



REF: VPL: SEC: OCT: 2018-19

Date: 10.10.2018

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

The Listing Department,
BOMBAY STOCK EXCHANGE LIMITED
25th 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.

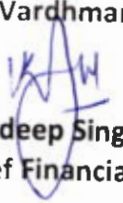
Dear Sir/Madam,

In compliance with the provisions of Regulation 34 and other applicable provisions of the SEBI (LODR) Regulations, 2015, we submit herewith the Annual Report of the Company for the financial year 2017-18 containing *inter alia* Director's Report, Auditors' Report, Audited Financial Statements (Standalone & Consolidated) as approved and adopted by the Company in its Annual General Meeting held on 24.09.2018, along with statement on impact of qualification.

Kindly consider the submissions and take the same on your records.

Thanking you,

Your's faithfully,
For Vardhman Polytex Limited


(Kuldeep Singla)
Chief Financial Officer

A decorative geometric pattern on the left side of the cover, consisting of a series of interlocking triangles forming a larger triangular shape. The triangles are colored in a gradient from red at the top to blue at the bottom, with some triangles being black.

38th **ANNUAL REPORT** **2017-18**

Vardhman Polytex Limited
An Oswal Group® Company

Message from Chairman & Managing Director



Dear Stakeholders,

I am pleased to share with you the performance of the company for the financial year ended 31st March 2018. Your company registered a net operating revenue of Rs 621.35 Crores, decrease against 859.25 Crores of previous year.

The global economy has also performed weak during the last nine months of the year. The economic condition of Europe and global financial crises created uncertainty in the market and affected the global business as whole. The shortfall in the Imports of USA and Europe are the example of the decline trend of the demand of the products.

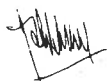
The textile industry in India was remained under pressure and nervous during the last financial year. The volatility in prices of yarn and cotton and ambiguous Government policy on export of yarn during the first half of the year affected a lot to the spinning mills and companies suffered huge loss. The production of yarn was lower than the estimate due to shortage of power, labour, sharp fall in the yarn prices and financial liquidity crunch.

The production of cotton in India is estimated to increase by 9.3 per cent year-on-year to reach 37.7 million bales in FY 2017-18. The total area under cultivation of cotton in India is expected to increase by 7 per cent to 11.3 million hectares in 2017-18, on account of expectations of better returns from rising prices and improved crop yields during the year 2016-17.

The sentiment of the textile industry has shown positive outlook for the last two quarters based on affordable prices of the cotton, adequate demand both in domestic and exports and nearly matching price of finished goods but the margins will be still below the expected levels.

In the tough scenario, the company is focused on the product innovations, cost reduction, improving efficiencies and financial restructuring to create maximum wealth for its stakeholders and business partners.

Sincerely,



Ashok Kumar Oswal
Chairman & Managing Director

*Message from
Managing Director
(Business & Corporate Affairs)*



Dear Stakeholders, It is my privilege to reach you through this Annual Report and share with you the performance for the financial year 2017-18. This was a challenging year caused by uncertain global macro-economic situation and the challenges being faced by the Company.

Although our business growth this year was not inspiring, it needs to be seen in a wider context including the whole transformation that the industry is going through. Consumer behavior is changing, customers' expectations are increasing and the competitive landscape is being redrawn. The scope of profit in the yarn segment has attracted many small players and traders into the market with easy entry biz. This has given birth to an excess of supply of yarn in the market. The yarn segment in itself is transforming from being a specialty product to being a commodity and therefore, discounting the returns to that of a regular commodity. This is where strengthening of the core capabilities is important. Despite this challenge we have managed to stand out of the competition with our high quality product and critical experience that we hold in this segment. We have maintained our market position whereas, the market as a whole has shown a downtrend. The Competition in the yarn business has also increased due to some additional benefit/attractive policies promoted by the State government in Gujarat, M.P and Rajasthan.

We faced a different operating environmental due to high debt, increased input costs and liquidity problems which adversely affected the performance of the company.

This Challenging time, there is need to improve our financial returns and operating effectiveness to which we are trying. Driven by the efforts of our employees, the company continue to lay emphasis to translate business plan to actions and deliverables.

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

Sincerely



Adish Oswal
Managing Director
Business & Corporate Affairs

BOARD OF DIRECTORS

Mr. Ashok Kumar Oswal
 Mr. Adish Oswal
 Mr. Ashok Kumar Goyal (upto 31.03.2018)
 Mr. Ajay Chaudhry (upto 16.03.2018)
 Dr. Balbir Singh Bhatia (upto 23.04.2018)
 Mr. Manohar Dattatraya Kanitkar (upto 19.04.2018)
 Mr. Damanbir Singh Sobti
 Mr. Harpal Singh
 Ms. Aarti Rawat

- Chairman & Managing Director
 - Managing Director (Business & Corporate Affairs)
 - Executive Director
 - Independent Director
 - Independent Director
 - Independent Director
 - Independent Director
 - Independent Director
 - Independent Director

CHIEF FINANCIAL OFFICER

Mr. Kuldeep Singla

STATUTORY AUDITORS

M/s Romesh K. Aggarwal & Associates
 Miller Ganj, Ludhiana

BANKERS

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

REGISTERED & CORPORATE OFFICE

Vardhman Park, Chandigarh Road,
 Ludhiana-141123
 Phones: +91-161-6629888
 Fax : +91-161-6629888
 E-mail: info@vpl.in
 Website: www.vpl.in
 CIN: L17122PB1980PLC004242

WORKS

- Vardhman Polytex Limited,
Badal Road, Bathinda-151005, Punjab.
- Vardhman Polytex Limited,
(Spinning & Dyeing Division),
D-295/1, Phase VIII, Focal Point,
Ludhiana-141010, Punjab.
- Vardhman Polytex Limited,
Village Nangal Nihla/Upperla,
Swarghat Road, Nalagarh-174101 (H.P.)
- Amkryon International,
D-295/1, Phase VIII, Focal Point,
Ludhiana-141010, Punjab.

BRANCH OFFICES

- 305, Ansal Bhawan, 16, K.G. Marg,
New Delhi-110001
Phones: +91-11-23311582, 23312478
Fax: +91-11-23312477

REGISTRAR & SHARE TRANSFER AGENT

M/s Alankit Assignments Limited
 1E*13, Alankit Heights,
 Jhandewalan Extension,
 New Delhi-110055
 Phones: +91-11-42541234, 23541234
 Fax: +91-11-41543474

Contents	Page No.
Notice	1
Board's Report	6
Corporate Governance Report	28
Auditor's Report	36
Balance Sheet	42
Statement of Profit and Loss	43
Cash Flow Statement	44
Notes to Accounts	45
Auditor's Report on Consolidated Financial Statements	76
Consolidated Balance Sheet	79
Consolidated Statement of Profit and Loss	80
Consolidated Cash Flow Statement	81
Consolidated Notes to Accounts	82
Statement Under Section 129(3) of the Companies Act, 2013 (AOC-1)	115

NOTICE

NOTICE is hereby given that the **38th Annual General Meeting** of the members of the Company will be held on Monday, the **24th day of September, 2018** at 11:00 a.m. at the Registered Office of the Company situated at Vardhman Park, Chandigarh Road, Ludhiana-141123 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a) The Audited Financial Statements of the Company for the financial year ended 31st March, 2018, together with the Report of Auditors and Directors thereon; and
 - b) The Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2018, together with the Report of Auditors and Directors thereon.

2. Ratification of 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 all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time and pursuant to the recommendations of the Audit Committee, M/s. Romesh K Aggarwal & Associates, Chartered Accountants, Ludhiana (Firm Registration No. 000711N), be and is hereby ratified at 38th Annual General Meeting (AGM) to conduct the statutory audit of the company for the financial year ended 31st March, 2019 (who were appointed as Statutory Auditors of the Company for a term of consecutive three years starting from conclusion of 37th AGM till the conclusion of 40th AGM) at such remuneration as may be decided by Board of Director of the Company."

