company: Gurantee outstanding received from F.M. Hammerle Textiles Ltd. ₹ 1,600.00 lakh (Previous year ₹ 1,600.00 lakh).
- Investment of ₹ 9,149.12 lakh includes investment in F.M. Hammerle Textiles Ltd. ₹ 9,126.41 lakh (Previous year ₹ 9,126.41 lakh), in Oswal Industrial Enterprise (P) Ltd. ₹ 0.09 lakh (Previous year ₹ 0.09 lakh), in F.M. Hammerle Verwaltung GmbH, Austria ₹ 22.54 lakh (Previous year ₹ 22.54 lakh).
- Amount recoverable of ₹ (30.16) lakh includes ₹ (45.02) lakh (Previous year ₹ 19.64 lakh from Mr. Adish Oswal & ₹ 20.87 lakh (Previous year ₹ 174.30) to Mr. Abhinav Oswal on account of real estate transactions and ₹ (6) lakh (Previous year ₹ (6) lakh) from Mr. Ashok Kumar Oswal on account of security deposit given.
- Advance of ₹ 2,925.19 lakh includes, F.M. Hammerle Textiles Ltd. ₹ 2,662.93 lakh (Previous year ₹ 3,065.01 lakh), in F.M. Hammerle Verwaltung GmbH, Austria ₹ 257.26 lakh (Previous year ₹ 228.90 lakh) and ₹ 5.00 lakh includes advance to Mr. Ashok Kumar Oswal (Previous year ₹ 5.00 lakh).

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

| Particulars              | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|--------------------------|------------------------------------|------------------------------------|
| Raw materials            | 4.87                               | 12.07                              |
| Components & spare parts | 163.50                             | 211.17                             |
| Capital Goods            | -                                  | 40.06                              |
| <b>TOTAL</b>             | <b>168.37</b>                      | <b>263.30</b>                      |

**b) Expenditure in foreign currency on account of:**

| Particulars                                              | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|----------------------------------------------------------|------------------------------------|------------------------------------|
| Commission, consultancy, travelling, interest and others | 240.86                             | 387.54                             |

**36. EARNINGS IN FOREIGN CURRENCY**

| Particulars                             | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|-----------------------------------------|------------------------------------|------------------------------------|
| Export of goods calculated on FOB basis | 38,245.21                          | 43,237.25                          |

**37.** 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<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|-----------------------------------------------------------------|------------------------------------|------------------------------------|
| Amount of project revenue recognized as revenue during the year | 4,400.41                           | 1,167.33                           |
| Aggregate amount of costs incurred                              | 3,595.63                           | 1,286.20                           |
| Profit/(Loss) recognized to date                                | 804.78                             | (118.86)                           |
| Transfer from Capital Reserve                                   | 3,050.17                           | 1,025.85                           |
| Profit recognized to date                                       | 3,854.95                           | 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 sold inventory relating to Vardhman Park thereby transferring from Capital Reserve an amount of ₹ 3,050.16 lakh (Previous year ₹ 1,025.85 lakh) to the credit of statement of profit & loss and transfer of real estate inventory of ₹ 4,276.76 (Previous year ₹ 1,160.40) to the debit of statement of profit & loss.

**38. SEGMENT INFORMATION :**

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

| Particulars                                                  | Segment                  |                        | Total                    |
|--------------------------------------------------------------|--------------------------|------------------------|--------------------------|
|                                                              | Textile Business         | Real Estate Business   |                          |
| Net Revenue                                                  | 83,837.24<br>(93,073.36) | 3,970.86<br>(1,167.33) | 87,808.10<br>(94,240.69) |
| Segment result                                               | 2,090.21<br>(-29.17)     | 3,854.95<br>(906.98)   | 5,945.16<br>(877.81)     |
| Less: Finance Cost                                           | -                        | -                      | 6,996.71<br>(7,255.20)   |
| Add: Other unallocable income net of unallocable expenditure | -                        | -                      | 1,953.19<br>(560.44)     |
| Profit before tax                                            | -                        | -                      | 901.64<br>(-5,816.95)    |
| Segment capital employed                                     | 25,887.78<br>(18,103.69) | 40.86<br>(2,610.95)    | 25,928.64<br>(20,714.64) |

Figures in brackets in aforesaid note represent Previous year figures.

**39. CORPORATE DEBT RESTRUCTURING**

i) The Debt Restructuring Scheme (the 'Scheme') under CDR Mechanism had been approved and Letter of Approval issued on 28th December, 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 banks.
  - 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 promoter director & Mrs. Manju Oswal (related party) and corporate guarantee of M/s F.M. Hammerle Textiles Ltd., subsidiary company.
  - v) Other conditions as stipulated under the scheme are being complied with.
40. 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.
41. 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 lakh in different trenches into Preference Shares. The Board of the directors had approved subject to bankers and shareholders for the same.
42. The Central Government vide its letters dated 18.11.2015 has approved the re-appointment and increase in the remuneration of Mr. Ashok Kumar Oswal, Managing Director and Mr. Adish Oswal, Executive Director of the Company w.e.f 01/04/2015 till 31/03/2018 under section 196, 197, 198 read with Schedule V of the Companies Act, 2013. The remuneration during the current year has been paid to them as per the said approval.
43. 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.
44. 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.
45. Details of loans and advances in nature of loans to subsidiaries, parties in which Directors are interested and investments by the loan in the shares of the company as required by Regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 as follows:

Loans & advances to subsidiaries:-

|                                      |                                  | (₹ lakh)                                                     |                                  |
|--------------------------------------|----------------------------------|--------------------------------------------------------------|----------------------------------|
| Particulars                          | Outstanding amount as at 2015-16 | Maximum amount outstanding during the financial year 2015-16 | Outstanding amount as at 2014-15 |
| F.M. Hammerle Textiles Ltd           | 2,662.93                         | 3,591.02                                                     | 3,063.82                         |
| Oswal Industrial Enterprise (P) Ltd* | -                                | 48.16                                                        | -                                |
| F.M. Hammerle Verwaltung GmbH        | 257.26                           | 257.26                                                       | 228.89                           |

\* Oswal Industrial Enterprises (P) Ltd. has been classified as "Enterprise over which KMP is able to exercise significant influence" as on 31<sup>st</sup> March, 2015.

46. The company has given loans / advances to various companies. Amount outstanding at year end is as follows:

| Description                         | Year ended 31.03.2016<br>₹ lakh | Year ended 31.03.2015<br>₹ lakh |
|-------------------------------------|---------------------------------|---------------------------------|
| Opening Balance                     | 891.55                          | 860.90                          |
| Add: Given during the year          | 439.00                          | 583.17                          |
| Less: Received back during the year | (868.62)                        | (552.52)                        |
| <b>Total</b>                        | <b>461.93</b>                   | <b>891.55</b>                   |

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. 9.5% to 14.40%).

47. 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 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 : 30<sup>th</sup> May, 2016

## INDEPENDENT AUDITORS' REPORT

### 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 31<sup>st</sup> March, 2016, the consolidated statement of profit and loss and 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 ("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 issued by Institute of Chartered Accountants of India, as 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. 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in 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 year ended March 31, 2015, the Holding Company had transferred land used for real estate development from fixed assets into stock in trade as explained in note 41 of the consolidated financial statements. 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 overstatement of cost of development by ₹ 2,958.51 lakh and overstating other income by an amount of ₹ 3,050.16 lakh during the year ended March 31, 2016.*

#### 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, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

#### Emphasis of matter

We draw attention to Note 2(v) to the consolidated financial statements relating to 'Going Concern' of one of its subsidiary company, F.M. Hammerle Textiles Ltd. (Formerly known as Oswal F.M. Hammerle Textiles Limited). The subsidiary company as on the date of the balance sheet has accumulated losses of ₹ 15,452.51 lakh which has eroded 100% of the share capital of the subsidiary. These conditions raise doubt about the subsidiary company's ability to continue as a going concern. Management's plans and views in regard to this are also described in Note 2(v). In view of this, the accompanying consolidated 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 subsidiary be unable to continue as a going concern.

Our opinion is not qualified in respect of this matter.

## 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 ₹ 71.88 lakh and total revenues of ₹ 40.67 lakh 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 as certified 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 this subsidiary, and our report in terms of sub-section (3) 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 as certified by the Management.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought , except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated 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, 2016 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, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion Paragraph above.
- (h) 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. Except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 27 & 28 to the consolidated financial statements;
  - ii. Except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above, 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 Holding Company and its subsidiary company incorporated in India.

**For S.S. Kothari Mehta & Co**

Chartered Accountants

Firm Registration. No. 000756N

Sd/-

**Sunil Wahal**

Partner

Place: New Delhi

Date: May 30, 2016

Membership No. 087294

## Annexure A to the Independent Auditor's Report to the Members of Vardhman Polytex Limited dated May 30, 2016 on its consolidated financial statements

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' section**

**Our reporting on the internal financial controls over financial reporting is not applicable in respect of one subsidiary incorporated outside India**

In conjunction with our audit of the consolidated financial statements of **Vardhman Polytex Limited** as of and for the year ended March 31, 2016, we have audited the Internal Financial Controls Over Financial Reporting of Vardhman Polytex Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), all incorporated in India, as of that date.

## Management's Responsibility for Internal Financial Controls

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

## Auditors' Responsibility

Our responsibility is to express an opinion on the Group internal financial controls over financial reporting based on our audit.

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

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

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

## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

## Qualified Opinion

*According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Holding Company's internal financial controls over financial reporting as at March 31, 2016.*

*The Holding Company's internal financial controls over evaluation and assessment of recoverability including any provision to be made there against in respect of investments made in subsidiaries and loans/advances given to subsidiaries were not operating effectively which could potentially result in the Company not recognising sufficient provision there against.*

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

*In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively in the Holding Company and its subsidiary company, which is company incorporated in India as of March 31, 2016.*

**For S.S. Kothari Mehta & Co**

Chartered Accountants  
Firm Registration. No. 000756N

Sd/-

**Sunil Wahal**

Partner

Place: New Delhi  
Date: May 30, 2016

Membership No. 087294


**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

| Particulars                                                                               | Note No. | As at 31.03.2016<br>₹ lakh | As at 31.03.2015<br>₹ lakh |
|-------------------------------------------------------------------------------------------|----------|----------------------------|----------------------------|
| <b>I. EQUITY AND LIABILITIES</b>                                                          |          |                            |                            |
| <b>1. Shareholders' Funds</b>                                                             |          |                            |                            |
| (a) Share Capital                                                                         | 3        | 2,232.54                   | 2,232.54                   |
| (b) Reserves and Surplus                                                                  | 4        | (5,193.38)                 | (613.16)                   |
| (c) Preference Capital held by others                                                     |          | 1,220.75                   | 1,220.75                   |
| <b>Total Shareholders' Fund</b>                                                           |          | <b>(1,740.09)</b>          | <b>2,840.13</b>            |
| <b>2. Minority Interest</b>                                                               | 43       | -                          | -                          |
| <b>3. Non - Current Liabilities</b>                                                       |          |                            |                            |
| (a) Long term borrowings                                                                  | 5        | 30,550.89                  | 31,637.80                  |
| (b) Deferred tax liabilities                                                              | 6        | -                          | -                          |
| (c) Long term provisions                                                                  | 7        | 508.14                     | 459.45                     |
| (d) Other long term liabilities                                                           | 8        | -                          | 71.51                      |
| <b>Total Non Current Liabilities</b>                                                      |          | <b>31,059.03</b>           | <b>32,168.76</b>           |
| <b>4. Current Liabilities</b>                                                             |          |                            |                            |
| (a) Short-Term Borrowings                                                                 | 9        | 18,362.16                  | 18,141.98                  |
| (b) Trade Payable                                                                         | 10       |                            |                            |
| - total outstanding dues of micro enterprises and small enterprises                       |          | -                          | -                          |
| - total outstanding dues of creditors other than micro enterprises and small enterprises. |          | 7,617.33                   | 8,206.35                   |
| (c) Other Current Liabilities                                                             | 11       | 11,941.24                  | 13,896.83                  |
| (d) Short-Term Provisions                                                                 | 7        | 301.44                     | 559.04                     |
| <b>Total Current Liabilities</b>                                                          |          | <b>38,222.17</b>           | <b>40,804.20</b>           |
| <b>TOTAL</b>                                                                              |          | <b>67,541.11</b>           | <b>75,813.09</b>           |
| <b>II. ASSETS</b>                                                                         |          |                            |                            |
| <b>1. Non Current Assets</b>                                                              |          |                            |                            |
| (a) Fixed Assets                                                                          |          |                            |                            |
| Tangible Assets                                                                           | 12       | 36,000.52                  | 38,731.99                  |
| Intangible Assets                                                                         | 12       | 753.90                     | 925.28                     |
| Capital Work-in-Progress                                                                  |          | 663.57                     | 411.73                     |
| (b) Non-Current Investments                                                               | 13       | 0.62                       | 0.62                       |
| (c) Deferred Tax Assets (Net)                                                             | 6        | 5,016.18                   | 5,016.18                   |
| (d) Long-Term Loans and Advances                                                          | 14       | 1,529.37                   | 1,179.53                   |
| (e) Other Non-Current Assets                                                              | 17       | 294.37                     | 561.63                     |
| <b>Total Non Current Assets</b>                                                           |          | <b>44,258.53</b>           | <b>46,826.96</b>           |
| <b>2. Current Assets</b>                                                                  |          |                            |                            |
| (a) Current Investments                                                                   | 13       | 18.34                      | 31.94                      |
| (b) Inventories                                                                           | 15       | 8,603.08                   | 15,418.02                  |
| (c) Trade Receivables                                                                     | 16       | 9,088.63                   | 7,164.42                   |
| (d) Cash and Bank Balances                                                                | 17       | 916.52                     | 1,041.31                   |
| (e) Short-Term Loans and Advances                                                         | 14       | 4,656.01                   | 5,330.44                   |
| <b>Total Current Assets</b>                                                               |          | <b>23,282.58</b>           | <b>28,986.13</b>           |
| <b>TOTAL</b>                                                                              |          | <b>67,541.11</b>           | <b>75,813.09</b>           |

**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 &amp; Co.

Chartered Accountants

Firm Reg. No:- 000756N

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 &amp; Managing Director

(DIN-00009403)