3. To appoint a Director in place of Mr. Adish Oswal (DIN-00009710), who retires by rotation in accordance to Article of Association and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. To consider and approve the re-appointment of Mr. Ashok Kumar Oswal (DIN: 00009403), Chairman & Managing Director of the Company

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

RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and subject to the provisions of Section 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, approval of the members by passing a Ordinary Resolution at this meeting, be and is hereby accorded for the reappointment of Mr. Ashok Kumar Oswal (DIN: 00009403), Chairman & Managing Director for a period of three years from May 30, 2018 to May 29, 2021 whose period of office is liable to retirement by rotation as well as for the payment of salary and perquisites (hereinafter referred to as "remuneration") as are set out in the draft of the agreement entered into between the company and Mr. Ashok Kumar Oswal with liberty to the Board

of Directors to alter and vary the terms and conditions of the said agreement as they may consider necessary and as may be agreed to by Mr. Ashok Kumar Oswal within the overall limits as specified in Paragraph A of Section II of Part II of Schedule V of the Companies Act, 2013 for the time being in force or any statutory modification(s) or re-enactment(s) thereof and/or any rules or regulations framed there under. The terms of reappointment and remuneration payable to Mr. Ashok Kumar Oswal are set out in the Explanatory Statement and recommended by the Nomination & Remuneration Committee and approved by the Board subject to limits as specified under Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT in the event of any statutory amendment(s), modification(s) to the Act, Schedule V to the Act or any rules made under the Act or relaxation(s) by the Central Government, as may be applicable, the Board be and is hereby authorized to vary the remuneration, including salary, perquisites, allowance, etc. within such modified prescribed limit or ceiling as aforesaid subject to approval of the members of the company.

RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of the profits of the Company in any financial year, during the term of office of Mr. Ashok Kumar Oswal, the remuneration mentioned in the explanatory statement shall be paid as minimum remuneration and the same shall be subject to the limits as set out in Section II of Part II of Schedule V of the Companies Act, 2013.

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

5. Ratification of Appointment of Mr. Adish Oswal as Managing Director (Business & Corporate Affairs)

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203, Schedule V of the Companies Act, 2013 read with Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, the approval of the members be and is hereby accorded to appoint Mr. Adish Oswal as the Managing Director (Business & Corporate Affairs) of the Company for a period of 5 years i.e. from 24th November, 2017 to 23rd November, 2022 on the terms and conditions of remuneration as detailed in the explanatory statement of the notice.

RESOLVED FURTHER THAT any revision in the remuneration payable to Mr. Adish Oswal shall be within the overall limits as approved by the members in terms of this resolution and as recommended by the Nomination and Remuneration Committee to the Board of Directors for its approval, from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to vary and/or modify the terms and conditions of the said appointment including remuneration payable in such manner as may be agreed between the Board of Directors and Mr. Adish Oswal within the limits as prescribed in Schedule V of the Companies Act, 2013 including any amendment, modification, variation or re-

enactment thereof.

RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of the profits of the Company in any financial year, during the term of office of Mr. Adish Oswal, the remuneration mentioned in the explanatory statement shall be paid to Mr. Adish Oswal as minimum remuneration and the same shall be subject to the limits as set out in Section II of Part II of Schedule V of the Companies Act, 2013.

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

6. Ratification of Appointment of Mr. Damanbir Singh Sobti 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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules made there under as read with Schedule IV to the Act, as amended from time to time, Mr. Damanbir Singh Sobti (DIN: 02312051), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who is eligible for appointment, 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 up to 31st March, 2023."

7. Ratification of Appointment of Mr. Harpal Singh 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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules made there under as read with Schedule IV to the Act, as amended from time to time, Mr. Harpal Singh (DIN: 06932062), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who is eligible for appointment, 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 three consecutive years up to 31st March, 2021."

8. Ratification of Appointment of Ms. Aarti Rawat 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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules made there under as read with Schedule IV to the Act, as amended from time to time, Ms. Aarti Rawat (DIN: 07156525), a non-executive independent director of the Company, who has submitted a declaration that she meets the criteria of independence as provided in Section 149(6) of the Act and who is eligible for appointment, 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 three consecutive years up to 31st March, 2021."

9. To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2019

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made there under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Ramanath Iyer & Company, New Delhi appointed as Cost Auditors, by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019, be paid the remuneration of ₹1,25,000/- plus service tax, travel and actual out-of-pocket expenses.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized 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/-

(Ashok Kumar Oswal)

Chairman and Managing Director

(DIN: 00009403)

Place: Ludhiana

Date: 14th August, 2018

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

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 the 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 Requirement) 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 the Share Transfer Books** of the Company shall remain closed from 18.09.2018 to 24.09.2018 (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. up to the date of the Annual General Meeting.**
- 5. Members desiring any information as regards to accounts are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.**

6. Members holding shares in 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.
7. Members are requested to bring their attendance slip along with their copy of Annual Report at Annual General Meeting.
8. **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.**
9. **The Annual Report 2017-18 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 copies of the Annual Report 2017-18 are being sent by permitted mode.**
10. **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 Standard issued by The Institute of Company Secretary 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 dematerialized form as on the **cut-off date, i.e. 17.09.2018** shall only be entitled to avail the facility of e-voting.
 - d) **The remote e-voting period commences on 21.09.2018 (09.00 A.M.) and ends on 23.09.2018 (05.00 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. Ashwani Khanna of M/s Khanna Ashwani & Associates, Practicing 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 upon conclusion of e-voting period, unblock the votes in presence of atleast two witnesses not in employment of the company and make a report of votes casted in favour or against, if any, forthwith to the Chairman of the company. Thereafter, the result shall be declared by the Chairman or any other person authorized by him within 48 hours of conclusion of AGM. The results along with scrutinizer's report shall be placed on Company's website i.e. **www.vpl.in** and website of CDSL after the result is declared by the Chairman or any other person authorized by him 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. 24.09.2018
- h) Steps for remote e-voting:
 - i) Please log on www.evotingindia.com.
 - ii) Click on "**Shareholders**" tab.
 - iii) Now enter your **User ID**
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - iv) Next enter the Image Verification as displayed and Click on Login.
 - v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - vi) If you are a first time user, follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number, which is printed on the Postal ballot/ Attendance slip indicated in the PAN field. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	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. 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).

- vii) After entering these details appropriately, click on "**SUBMIT**" tab.
- viii) 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.
- ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x) Click on the **EVSIN: 180823041** for **Vardhman Polytex Limited**.

- xi) On the voting page, you will see **"RESOLUTION DESCRIPTION"** and against the same the option **"YES/NO"** for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii) Click on the **"RESOLUTIONS FILE LINK"** if you wish to view the entire Resolution details.
- xiii) After selecting the resolution you have decided to vote on, click on **"SUBMIT"**. A confirmation box will be displayed. If you wish to confirm your vote, click on **"OK"**, else to change your vote, click on **"CANCEL"** and accordingly modify your vote.
- xiv) Once you **"CONFIRM"** your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on **"Click here to print"** option on the Voting page.
- xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on **Forgot Password & enter the details as prompted by the system.**
- xvii) **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. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- xviii) **Note for Non – Individual Shareholders and Custodians**
 Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves.
 A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 After receiving the login details by custodian 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 linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- 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. 17th September, 2018 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, under help section or write an email to helpdesk.evoting@cdslindia.com or call 18002005533.

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

ITEM NO. 4

Mr. Ashok Kumar Oswal has served as the Chairman & Managing Director of the Company with the approval of members. The Board of Directors in its meeting held on 30.05.2018 has re-appointed Mr. Ashok Kumar Oswal as Chairman & Managing Director of the Company for the period of three years with effect from May 30, 2018 to May 29, 2021 on the terms and conditions given in the resolution. The Remuneration Committee of the Company has also approved the terms of appointment and remuneration payable to him. The said re-appointment and payment of remuneration is pursuant to Section 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and subject to the approval of Central Government.

Accordingly, the approval of the Members is solicited for the re-appointment of Mr. Ashok Kumar Oswal as Chairman and Managing Director of the Company and fixation of remuneration for the period of three years w.e.f 30.05.2018.

MEMORANDUM OF INTEREST:

None of the Directors except Mr. Ashok Kumar Oswal, being appointee, Mr. Adish Oswal and Mrs. Manju Oswal, being relative of the appointee, is concerned or interested in this resolution.

ITEM NO. 5

Mr. Adish Oswal has served as Executive Director on the Board of the Company with the approval of members. The Board of Directors in its meeting held on 24.11.2017 had appointed Mr. Adish Oswal as Managing Director (Business & Corporate Affairs) of the Company for the period of 5 years i.e. from 24th November, 2017 to 23rd November, 2022. The Remuneration Committee of the Company has also approved the terms of appointment and remuneration payable to him. The said re-appointment and payment of remuneration is pursuant to Section 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and subject to the approval of Central Government.

Accordingly, the approval of the Members is solicited for the re-appointment of Mr. Adish Oswal as Managing Director (Business & Corporate Affairs) of the Company for the period of period of 5 years i.e. from 24th November, 2017 to 23rd November, 2022.

MEMORANDUM OF INTEREST:

None of the Directors except Mr. Adish Oswal, being appointee, Mr. Ashok Oswal and Mrs. Manju Oswal, being relative of appointee, is concerned or interested in this resolution.

ITEM NO. 6 TO 8

Mr. Damanbir Singh Sobti (DIN: 02312051), Mr. Harpal Singh (DIN: 06932062) and Ms. Aarti Rawat (DIN: 07156525) are Non Executive (Independent) Director of the Company. Pursuant to the provisions of Section 149(10) of the Companies Act, 2013 ('the Act'), an independent director shall hold office for a term up to 5 (five) consecutive years on the Board of a Company and shall be eligible for re-appointment for another term of five years on passing of a special resolution by the Company.

It is proposed to appoint Mr. Damanbir Singh Sobti (DIN: 02312051), Mr. Harpal Singh (DIN: 06932062) and Ms. Aarti Rawat (DIN: 07156525), as Independent Directors under Section 149 of the Act and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, for a term of five consecutive years up to 31st March, 2023 in case of Mr. Damanbir Singh Sobti and for a term of 3 consecutive years up to 31st March, 2021 in case of Mr. Harpal Singh

& Ms. Aarti Rawat and 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.

The Company has received the consent in writing from them to act as Director and a declaration that they are 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. Notices under section 160 of the Act have been received from Members proposing candidature of the above said directors for the office of Independent Director of the Company. In the opinion of the Board, these directors fulfill the conditions specified in the Act and the Rules made there under for appointment as Independent Directors of the Company.

A brief profile of proposed Independent Directors, including nature of their expertise, is provided at this Annual Report.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives except the proposed appointees is concerned or interested in the said Resolutions.

ITEM NO. 9

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Ramanath Iyer

& Co., New Delhi, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company. Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.

The Board recommends the Ordinary resolution set forth in Item No. 9 for the approval of the members.

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

Sd/-

(Ashok Kumar Oswal)

Chairman and Managing Director
(DIN: 00009403)

Place: Ludhiana

Date: 14th August, 2018

Name of Director	Mr. Ashok Kumar Oswal	Mr. Adish Oswal	Mr. Damanbir Singh Sobti	Mr. Harpal Singh	Ms. Aarti Rawat
DIN	00009403	00009710	02312051	06932062	07156525
Date of Birth	08.02.1955	18.01.1980	31.07.1982	20.03.1968	23.01.1986
Date of Appointment	30.12.1986	31.07.2009	18.11.2017	24.05.2018	30.05.2018
Expertise in specific functional area	Industrialist	Industrialist	Leading Lawyer in Civil law & Company law matter.	Human Resources & Administrations	Sales & Marketing
No. of equity shares held in VPL	127748	420511	0	0	0
Qualification	B.Com, LLb	B.Com	LLb	B.Com	B.Com
Directorship of other companies as on 31 st March, 2018	- Panchsheel Textile Mfg And Trading Company Private Limited - Kent Investments Private Limited - Enakshi Investments Pvt. Ltd. - Pioneer Mercantile India Pvt. Ltd. - Ruby Mercantile Company Pvt. Ltd. - Gagan Mercantile Company Private Limited - Liberty Mercantile Company Pvt. Ltd. - Adesh Investment and Trading Company Private Limited - Boras Investment and Trading Company Private Limited - Allepy Investment and Trading Co. Pvt. Ltd. - Calgary Investment and Trading Company Pvt. Ltd. - Alma Assets Consultancy Private Limited - Oswal Holding Private Limited - F.M. Hammerle Textiles Limited	- Allepy Investment and Trading Co. Pvt. Ltd. - Oswal Industrial Enterprise Private Limited - Nightnagle Dealcom Private Limited - Alma Assets Consultancy Private Limited - Oswal Infratech Private Limited - Oswal Holding Private Limited	Siss Enterprises Private Limited	- Frist Step Compusystem Private Limited - Woodland Infotech Private Limited - Rosewood Mercantile Private Limited	Fortune Metaliks Limited
Chairmanship /Membership of Committees of Companies as on 31 st March, 2018	Chairmanship - Nil Membership - 1	Chairmanship - Nil Membership - 1	Chairmanship - 2 Membership - Nil	Chairmanship - Nil Membership - 2	Nil
Relationship with other Directors	Spouse of Mrs. Manju Oswal and Father of Mr. Adish Oswal	Son of Mr. Ashok Kumar Oswal and Mrs. Manju Oswal	Not related to any director	Not related to any director	Not related to any director

BOARD'S REPORT

Dear Shareholders,

The Directors of your Company are presenting 38th Annual Report on the affairs of the Company together with Audited Financial Statements of the Company for the year ended 31st March, 2018.

1. Financial Highlights

(₹ in Lakh)

PARTICULARS	2017-18	2016-17
Revenue from operations (Net)	62,135.95	85,925.13
Profit before Depreciation, Interest & Tax (PBDIT)	(3,892.75)	7,618.36
Interest and Financial expenses	6,566.95	5,619.58
Profit before Depreciation and Tax (PBDT)	(10,459.70)	1,998.78
Depreciation	2,052.10	2,065.05
Profit before Tax & Exceptional Items	(12,511.80)	(66.27)
Exceptional items	29,876.50	-
Profit before Tax (PBT)	(42,388.30)	(66.27)
Provision for Tax - Current	-	-
- Deferred Tax (Net of Adjustment)	-	-
Profit for the period after tax (PAT)	(42,388.30)	(66.27)
Other Comprehensive Income	(34.19)	88.89
Total Comprehensive Income for the period	(42,422.49)	22.62
Earnings per share (Rs.)		
- Basic	(190.16)	(0.30)
- Diluted	(190.16)	(0.30)

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 ₹62,135.95 lakhs as against ₹85,925.13 lakhs in 2016-17, registering a decrease of 27.69%. The FOB value of exports during the year has decreased by 62.68% to ₹11,964.97 lakh in 2017-18 against ₹32,062.60 lakh in 2016-17.

Profitability

During the year under review, the Company has incurred losses of ₹3,892.75 lakhs before adjusting depreciation, interest & tax as against profit of ₹7,618.36 lakhs during the previous year. The Company has incurred net comprehensive loss of ₹42,422.49 lakhs during the current year against net profit after tax of ₹22.62 lakhs in the previous year.

3. Management Discussion & Analysis Report

a) Industry structure and developments

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world. 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. Even today, textiles sector is one of the largest contributors to India's exports with approximately 13 per cent of total exports. The

textiles industry is also labour intensive and is one of the largest employers. The textile industry employs about 105 million people directly and indirectly. India's overall textile exports during FY 2017-18 stood at US\$ 37.74 billion.

The fundamental strength of the textile industry is its strong production base of wide range of fibre and yarns – from natural fibres like cotton, jute, silk and wool to synthetic and manmade fibres such as polyester, viscose, nylon and acrylic. The challenge here is the fluctuation in prices of the raw materials like wool and increase in oil prices which increase the input costs. Branded textile segment has dominant position in the Indian market as a B2C branded player for suiting and shirting fabrics. The vertical has grown over the years on the back of strong channel partner relationships, some lasting more than 50 years as well as wide distribution reach. With a strong distribution network that addresses robust fabric demand across Tier 1 cities to Tier 6 towns, the business has consistently launched new products keeping in with the customers' needs and preferences. In FY 2017- 18, it witnessed strong growth driven primarily by recovery in wholesale channel post GST stabilisation and growth in institutional category.

Market Size

The Indian textiles industry, currently estimated at around US\$ 150 billion, is expected to reach US\$ 230 billion by 2020. The Indian Textile Industry contributes approximately 2 per cent to India's Gross Domestic Product (GDP), 10 per cent of manufacturing production and 14 per cent to overall Index of Industrial Production (IIP). The production of cotton in India is estimated to increase by 9.3 per cent year-on-year to reach 37.7 million bales in FY 2017-18. The total area under cultivation of cotton in India is expected to increase by 7 per cent to 11.3 million hectares in 2017-18, on account of expectations of better returns from rising prices and improved crop yields during the year 2016-17. Indian exports of locally made retail and lifestyle products grew at a compound annual growth rate (CAGR) of 10 per cent from 2013 to 2016, mainly led by bedding bath and home decor products and textiles.

Global economy

In 2017, the cyclical upswing underway since mid-2016 continued to strengthen and the global economy witnessed a pickup in growth. According to the International Monetary Fund (IMF), the year reported the broadest synchronised global growth surge since 2010. The advanced economies witnessed expansion owing to increased investments and manufacturing output. Similarly, key emerging markets and developing economies, including Brazil, China and India, posted strong upward momentum. Given stronger than expected economic activity in 2017, the IMF has revised its growth forecast for the United States from 2.3% to 2.7% in 2018 and from 1.9% to 2.5% in 2019. Stronger domestic demand in the United States is projected to increase imports. In Europe too, economic activity in 2018 and

2019 is projected to remain stronger than anticipated. Moreover, the advanced economies in Asia are expected to deliver stronger growth, while the emerging and developing ones are expected to grow at around 6.5% over 2018-19, broadly the same pace as in 2017.