Place : Ludhiana

Date : 30<sup>th</sup> May, 2016

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

| Particulars                                                                       | Note No. | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|-----------------------------------------------------------------------------------|----------|------------------------------------|------------------------------------|
| <b>I. REVENUE</b>                                                                 |          |                                    |                                    |
| (a) Revenue from Operations                                                       | 18       | 95,361.68                          | 1,02,149.93                        |
| Less: Excise Duty                                                                 |          | (0.82)                             | (0.60)                             |
| (b) Other Income                                                                  | 19       | 5,192.19                           | 2,565.92                           |
| <b>Total Revenue</b>                                                              |          | <b>1,00,553.05</b>                 | <b>1,04,715.25</b>                 |
| <b>II. EXPENSES</b>                                                               |          |                                    |                                    |
| (a) Cost of Material Consumed                                                     | 20       | 59,275.01                          | 67,051.31                          |
| (b) Purchase of Stock-in-Trade                                                    |          | 3,801.90                           | 1,206.35                           |
| (c) Changes in Inventories                                                        | 21       | 401.22                             | 797.99                             |
| (d) Employee Benefit Expenses                                                     | 22       | 7,252.92                           | 7,188.89                           |
| (e) Finance Costs                                                                 | 23       | 8,568.49                           | 8,663.14                           |
| (f) Depreciation and Amortization Expenses                                        | 24       | 3,825.53                           | 4,249.94                           |
| (g) Other Expenses                                                                | 25       | 18,928.07                          | 19,399.16                          |
| <b>Total Expenses</b>                                                             |          | <b>1,02,053.14</b>                 | <b>1,08,556.78</b>                 |
| <b>III. Profit/(Loss) before exceptional items and tax</b>                        |          | <b>(1,500.09)</b>                  | <b>(3,841.53)</b>                  |
| Exceptional items (Refer note no. 13(a))                                          |          | -                                  | 3,585.01                           |
| <b>IV. Profit/(Loss) before tax</b>                                               |          | <b>(1,500.09)</b>                  | <b>(7,426.54)</b>                  |
| <b>V. Tax expenses</b>                                                            |          |                                    |                                    |
| (a) Current tax                                                                   |          | (1.07)                             | (1.36)                             |
| (b) Deferred tax                                                                  | 6        | -                                  | 2,936.74                           |
| <b>VI. Profit/(Loss) after tax for the year</b>                                   |          | <b>(1,501.16)</b>                  | <b>(4,491.15)</b>                  |
| Income attributable to consolidated group                                         |          | (1,501.16)                         | (4,491.15)                         |
| Amount transfer to Balance sheet                                                  |          | (1,501.16)                         | (4,491.15)                         |
| <b>VII. Earnings per equity share (in ₹)</b>                                      | 26       |                                    |                                    |
| (a) Basic                                                                         |          | (6.73)                             | (21.51)                            |
| (b) Diluted                                                                       |          | (6.73)                             | (21.51)                            |
| <b>Significant Accounting Policies</b>                                            | 2        |                                    |                                    |
| <b>The accompanying notes form an integral part of these financial statements</b> |          |                                    |                                    |

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

**FOR AND ON BEHALF OF 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 : 30<sup>th</sup> May, 2016


**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

| Particulars                                                | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|------------------------------------------------------------|------------------------------------|------------------------------------|
| <b>a) CASH FLOW FROM OPERATING ACTIVITIES</b>              |                                    |                                    |
| Profit/(Loss) before Tax                                   | (1,500.09)                         | (7,426.54)                         |
| <b>Add:</b> Depreciation                                   | 3,825.53                           | 4,249.94                           |
| Interest Paid                                              | 8,568.49                           | 8,663.14                           |
| Loss on Sale of Investment (Shares)                        | -                                  | 3,585.01                           |
| Net Loss on Fixed Assets Sold / Discarded                  | -                                  | 3.59                               |
| Foreign Currency Monetary Item Translation Difference      | (4.42)                             | (8.57)                             |
| Tax Paid                                                   | -                                  | -                                  |
| Sundry Balances Written off                                | 106.64                             | 101.29                             |
| <b>Less:</b> Dividend Received                             | -                                  | (2.75)                             |
| Net Profit on Fixed Assets Sold/Discarded                  | (232.42)                           | (89.39)                            |
| Net Profit on Investment Sold                              | (635.42)                           | (279.20)                           |
| Interest Received                                          | (217.24)                           | (220.64)                           |
| Income Recognised                                          | (3,074.65)                         | (1,052.84)                         |
| Sundry Balances Written Back                               | (158.82)                           | (117.19)                           |
| <b>Operating Profit before Working Capital Changes</b>     | <b>6,677.60</b>                    | <b>7,405.85</b>                    |
| <b>Working Capital Changes</b>                             |                                    |                                    |
| Trade Receivables                                          | (1,924.21)                         | 2,331.09                           |
| Inventories                                                | 6,814.94                           | (797.38)                           |
| Loans & Advances / Other Current Assets                    | 518.15                             | 1,078.94                           |
| Liabilities and Provisions                                 | (1,167.50)                         | (1,491.45)                         |
| <b>Cash Generated from Operations</b>                      | <b>10,918.98</b>                   | <b>8,527.05</b>                    |
| Less: Direct taxes paid                                    | 32.95                              | 53.42                              |
| <b>Net Cash from Operating Activities</b>                  | <b>10,886.03</b>                   | <b>8,473.63</b>                    |
| <b>b) CASH FLOW FROM INVESTING ACTIVITIES</b>              |                                    |                                    |
| Addition in Fixed Assets (Net)                             | (1,270.91)                         | (2,132.85)                         |
| Sale of Fixed Assets                                       | 325.75                             | 369.68                             |
| Dividend/Interest Received                                 | 217.24                             | 223.38                             |
| Sale of Investments                                        | 13.60                              | 1,697.24                           |
| <b>Net Cash from /(used in) Investing Activities</b>       | <b>(714.32)</b>                    | <b>157.45</b>                      |
| <b>c) CASH FLOW FROM FINANCING ACTIVITIES</b>              |                                    |                                    |
| Long Term Borrowings - Term Loans (Net of Repayments)      | (3,847.96)                         | (5,894.63)                         |
| Short Term Borrowings (Working Capital)                    | 220.18                             | 4,232.10                           |
| Other Long Term Liabilities                                | (71.51)                            | 71.51                              |
| Issue of Share Capital                                     | -                                  | 375.15                             |
| Interest Paid                                              | (6,597.20)                         | (7,799.45)                         |
| <b>Net Cash used in Financing Activities</b>               | <b>(10,296.49)</b>                 | <b>(9,015.32)</b>                  |
| <b>Net Increase/(Decrease) in cash or cash equivalents</b> | <b>(124.78)</b>                    | <b>(384.25)</b>                    |
| Cash or cash equivalents at beginning of the year          | 1,041.31                           | 1,425.55                           |
| <b>Closing cash or cash equivalents at end of the year</b> | <b>916.52</b>                      | <b>1,041.31</b>                    |

**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 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 : 30<sup>th</sup> May, 2016

## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2016

### 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.

### 2. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

#### 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 31.03.2016, 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 <sup>st</sup> March, 2016 | % Shareholding/Voting Power as on 31 <sup>st</sup> March, 2015 |
|---------------------------------|--------------------------|----------------------------------------------------------------|----------------------------------------------------------------|
| F.M. Hämmerle Textiles Ltd.     | India                    | 81.73%                                                         | 81.73%                                                         |
| F. M. Hämmerle Verwaltungs GmbH | Austria                  | 100.00%                                                        | 100.00%                                                        |

- i) 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.
- ii) 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.
- iii) 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.
- iv) Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in the line with parent company's financial statements.
- v) Going concern -

In view of continuous losses suffered by the subsidiary company, F.M. Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd.), the subsidiary company's accumulated losses stand at ₹ 15,452.51 lakh which has eroded 100% of the of share capital. As per Sick Industrial Companies (Special Provision) Act (SICA) of 1985, the subsidiary company has been classified as "Sick Company" under section 15 of said Act and accordingly a reference has been filed with Board for Industrial and Financial Reconstruction (BIFR). During the current year, the subsidiary company has generated positive EBITDA and also shown consistent sales as compared to previous year in addition the Company has hired professional consultant for further improvement of the unit and for getting a strategic investor. In addition, the promoters of holding company have assured to support the Company for all cash flows requirements in the future. The financial statements have, therefore, been prepared on a going concern basis.

### 3. SHARE CAPITAL

| Particulars                                 | As at 31.03.2016 |                  | As at 31.03.2015 |                  |
|---------------------------------------------|------------------|------------------|------------------|------------------|
|                                             | Number           | Amount<br>₹ lakh | Number           | Amount<br>₹ lakh |
| <b>Authorised</b>                           |                  |                  |                  |                  |
| Equity shares of ₹10/- each                 | 7,00,00,000      | 7,000.00         | 7,00,00,000      | 7,000.00         |
| <b>TOTAL</b>                                | 7,00,00,000      | 7,000.00         | 7,00,00,000      | 7,000.00         |
| <b>Issued, subscribed and fully paid-up</b> |                  |                  |                  |                  |
| Equity shares of ₹10/- each                 | 2,22,90,957      | 2,229.09         | 2,22,90,957      | 2,229.09         |
| Forfeited shares                            | —                | 3.45             | —                | 3.45             |
| <b>TOTAL</b>                                | 2,22,90,957      | 2,232.54         | 2,22,90,957      | 2,232.54         |

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

| Particulars                                                   | As at 31.03.2016 |                  | As at 31.03.2015 |                  |
|---------------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                               | Number           | Amount<br>₹ lakh | Number           | Amount<br>₹ lakh |
| <b>Equity Shares</b>                                          |                  |                  |                  |                  |
| At the beginning of the year                                  | 2,22,90,957      | 2,229.09         | 1,98,17,957      | 1,981.80         |
| <b>Add:</b> Shares Issued during the year (Refer note no. ii) | -                | -                | 24,73,000        | 247.29           |
| Outstanding at the end of the year (Refer note no. i)         | 2,22,90,957      | 2,229.09         | 2,22,90,957      | 2,229.09         |

#### Note:

- Out of 1,34,04,652 (Previous year: 134,04,202) equity shares (face value of ₹ 10/- each) held by promoters & promoters group companies, 1,09,31,202 (Previous year: 1,09,31,202) 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 31<sup>st</sup> March, 2016, 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

| Particulars                                   | As at 31.03.2016 |           | As at 31.03.2015 |           |
|-----------------------------------------------|------------------|-----------|------------------|-----------|
|                                               | Number           | % Holding | Number           | % Holding |
| Panchsheel Textile Mfg & Trading Co. (P) Ltd. | 44,26,917        | 19.86     | 44,26,917        | 19.86     |
| Alma Assets Consultancy (P) Ltd.              | 43,62,325        | 19.57     | 43,62,325        | 19.57     |
| Swarnim Tie Up (P) Ltd.                       | 14,00,000        | 6.28      | 14,00,000        | 6.28      |
| Altfort Merchants (P) Ltd.                    | 21,82,000        | 9.79      | 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

#### 4. RESERVES AND SURPLUS

| Particulars                                                                                                                                                  | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>Capital Subsidy</b>                                                                                                                                       |                               |                               |
| Balances as per last financial statements                                                                                                                    | 209.76                        | 236.75                        |
| Less: Transfer to statement of profit & loss                                                                                                                 | (26.99)                       | (26.99)                       |
| <b>Closing balance</b>                                                                                                                                       | <b>182.77</b>                 | <b>209.76</b>                 |
| <b>Capital Redemption Reserve</b>                                                                                                                            |                               |                               |
| Balances as per last financial statements                                                                                                                    | 0.01                          | 0.01                          |
| Add: Addition during the year                                                                                                                                | 2.51                          | -                             |
| <b>Closing balance</b>                                                                                                                                       | <b>2.52</b>                   | <b>0.01</b>                   |
| <b>Capital Reserve</b>                                                                                                                                       |                               |                               |
| Opening balance                                                                                                                                              | 3,050.17                      | -                             |
| Add: Current year created                                                                                                                                    | -                             | 4,076.02                      |
| Less: Written back in current year (refer note no. 41)                                                                                                       | (3,050.17)                    | (1,025.85)                    |
| <b>Closing balance</b>                                                                                                                                       | <b>-</b>                      | <b>3,050.17</b>               |
| <b>General Reserve</b>                                                                                                                                       |                               |                               |
| Balances as per last financial statements                                                                                                                    | 9,865.69                      | 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) (refer note no. 12 (b)) | -                             | (500.52)                      |
| <b>Closing balance</b>                                                                                                                                       | <b>9,865.69</b>               | <b>9,865.69</b>               |
| <b>Amalgamation Reserve</b>                                                                                                                                  |                               |                               |
| Balances as per last financial statements                                                                                                                    | 45.00                         | 45.00                         |
| Add: Changes during the year                                                                                                                                 | -                             | -                             |
| <b>Closing balance</b>                                                                                                                                       | <b>45.00</b>                  | <b>45.00</b>                  |
| <b>Foreign Currency Translation Reserve</b>                                                                                                                  |                               |                               |
| Balances as per last financial statements                                                                                                                    | (1.93)                        | 6.64                          |
| Add: Addition during the year                                                                                                                                | (4.42)                        | (8.57)                        |
| <b>Closing balance</b>                                                                                                                                       | <b>(6.35)</b>                 | <b>(1.93)</b>                 |
| <b>Security Premium Reserve</b>                                                                                                                              |                               |                               |
| Balances as per last financial statements                                                                                                                    | 7,731.06                      | 6,618.21                      |
| Add: Transferred during the year                                                                                                                             | -                             | 1,112.85                      |
| <b>Closing balance</b>                                                                                                                                       | <b>7,731.06</b>               | <b>7,731.06</b>               |
| <b>Deficit Balance in the Statement of Profit and Loss</b>                                                                                                   |                               |                               |
| Balances as per last financial statements                                                                                                                    | (21,512.92)                   | (15,012.00)                   |
| Less: Amount tranferred from statement of profit and loss                                                                                                    | (1,501.16)                    | (4,491.15)                    |
| Depreciation on account of balance useful life being NIL as on 01 April, 2014 as per Companies Act, 2013 (refer note no. 12 (d))                             | -                             | (32.34)                       |
| Adjustment of Oswal Industrial Enterprises Pvt.Ltd.                                                                                                          | -                             | (2,115.42)                    |
| Minority interest                                                                                                                                            | -                             | 138.00                        |
| <b>Closing balance</b>                                                                                                                                       | <b>(23,014.09)</b>            | <b>(21,512.92)</b>            |
| <b>TOTAL</b>                                                                                                                                                 | <b>(5,193.38)</b>             | <b>(613.16)</b>               |