Indian economy

India's economy picked up some pace in FY 2017-18 and the gross domestic product growth was better than FY 2016-17. The structural reform of The Goods and Services Tax (GST) within a year of demonetisation is expected to provide a boost to the economic growth and investments in the long run. With an improving business ecosystem, stable macroeconomic indicators and a liberal FDI regime, foreign capital inflow has provided impetus to the domestic economy. According to World Bank's Global Economic Prospects report, India's GDP is expected to rise to 7.4% in FY 2018-19 and 7.8% in FY 2019-20.

Global textile and apparel industry

Along with the upbeat outlook for the global economy, the textile and apparel industry is also expected to witness growth across developed and emerging markets. While the apparel industry is still largely dominated by the European Union and the US, countries like China, India and Italy are emerging as key exporters of apparel and as future destinations for consumption. The global trade in the apparel segment is expected to grow at a CAGR of 5% and the global textiles trade is projected to grow at a CAGR of 3% over 2016-26. Fabric is expected to lead the category, followed by yarns and fibre.

Indian textile industry

The Indian textiles industry is among the oldest in the country. It is projected to reach USD 230 billion by 2020 from around USD 120 billion. Currently, the domestic textiles industry contributes 10% to the manufacturing output of the country, generates about 4% to its GDP and employs more than 45 million people. Importantly, the sector contributes 15% to the export earnings of India. Mitigating the repercussions of currency fluctuation remains a challenge. Exports have been a core feature of India's textile sector. The Indian textiles export market, estimated at \$18 billion, is expected to grow at a CAGR of 4% compared to the global CAGR of 3% over 2016-26.

Government Initiatives

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route. The government has taken initiatives to further promote the industry such as the Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of Textiles Industry - Readymade garments and Made ups - from 2 per cent to 4 per cent. The Government of India plans to introduce a mega package for the powerloom sector, which will include social welfare schemes, insurance cover, cluster development, and upgradation of obsolete looms, along with tax benefits and marketing support, which is expected to improve the status of power loom weavers in the country. The Government has taken several measures including Amended Technology Upgradation Fund Scheme (A-TUFS), launch of India

Handloom Brand and integrated scheme for development of silk industry, for the strategic enhancement of Indian textiles quality to international standards. Furthermore, the Government has designed Pradhan Mantri Paridhan Rojgar Protsahan Yojana (PMPRPY) to incentivize employers in the apparel sector for generation of new employment. Under the PMPRPY, government provides additional 3.67% of the employer's contribution, in addition to Government bearing 8.33% of employer contribution of Provident Fund (EPF). The government has extended duty drawback facility for one year on all textile products to boost exports, and has increased rates in some cases for the benefit of Indian exporters.

GST impact on the domestic textile sector

The introduction of GST has resulted in removal of concessions/exemptions for the textile industry which saw outrages and protests by various associations and players in the textile industry. Considering the intent of GST and peculiar manner of operation of textile industry, it may take slightly longer for textile industry to off-set the initial hiccups of GST and grow at a competitive pace. GST would help reduce costs for manufacturers in the textile industry as it is likely to consider various fringe taxes like Octroi, entry tax, luxury tax etc. GST will lead to a shift in textile industry from unorganized sector to organized sector. Positives from Union Budget 2018-19. The GST Council has exempted taxes on silk and jute fibre, cotton, natural fibre, while all kinds of yarns and all categories of fabric will attract 5% tax rate. Manmade fibre and yarn will attract 12% tax rate. Due to the extensive procedure costs and delays made in the processing of duty drawback, the manufacturers/traders were not inclined towards exports. Under GST, the system of duty drawback will lose its significance, which would give a significant boost for promoting the export of textile products. The positive impact of GST will be largely felt by companies engaged in manufacturing and/or dealing with fibre and yarn components, since the presence of unorganized units is relatively large compared to the fabric and garment units. However, the GST would affect the cotton value chain of the textile industry including all garments for men and women. This near-term disruptions could take a potential toll on the financial performance of most players, the textile industry as a whole is poised to grow as organized units gain market share back from their unorganized counterparts. In the current scenario, there has been a mixed response to these rates by the textile industry. Although in the near term, there could be some disruptions in the context of higher tax rates, but in longer term GST is expected to be beneficial by creating more opportunities.

b) 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.

c) 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 out-house Internal Audit team 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.

d) Financial Performance

Resource utilisation

The gross fixed assets as at 31st March, 2018 were ₹61,912.16 lakh against ₹61,709.24 lakh in the previous year. The Net block of assets as on 31st March, 2018 was ₹22,869.17 lakh as against ₹24,359.87 lakh in the previous year.

Inventory levels as at 31st March, 2018 were ₹4,256.88 lakh as against ₹7,743.10 lakh in the previous year. The trade receivable as at 31st March, 2018 were ₹3,029.98 lakh as against ₹7,681.47 lakh in the previous year.

Financial condition & liquidity

(₹ in lakh)

Particulars	2017-18	2016-17
Cash & cash equivalents		
Beginning of the year	702.51	626.06
End of the year	168.25	702.51
Net cash provided(used) by:		
Operating Activities	3,865.04	7,728.48
Investing Activities	(516.78)	(1,975.09)
Financial Activities	(3,882.52)	(5,674.79)

e) Human Resources Management

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

f) Safety, Health & Environment

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

4. Share Capital

During the year under review, 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 2017-18.

6. Directors & Key Managerial Personnel

During the year under review, Mr. Adish Oswal has been appointed as Managing Director (Business & Corporate Affairs) w.e.f. 24.11.2017. Mr. Ajay Chaudhry ceased to be director due to his sudden demise on 16.03.2017. Mr. Vishal Oswal, Mr. Ashok Kumar Goyal, Dr. B. S. Bhatia & Mr. M. D. Kanitkar resigned from the directorship of the company. Further, Mrs. Manju Oswal joined the board of the company as the woman director on board on 12.08.2017 followed by the appointment of Mr. Damanbir Singh Sobti, Mr. Harpal Singh & Ms. Aarti Rawat as independent directors on the board of the company.

The tenure of Mr. Ashok Kumar Oswal as Chairman & Managing Director has expired, and being eligible offers himself for re-appointment.

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

All the Independent Directors have confirmed that they meet the criteria of Independence as mentioned under Section 146(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 14.02.2018, through discussion, evaluated the performance of non independent directors, Board, Managing Director and Executive Directors. The minutes of the said meeting were submitted to Chairman of the Company and also placed before the Board for their consideration. The Board has carried out annual performance evaluation of its own performance, the

directors individually as well the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders' Relationship Committee. The Nomination & Remuneration Policy containing manner of evaluation the performance 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 listens 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 & Committee 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. The projects/ programs to be undertaken under CSR are specified in the policy.

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

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 2017-18. 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 31st March, 2018. 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.

One of the subsidiary company, F.M. Hämmerle Textiles Ltd. has filed a petition in National Company Law Tribunal (NCLT), Chandigarh Bench under the provisions of Section 10 of Insolvency and Bankruptcy Code, 2016 and vide order dated 01.09.2017, Mr. Rajeev Goel has been appointed as the Resolution Professional for undertaking the Corporate Insolvency Resolution Process (CIRP).

The Company has published the audited consolidated financial statements for the financial year ended 31st March, 2018 and the same forms part of this Annual Report. Accordingly, the

Annual Report does not contain the financial statements of our subsidiaries. As per the provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is annexed with this Annual Report.

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

12. Fixed Deposits

During the year, the Company has not accepted any fixed deposits. There is no outstanding deposit as at 31st March, 2018.

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.

The Company has also filed a Civil appeal under section 10 (f) of the Companies Act, 1956 (corresponding Section 59 of the Companies Act, 2013) against the judgement dated 13.08.2015 passed by the Hon'ble Company Law Board, as modified vide order dated 13.10.2017 passed by the Hon'ble Supreme Court of India.

15. Directors' Responsibility Statement

Pursuant to Section 134 of the Act, 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 judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit and loss of the Company for the year ended 31st March, 2018;
- (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 Listing 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 Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. 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. Romesh K. Aggarwal and Associates, Chartered Accountants, Ludhiana (Firm Registration No. 000711N), Chartered Accountants have been appointed as Statutory Auditors of the Company at 37th Annual General Meeting held on 9th September, 2017 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 Khanna Ashwani & Associates, Practising Company Secretary, Ludhiana to conduct the secretarial audit of the Company for the financial year 2017-18.

iii) Cost Auditors

The Board of Directors has appointed M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, as the Cost Auditors of the Company to conduct cost audit for the financial year ended 31st March, 2019. 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 this Annual General Meeting.

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

The Statutory Auditors of the Company have submitted Auditors' Report on the Accounts of the Company for the financial year ended 31st March, 2018. 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

The company had credited income of ₹396.44 lakh due on payment of FCCB liability to the statement of profit and loss account during the year ended 31st March, 2017. This profit should have been credited in the statement of profit and loss on payment of FCCB liability which is still outstanding as explained in note no. 52 of Standalone financial statements.