## 5. LONG TERM BORROWINGS

| Particulars                                                                                 | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|---------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>Secured Loans</b>                                                                        |                               |                               |
| <b>Term Loans</b>                                                                           |                               |                               |
| Rupee Loan from Banks (Refer note a,b & c below)                                            | 27,005.98                     | 28,578.11                     |
| Rupee Loan from Others (Refer note a,b & c below)                                           | 609.02                        | 764.00                        |
| Funded Interest Term Loan (Refer note a,b & c below)                                        | 1,542.19                      | 2,718.27                      |
| Working Capital Term Loan (II) (Refer note a,b & c below)                                   | 5,451.88                      | 5,873.58                      |
| Vehicle Loan (Refer note d below)                                                           | 43.20                         | 37.61                         |
| <b>Unsecured Loans</b>                                                                      |                               |                               |
| Foreign Currency Convertible Bonds                                                          | 728.75                        | 1,999.84                      |
| From Director -Related Party                                                                | 91.50                         | -                             |
| From Body Corporate -Related Party                                                          | 15.50                         | -                             |
| <b>TOTAL</b>                                                                                | <b>35,488.02</b>              | <b>39,971.41</b>              |
| Less: Current maturities amount disclosed under other Current Liabilities (refer note : 11) | (4,937.13)                    | (8,333.61)                    |
| <b>GRAND TOTAL</b>                                                                          | <b>30,550.89</b>              | <b>31,637.80</b>              |

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

| Rupee Term Loan from Banks   |                         |                    |                      |                      |                 |                 |                 |                 |                 | (₹ lakh)        |
|------------------------------|-------------------------|--------------------|----------------------|----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Particulars                  | Rate of Interest % P.A. | No. of instalments | O/s as at 31.03.2016 | O/s as at 31.03.2015 | 2016-17         | 2017-18         | 2018-19         | 2019-20         | 2020-21         | 2021-2022       |
| Rupee Term Loan              | 11.00%                  | 24 Qtly            | 15,932.34            | 17,414.86            | 2,035.09        | 2,385.56        | 2,739.79        | 3,094.02        | 3,447.09        | 2,230.79        |
| Working Capital Term Loan-II | 11.00%                  | 24 Qtly            | 5,451.88             | 5,873.58             | 621.13          | 772.92          | 901.74          | 1,030.56        | 1,159.38        | 966.15          |
| Funded Interest Term Loan    | 11.00%                  | 06 Qtly            | 1,542.19             | 2,718.27             | 1,476.08        | 66.11           | -               | -               | -               | -               |
| <b>TOTAL</b>                 |                         |                    | <b>22,926.41</b>     | <b>26,006.71</b>     | <b>4,132.30</b> | <b>3,224.59</b> | <b>3,641.53</b> | <b>4,124.58</b> | <b>4,606.47</b> | <b>3,196.94</b> |

| Rupee Term Loan from others |                         |                    |                      |                      |         |         |                           |         |         |         | ( ₹ lakh) |  |
|-----------------------------|-------------------------|--------------------|----------------------|----------------------|---------|---------|---------------------------|---------|---------|---------|-----------|--|
| Lending Institution         | Rate of Interest % P.A. | No. of instalments | O/s as at 31.03.2016 | O/s as at 31.03.2015 | 2016-17 | 2017-18 | Annual Repayment Schedule |         |         |         |           |  |
|                             |                         |                    |                      |                      |         |         | 2018-19                   | 2019-20 | 2020-21 | 2021-22 | 2022-23   |  |
| Religare Finvest Ltd        | 13.75%                  | 83 Monthly         | 394.32               | 422.21               | 36.74   | 42.13   | 48.30                     | 55.37   | 63.49   | 72.79   | 75.50     |  |
| Religare Finvest Ltd.       | 14.50%                  | 70 Monthly         | 214.7                | 234.79               | 25.60   | 29.58   | 34.17                     | 39.46   | 45.59   | 40.30   | -         |  |
| TOTAL                       |                         |                    | 609.02               | 657.00               | 62.34   | 71.71   | 82.47                     | 94.83   | 109.08  | 113.09  | 75.50     |  |

| Vehicle Loan        |                         |                   |                      |                      |              |             |             |             |             | (₹ lakh) |
|---------------------|-------------------------|-------------------|----------------------|----------------------|--------------|-------------|-------------|-------------|-------------|----------|
| Lending institution | Rate of Interest % P.A. | No of instalments | O/s as at 31.03.2016 | O/s as at 31.03.2015 | 2016-17      | 2017-18     | 2018-19     | 2019-20     | 2020-21     |          |
| HDFC Bank           | 10.00%                  | 07 Monthly        | 3.89                 | 10.05                | 3.89         | -           | -           | -           | -           | -        |
| Canara Bank         | 10.50%                  | 50 Monthly        | 37.42                | 22.19                | 7.95         | 8.83        | 9.80        | 6.14        | 4.70        |          |
| <b>TOTAL</b>        |                         |                   | <b>41.31</b>         | <b>32.24</b>         | <b>11.84</b> | <b>8.83</b> | <b>9.80</b> | <b>6.14</b> | <b>4.70</b> |          |

### 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.

(e) The period and amount of default as on the balance sheet date in case of holding company are as under: (₹ lakh)

| Particulars                                | Period of default               | Principal | Interest accrued and due | Total    | Paid/Settled | Balance  |
|--------------------------------------------|---------------------------------|-----------|--------------------------|----------|--------------|----------|
| <b>Secured (Term Loans) (Refer note i)</b> |                                 |           |                          |          |              |          |
| As at 31.03.2016                           | "From 01.04.2015 to 31.03.2016" | 773.09    | 310.24                   | 1,083.33 | –            | 1,083.33 |
| <b>Unsecured (FCCB) (Refer note ii)</b>    |                                 |           |                          |          |              |          |
| As at 31.03.2016                           | From 31.03.2016                 | 728.75    | 134.19                   | 862.94   | –            | 862.94   |
| As at 31.03.2015                           | Before 31.03.2015               | 624.95    | 115.05                   | 740.00   | 740.00       | –        |

**Note:**

- Principal and interest accrued on Secured (term loans) have been repaid by 27<sup>th</sup> May, 2016.
- The holding company has signed settlement agreement with Foreign Currency Convertible Bond holders of principal value of USD 85,00,000 (₹ 4,613.80 lakh) worth of bonds and redemption premium of USD 15,64,850 (₹ 849.40 lakh) aggregating the total of USD 1,00,64,850 (₹ 5,463.20 lakh). 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 44,67,353 (equivalent value bonds surrendered to the company) out of which an amount of USD 14,09,530 (equivalent value bonds surrendered to the company) has been paid in current financial year and accordingly an amount of USD 42,95,071 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 11,00,000, 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".

B) 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:- (₹ lakh)

| Lending institution/banks                        | Rate of interest % p.a. | No of instalments/ payment | O/s as on 31.03.2016 | O/s as on 31.03.2015 | Yearly 2016-17 |
|--------------------------------------------------|-------------------------|----------------------------|----------------------|----------------------|----------------|
| Tata Capital & Financial Services (Vehicle loan) | 10.70%                  | 6/monthly                  | 1.89                 | 5.36                 | 1.89           |
| <b>TOTAL</b>                                     |                         |                            | <b>1.89</b>          | <b>5.36</b>          | <b>1.89</b>    |

**Details of security of subsidiary company i.e F.M. Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd) are as follows:-**

- During the current year, the Company has exited Corporate Debt Structuring (CDR). In the absence of certainty of repayment schedule of all term loans the principal amount outstanding as on the balance sheet date is being classified as long term borrowings.
- 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.

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

| Period of default (Secured) | Principal | Interest accrued and due | Total    | Paid   | Balance  |
|-----------------------------|-----------|--------------------------|----------|--------|----------|
| 01.07.14 to 31.03.16        | 2,323.09  | 2,591.42                 | 4,914.51 | 270.10 | 4,644.41 |
| 01.07.14 to 31.03.15        | 879.08    | 1,058.28                 | 1,937.36 | –      | 1,937.36 |

## 6. DEFERRED TAX (NET)

| Particulars                                        | As at<br>31.03.2016<br>₹ lakh | Charge / (credit)<br>during the year<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|----------------------------------------------------|-------------------------------|------------------------------------------------|-------------------------------|
| <b>Deferred Tax Liabilities</b>                    |                               |                                                |                               |
| Arising on account of timing difference :          |                               |                                                |                               |
| Accumulated depreciation                           | 2,272.49                      | (64.33)                                        | 2,336.82                      |
| <b>Deferred Tax Assets</b>                         |                               |                                                |                               |
| Arising on account of timing difference :          |                               |                                                |                               |
| Unabsorbed depreciation / losses and Sec 43B items | (7,030.64)                    | 64.33                                          | (7,094.97)                    |
| Others                                             | (258.03)                      | -                                              | (258.03)                      |
| <b>Net Deferred Tax Liability/(Assets)</b>         | <b>(5,016.18)</b>             | <b>-</b>                                       | <b>(5,016.18)</b>             |

- a) The Holding company has deferred tax liability of ₹ 2,272.49 Lakh up to the end of the current 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 this no further deferred tax assets are being provided.
- b) The subsidiary company i.e. F.M. Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd.) has deferred tax liability of ₹ 2,157.08 Lakh 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.

## 7. PROVISIONS

| Particulars                   | Long-term                     |                               | Short-term                    |                               |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                               | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
| Premium on Redemption of FCCB | -                             | -                             | 134.19                        | 368.17                        |
| Employee related              | 508.14                        | 459.45                        | 167.25                        | 190.87                        |
| <b>TOTAL</b>                  | <b>508.14</b>                 | <b>459.45</b>                 | <b>301.44</b>                 | <b>559.04</b>                 |

## 8. OTHER LONG TERM LIABILITIES

| Particulars         | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|---------------------|-------------------------------|-------------------------------|
| Community club fees | -                             | 71.51                         |
| <b>TOTAL</b>        | <b>-</b>                      | <b>71.51</b>                  |

## 9. SHORT TERM BORROWINGS

| Particulars                                                  | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|--------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>Secured</b>                                               |                               |                               |
| Loans repayable on demand                                    |                               |                               |
| Working capital loans from banks (refer note a, b & c below) | 18,022.16                     | 17,728.58                     |
| Others                                                       | -                             | 13.40                         |
| <b>Unsecured</b>                                             |                               |                               |
| From Director - Related Party                                | 40.00                         | -                             |
| From Body Corporate - Related Party                          | 50.00                         | -                             |
| From other Body Corporate                                    | 250.00                        | 400.00                        |
| <b>TOTAL</b>                                                 | <b>18,362.16</b>              | <b>18,141.98</b>              |

**In case of Holding Company:-**

- 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).
- Includes credit balance in current account.

**In case of Subsidiary Company i.e. F.M. Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd.):**

- Working capital Loans from banks are secured by hypothecation of all stocks present and future, 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.
- Corporate guarantee given by Vardhman Polytex Limited, holding Company.
- Personal guarantee 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.
- During the previous year ended 31<sup>st</sup> March, 2015 the bank had classified the accounts as Non Performing Asset (NPA).

**10. TRADE PAYABLES**

| Particulars                                  | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|----------------------------------------------|-------------------------------|-------------------------------|
| Payable to Micro & Small Enterprises (MSME)* | -                             | -                             |
| Payable to other than MSME                   | 7,617.33                      | 8,206.35                      |
| <b>TOTAL</b>                                 | <b>7,617.33</b>               | <b>8,206.35</b>               |

\*Status of vendors as defined 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.

**11. OTHER CURRENT LIABILITIES**

| Particulars                                                   | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|---------------------------------------------------------------|-------------------------------|-------------------------------|
| Current maturities of long-term borrowings (Refer note no. 5) | 4,937.13                      | 8,333.61                      |
| Interest accrued and due on borrowings                        | 3,880.76                      | 1,909.67                      |
| Interest accrued but not due**                                | 1.32                          | 1.12                          |
| Creditor for service & contracts                              | 261.58                        | 252.36                        |
| Trade deposits & advances                                     | 81.12                         | 705.27                        |
| Security deposits                                             | 133.38                        | 73.53                         |
| Unclaimed dividend*                                           | -                             | 3.03                          |
| Payable to capital goods suppliers                            | 94.36                         | 28.45                         |
| Employees related                                             | 735.78                        | 785.15                        |
| Statutory dues                                                | 233.21                        | 209.04                        |
| Trade expenses                                                | -                             | 348.71                        |
| Others                                                        | 1,582.60                      | 1,246.89                      |
| <b>TOTAL</b>                                                  | <b>11,941.24</b>              | <b>13,896.83</b>              |

**In case of Holding Company:-**

\* Investors Education and Protection Fund have been credited during the year ended 31<sup>st</sup> March, 2016

**In case of Subsidiary Company i.e. F.M. Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd.):**

\*\* Interest of ₹ 1.32 lakh (Previous year ₹ 1.12 lakh) (net of TDS) is due for payment within 60 days of the end of 31<sup>st</sup> March, 2016 to Alfort Merchants Private Limited.