We state that the company had credited the amount on the basis of settlement of FCCB liability and out of the settled amount a major part has already been paid till year ended on 31st March, 2017.

The company is undergoing debt resolution plan with the entire of its lenders including Axis Bank Ltd which is holder of FCCB and the issue will be addressed in debt resolution plan.

Consolidated Auditor's Report

The qualifications/observations in consolidated Auditor's report are similar as stated above of the standalone Auditor's Report. Hence, explanations/comments of the same are provided above.

Other points of Auditor's Reports on the accounts of the company for the year under review are self explanatory and require no comments.

Secretarial Auditors' Report

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

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, 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. 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.

27. 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-0009403)

Date: 14th August, 2018
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 deem fit for that purpose.

INTERPRETATION

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

'Chief Executive Officer' means an officer of a company, who has been designated as such by it.

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

Company.

'Chief Financial Officer' means a person appointed as the Chief Financial Officer of a Company.

'Compliance Officer' means "Company Secretary" of the Company.

'Key Managerial Personnel' in relation to a company, means—

- Managing Director, or Chief Executive Officer or manager and in their absence, a Whole-Time Director.
- Company Secretary;
- 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 caliber individuals with relevant experience.

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

AUTHORITY

The Committee is authorised:

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

FREQUENCY OF MEETINGS

The Committee shall meet as per the requirement of Companies Act, 2013 rules made there under read with requirement of 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 31.03.2018

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

To,
The Members,
Vardhman Polytex Limited.
Vardhman Park, Chandigarh Road,
LUDHIANA-141123,
Punjab (India).

We have conducted the secretarial audit 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 our opinion thereon.

Based on our verification of the **Vardhman Polytex Limited** books, papers, minutes 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 **31.03.2018** 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 book, forms and returns filed and other records maintained by the company for the financial year ended on **31.03.2018** 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, 2015**;
 - (c) The Securities and Exchange Board of India (**Issue of Capital and Disclosure Requirements**) **Regulations, 2009**; not applicable to the company during period of audit.
 - (d) The Securities and Exchange Board of India (**Employee Stock Option Scheme and Employee Stock Purchase Scheme**) **Guidelines, 1999** and Securities and Exchange Board of India (Share Based Employee Benefits) **Regulations, 2014**; not applicable during the period of audit.
 - (e) The Securities and Exchange Board of India (**Issue and Listing of Debt Securities**) **Regulations, 2008**; not applicable to the company during period of audit.
 - (f) The Securities and Exchange Board of India (**Registrar to an Issue and Share Transfer Agents**) **Regulations, 1993** regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (**Delisting of Equity Shares**) **Regulations, 2009**; not applicable to the company during period of audit.
 - (h) The Securities and Exchange Board of India (**Buyback of Securities**) **Regulations, 1998**; not applicable to the company during period of audit; and
 - (i) Listing Agreement and SEBI (**Listing Obligations and Disclosure Requirements**) **Regulations, 2015** (effective 1st December 2015)

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

- (i) **Secretarial Standards** issued by The Institute of Company Secretaries of India (ICSI) - ICSI had issued Secretarial Standards numbering 1 and 2 corresponding with reference to the provisions of the **Companies Act, 2013** (effective 1 July 2015) and the Management adheres to them;
- (ii) The **Listing Agreements** entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

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

- (vi) **Other Applicable laws**

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test-check

basis, the Company has complied with the following laws applicable specifically to the Company:

1. The Factories Act 1948 and Rules framed there under
2. Shops and Commercial Establishments Act, 1958 read with Shops and Commercial Establishments Rules
3. The Contract Labour (Regulation & Abolition) Act – 1970
4. Apprentices Act, 1961 read with Apprenticeship Rules, 1992
5. Employees Provident Fund and Miscellaneous Provisions Act, 1952
6. The Employees State Insurance Act, 1948, Employees State Insurance (Central) Rules, 1950 and Employees State Insurance (General) Regulations, 1950
7. Employment Exchanges Compulsory Notification of Vacancies Act, 1959 and the Employment Exchanges Compulsory Notification of Vacancies Rules, 1960
8. Equal Remuneration Act, 1976 and Equal Remuneration Rules, 1976
9. Minimum Wages Act, 1948 read with State Minimum Wages Rules framed thereunder.
10. The Payment of Gratuity Act, 1972 read with State Payment of Gratuity Rules framed thereunder.
11. Child Labour (Prohibition and Regulation) Act, 1986 read with Child Labour (Prohibition and Regulation) Rules, 1988.
12. Payment of Wages Act, 1936 read with State Payment of Wages Rules framed thereunder.
13. The Payment of Bonus Act, 1965 read with the Payment of Bonus Rules, 1975
14. Industrial Employment (Standing Orders) Act, 1946 read with State Industrial Employment (Standing Orders) Rules
15. The Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013

Environmental, Health and Safety Laws:

16. Environment Protection Rules, 2002
17. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
18. Noise Pollution (Regulation and Control) Rules, 2000
19. Air (Prevention and Control of Pollution) Act, 1981 read with State Air (Prevention and Control of Pollution) Rules:
20. Water (Prevention and Control of Pollution) Act, 1974 read with State Water (Prevention and Control of Pollution) Rules:
21. Water (Prevention and Control of Pollution) Cess Act, 1977 read with Water (Prevention and Control of Pollution) Cess Rules, 1978

Further, We have not visited the factory units situated at:-

- Vardhman Polytex Limited, Badal Road, Bathinda – 151005.
- Unit – Vinayak Textiles Mill, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana, Punjab, India.
- Amkryon International, HB-22, Phase –VI, Focal Point, Ludhiana -141010

We are issuing this report on the basis of compliance certificates provided by the functional heads of different departments of the Company and Manager which were produced before the Board

through agenda papers.

We further report that

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

Adequate notice is given to all directors to schedule the **Board Meetings, Agenda** and detailed **notes** on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We further report that during the audit period;

- **Company has been irregular in making the debt payment to its lending bankers & has made a default on payment of interest/repayment of principal amount on loans taken from banks & financial institutions.**
- **As pointed out by the statutory auditor, company is unable to meet with the current liabilities with respect to the Foreign Currency Convertible Bonds ("FCCB").**
- **Subsidiary Company i.e F.M. Hammerle Textile Limited, has been referred to the NCLT Chandigarh Bench under the provisions of Section 10 of Insolvency & Bankruptcy Code, 2016 and vide order dated 01.09.2017, Mr. Rajeev Goel has been appointed as the Resolution Professional for undertaking the Corporate Insolvency Resolution Process ("CIRP").**

For and on behalf of the Board

Sd/-

(Ashwani Kumar Khanna)

Date: 6th August, 2018

Place: Ludhiana

FCS No. 3254

CP No. 2220

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

Annexure: -A

To,

The Members,

Vardhman Polytex Limited.

Vardhman Park, Chandigarh Road,

LUDHIANA-141123,

Punjab (India).

Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of

the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc and we have relied on such representation for giving our report.

The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.

The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with the management has conducted the affairs of the Company.

For and on behalf of the Board

Sd/-
(Ashwani Kumar Khanna)

Date: 6th August, 2018

Place: Ludhiana

FCS No. 3254

CP No. 2220

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 2017-18	Power saving (Units/KWh in lakh)	Capital Investment (Rs. 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.	1. Units saving by installation of energy efficient 02 no. of fans in H-Plants. 80 Units/Day 2. Units saving by plug leakage of compressed air. 120Units/Day	1.46 Lakhs 0.79 Lakhs

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

- Heat recovery systems.
- Installation of VFDs/Inverters.
- Installation of LED Lights.
- 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	2017-18
Capital	-
Recurring	71.66
Total	71.66
Total R&D expenditure as a percentage of Turnover	0.11%

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	2017-18	2016-17
Earnings (FOB value of exports)	11,964.97	32,062.60
CIF value of imports	1,566.42	7,540.18
Expenditure in foreign currency	92.47	248.29

ANNEXURE -IV
Particulars of Employees

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

1. a) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year and the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:

S. No.	Particulars	Remuneration paid during the year (Rs. in lakh)	Ratio to Median Remuneration	% increase in remuneration in the financial year
1.	Mr. Ashok Kumar Oswal Chairman & Managing Director*	26.08	1:6.9	100%
2.	Mr. Adish Oswal Managing Director (Business & Corporate Affairs)*	25.82	1:6.8	100%
3.	Mr. Ashok Kumar Goyal (Executive Director)	56.70	1:14.9	6.8%
4.	Mrs. Rakhi Oswal (Non- Executive Non- Independent Director)	-	-	N.A.
5.	Mrs. Manju Oswal (Non- Executive Non- Independent Director)	0.30	-	N.A.
6.	Mr. Ajay Chaudhry (Non- Executive Independent Director)	0.77	-	N.A.