## 12. FIXED ASSETS

### a) For the year ended 31<sup>st</sup> March, 2016

| Particulars                       | Tangible assets |                |           |                   |                 |                      |          | Intangible assets |                       |                         |                  | Total Assets |
|-----------------------------------|-----------------|----------------|-----------|-------------------|-----------------|----------------------|----------|-------------------|-----------------------|-------------------------|------------------|--------------|
|                                   | Leasehold Land* | Free hold Land | Building  | Plant & Machinery | Other Equipment | Furniture & Fixtures | Vehicles | Total tangible    | Software (Bought out) | Trade Mark (Bought out) | Total intangible |              |
|                                   | ₹ lakh          | ₹ lakh         | ₹ lakh    | ₹ lakh            | ₹ lakh          | ₹ lakh               | ₹ lakh   | ₹ lakh            | ₹ lakh                | ₹ lakh                  | ₹ lakh           |              |
| Cost                              |                 |                |           |                   |                 |                      |          |                   |                       |                         |                  |              |
| As at 1 <sup>st</sup> April 2015  | 430.88          | 1,839.65       | 19,215.47 | 56,161.33         | 192.26          | 465.31               | 605.77   | 78,910.68         | 580.66                | 2,624.09                | 3,204.75         | 82,115.43    |
| Additions                         | —               | —              | 404.79    | 452.63            | 24.30           | 3.48                 | 30.74    | 915.94            | 92.24                 | 10.88                   | 103.12           | 1,019.06     |
| Relating to Disposals             | —               | (65.04)        | —         | (29.05)           | —               | —                    | (87.34)  | (181.43)          | (5.55)                | —                       | (5.55)           | (186.98)     |
| As at 31 <sup>st</sup> March 2016 | 430.88          | 1,774.62       | 19,620.27 | 56,584.92         | 216.56          | 468.78               | 549.17   | 79,645.20         | 667.35                | 2,634.97                | 3,302.32         | 82,947.51    |
| Depreciation                      |                 |                |           |                   |                 |                      |          |                   |                       |                         |                  |              |
| As at 1 <sup>st</sup> April 2015  | 22.21           | —              | 4,527.09  | 34,914.87         | 134.44          | 276.64               | 306.48   | 40,181.74         | 501.97                | 1,777.51                | 2,279.48         | 42,461.22    |
| Charge for the year               | 2.34            | —              | 610.78    | 2,816.69          | 17.10           | 41.61                | 62.97    | 3,551.49          | 25.29                 | 248.75                  | 274.04           | 3,825.53     |
| Relating to Disposals             | —               | —              | —         | (22.79)           | —               | —                    | (65.76)  | (88.55)           | (5.09)                | —                       | (5.09)           | (93.64)      |
| As at 31 <sup>st</sup> March 2016 | 24.56           | —              | 5,137.86  | 37,708.77         | 151.54          | 318.26               | 303.69   | 43,644.68         | 522.17                | 2,026.26                | 2,548.43         | 46,193.10    |
| Net Block                         |                 |                |           |                   |                 |                      |          |                   |                       |                         |                  |              |
| As at 31 <sup>st</sup> March 2016 | 406.32          | 1,774.62       | 14,482.40 | 18,876.15         | 65.02           | 150.52               | 245.48   | 36,000.52         | 145.18                | 608.71                  | 753.90           | 36,754.42    |

### b) For the year ended 31<sup>st</sup> March, 2015

| Particulars                       | Tangible Assets |                |           |                   |                 |                      |          |                | Intangible Assets     |                         |                  | Total Assets |
|-----------------------------------|-----------------|----------------|-----------|-------------------|-----------------|----------------------|----------|----------------|-----------------------|-------------------------|------------------|--------------|
|                                   | Leasehold Land  | Free hold Land | Building  | Plant & Machinery | Other Equipment | Furniture & Fixtures | Vehicles | Total tangible | Software (Bought out) | Trade Mark (Bought out) | Total intangible |              |
|                                   | ₹ lakh          | ₹ lakh         | ₹ lakh    | ₹ lakh            | ₹ lakh          | ₹ lakh               | ₹ lakh   | ₹ lakh         | ₹ lakh                | ₹ lakh                  | ₹ lakh           |              |
| Cost                              |                 |                |           |                   |                 |                      |          |                |                       |                         |                  |              |
| As at 1 <sup>st</sup> April 2014  | 430.88          | 1,750.21       | 19,192.52 | 54,982.12         | 171.58          | 465.42               | 773.95   | 77,766.68      | 526.09                | 2,657.00                | 3,183.09         | 80,949.77    |
| Additions                         | -               | 259.54         | 70.74     | 1,302.78          | 21.39           | 14.05                | 21.27    | 1,689.77       | 54.88                 | -                       | 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)                 | (33.22)          | (443.36)     |
| Adjustment of OIEL                | -               | -              | -         | (9.57)            | (0.24)          | (5.68)               | (117.10) | (132.59)       | -                     | -                       | -                | (132.59)     |
| As at 31 <sup>st</sup> March 2015 | 430.88          | 1,839.65       | 19,215.47 | 56,161.33         | 192.26          | 465.31               | 605.77   | 78,913.73      | 580.66                | 2,624.09                | 3,204.75         | 82,118.48    |
| Depreciation                      |                 |                |           |                   |                 |                      |          |                |                       |                         |                  |              |
| As at 1 <sup>st</sup> April 2014  | 19.87           | -              | 3,701.97  | 31,300.96         | 68.45           | 237.64               | 281.78   | 35,610.66      | 455.78                | 1,528.50                | 1,984.28         | 37,594.94    |
| Charge for the year               | 2.34            | -              | 621.40    | 3,208.41          | 21.83           | 43.71                | 78.03    | 3,975.73       | 25.20                 | 249.01                  | 274.21           | 4,249.94     |
| Relating to Disposals             | -               | -              | (5.45)    | (99.73)           | (0.06)          | (7.66)               | (46.50)  | (159.41)       | (0.05)                | -                       | (0.05)           | (159.47)     |
| Adjustments                       | -               | -              | 209.17    | 506.19            | 44.32           | 5.57                 | 4.60     | 769.85         | 21.04                 | -                       | 21.04            | 790.89       |
| Adjustment of OIEL                | -               | -              | -         | (0.95)            | (0.09)          | (2.61)               | (11.43)  | (15.08)        | -                     | -                       | -                | (15.08)      |
| As at 31 <sup>st</sup> March 2015 | 22.21           | -              | 4,527.09  | 34,914.87         | 134.44          | 276.64               | 306.48   | 40,181.74      | 501.97                | 1,777.51                | 2,279.48         | 42,461.22    |
| Net Block                         |                 |                |           |                   |                 |                      |          |                |                       |                         |                  |              |
| As at 31 <sup>st</sup> March 2015 | 408.67          | 1,839.65       | 14,688.39 | 21,249.51         | 57.82           | 188.66               | 299.29   | 38,731.99      | 78.69                 | 846.58                  | 925.28           | 39,657.26    |

### In case of Holding Company:-

- The Company's right on leasehold land has been forfeited by Maharashtra Industrial Development Corporation (MIDC), due to non compliance of the terms of allotment. The land was allotted for a period of 95 years. Management of the Company feels that the amount of ₹ 136.77 lakh (P.Y. ₹ 136.77 lakh) is fully recoverable as at balance sheet date and accordingly no provision for impairment has been provided in the books of accounts.
- During previous year, 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 lakh (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.

### In case of Subsidiary Company i.e. F.M. Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd.):

- \*Land is leased for a period of 95 years from MIDC, Kolhapur (Maharashtra).
- During the previous year, 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 lakh against the opening retained earnings under the head 'Reserves and surplus'.

### 13. INVESTMENTS

| Particulars                                                                 | As at<br>31.03.2016<br>₹ lakh | As at<br>31.03.2015<br>₹ lakh |
|-----------------------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>Non Current Investments</b>                                              |                               |                               |
| Other Investment (valued at cost, except for permanent diminution in value) |                               |                               |
| <b>Unquoted - Investment in others</b>                                      |                               |                               |
| <b>Oswal Industrial Enterprise (P) Ltd.</b>                                 |                               |                               |
| 1,000 (Previous year 1,000) equity shares of ₹ 10/- each fully paid         | 0.09                          | 0.09                          |
| <b>VKM Colour Spin Limited</b>                                              |                               |                               |
| 250 (Previous year 250) Equity shares of ₹ 10/- each fully paid             | 0.03                          | 0.03                          |
| <b>Deluxe Fabrics Limited</b>                                               |                               |                               |
| 5,000 (Previous year 5,000) Equity Shares of ₹ 10/- each fully paid         | 0.50                          | 0.50                          |
| <b>TOTAL</b>                                                                | <b>0.62</b>                   | <b>0.62</b>                   |
| <b>Current Investments</b>                                                  |                               |                               |
| Other investments (valued at lower of cost and net realizable value)        |                               |                               |
| <b>Unquoted - Investment in others</b>                                      |                               |                               |
| Investments in Equity Instruments                                           | -                             | -                             |
| (Share application money pending allotment)                                 |                               |                               |
| 1,834 (Previous year 3,194) of IL & FS Milestone Fund of ₹ 1,000/- each     | 18.34                         | 31.94                         |
| <b>TOTAL</b>                                                                | <b>18.34</b>                  | <b>31.94</b>                  |
| <b>GROSS TOTAL</b>                                                          | <b>18.96</b>                  | <b>32.56</b>                  |
| Aggregate amount of unquoted investments                                    | 18.96                         | 32.56                         |

#### In case of Holding Company:-

- a) During the previous year, the company had sold substantial investment in Oswal Industrial Enterprises (P) Ltd. at a consideration of ₹ 915.90 lakh and accounted a loss of ₹ 3,585.01 lakh under the head "Exceptional items" in the statement of profit and loss.

### 14. LOANS & ADVANCES

| Particulars                                                           | Long-term                     |                               | Short-term                    |                               |
|-----------------------------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                                                       | As on<br>31.03.2016<br>₹ lakh | As on<br>31.03.2015<br>₹ lakh | As on<br>31.03.2016<br>₹ lakh | As on<br>31.03.2015<br>₹ lakh |
| <b>Unsecured, considered good unless stated other wise</b>            |                               |                               |                               |                               |
| Security deposits                                                     | 651.99                        | 459.99                        | -                             | -                             |
| Advances for goods / services                                         |                               |                               |                               |                               |
| Unsecured, considered good                                            | -                             | -                             | 598.32                        | 904.75                        |
| Balances with Statutory Authorities                                   | -                             | -                             | 1,387.53                      | 1,508.13                      |
| Prepaid expenses                                                      | -                             | -                             | 222.72                        | 315.93                        |
| Interest receivable (including TUFF subsidy)                          | -                             | -                             | 669.63                        | 609.29                        |
| Direct taxes refundable                                               | 23.92                         | 21.33                         | 450.82                        | 420.46                        |
| (net of provisions of ₹ 1,460.21 lakh, Previous year ₹ 1,478.21 lakh) |                               |                               |                               |                               |
| Export incentive receivable                                           | -                             | -                             | 396.25                        | 780.74                        |
| (net of provisions of ₹ 195.05 lakh, Previous year ₹ 205.52 lakh)     |                               |                               |                               |                               |
| Capital advance                                                       | 817.09                        | 670.26                        | -                             | -                             |
| Other receivables                                                     | 36.37                         | 27.95                         | 930.74                        | 791.14                        |
| <b>TOTAL</b>                                                          | <b>1,529.37</b>               | <b>1,179.53</b>               | <b>4,656.01</b>               | <b>5,330.44</b>               |

#### In case of Holding Company:-

- 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 ₹ 186.83 lakh (Previous year ₹ 186.47 lakh) 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.

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

| Particulars                                                                                | As on<br>31.03.2016<br>₹ lakh | As on<br>31.03.2015<br>₹ lakh |
|--------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| Raw Material<br>[Includes material in transit ₹ 62.54 Lakh ; (Previous year ₹ 12.86 Lakh)] | 3,327.06                      | 6,260.09                      |
| Work-in-progress (Refer note no. 21)                                                       | 2,252.14                      | 1,926.10                      |
| Real estate development work in progress (Refer note no. 41)                               | -                             | 3,429.80                      |
| Finished goods (Refer note no. 21)                                                         | 2,128.08                      | 3,077.54                      |
| Stores and spares                                                                          | 187.89                        | 245.04                        |
| Stock in trade                                                                             | 701.65                        | 479.45                        |
| Asset held for disposal                                                                    | 6.26                          | -                             |
| <b>TOTAL</b>                                                                               | <b>8,603.08</b>               | <b>15,418.02</b>              |

**16. TRADE RECEIVABLES**

| Particulars                                                                          | As on<br>31.03.2016<br>₹ lakh | As on<br>31.03.2015<br>₹ lakh |
|--------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>Unsecured, considered good unless stated otherwise</b>                            |                               |                               |
| Outstanding for a period exceeding six months from the date they are due for payment |                               |                               |
| Unsecured, considered good                                                           | 1,112.84                      | 1,512.08                      |
| Doubtful                                                                             | 562.59                        | 322.11                        |
| Less : Provision for doubtful debts                                                  | (562.59)                      | (322.11)                      |
| <b>Total (A)</b>                                                                     | <b>1,112.84</b>               | <b>1,512.08</b>               |
| Outstanding for a period Less than six months from the date they are due for payment |                               |                               |
| Unsecured, considered good                                                           | 7,975.79                      | 5,652.34                      |
| Doubtful                                                                             | -                             | -                             |
| <b>Total (B)</b>                                                                     | <b>7,975.79</b>               | <b>5,652.34</b>               |
| <b>TOTAL (A+B)</b>                                                                   | <b>9,088.63</b>               | <b>7,164.42</b>               |

**17. CASH AND BANK BALANCES**

| Particulars                                                                | Non-Current                   |                               | Current                       |                               |
|----------------------------------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                                                            | As on<br>31.03.2016<br>₹ lakh | As on<br>31.03.2015<br>₹ lakh | As on<br>31.03.2016<br>₹ lakh | As on<br>31.03.2015<br>₹ lakh |
| <b>Cash and cash equivalents</b>                                           |                               |                               |                               |                               |
| Cash on hand                                                               | -                             | -                             | 61.83                         | 95.61                         |
| Bank balance in current account*                                           | -                             | -                             | 155.18                        | 580.33                        |
| Bank balance in fixed deposit account with maturity of upto three months** | -                             | -                             | 226.04                        | -                             |
| <b>SUB TOTAL</b>                                                           | -                             | -                             | <b>443.05</b>                 | 675.94                        |
| <b>Other Bank Balances</b>                                                 |                               |                               |                               |                               |
| Earmarked balance for unpaid dividend                                      | -                             | -                             | 0.40                          | 3.42                          |
| Fixed deposit **                                                           | 294.37                        | 561.63                        | 473.07                        | 361.95                        |
| <b>SUB TOTAL</b>                                                           | <b>294.37</b>                 | <b>561.63</b>                 | <b>473.47</b>                 | <b>365.37</b>                 |
| Less:                                                                      |                               |                               |                               |                               |
| Amount disclosed under the head "other non current assets"                 | (294.37)                      | (561.63)                      | -                             | -                             |
| <b>TOTAL</b>                                                               | <b>-</b>                      | <b>-</b>                      | <b>916.52</b>                 | <b>1,041.31</b>               |

\* Includes bank balance under escrow account.