7.	Dr. B. S. Bhatia (Non- Executive Independent Director)	0.77	-	N.A.
8.	Mr. M. D. Kanitkar (Non- Executive Independent Director)	0.29	-	N.A.
9.	Mr. Damanbir Singh Sobti (Non- Executive Independent Director)	0.30	-	N.A.
10.	Mr. Kuldeep Singla (Chief Financial Officer)	16.87	1:4.4	5.8%
11.	Mr. Sushil Sharma (Company Secretary)	7.77	1:2.1	N.A.
12.	Mr. Pankaj Agarwal (Company Secretary)	3.69	1:1	N.A.

Note: The Company pays only sitting fee to Non-executive directors.
*The salary being paid to Mr. Ashok Kumar Oswal and Mr. Adish Oswal was reduced to the amount of ₹1 per month w.e.f. 01.08.2017.

- b) The median remuneration of employees of the Company during the financial year: ₹3.79 lac (required from HR)
- c) The percentage increase in the median remuneration of employees in the financial year: 2.93% (required from HR)
- d) The number of permanent employees on the rolls of Company as on 31st March, 2018: 2,713 employees (required From HR)
- e) The average annual increase in the salaries of employees other than the managerial personnel during the financial year was around 8.2%.
- 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 31st March, 2018.

S. No.	Name of Employee	Date of Birth	Designation	Qualifications	Total Exp. (In Years)	Date of commencement of employment in VPL	Remuneration (CTC) drawn during the year (Rs in Lakh)	Previous employer
1	Mr. Ashok Kumar Goyal	23.10.1959	Executive Director	B.com, LL.B, FCS, DBM, MEP(IIMA)	27 years	03.06.1991	55.7 Lac	Sterling Tools Limited
2	Mr. Kamal Kumar Kamila	12.08.2016	Vice-President- Technical	M.Tech	29.5 Years	15.03.1964	39 Lac	Winsome Group
3	Mr. Sandeep Bahl	28.05.1967	Chief General Manager	B.Tech Textile Technology	29 Years	19.09.2016	38 Lac	Spintex Mills
4	Mr. Rohit Bhasker	04.05.1965	Vice-President	PGDBM, PGDCA	27 years	01.06.2011	32.7 Lac	Cheema Spintex Ltd.
5	Mr. Parvinder Singh	22.02.1968	Executive Vice-President	ACA	26.5 years	15.02.2003	16 Lac	Trident Ltd.
6	Mr. Amitabh Singh Dagar	09.11.1973	General Manager	B.Tech	23 Years	27.09.2003	23 Lac	Arihant Spinning Mills
7	Mr. Apjit Arora	27.05.1976	Associate Vice President	C.A., LLB	16 Years	28.11.2005	21 Lac	Avon Group
8	Mr. Vijay Arora	02.03.1970	Associate Vice President	B.Com, LLB	23 years	20.10.1998	18 Lac	Anant Spinning Mills
9	Mr. Kuldeep Singla	13.12.1980	Chief Financial Officer	C.A.	15 Years	24.01.2005	18 Lac	M/S Y.K. Bhushan & Associates
10	Mr. Ayan Chakraborty	12.02.1970	Associate Vice-President	M.Tech in Textile Technology	25 Years	19.09.2016	17.5 Lac	Ginni Filaments Ltd

- Note:** 1. All employments are contractual, terminable by notice from either side.
2. No employee of the company holds 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 31st March, 2017

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

I. Registration & Other Details:

S. No.	Particulars	Details
i)	CIN	L17122PB1980PLC004242
ii)	Registration Date	20 th August, 1980
iii)	Name of the Company	Vardhman Polytex Limited
iv)	Category/ Sub-Category of the Company	Company Limited by shares / Indian Non -Government Company
v)	Address of the Registered office and contact details	Vardhman Park, Chandigarh Road, Ludhiana-141123, Punjab, India.
vi)	Whether listed company	Yes (NSE & BSE)
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Alankit Assignments Limited, 1E/13, Alankit Heights, Jhandewalan Extn., New Delhi- 110055 Phone: 011- 41540060-63 Fax: 011- 41540064, E-mail: rta@alankit.com

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

S. No	Name and Description of main products /services	NIC Code of the product/service	%to total turnover of the company
1.	Textiles	131	100%

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

S. 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-141123	U17110PB2006PLC029518	Subsidiary Company	81.7 %	2(87) (ii)
	F.M. Hämmerle Verwaltungs GmbH, Austria	N.A.	Subsidiary Company	100.00	2 (87) (ii)

VI. 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 01.04.2017)				No. of shares held at the end of the year (As on 31.03.2018)				% change during the year
	Demat	Physicals	Total	% of Total Shares	Demat	Physicals	Total	% of Total Shares	
A. Promoters									
1.) Indian									
a) Individual /HUF	6,38,650	0	6,38,650	2.86	6,38,650	0	6,38,650	2.86	-
b) Central Govt./ State Govt. (s)	-	-	-	-	-	-	-	-	-
c) Banks /FI	-	-	-	-	-	-	-	-	-
d) Any other (Specify)									
e) Bodies corporate	1,27,66,002	0	1,27,66,002	57.27	1,27,66,002	0	1,27,66,002	57.27	-
Sub -total (A)(2):-	1,34,04,652	0	1,34,04,652	60.135	1,34,04,652	0	1,34,04,652	60.135	-
(2) Foreign									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Government	-	-	-	-	-	-	-	-	-
c) Institutions	-	-	-	-	-	-	-	-	-
d) Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
Sub -total (A)(2):-	-	-	-	-	-	-	-	-	-
Total Shareholding of promoter (A) = (A) (1) + (A) (2)	13,404,652	0	1,34,04,652	60.13	1,34,04,652	0	1,34,04,652	60.13	-

Category of Shareholders	No. of shares held at the beginning of the year (As on 01.04.2017)				No. of shares held at the end of the year (As on 31.03.2018)				% change during the year
	Demat	Physicals	Total	% of Total Shares	Demat	Physicals	Total	% of Total Shares	
1. Institutions									
a) Mutual Funds	500	1300	1800	0.01	500	1300	1800	0.01	-
b) Venture Capital Funds	-	-	-	-	-	-	-	-	-
c) Alternate investment Funds	-	-	-	-	-	-	-	-	-
d) Foreign venture Capital	-	-	-	-	-	-	-	-	-
e) Foreign Portfolio Investors	2,55,008	1,200	2,56,208	1.15	2,55,008	1,200	2,56,208	1.15	-
f) Banks /FI	195	1,134	1,329	0.01	41,040	1,034	42,074	0.20	0.19
g) Insurance Companies									
h) Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-
i) Any Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total(B)(1)	2,55,703	3,634	2,59,337	1.16	2,96,548	3,634	3,00,182	1.35	0.19
2. Central Government/ State Government(s)/ President of India									
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
3. Non Institutions									
A. Individuals									
i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs	41,00,831	3,43,850	44,44,681	19.94	6,446,791	3,35,046	67,81,837	30.42	10.48
ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	10,90,986	10,50,000	21,40,986	9.60	2,44,485	-	2,44,485	1.10	(8.50)
b) NBFCs registered with RBI	1,100	-	1,100	0.01	-	-	-	-	-
c) Employee Trusts	-	-	-	-	-	-	-	-	-
d) Overseas Depositories (holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-
e) Any Other (specify) # CORPORATE BODY	20,05,918	4,603	20,10,521	9.02	11,54,053	4,403	11,58,456	5.20	(3.82)
f) Any Other (specify) # NRI	29,280	400	29,680	0.13	91,775	400	92,175	0.41	0.28
g) Any Other (specify) # CLEARING MEMBER	-	-	-	-	78,001	-	78,001	0.35	0.35
h) Any Other (specify) # HUF	-	-	-	-	2,31,169	-	2,31,169	1.04	1.04
Sub-Total (B)(3)	72,28,115	13,98,853	86,26,968	38.70	82,46,274	3,39,849	8,586,123	38.52	(0.18)
Total public shareholding (B) = (b) (1) + (b) (2) + (b) (3)	74,83,818	14,02,487	88,86,305	39.86	85,42,822	3,43,383	88,86,305	39.86	-
C. Shares held by custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand total (A + B + C)	2,08,88,470	14,02,487	2,22,90,957	100	2,19,47,474	3,43,383	2,22,90,957	100	-

B) Shareholding of Promoter-
(i) Body Corporate:-

S. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of 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	0.00
2.	Enakshi Investments (P) Ltd.	370250	1.66	1.66	370250	1.66	1.66	0.00
3.	Allepy Investment & Trading Co. (P) Ltd.	95500	0.43	0.43	95500	0.43	0.43	0.00
4.	Gagan Mercantile Co. (P) Ltd.	163900	0.74	0.74	163900	0.74	0.74	0.00
5.	Calgary Investment & Trading Co. (P) Ltd.	67300	0.30	0.30	67300	0.30	0.30	0.00
6.	Kent Investments (P) Ltd.	46950	0.21	0.21	46950	0.21	0.21	0.00
7.	Liberty Mercantile Co. (P) Limited	120550	0.54	0.54	120550	0.54	0.54	0.00
8.	Pioneer Marcantile Co. (P) Ltd.	49350	0.22	0.22	49350	0.22	0.22	0.00
9.	Ruby Mercantile Co. (P) Ltd.	153000	0.69	0.69	153000	0.69	0.69	0.00
10.	Adesh Investment & Trading Co (P) Ltd.	35100	0.16	0.16	35100	0.16	0.16	0.00
11.	Boras Investment & Trading Co. (P) Ltd.	32860	0.15	0.15	32860	0.15	0.15	0.00
12.	Alma Assets Consultancy (P) Ltd.	4362325	19.57	19.57	4362325	19.57	19.57	0.00
13.	Nightnagle Dealcom (P) Ltd.	660000	2.96	2.96	660000	2.96	2.96	0.00
14.	Altfort Merchants Private Ltd.	2182000	9.79	-	2182000	9.79	-	0.00
	Total (A)	12766002	57.27	47.48	12766002	57.27	47.48	0.00

(ii) Individuals:-

S. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of 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	0.00
2.	Mr. Ashok Kumar Oswal	127748	0.57	0.57	127748	0.57	0.57	0.00
3.	Mrs. Manju Oswal	52694	0.24	0.24	52694	0.24	0.24	0.00
4.	Mrs. Rakhi Oswal	17820	0.08	0.08	17820	0.08	0.08	0.00
5.	Mr. Abhinav Oswal	14307	0.06	0.06	14307	0.06	0.06	0.00
6.	Ms. Aketa Oswal	5460	0.02	0.02	5460	0.02	0.02	0.00
7.	Ashok Kumar & Sons (HUF)	110	0.00	0.00	110	0.00	0.00	0.00
	Total (B)	638650	2.86	1.55	638650	2.86	1.55	4.56
	Total (A + B)	13404652	60.13	49.03	13404652	60.13	49.03	0.00

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

S. No.	Name	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	NIL			
2.	At the end of the year				

(iv) 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. 01.04.2017		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year/ as on 31.03.2018	
		No. of shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	SCM India Private Limited	402203	1.8	31-Mar-18	No transaction during the year		402203	1.8
2	Hypnos Fund Limited	188000	0.84	31-Mar-18	No transaction during the year		188000	0.84
3	Karvy Stock Broking Ltd.	107411	0.49	7-Apr-17	-3855	Transfer	103556	0.46
				14-Apr-17	25012	Purchase	128568	0.58
				21-Apr-17	-13276	Transfer	115292	0.52
				28-Apr-17	2954	Purchase	118246	0.53
				5-May-17	-6387	Transfer	111859	0.50
				12-May-17	-8208	Transfer	103651	0.46
				19-May-17	6361	Purchase	110012	0.49
				26-May-17	6558	Purchase	116570	0.52
				2-Jun-17	16512	Purchase	133082	0.60
				9-Jun-17	7267	Purchase	140349	0.63
				16-Jun-17	-6417	Transfer	133932	0.60
				23-Jun-17	-2546	Transfer	131386	0.59
				30-Jun-17	-3411	Transfer	127975	0.57
				7-Jul-17	-1803	Transfer	126172	0.57
				14-Jul-17	-255	Transfer	125917	0.56
				21-Jul-17	-349	Transfer	125568	0.56
				28-Jul-17	-2350	Transfer	123218	0.55
				4-Aug-17	2132	Purchase	125350	0.56
				11-Aug-17	-639	Transfer	124711	0.56
				18-Aug-17	5517	Purchase	130228	0.58
				25-Aug-17	-9766	Transfer	120462	0.54
				1-Sep-17	-2237	Transfer	118225	0.53
				8-Sep-17	-2061	Transfer	116164	0.52
				15-Sep-17	-3353	Transfer	112811	0.51
				22-Sep-17	3157	Purchase	115968	0.52
				29-Sep-17	-2284	Transfer	113684	0.51
				6-Oct-17	5830	Purchase	119514	0.54
				20-Oct-17	2376	Purchase	121890	0.55
				27-Oct-17	3856	Purchase	125746	0.56
				31-Oct-17	7171	Purchase	132917	0.60
				3-Nov-17	-8287	Transfer	124630	0.56
				10-Nov-17	-1452	Transfer	123178	0.55
				17-Nov-17	-2947	Transfer	120231	0.54
				1-Dec-17	-9321	Transfer	110910	0.50
				8-Dec-17	1488	Purchase	112398	0.50
				15-Dec-17	-4974	Purchase	107424	0.48
				18-Dec-17	842	Purchase	108266	0.49
				22-Dec-17	-969	Transfer	107297	0.48
				29-Dec-17	969	Purchase	108266	0.49
				5-Jan-18	4826	Purchase	113092	0.51
				19-Jan-18	279	Transfer	112813	0.51
				26-Jan-18	1647	Purchase	114460	0.51
				2-Feb-18	-2336	Transfer	112124	0.50
				9-Feb-18	-4177	Transfer	107947	0.48

Sr. No.	Name	Shareholding at the beginning i.e. 01.04.2017		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year/ as on 31.03.2018	
		No. of shares	% of total shares of the company				No. of Shares	% of total shares of the company
4	Master Capital Services Ltd.	68549	0.31	16-Feb-18	-825	Transfer	107122	0.48
				23-Feb-18	1303	Purchase	108425	0.49
				2-Mar-18	67	Purchase	108492	0.49
				9-Mar-18	-1099	Transfer	107393	0.48
				16-Mar-18	5131	Purchase	112524	0.50
				23-Mar-18	-4680	Transfer	107844	0.48
				30-Mar-18	2642	Purchase	110486	0.50
				31-Mar-18	-	-	110486	0.50
				7-Apr-17	-43787	Transfer	66699	0.30
				14-Apr-17	2135	Purchase	68834	0.31
				21-Apr-17	1772	Purchase	70606	0.32
				28-Apr-17	-2155	Transfer	68451	0.31
				5-May-17	-556	Transfer	67895	0.30
				12-May-17	-39117	Transfer	28778	0.13
				19-May-17	1250	Purchase	30028	0.13
				26-May-17	2536	Purchase	32564	0.15
				2-Jun-17	17707	Purchase	50271	0.23
				9-Jun-17	3754	Purchase	54025	0.24
				16-Jun-17	1391	Purchase	55416	0.25
				23-Jun-17	-668	Transfer	54748	0.25
				30-Jun-17	8660	Purchase	63408	0.28
				7-Jul-17	7067	Purchase	70475	0.32
				14-Jul-17	-33571	Transfer	36904	0.17
				21-Jul-17	10966	Purchase	47870	0.21
				28-Jul-17	-2778	Transfer	45092	0.20
				4-Aug-17	13136	Purchase	58228	0.26
				11-Aug-17	-25681	Transfer	32547	0.15
				18-Aug-17	-4031	Transfer	28516	0.13
				25-Aug-17	2831	Purchase	31347	0.14
				1-Sep-17	-3730	Transfer	27617	0.12
				2-Sep-17	200	Purchase	27817	0.12
				8-Sep-17	-690	Transfer	27127	0.12
				15-Sep-17	3731	Purchase	30858	0.14
				22-Sep-17	4082	Purchase	34940	0.16
				29-Sep-17	288	Purchase	35228	0.16
				6-Oct-17	-3099	Transfer	32129	0.14
				20-Oct-17	1863	Purchase	33992	0.15
				27-Oct-17	-6968	Transfer	27024	0.12
				31-Oct-17	-4267	Transfer	22757	0.10
				3-Nov-17	-1109	Transfer	21648	0.10
				10-Nov-17	-1363	Transfer	20285	0.09
				17-Nov-17	1164	Purchase	21449	0.10
				1-Dec-17	27852	Purchase	49301	0.22
				8-Dec-17	-6197	Transfer	43104	0.19
				15-Dec-17	-2827	Transfer	40277	0.18
				18-Dec-17	-4731	Transfer	35546	0.16
				22-Dec-17	5087	Purchase	40633	0.18