\*\* Held/pledge with bank against margin money against Letter of Credit, bank guarantee to Custom Department and others.

**18. REVENUE FROM OPERATIONS**

| Particulars                                | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|--------------------------------------------|------------------------------------|------------------------------------|
| Grey Yarn                                  | 62,351.48                          | 69,366.76                          |
| Dyed Yarn                                  | 11,161.53                          | 13,505.19                          |
| Fabric Sales                               | 7,159.73                           | 7,333.30                           |
| Garments                                   | 1,276.94                           | 1,043.95                           |
| Trading goods (Textile goods)              | 2,565.52                           | 1,132.37                           |
| Waste Sales                                | 5,197.22                           | 6,327.40                           |
| Real estate business                       | 3,970.86                           | 1,167.33                           |
| Sale of Services (Job Work)                | 331.00                             | 487.43                             |
| Other Operating Income (Export Incentives) | 1,347.40                           | 1,786.20                           |
| <b>TOTAL</b>                               | <b>95,361.68</b>                   | <b>1,02,149.93</b>                 |

**19. OTHER INCOME**

| Particulars                                            | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|--------------------------------------------------------|------------------------------------|------------------------------------|
| Interest Income from bank deposits & others            | 217.24                             | 220.64                             |
| Profit from Sale of Investment / Buy back of liability | 635.42                             | 279.20                             |
| Profit from Sale of Fixed Assets                       | 232.42                             | 89.39                              |
| Dividend Income from Current Investment                | -                                  | 2.75                               |
| Provisions no longer required, written back            | 158.82                             | 117.19                             |
| Exchange rate fluctuation (net)                        | 270.63                             | 559.94                             |
| Miscellaneous Income                                   | 524.18                             | 220.94                             |
| Income recognised under Government grant               | 26.99                              | 26.99                              |
| Rent Received                                          | 74.31                              | 23.03                              |
| Transfer from capital reserve (Refer note no. 41)      | 3,050.17                           | 1,025.85                           |
| Profit on trading Activity (Refer note no. 19a)        | 2.01                               | -                                  |
| <b>TOTAL</b>                                           | <b>5,192.19</b>                    | <b>2,565.92</b>                    |

**In case of Subsidiary Company i.e. F.M. Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd.)**

**a) Trading Activity**

| Particulars                | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|----------------------------|------------------------------------|------------------------------------|
| Sales                      | 30.54                              | -                                  |
| <b>Less: Purchase</b>      | <b>28.53</b>                       | -                                  |
| Profit on trading activity | 2.01                               | -                                  |

**20. COST OF MATERIAL CONSUMED**

| Particulars                          | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|--------------------------------------|------------------------------------|------------------------------------|
| <b>Cotton</b>                        | <b>44,749.79</b>                   | 52,112.39                          |
| Cotton Yarn                          | 4,216.14                           | 5,626.80                           |
| Synthetic Fibre                      | 4,762.06                           | 5,514.37                           |
| Dyes & Chemical                      | 2,180.43                           | 2,481.67                           |
| Fabric                               | (224.71)                           | 29.88                              |
| Real estate project development cost | 3,591.30                           | 1,286.20                           |
| <b>Cost of Material Consumed</b>     | <b>59,275.01</b>                   | <b>67,051.31</b>                   |

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<br>31.03.2016 |               | Year ended<br>31.03.2015 |               |
|--------------|--------------------------|---------------|--------------------------|---------------|
|              | ₹ lakh                   | %             | ₹ lakh                   | %             |
| Indigenous   | 59,196.54                | 99.87         | 66,993.95                | 99.91         |
| Imported     | 78.47                    | 0.13          | 57.36                    | 0.09          |
| <b>TOTAL</b> | <b>59,275.01</b>         | <b>100.00</b> | <b>67,051.31</b>         | <b>100.00</b> |

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

| Particulars                           | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|---------------------------------------|------------------------------------|------------------------------------|
| <b>Opening balance of inventories</b> |                                    |                                    |
| Finished goods (including waste)      | 3,077.54                           | 3,737.13                           |
| Work in progress                      | 1,926.10                           | 2,266.79                           |
| Trading goods                         | 479.45                             | 277.16                             |
| <b>SUB-TOTAL</b>                      | <b>5,483.09</b>                    | <b>6,281.08</b>                    |
| <b>Closing balance of inventories</b> |                                    |                                    |
| Finished goods (including waste)      | 2,128.08                           | 3,077.54                           |
| Work in progress                      | 2,252.14                           | 1,926.10                           |
| Trading goods                         | 701.65                             | 479.45                             |
| <b>SUB-TOTAL</b>                      | <b>5,081.87</b>                    | <b>5,483.09</b>                    |
| <b>Decrease</b>                       | <b>401.22</b>                      | <b>797.99</b>                      |

**22. EMPLOYEE BENEFITS EXPENSES**

| Particulars                               | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|-------------------------------------------|------------------------------------|------------------------------------|
| Salaries and wages                        | 6,292.77                           | 6,315.22                           |
| Contribution to provident and other funds | 538.62                             | 532.17                             |
| Staff welfare                             | 421.53                             | 341.50                             |
| <b>TOTAL</b>                              | <b>7,252.92</b>                    | <b>7,188.89</b>                    |

**23. FINANCE COSTS**

| Particulars                 | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|-----------------------------|------------------------------------|------------------------------------|
| <b>Interest Expense</b>     |                                    |                                    |
| -Term loans                 | 4,278.27                           | 3,305.32                           |
| -Working capital borrowings | 2,963.49                           | 3,805.92                           |
| -Other loans                | 1,253.34                           | 1,444.56                           |
| Other borrowing costs       | 73.39                              | 107.34                             |
| <b>TOTAL</b>                | <b>8,568.49</b>                    | <b>8,663.14</b>                    |

**24. DEPRECIATION AND AMORTIZATION**

| Particulars                                  | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|----------------------------------------------|------------------------------------|------------------------------------|
| Depreciation/amortization on tangible assets | 3,551.49                           | 3,975.73                           |
| Amortization on intangible assets            | 274.04                             | 274.21                             |
| <b>TOTAL</b>                                 | <b>3,825.53</b>                    | <b>4,249.94</b>                    |

**25. OTHER EXPENSES**

| Particulars                                | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|--------------------------------------------|------------------------------------|------------------------------------|
| Packing charges                            | 1,280.43                           | 1,387.33                           |
| Job/process charges                        | 413.23                             | 402.56                             |
| Power & fuel                               | 10,341.72                          | 10,816.04                          |
| Repairs and maintenance                    |                                    |                                    |
| Plant & machinery                          | 1,128.93                           | 1,133.70                           |
| Building                                   | 65.97                              | 42.99                              |
| General                                    | 310.25                             | 286.16                             |
| Contractual labour                         | 49.86                              | 47.09                              |
| Rent                                       | 140.04                             | 144.61                             |
| Rates and taxes, excluding taxes on income | 65.38                              | 74.88                              |
| Insurance charges                          | 137.30                             | 151.17                             |
| Travelling expenses                        | 282.80                             | 341.92                             |
| Legal & professional expenses              | 176.07                             | 246.79                             |
| Sundry balances written off                | 106.64                             | 96.28                              |
| Fixed assets written off                   | -                                  | 5.01                               |
| Loss on sale/discard of fixed assets       | -                                  | 3.59                               |
| Electricity & water charges                | 115.70                             | 110.64                             |
| Commission                                 | 807.85                             | 759.50                             |
| Delivery expenses                          | 1,929.92                           | 2,062.26                           |
| Rebate & discounts                         | 281.91                             | 224.77                             |
| Provision for doubtful debts               | 240.48                             | -                                  |
| Cost of samples                            | 98.57                              | 171.26                             |
| Advertisement cost                         | 5.19                               | 10.16                              |
| Bank charges                               | 470.46                             | 430.82                             |
| Miscellaneous expenses                     | 479.37                             | 449.63                             |
| <b>TOTAL</b>                               | <b>18,928.07</b>                   | <b>19,399.16</b>                   |

**Note:**

- (i)
- Miscellaneous expenses include payment to statutory auditor the details of which are as follows:**

| Particulars               | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|---------------------------|------------------------------------|------------------------------------|
| <b>As auditor:</b>        |                                    |                                    |
| Statutory audit           | 11.74                              | 9.83                               |
| Tax audit                 | 2.87                               | 2.53                               |
| Other services            | 4.29                               | 3.37                               |
| Reimbursement of expenses | 2.48                               | 4.23                               |
| <b>TOTAL</b>              | <b>21.38</b>                       | <b>19.96</b>                       |

- (ii)
- Value of indigenous & imported stores & spares consumption**

| Particulars                  | Year ended<br>31.03.2016 |               | Year ended<br>31.03.2015 |               |
|------------------------------|--------------------------|---------------|--------------------------|---------------|
|                              | ₹ lakh                   | %             | ₹ lakh                   | %             |
| Indigenous – stores & spares | 1,045.22                 | 80.45         | 1,003.06                 | 78.94         |
| Imported – stores & spares   | 253.94                   | 19.55         | 267.57                   | 21.06         |
| <b>TOTAL</b>                 | <b>1,299.16</b>          | <b>100.00</b> | <b>1,270.63</b>          | <b>100.00</b> |

**26. EARNING PER SHARE**

| Particulars                                                 | Year ended<br>31.03.2016 | Year ended<br>31.03.2015 |
|-------------------------------------------------------------|--------------------------|--------------------------|
| <b>The basic and diluted earning per share is as under:</b> |                          |                          |
| Net loss after tax (₹ lakh)                                 | (1,501.16)               | (4,491.15)               |
| Weighted average no. of equity shares outstanding *         | 2,22,90,957              | 2,08,78,325              |
| Nominal value of per equity share (₹)                       | 10.00                    | 10.00                    |
| Basic earnings per share (₹)                                | (6.73)                   | (21.51)                  |
| Diluted earnings per share (₹)                              | (6.73)                   | (21.51)                  |

\*There are no dilutive potential equity shares.

**27. CONTINGENT LIABILITIES**

| Particulars                                                                                                                                                                   | As on<br>31.03.2016<br>₹ lakh | As on<br>31.03.2015<br>₹ lakh |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| a) Claims against the Company not acknowledged as debts                                                                                                                       | 221.25                        | 221.25                        |
| b) Bills discounted with bankers.                                                                                                                                             | 5,220.90                      | 10,850.24                     |
| c) Income Tax demands under appeal (net of amount deposited ₹ 245 lakh, Previous year - ₹ 245 lakh)                                                                           | 657.33                        | 599.40                        |
| d) Letter of credit & bank guarantee issued                                                                                                                                   | 369.72                        | 469.33                        |
| e) Liability on EPCG license pending export                                                                                                                                   | -                             | 369.54                        |
| 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 "F.M. 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                        |
| i) Service Tax demands under appeal (net of amount deposited ₹ 1.91 lakh, Previous year - ₹ 1.41 lakh)                                                                        | 12.20                         | 12.70                         |

**28. LITIGATION STATUS OF THE COMPANY AS ON 31<sup>ST</sup> MARCH, 2016 ARE AS FOLLOWS:**

**Holding company :**

a) The following is a summarized status of pending litigation against the holding company:

(₹ lakh)

| 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                            | 42.34                          |
|        |                    |                         | (574.18)        | -              | (220.79)                          | (56.19)                        |
|        |                    | Service Tax Act         | 33.53           | -              | 14.11                             | 1.91                           |
|        |                    |                         | (33.53)         | -              | (14.11)                           | (1.41)                         |
| ii)    | Direct Taxation    | Punjab Vat Act          | 200.94          | 158.52         | 0.46                              | 5.48                           |
|        |                    |                         | (200.94)        | (148.13)       | (0.46)                            | (5.48)                         |
|        |                    | Income Tax Act          | 975.67          | -              | 657.33                            | 245.00                         |
|        |                    |                         | (904.86)        | -              | 599.40                            | (245.00)                       |
| iii)   | Labour laws        | Wealth Tax Act          | 2.11            | -              | -                                 | -                              |
|        |                    |                         | (2.11)          | -              | -                                 | -                              |
|        |                    | 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              |                         | 2,044.87        | 158.52         | 1,148.93                          | 431.82                         |
|        |                    |                         | (1,974.06)      | (148.13)       | (1,091.00)                        | (445.17)                       |

Figures in brackets in aforesaid note represent previous year figures.

**b) The following is a summarized status of pending litigation by the holding company:**

(₹ lakh)

| Sr. No. | Nature of Dispute                          | 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<br>(331.26) | 138.96<br>(48.96) | —<br>—                                                    | 192.30<br>(282.30)                            |

Figures in brackets in aforesaid note represent previous year figures.

**Subsidiary Company (F.M. 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:

(₹ lakh)

| 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<br>(0.85)  | —<br>—         | —<br>—                            | 0.72<br>(0.72)                 |
| ii)     | Under Section 397, 398 of the Erstwhile Companies Act 1956 | Punjab & Haryana High Court* | —               | —              | —                                 | —                              |
|         | <b>Total</b>                                               |                              | 0.85<br>(0.85)  | —<br>—         | —<br>—                            | 0.72<br>(0.72)                 |

Figures in brackets in aforesaid note represent previous year figures.

\* Vardhman Polytex Ltd. the holding company had 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 Maschinen Umwelttechnik Transportanlagen Gesellschaft mbH, Austria (one of the 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 oppressive to both to the Company and Vardhman Polytex Ltd. (holding company). It has also filed case under Section 111A of the erstwhile Companies Act, 1956. The said cases have been dismissed/disposed of by the Hon'ble Company Law Board vide its order dated 13.08.2015 and certain compensation has been awarded to the opposite parties. The Company has filed appeals against the above said order of the Hon'ble Company Law Board which are pending adjudication before the Hon'ble High Court of State of Punjab and Haryana at Chandigarh. The amount of compensation is not determinable at this stage.

**29. Obligations and commitments outstanding (Holding company):**

| Particulars                                                                                                                                                      | As on<br>31.03.2016<br>₹ lakh | As on<br>31.03.2015<br>₹ lakh |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)                                               | 182.22                        | 437.86                        |
| b) Estimated value of contracts remaining to be executed on other than capital account and not provided for (net of advances)-Pending cotton purchase commitment | 4,805.86                      | 4,723.31                      |

**30. 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 31.03.2016<br>In million | ₹ lakh          | As at 31.03.2015<br>In million | ₹ lakh          |
|-----------------------------------|----------|--------------------------------|-----------------|--------------------------------|-----------------|
| Forward cover (trade receivables) | USD      | 3.79                           | 2,587.63        | 8.51                           | 5,465.61        |
| <b>TOTAL</b>                      |          | <b>3.79</b>                    | <b>2,587.63</b> | <b>8.51</b>                    | <b>5,465.61</b> |

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

| Particulars               | Currency | As at 31.03.2016 |                 | As at 31.03.2015 |                 |
|---------------------------|----------|------------------|-----------------|------------------|-----------------|
|                           |          | In million       | ₹ lakh          | In million       | ₹ lakh          |
| Trade Receivables*        | USD      | 4.54             | 3,005.71        | 1.57             | 1,100.28        |
| Loan (including interest) | USD      | 1.30             | 862.94          | 3.79             | 2,368.01        |
| <b>TOTAL</b>              |          | <b>5.84</b>      | <b>3,868.65</b> | <b>5.36</b>      | <b>3,468.29</b> |

\* excluding bill negotiated of ₹ 5,202.14 lakh (Previous year ₹ 10,123.53 lakh)

**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 31.03.2016 |               | As at 31.03.2015 |               |
|-------------------------------------|----------|------------------|---------------|------------------|---------------|
|                                     |          |                  | ₹ lakh        |                  | ₹ lakh        |
| Trade receivables (net of advances) | USD      | 1,06,296.22      | 70.42         | 3,12,440.98      | 182.68        |
|                                     | EURO     | 53,738.82        | 40.54         | 1,01,537.26      | 67.67         |
|                                     | GBP      | -                | -             | 4,710.29         | 4.57          |
| <b>TOTAL</b>                        |          |                  | <b>110.96</b> |                  | <b>254.92</b> |

**Trade Payables**

| Particulars                      | Currency | As at 31.03.2016 |             | As at 31.03.2015 |              |
|----------------------------------|----------|------------------|-------------|------------------|--------------|
|                                  |          |                  | ₹ lakh      |                  | ₹ lakh       |
| Trade Payables (net of advances) | USD      | 11,783.54        | 7.81        | 9,335.40         | 5.83         |
|                                  | EURO     | -                | -           | 17,890.89        | 12.01        |
| <b>TOTAL</b>                     |          |                  | <b>7.81</b> |                  | <b>17.84</b> |

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

| Particulars         | Currency | As at 31.03.2016 |          | As at 31.03.2015 |               |
|---------------------|----------|------------------|----------|------------------|---------------|
|                     |          |                  | ₹ lakh   |                  | ₹ lakh        |
| Trade receivables   | USD      | -                | -        | 3,77,930.93      | 242.20        |
| Trade payables (LC) | USD      | -                | -        | 30,134.00        | 18.83         |
| <b>TOTAL</b>        |          |                  | <b>-</b> |                  | <b>261.03</b> |

31. In case of Group, 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 at the balance sheet date in the ordinary course of business.

**32. 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<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|----------------------------------------------------|------------------------------------|------------------------------------|
| i) Employer's contribution to Provident Fund       | 210.85                             | 219.69                             |
| ii) Employer's contribution to Superannuation Fund | 9.42                               | 11.70                              |
| iii) Employer's contribution to Pension Scheme     | 92.69                              | 83.38                              |

**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<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|---------------------------------------------------------|------------------------------------|------------------------------------|
| Defined benefit obligation at the beginning of the year | 453.54                             | 404.59                             |
| Current service cost                                    | 72.17                              | 66.88                              |
| Interest cost                                           | 33.98                              | 29.44                              |
| Actuarial gain / (loss)                                 | (4.90)                             | 11.85                              |
| Benefit paid                                            | (52.30)                            | (59.22)                            |
| Defined obligation at year end                          | 502.49                             | 453.54                             |

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

| Particulars                                            | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|--------------------------------------------------------|------------------------------------|------------------------------------|
| Fair value of plan assets at the beginning of the Year | 413.88                             | 380.96                             |
| Expected return on plan assets                         | 38.03                              | 36.19                              |
| Actuarial gain / (loss)                                | (1.70)                             | (3.27)                             |
| Employer contribution                                  | 41.45                              | —                                  |
| Benefit paid                                           | —                                  | —                                  |
| Fair value of plan assets at year end                  | 491.66                             | 413.88                             |

**Reconciliation of fair value of assets & obligation**

| Particulars                                           | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|-------------------------------------------------------|------------------------------------|------------------------------------|
| Fair value of plan assets at the end                  | 491.66                             | 413.88                             |
| Present value of obligation                           | 502.49                             | 453.54                             |
| Net asset/(liability) recognized in the balance sheet | (10.83)                            | (39.65)                            |

**Amount recognized in the statement of profit & loss**

| Particulars                                         | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|-----------------------------------------------------|------------------------------------|------------------------------------|
| Current service cost                                | 72.17                              | 66.88                              |
| Interest cost                                       | 33.98                              | 29.44                              |
| Expected return on plan assets                      | (38.03)                            | (36.19)                            |
| Actuarial (gain)/loss recognized in IVP             | (3.20)                             | 15.12                              |
| Amount recognized in the statement of profit & loss | 64.92                              | 75.24                              |

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

| Particulars                       | Year ended<br>31.03.2016 | Year ended<br>31.03.2015 |
|-----------------------------------|--------------------------|--------------------------|
| Discount rate                     | 7.95%                    | 7.85%                    |
| Attrition rate                    | 30.00%                   | 30.00%                   |
| Expected rate of return on assets | 8.75%                    | 9.50%                    |
| Mortality rate                    | IAL 2006-08<br>Ultimate  | IAL 2006-08<br>Ultimate  |
| Salary rise                       | 5.00%                    | 5.00%                    |

**Amount for the current year and previous 4 years in respect of gratuity are as follows:-**

| Particulars                               | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh | Year ended<br>31.03.2014<br>₹ lakh | Year ended<br>31.03.2013<br>₹ lakh | Year ended<br>31.03.2012<br>₹ lakh |
|-------------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Defined Benefit obligation                | 502.49                             | 453.54                             | 398.94                             | 323.27                             | 294.62                             |
| Plan assets                               | 491.66                             | 413.88                             | 380.96                             | 349.77                             | 320.44                             |
| Surplus/(deficit)                         | (10.83)                            | (39.65)                            | (23.63)                            | (49.17)                            | (2.83)                             |
| Experience adjustment on plan assets      | (1.70)                             | (3.27)                             | 3.21                               | 3.70                               | (1.01)                             |
| Experience adjustment on plan liabilities | 4.90                               | (11.85)                            | 31.23                              | (40.19)                            | (5.16)                             |

**LEAVE ENCASHMENT (UNFUNDED)**
**Reconciliation of opening and closing balances of defined benefit obligation**

| Particulars                                             | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|---------------------------------------------------------|------------------------------------|------------------------------------|
| Defined benefit obligation at the beginning of the year | 206.77                             | 196.82                             |
| Current service cost                                    | 104.41                             | 102.89                             |
| Interest cost                                           | 14.33                              | 12.92                              |
| Actuarial (gain) /loss                                  | (59.41)                            | (41.39)                            |
| Benefit paid                                            | (53.02)                            | (64.48)                            |
| Defined obligation at year end                          | 213.08                             | 206.77                             |

**Reconciliation of fair value of assets & obligations**

| Particulars                          | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|--------------------------------------|------------------------------------|------------------------------------|
| Fair value of plan assets at the end | —                                  | —                                  |
| Present value of obligation          | 213.08                             | 206.77                             |
| Amount recognized in balance sheet   | 213.08                             | 206.77                             |

**Amount recognized in the statement of profit & loss**

| Particulars                                         | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|-----------------------------------------------------|------------------------------------|------------------------------------|
| Current service cost                                | 104.41                             | 102.89                             |
| Interest cost                                       | 14.33                              | 12.92                              |
| Expected return on plan assets                      | —                                  | —                                  |
| Actuarial (gain)/loss recognized in IVP             | (59.41)                            | (41.38)                            |
| Amount recognized in the statement of profit & loss | 59.33                              | 74.43                              |

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

| Particulars                       | Year ended<br>31.03.2016 | Year ended<br>31.03.2015 |
|-----------------------------------|--------------------------|--------------------------|
| Discount rate                     | 7.95%                    | 7.85%                    |
| Attrition rate                    | 30.00%                   | 30.00%                   |
| Expected rate of return on assets | NA                       | NA                       |
| Mortality rate                    | IAL 2006-08<br>Ultimate  | IAL 2006-08<br>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, 2016 and March 31, 2015 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<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|---------------------------------------------------|------------------------------------|------------------------------------|
| a) Employer's contribution to provident fund      | 59.19                              | 58.28                              |
| b) Employer's contribution to superannuation fund | -                                  | -                                  |
| c) Employer's contribution to pension scheme      | 41.72                              | 38.44                              |

**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<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|---------------------------------------------------------|------------------------------------|------------------------------------|
| Defined benefit obligation at the beginning of the year | 185.86                             | 105.06                             |
| Current service cost                                    | 39.98                              | 37.33                              |
| Interest cost                                           | 14.45                              | 7.60                               |
| Actuarial gain / (loss)                                 | 2.19                               | 51.21                              |
| Benefit paid                                            | (10.36)                            | (15.34)                            |
| Defined obligation at the end of the year               | 232.12                             | 185.86                             |

**Reconciliation of fair value of assets & obligation**

| Particulars                          | As on<br>31.03.2016<br>₹ lakh | As on<br>31.03.2015<br>₹ lakh |
|--------------------------------------|-------------------------------|-------------------------------|
| Fair value of plan assets at the end | -                             | -                             |
| Present value of obligation          | 232.12                        | 185.86                        |
| Amount Recognized in balance sheet   | 232.12                        | 185.86                        |

**Amount recognized in the statement of profit & loss**

| Particulars                                         | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|-----------------------------------------------------|------------------------------------|------------------------------------|
| Current service cost                                | 39.98                              | 37.33                              |
| Interest cost                                       | 14.45                              | 7.60                               |
| Actuarial (gain)/loss recognized in IVP             | 2.19                               | 51.21                              |
| Amount recognized in the statement of profit & loss | 56.62                              | 96.14                              |

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

| Particulars                       | Year ended<br>31.03.2016 | Year ended<br>31.03.2015 |
|-----------------------------------|--------------------------|--------------------------|
| Discount rate                     | 8.00%                    | 7.80%                    |
| Attrition rate                    | 30.00%                   | 30.00%                   |
| Expected rate of return on assets | NA                       | NA                       |
| Mortality table                   | IAL 2006-08<br>Ultimate  | IAL 2006-08<br>Ultimate  |
| Salary rise                       | 10.00%                   | 10.00%                   |

**Amount for the current year and previous 4 years in respect of gratuity are as follows:-**

| Particulars                               | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh | Year ended<br>31.03.2014<br>₹ lakh | Year ended<br>31.03.2013<br>₹ lakh | Year ended<br>31.03.2012<br>₹ lakh |
|-------------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Defined benefit obligation                | 232.12                             | 185.86                             | 60.82                              | 55.30                              | 45.33                              |
| Plan assets                               | -                                  | -                                  | -                                  | -                                  | -                                  |
| Surplus/(deficit)                         | 232.12                             | 185.86                             | 105.06                             | 60.82                              | 55.30                              |
| Experience adjustment on plan assets      | 2.19                               | 51.21                              | 16.02                              | (6.16)                             | (6.19)                             |
| Experience adjustment on plan liabilities | -                                  | -                                  | -                                  | -                                  | -                                  |

**LEAVE ENCASHMENT (UNFUNDED)**
**Reconciliation of opening and closing balances of defined benefit obligation**

| Particulars                                             | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|---------------------------------------------------------|------------------------------------|------------------------------------|
| Defined benefit obligation at the beginning of the year | 96.17                              | 64.05                              |
| Current service cost                                    | 61.24                              | 59.21                              |
| Interest cost                                           | 6.53                               | 4.42                               |
| Actuarial (gain) /loss                                  | (32.61)                            | (16.86)                            |
| Benefit paid                                            | (29.03)                            | (14.66)                            |
| Defined obligation at year end                          | 102.30                             | 96.16                              |

**Reconciliation of fair value of assets & obligations**

| Particulars                          | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|--------------------------------------|------------------------------------|------------------------------------|
| Fair value of plan assets at the end |                                    |                                    |
| Present value of obligation          | 102.31                             | 96.17                              |
| Amount recognized in balance sheet   | 102.31                             | 96.17                              |

**Amount recognized in the statement of profit & loss**

| Particulars                                         | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|-----------------------------------------------------|------------------------------------|------------------------------------|
| Current service cost                                | 61.24                              | 59.21                              |
| Interest cost                                       | 6.53                               | 4.42                               |
| Actuarial (gain)/loss recognized in IVP             | (32.61)                            | (16.86)                            |
| Amount recognized in the statement of profit & loss | 35.17                              | 46.77                              |

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

| Particulars                       | Year ended<br>31.03.2016 | Year ended<br>31.03.2015 |
|-----------------------------------|--------------------------|--------------------------|
| Discount rate                     | 8.00%                    | 7.80%                    |
| Attrition rate                    | 30.00%                   | 30.00%                   |
| Expected rate of return on assets | NA                       | NA                       |
| Mortality rate                    | IAL 2006-08<br>Ultimate  | IAL 2006-08<br>Ultimate  |
| Salary rise                       | 10.00%                   | 10.00%                   |

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

| Particulars                               | Year ended<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|-------------------------------------------|------------------------------------|------------------------------------|
| Defined benefit obligation                | 96.17                              | 64.05                              |
| Plan assets                               | -                                  | -                                  |
| Surplus / (deficit)                       | 102.31                             | 96.17                              |
| 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, 2016 and March 31, 2015 as per the index summary given in actuarial certificate.

### 33. RELATED PARTY DISCLOSURES:-

#### i) List of related parties and relationships

| Particulars                                                            | For the year ended 31 <sup>st</sup> March, 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | For the year ended 31 <sup>st</sup> March, 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a) Key Management Personnel (KMP)                                      | Mr. Ashok Kumar Oswal<br>Mr. Adish Oswal<br>Mr. Ashok Kumar Goyal<br>Mr. Sushil Sharma<br>Mr. Parvinder Singh<br>Mr. Kuldeep Singla<br>Mr. Sumit Jain (till 3 <sup>rd</sup> August, 2015)                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Mr. Ashok Kumar Oswal<br>Mr. Adish Oswal<br>Mr. Ashok Kumar Goyal<br>Mr. Sushil Sharma<br>Mr. Parvinder Singh<br>Mr. Kuldeep Singla (w.e.f. September 2014)<br>Mr. Sumit Jain (w.e.f. 31 <sup>st</sup> March 2015)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| b) Relative of KMP                                                     | Mrs. Manju Oswal<br>Mr. Abhinav Oswal<br>Mrs. Rakhi Oswal<br>Ms. Aketa Oswal<br>Ms. Shruti Goyal (w.e.f 1 <sup>st</sup> June 2015)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Mrs. Manju Oswal<br>Mr. Abhinav Oswal<br>Mrs. Rakhi Oswal<br>Ms. Aketa Oswal<br>—                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| c) Enterprise over which KMP is able to exercise significant influence | Panchsheel Textile Mfg & Trading Co. (P) Ltd.<br>Enakshi Investments (P) Ltd.<br>Liberty Mercantile Co. (P) Ltd.<br>Allepy Investment & Trading Co. (P) Ltd.<br>Kent Investments (P) Ltd.<br>Ruby Mercantile Co. (P) Ltd.<br>Boras Investment & Trading Co. (P) Ltd.<br>Gagan Mercantile Co. (P) Ltd.<br>Pioneer Mercantile India (P) Ltd.<br>Adesh Investment & Trading Co. (P) Ltd.<br>Calgary Investment & Trading Co. (P) Ltd.<br>Oswal Infratech (P) Ltd.<br>Oswal Tradecom (P) Ltd.<br>Oswal Holding (P) Ltd.<br>Nightangle Dealcom (P) Ltd.<br>Alma Assets Consultancy (P) Ltd.<br>Altfort Merchants (P) Ltd.<br>Oswal Industrial Enterprises (P) Ltd. | Panchsheel Textile Mfg & Trading Co. (P) Ltd.<br>Enakshi Investments (P) Ltd.<br>Liberty Mercantile Co. (P) Ltd.<br>Allepy Investment & Trading Co. (P) Ltd.<br>Kent Investments (P) Ltd.<br>Ruby Mercantile Co. (P) Ltd.<br>Boras Investment & Trading Co. (P) Ltd.<br>Gagan Mercantile Co. (P) Ltd.<br>Pioneer Mercantile India (P) Ltd.<br>Adesh Investment & Trading Co. (P) Ltd.<br>Calgary Investment & Trading Co. (P) Ltd.<br>Oswal Infratech (P) Ltd.<br>Oswal Tradecom (P) Ltd.<br>Oswal Holding (P) Ltd.<br>Nightangle Dealcom (P) Ltd.<br>Alma Assets Consultancy (P) Ltd.<br>Altfort Merchants (P) Ltd.<br>Oswal Industrial Enterprise (P) Ltd.<br>(w.e.f. 31 <sup>st</sup> March 2015) |

#### (ii) Transactions with related parties during the year:-

(₹ lakh)

| Nature of Transactions                                                           | KMP     |         | Relative of KMP |         | Enterprise over which KMP is able to exercise Significant Influence |          | Total   |          |
|----------------------------------------------------------------------------------|---------|---------|-----------------|---------|---------------------------------------------------------------------|----------|---------|----------|
|                                                                                  | 2015-16 | 2014-15 | 2015-16         | 2014-15 | 2015-16                                                             | 2014-15  | 2015-16 | 2014-15  |
| Loan received                                                                    | 40.00   | 433.50  | -               | -       | 450.00                                                              | 529.50   | 490.00  | 963.00   |
| Loan repaid                                                                      | -       | 342.00  | -               | -       | 400.00                                                              | 514.00   | 400.00  | 856.00   |
| Sale of goods                                                                    | -       | -       | -               | -       | 8.20                                                                | -        | 8.20    | -        |
| Purchase of goods                                                                | -       | -       | -               | -       | 8.24                                                                | -        | 8.24    | -        |
| Equity share issued                                                              | -       | 198.05  | -               | -       | -                                                                   | 1,300.10 | -       | 1,498.15 |
| Rent paid                                                                        | 36.84   | 37.21   | -               | -       | -                                                                   | -        | 36.84   | 37.21    |
| Job charges paid                                                                 | -       | -       | -               | -       | 59.69                                                               | -        | 59.69   | -        |
| Interest paid                                                                    | -       | -       | -               | -       | 12.30                                                               | 8.40     | 12.30   | 8.40     |
| Rent received                                                                    | -       | -       | -               | -       | 1.53                                                                | -        | 1.53    | -        |
| Remuneration                                                                     | 60.72   | 44.74   | 18.44           | 11.71   | -                                                                   | -        | 79.16   | 56.45    |
| Managerial Remuneration                                                          | 178.51  | 140.64  | -               | -       | -                                                                   | -        | 178.51  | 140.64   |
| Amount received                                                                  | 77.96   | 42.77   | 74.54           | 196.42  | -                                                                   | -        | 152.50  | 239.19   |
| Development cost recoverable                                                     | 9.13    | 23.13   | 8.72            | 22.12   | -                                                                   | -        | 17.85   | 45.25    |
| Amount received on sale of shares of Oswal Industrial Enterprise Private Limited | -       | -       | -               | -       | -                                                                   | 915.89   | -       | 915.89   |
| <b>Outstanding balances at year end</b>                                          |         |         |                 |         |                                                                     |          |         |          |
| Advance                                                                          | 5.00    | 5.00    | -               | -       | -                                                                   | 0.07     | 5.00    | 5.07     |
| Investment in equity shares                                                      | -       | -       | -               | -       | 0.09                                                                | 0.09     | 0.09    | 0.09     |
| Amount receivable                                                                | 9.00    | 9.00    | -               | -       | 9.59                                                                | 5.04     | 18.59   | 14.04    |
| Amount payable on account of unsecured loan                                      | 131.50  | 91.50   | -               | -       | 65.50                                                               | 15.50    | 197.00  | 107.00   |
| Amount payable/(recoverable)                                                     | (51.03) | 13.64   | 20.87           | 174.30  | -                                                                   | -        | (30.16) | 187.94   |

**Transactions during the year:-**

- Loan received includes loan received from enterprise over which KMP has significant influence is ₹ 450.00 lakh (Previous year ₹ 445.50 Lakh) from Alfort Merchants (P) Ltd.
- Loan repaid to enterprise over KMP includes ₹ 400.00 lakh (Previous year ₹ 430.00 lakh) to Alfort Merchants (P) Ltd.
- Rent paid to Mr. Ashok Kumar Oswal ₹ 36.84 lakh (Previous year ₹ 37.21 lakh).
- Job charges includes paid to Oswal Industrial Enterprises Private Limited ₹ 59.69 lakh (Previous year ₹ Nil).
- Rent received includes rent from Oswal Industrial Enterprises Private Limited ₹ 1.53 lakh (Previous year ₹ 1.56 lakh).
- Interest paid to enterprises over which KMP has significant influence includes ₹ 12.30 lakh (Previous year ₹ 6.19 lakh) to Alfort Merchants (P) Ltd.
- Remuneration includes transaction with Mr. Abhinav Oswal ₹ 17.39 lakh (Previous year ₹ 11.71 lakh), Mr. Parvinder Singh ₹ 30.72 lakh (Previous year ₹ 26.32 lakh) & Mr. Sushil Sharma ₹ 14.22 lakh (Previous year ₹ 11.41 lakh) & Mr. Kuldeep Singla (CFO) ₹ 14.54 lakh (Previous year ₹ 7 lakh).
- Managerial Remuneration ₹ 178.51 lakh includes transactions with Mr. Ashok Kumar Oswal ₹ 66.43 lakh (Previous year ₹ 47.90 lakh), Mr. Adish Oswal ₹ 64.78 lakh (Previous year ₹ 50.77 lakh), Mr. Ashok Goyal ₹ 47.30 lakh (Previous year ₹ 41.97 lakh).
- Amount received of ₹ 152.50 lakh includes ₹ 77.96 lakh (Previous year ₹ 42.77 lakh) on behalf of Mr. Adish Oswal and ₹ 74.54 lakh (Previous year ₹ 196.42 lakh) on behalf of Mr. Abhinav Oswal on sale of plots.
- Development cost recoverable of ₹ 17.85 lakh includes ₹ 9.13 lakh (Previous year ₹ 23.13 lakh) recoverable on account of Mr. Adish Oswal and ₹ 8.72 lakh (Previous year ₹ 22.12 lakh) recoverable on account of Mr. Abhinav Oswal on real estate transaction.
- Sale of goods includes transactions with Oswal Industrial Enterprises (P) Ltd ₹ 8.20 lakh (Previous year ₹ 6.90 lakh).
- Purchase of goods includes transactions with Oswal Industrial Enterprises (P) Ltd of ₹ 8.24 lakh (Previous year ₹ 0.33 lakh).

**Closing balance at the year end:-**

- Amount payable on account of Unsecured loan includes payable amount of ₹ 65.50 lakh (Previous year ₹ 15.50 lakh) against M/s Alfort Merchants Private Limited and the ₹ 131.50 Lakh (Previous year ₹ 91.50 lakh) of Mr. Ashok Kumar Oswal.
- Amount receivable includes ₹ 9.59 Lakh (Previous year ₹ 5.04 lakh) of Oswal Industrial Enterprises Private Limited.
- Advance of ₹ 5.00 lakh to Mr. Ashok Kumar Oswal (Previous year ₹ 5.00 lakh).
- Amount recoverable of ₹ (30.16) lakh includes ₹ (45.02) lakh (Previous year ₹ 19.64 lakh) from Mr. Adish Oswal & ₹ 20.87 lakh (Previous year ₹ 174.30) to Mr. Abhinav Oswal on account of real estate transactions and ₹ (6) lakh (Previous year ₹ (6) lakh) from Mr. Ashok Kumar Oswal on account of security deposit given.

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

| Name of the entity                     | Year          | Net Assets         |                                       | Share in Profit or Loss |                                           |
|----------------------------------------|---------------|--------------------|---------------------------------------|-------------------------|-------------------------------------------|
|                                        |               | Amount<br>(₹ lakh) | As % of<br>consolidated<br>net assets | Amount<br>(₹ lakh)      | As % of<br>consolidated<br>profit or loss |
| <b>A. Parent</b>                       |               |                    |                                       |                         |                                           |
| Vardhman Polytex Limited               | Current year  | 10,742.18          | -617.34%                              | 901.64                  | -60.06%                                   |
|                                        | Previous year | 12,862.35          | 452.88%                               | (2,880.20)              | 64.13%                                    |
| <b>B. Subsidiaries</b>                 |               |                    |                                       |                         |                                           |
| <b>Indian Subsidiaries</b>             |               |                    |                                       |                         |                                           |
| F. M. Hammerle Textiles Limited        | Current year  | (3,065.76)         | 176.18%                               | (2,404.55)              | 160.18%                                   |
|                                        | Previous year | (634.22)           | -22.33%                               | (1,623.05)              | 36.14%                                    |
| <b>Foreign Subsidiaries</b>            |               |                    |                                       |                         |                                           |
| F. M. Hammerle Verwaltung GmbH         | Current year  | (265.13)           | 15.24%                                | 1.75                    | -0.12%                                    |
|                                        | Previous year | (239.06)           | -8.42%                                | 12.08                   | -0.27%                                    |
| <b>Less: Elimination / Adjustments</b> |               |                    |                                       |                         |                                           |
|                                        | Current year  | (9,151.39)         | 525.92%                               | -                       | -                                         |
|                                        | Previous year | (9,148.94)         | -322.13%                              | -                       | -                                         |
| <b>TOTAL</b>                           |               |                    |                                       |                         |                                           |
|                                        | Current year  | <b>(1,740.09)</b>  | <b>100.00%</b>                        | <b>(1,501.15)</b>       | <b>100.00%</b>                            |
|                                        | Previous year | <b>2,840.13</b>    | <b>100.00%</b>                        | <b>(4,491.15)</b>       | <b>100.00%</b>                            |

35. 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 in case of Group.
36. During the earlier years, the Holding 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.
37. The Holding Company and subsidiary company i.e F.M. Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd.) 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.
38. 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 at Group level.
39. In 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 as during the previous year all loan accounts had been 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 Lakh on specific items of fixed assets in process house / dye house machinery.
40. The following table presents segment revenues, results, assets & liabilities in accordance with AS-17 in respect of Vardhman Polytex Limited, holding company & subsidiary companies:

(₹ lakh)

| Particulars                                                  | Segments         |                      | Total        |
|--------------------------------------------------------------|------------------|----------------------|--------------|
|                                                              | Textile Business | Real Estate Business |              |
| Net Revenue                                                  | 91,390.00        | 3,970.86             | 95,360.86    |
|                                                              | (100,982.00)     | (1,167.33)           | (102,149.34) |
| Segment result                                               | -1,978.75        | 3,854.95             | 1,876.20     |
|                                                              | (-172.97)        | (906.98)             | (734.01)     |
| Less: Finance Cost                                           | –                | –                    | 8,568.49     |
|                                                              | –                | –                    | (8,663.14)   |
| Add: Other unallocable income net of unallocable expenditure | –                | –                    | 5,192.19     |
|                                                              | –                | –                    | (502.58)     |
| Loss before tax                                              | –                | –                    | (1,500.09)   |
|                                                              | –                | –                    | (-7,426.55)  |
| Segment capital employed                                     | 22,563.07        | 40.86                | 22,603.93    |
|                                                              | (27,024.77)      | (2,610.95)           | (29,635.72)  |

Figures in brackets in aforesaid note represent previous year figures.

41. 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<br>31.03.2016<br>₹ lakh | Year ended<br>31.03.2015<br>₹ lakh |
|-----------------------------------------------------------------|------------------------------------|------------------------------------|
| Amount of project revenue recognized as revenue during the year | 4,400.41                           | 1,167.33                           |
| Aggregate amount of costs incurred                              | 3,595.63                           | 1,286.20                           |
| Profit/(Loss) recognized to date                                | 804.78                             | (118.86)                           |
| Transfer from Capital Reserve                                   | 3,050.17                           | 1,025.85                           |
| Profit recognized to date                                       | 3,854.95                           | 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 Holding Company has sold inventory relating to Vardhman Park thereby transferring from Capital Reserve an amount of ₹ 3,050.16 lakh (Previous year ₹ 1,025.85 lakh) to the credit of statement of profit & loss and transfer of real estate inventory of ₹ 4,276.76 (Previous year ₹ 1,160.40) to the debit of statement of profit and loss.

**42. CORPORATE DEBT RESTRUCTURING (HOLDING COMPANY)**

- 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.
- Interest has been accounted for based upon terms of package/confirmations received from the bankers.
- The Funded Interest Term Loan (FITL) has been created on certain credit facilities.
- 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.
- Other conditions as stipulated under the scheme are being complied with.

43. Minority interest has not been computed due to losses at consolidation level.

44. The company has given loans / advances to various companies. Amount outstanding at year end is as follows:

| Particulars                         | As at<br>31.03.2016<br>(₹ lakh) | As at<br>31.03.2015<br>(₹ lakh) |
|-------------------------------------|---------------------------------|---------------------------------|
| Opening Balance                     | 135.00                          | 235.00                          |
| Add: Given during the year          | —                               | —                               |
| Less: Received back during the year | (100.00)                        | (100.00)                        |
| <b>TOTAL</b>                        | <b>35.00</b>                    | <b>135.00</b>                   |

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. 9.5% to 14.40%).

45. 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

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)

**FOR AND ON BEHALF OF BOARD OF VARDHMAN POLYTEX LIMITED**

Place : Ludhiana

Date : 30<sup>th</sup> May, 2016

## 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

(₹ lakh)

| Sr. No. | Particulars                                                                                                              | As at 31.03.2016                                                                       | As at 31.03.2016                        |
|---------|--------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-----------------------------------------|
| 1       | Name of the company                                                                                                      | F.M. Hammerle Textiles Ltd.<br>(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                                                                         | 1 EURO= ₹ 75.44                         |
| 4       | Share Capital                                                                                                            | 12,386.75                                                                              | 22.54                                   |
| 5       | Reserves & Surplus                                                                                                       | (15,452.51)                                                                            | (287.67)                                |
| 6       | Total Assets                                                                                                             | 16,842.53                                                                              | 71.88                                   |
| 7       | Total Liabilities                                                                                                        | 16,842.53                                                                              | 71.88                                   |
| 8       | Details of Investment (except in case of investment in the subsidiaries)                                                 | -                                                                                      | -                                       |
| 9       | Turnover (Net)                                                                                                           | 7,871.29                                                                               | 25.59                                   |
| 10      | Profit before taxation                                                                                                   | (2,404.55)                                                                             | 2.81                                    |
| 11      | Provision for taxation                                                                                                   | -                                                                                      | 1.06                                    |
| 12      | Profit after taxation                                                                                                    | (2,404.55)                                                                             | 1.75                                    |
| 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 - Nil

## 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 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 : 30<sup>th</sup> May, 2016



## REQUEST FOR DEMATERIALIZATION (DEMAT) OF SHARES

Dear Shareholder,

As you may be aware that the shares of Vardhman Polytex Limited can be held in Electronic mode by getting them dematerialized through any of the Depository Participant (DP) registered with Securities and Exchange Board of India (SEBI). Dematerialization is a process by which shares held in physical form (Share Certificates) are converted to an equivalent number of securities/shares in electronic form. Some of the advantages of holding shares in dematerialized (Demat) mode are as under:-

1. A safe and convenient way of holding securities.
2. Immediate transfer of securities.
3. No stamp duty on transfer of securities.
4. No chances of counterfeit certificates, forgery and signature mismatch etc.
5. No risk of loss, mutilation or theft of certificates.
6. Online trading facility.
7. Faster settlement cycle.
8. No odd lot problem, even one security/ share can be traded.
9. Change in address recorded with DP gets electronically registered with all the Companies in which investor holds securities. Thereby, eliminating the need to correspond with each of them separately.
10. Regular accounts status updates available from the DP at any point of time.
11. Faster disbursement of cash and non cash benefits like dividend, bonus securities etc.

The shares of our Company are compulsorily traded in Demat mode and more than 90% of our equity shares have already been dematerialized by the shareholders.

In view of the above mentioned advantages, you may like to get your shareholding in Vardhman Polytex Limited's shares dematerialized through any of the DPs located in your area.

As a special offer, Geojit BNP Paribas Financial Services Limited (GBNPP) has offered to render services towards opening of regular Demat and trading account to our shareholders. You can open a demat account with them and for this purpose, Account opening charges will not be levied. Also, Annual Maintenance charges (AMC) on such DP account would be waived off till 31<sup>st</sup> March, 2017 and conversion of the shares from physical to electronic form will be performed without any charges.

For any assistance with respect to the opening of Demat account, please feel free to contact Geojit BNP Paribas Financial Services Limited (GBNPP), at their toll free numbers 1800 425 5501/1800 103 5501 or any of the GBNPP branches. Alternatively, you can also mail us at [secretarial@vpl.in](mailto:secretarial@vpl.in)

We would like to mention here that any action on your part pursuant to this letter is completely voluntary. The Company has no business association with Geojit BNP Paribas Financial Services Ltd. in any manner whatsoever. The Company shall not be in any way responsible for your dealings with Geojit BNP Paribas Financial Services Ltd. You are free to open Demat account with any other Depository Participant of your own choice.

With regards

**For Vardhman Polytex Limited**

Sd/-

Sushil Sharma

Company Secretary

Date: 12<sup>th</sup> August, 2016



**ATTENDANCE SLIP**  
**36<sup>th</sup> Annual General Meeting – 30<sup>th</sup> September, 2016**

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

I hereby record my presence at the **36<sup>th</sup> 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 Friday, the 30<sup>th</sup> September, 2016.**

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.*



**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 **36<sup>th</sup> 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 Friday, the 30<sup>th</sup> September, 2016** and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No.           | Description of the Resolution                                                                                                                                                               | For | Against |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---------|
| <b>Ordinary Business</b> |                                                                                                                                                                                             |     |         |
| 1(a).                    | Adoption of Audited Financial Statements of the Company for the financial year ended 31 <sup>st</sup> March, 2016, 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 <sup>st</sup> March, 2016, together with the Report of Auditors thereon.               |     |         |
| 2.                       | Appointment of director in place of Mrs. Rakhi Oswal (DIN 00009682), who retires by rotation and being eligible, offers herself for re-appointment.                                         |     |         |
| 3.                       | Ratify the appointment of Statutory Auditors of the Company.                                                                                                                                |     |         |
| <b>Special Business</b>  |                                                                                                                                                                                             |     |         |
| 4.                       | Appointment of Mr. Vishal Oswal as an Independent Director                                                                                                                                  |     |         |
| 5.                       | Re-appointment of Mr. Ashok Kumar Goyal as an Executive Director                                                                                                                            |     |         |
| 6.                       | Ratify remuneration of the Cost Auditors for the financial year ending 31 <sup>st</sup> March, 2017.                                                                                        |     |         |

Signed this ..... day of ..... 2016

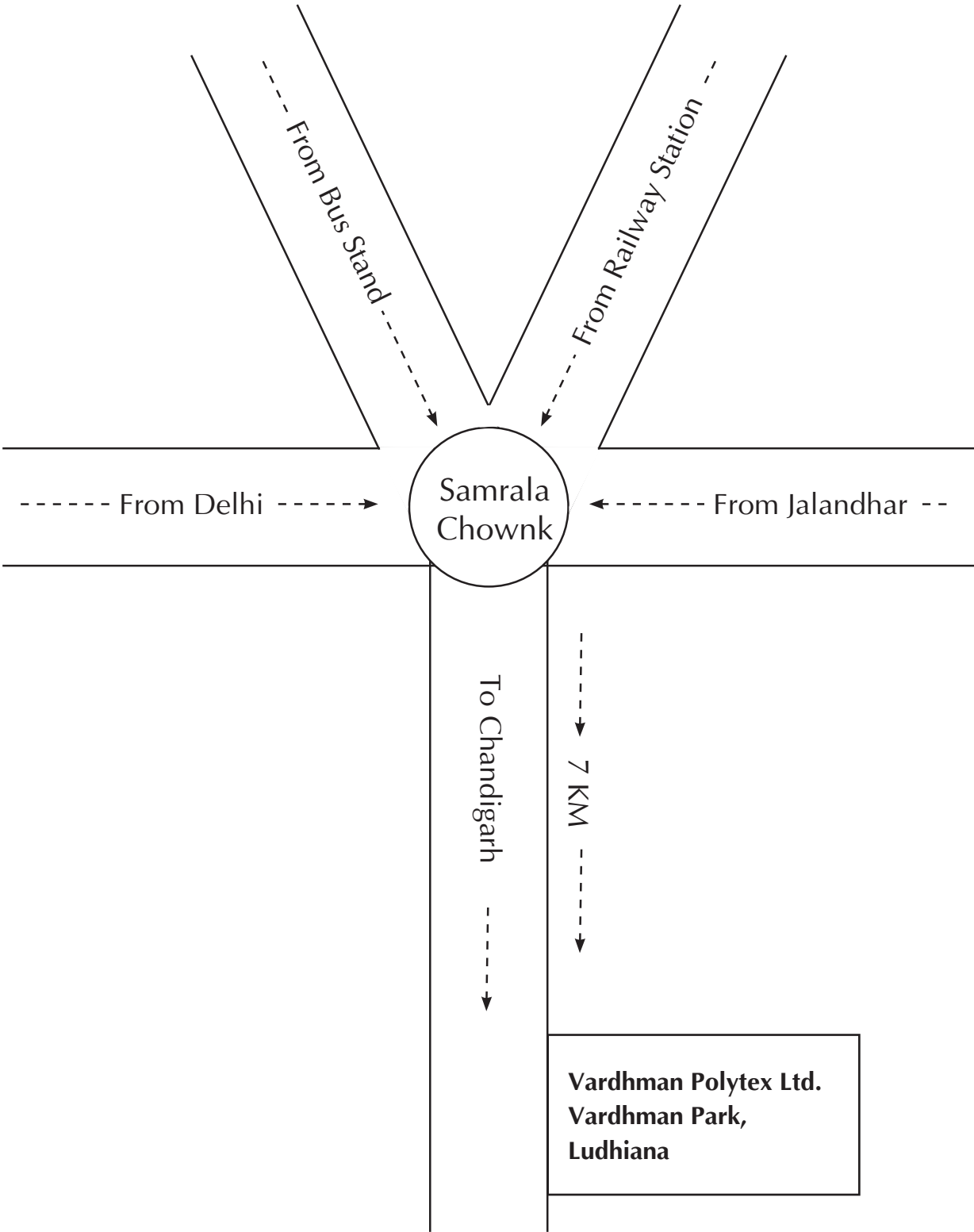
Signature of Proxy holder(s)

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.

Route Map  
to  
**Vardhman Polytex Ltd., Ludhiana, Punjab**



## Financial Highlights for Five years

(₹ in lakh)

| Parameters                              | 2015-16   | 2014-15    | 2013-14   | 2012-13   | 2011-12     |
|-----------------------------------------|-----------|------------|-----------|-----------|-------------|
| Gross sales and operating income        | 87,808.92 | 94,241.29  | 92,272.44 | 78,623.30 | 74,927.60   |
| FOB value of Exports                    | 38,245.21 | 43,237.25  | 44,123.61 | 30,294.91 | 28,552.59   |
| Net profit                              | 901.64    | (2,880.20) | 477.51    | 117.07    | (8,141.22)  |
| Profit Before Tax (PBT)                 | 901.64    | (2,231.93) | 332.23    | (505.17)  | (10,465.96) |
| Cash Profit (PBT + Dep. - Excep. Items) | 3,720.06  | (2,578.37) | 3,598.07  | 3,154.90  | (7,506.27)  |
| Gross Block (FA + CWIP)                 | 59,832.75 | 58,772.20  | 57,823.03 | 57,326.37 | 57,521.54   |
| Net Block (NA + CWIP)                   | 24,530.72 | 26,194.95  | 29,088.61 | 30,888.61 | 33,942.59   |
| Paid up Share Capital                   | 2,232.54  | 2,232.54   | 1,985.24  | 1,787.75  | 1,627.75    |
| Net Worth                               | 10,742.18 | 12,862.35  | 11,888.88 | 10,227.69 | 9,380.11    |
| Capital Employed                        | 62,697.83 | 70,218.50  | 71,924.09 | 68,521.81 | 65,047.46   |
| Long Term Debt Equity Ratio             | 1.82      | 1.83       | 2.20      | 3.04      | 2.14        |
| Current Ratio                           | 0.62      | 0.77       | 0.74      | 0.78      | 0.45        |

## Equity shares data for Five years

| Particulars                   | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
|-------------------------------|---------|---------|---------|---------|---------|
| Book value per share (₹)      | 48.19   | 57.70   | 59.99   | 57.32   | 57.75   |
| Earning per share (₹)         |         |         |         |         |         |
| - Basic                       | 4.04    | (14.02) | 2.59    | 0.72    | (50.12) |
| - Diluted                     | 4.04    | (14.02) | 2.28    | 0.72    | (50.12) |
| - Cash                        | 16.69   | (10.41) | 16.14   | 17.68   | (46.19) |
| Dividend per share (₹)        | -       | -       | -       | -       | -       |
| P/E Ratio                     | 9.38    | (2.72)  | 14.47   | 91.88   | (1.38)  |
| Price to Cash Earning Ratio   | 2.27    | (3.67)  | 2.05    | 3.74    | (1.50)  |
| Price to Book Value per share | 0.79    | 0.66    | 0.55    | 1.15    | 1.20    |

## Panoramic view of Spinning & Dyeing Processes



## Panoramic view of Spinning & Dyeing Processes



#### REGISTERED & CORPORATE OFFICE

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Ludhiana-141123 (India)

Ph: + 91-161-6629990

Fax: + 91-161-6629988

Email: [info@vpl.in](mailto:info@vpl.in)

#### DELHI OFFICE

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Kasturba Gandhi Marg

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