Sr. No.	Name	Shareholding at the beginning i.e. 01.04.2017		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year/ as on 31.03.2018	
		No. of shares	% of total shares of the company				No. of Shares	% of total shares of the company
				29-Dec-17	-5187	Transfer	35446	0.16
				30-Dec-17	100	Purchase	35546	0.16
				5-Jan-18	-3810	Transfer	31736	0.14
				19-Jan-18	-2649	Transfer	29087	0.13
				26-Jan-18	-699	Transfer	28388	0.13
				2-Feb-18	1109	Purchase	29497	0.13
				9-Feb-18	-2099	Transfer	27398	0.12
				16-Feb-18	3050	Purchase	30448	0.14
				23-Feb-18	-1172	Transfer	29276	0.13
				2-Mar-18	50355	Purchase	79631	0.36
				9-Mar-18	-845	Transfer	78786	0.35
				16-Mar-18	-1069	Transfer	77717	0.35
				23-Mar-18	1076	Purchase	78793	0.35
				30-Mar-18	-954	Transfer	77839	0.35
				31-Mar-18	-	-	77839	0.35
5	Aspire Emerging Fund	67008	0.3	31-Mar-18	No transaction during the year		67008	0.30
6	Anita Garg	42369	0.19	31-Mar-18	No transaction during the year		42369	0.19
7	Axis Bank Limited	0	0	12-May-17	5263	Purchase	5263	0.02
				26-May-17	1300	Purchase	6563	0.03
				2-Jun-17	4883	Purchase	11446	0.05
				9-Jun-17	1207	Purchase	12653	0.06
				16-Jun-17	-816	Transfer	11837	0.05
				23-Jun-17	-30	Transfer	11807	0.05
				30-Jun-17	-1550	Transfer	10257	0.05
				14-Jul-17	-160	Transfer	10097	0.05
				21-Jul-17	-340	Transfer	9757	0.04
				4-Aug-17	-6704	Transfer	3053	0.01
				11-Aug-17	16049	Purchase	19102	0.09
				18-Aug-17	3787	Purchase	22889	0.10
				25-Aug-17	-379	Transfer	22510	0.10
				1-Sep-17	-11053	Transfer	11457	0.05
				15-Sep-17	23703	Purchase	35160	0.16
				22-Sep-17	1751	Purchase	36911	0.17
				29-Sep-17	-18203	Transfer	18708	0.08
				6-Oct-17	11703	Purchase	30411	0.14
				20-Oct-17	293	Purchase	30704	0.14
				27-Oct-17	3323	Purchase	34027	0.15
				31-Oct-17	-5360	Transfer	28667	0.13
				3-Nov-17	5500	Purchase	34167	0.15
				10-Nov-17	1600	Purchase	35767	0.16
				17-Nov-17	-10707	Transfer	25060	0.11
				1-Dec-17	12203	Purchase	37263	0.17
				8-Dec-17	-83	Transfer	37180	0.17
				18-Dec-17	-9521	Transfer	27659	0.12

Sr. No.	Name	Shareholding at the beginning i.e. 01.04.2017		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year/ as on 31.03.2018	
		No. of shares	% of total shares of the company				No. of Shares	% of total shares of the company
				22-Dec-17	9921	Purchase	37580	0.17
				29-Dec-17	-9921	Transfer	27659	0.12
				5-Jan-18	27136	Purchase	54795	0.25
				19-Jan-18	-5100	Transfer	49695	0.22
				2-Feb-18	-725	Transfer	48970	0.22
				9-Feb-18	-1135	Transfer	47835	0.21
				16-Feb-18	-1440	Transfer	46395	0.21
				2-Mar-18	-5506	Transfer	40889	0.18
				23-Mar-18	7187	Purchase	48076	0.22
				30-Mar-18	-7036	Transfer	41040	0.18
				31-Mar-18	-	-	41040	0.18
8	Shuchi Garg	40258	0.18	31-Mar-18	No transaction during the year		40258	0.18
9	Stock Holding Corporation of India Ltd - A/C NSE Derivatives	0	0	12-May-17	35000	Purchase	35000	0.16
				14-Jul-17	500	Purchase	35500	0.16
				21-Jul-17	-500	Transfer	35000	0.16
				11-Aug-17	30000	Purchase	65000	0.29
				1-Dec-17	-26000	Transfer	39000	0.17
				18-Dec-17	200	Purchase	39200	0.18
				9-Feb-18	274	Purchase	39474	0.18
				2-Mar-18	-200	Transfer	39274	0.18
				30-Mar-18	-74	Transfer	39200	0.18
				31-Mar-18	-	-	39200	0.18
10	Shri Parasram Holdings Pvt. Ltd.	10163	0.05	7-Apr-17	-1230	Transfer	8933	0.04
				14-Apr-17	-455	Transfer	8478	0.04
				21-Apr-17	6567	Purchase	15045	0.07
				28-Apr-17	-4851	Transfer	10194	0.05
				5-May-17	840	Purchase	11034	0.05
				12-May-17	240	Purchase	11274	0.05
				19-May-17	2285	Purchase	13559	0.06
				26-May-17	430	Purchase	13989	0.06
				2-Jun-17	3330	Purchase	17319	0.08
				9-Jun-17	5465	Purchase	22784	0.10
				16-Jun-17	-3863	Transfer	18921	0.08
				23-Jun-17	7800	Purchase	26721	0.12
				30-Jun-17	499	Purchase	27220	0.12
				7-Jul-17	2751	Purchase	29971	0.13
				14-Jul-17	15174	Purchase	45145	0.20
				21-Jul-17	950	Purchase	46095	0.21
				28-Jul-17	-3160	Transfer	42935	0.19
				4-Aug-17	3780	Purchase	46715	0.21
				11-Aug-17	5100	Purchase	51815	0.23
				18-Aug-17	4728	Purchase	56543	0.25
				25-Aug-17	-13925	Transfer	42618	0.19
				1-Sep-17	-1300	Transfer	41318	0.19

Sr. No.	Name	Shareholding at the beginning i.e. 01.04.2017		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year/ as on 31.03.2018	
		No. of shares	% of total shares of the company				No. of Shares	% of total shares of the company
				8-Sep-17	2935	Purchase	44253	0.20
				15-Sep-17	510	Purchase	44763	0.20
				22-Sep-17	1833	Purchase	46596	0.21
				29-Sep-17	5577	Purchase	52173	0.23
				6-Oct-17	1400	Purchase	53573	0.24
				20-Oct-17	221	Purchase	53794	0.24
				27-Oct-17	-6675	Transfer	47119	0.21
				31-Oct-17	4300	Purchase	51419	0.23
				3-Nov-17	3980	Purchase	55399	0.25
				10-Nov-17	7242	Purchase	62641	0.28
				17-Nov-17	936	Purchase	63577	0.29
				1-Dec-17	-1172	Transfer	62405	0.28
				8-Dec-17	551	Purchase	62956	0.28
				15-Dec-17	5089	Purchase	68045	0.31
				18-Dec-17	9594	Purchase	77639	0.35
				22-Dec-17	-4864	Transfer	72775	0.33
				29-Dec-17	4864	Purchase	77639	0.35
				5-Jan-18	15764	Purchase	93403	0.42
				19-Jan-18	3710	Purchase	97113	0.44
				26-Jan-18	-1400	Transfer	95713	0.43
				2-Feb-18	-33072	Transfer	62641	0.28
				9-Feb-18	-6079	Transfer	56562	0.25
				16-Feb-18	11007	Purchase	67569	0.30
				23-Feb-18	1052	Purchase	68621	0.31
				2-Mar-18	-77	Transfer	68544	0.31
				9-Mar-18	63	Purchase	68607	0.31
				16-Mar-18	-4313	Transfer	64294	0.29
				23-Mar-18	-7825	Transfer	56469	0.25
				30-Mar-18	-19909	Transfer	36560	0.16
				31-Mar-18	-	-	36560	0.16
11	Vineet Sood & Sons HUF	725000	3.25	28-Apr-17	-725000	Transfer	0	0.00
				31-Mar-18	-	-	0	0.00
12	Suresh Kumar Jain	325000	1.46	12-May-17	-325000	Transfer	0	0.00
				31-Mar-18	-	-	0	0.00
13	IL and FS Securities Services Limited	300600	1.35	7-Apr-17	500	Purchase	301100	1.35
				5-May-17	500	Purchase	301600	1.35
				12-May-17	2900	Purchase	304500	1.37
				19-May-17	500	Purchase	305000	1.37
				26-May-17	-199500	Transfer	105500	0.47
				2-Jun-17	-98150	Transfer	7350	0.03
				9-Jun-17	12700	Purchase	20050	0.09
				16-Jun-17	5200	Purchase	25250	0.11
				23-Jun-17	677	Purchase	25927	0.12
				30-Jun-17	-1650	Transfer	24277	0.11
				7-Jul-17	-3700	Transfer	20577	0.09

Sr. No.	Name	Shareholding at the beginning i.e. 01.04.2017		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year/ as on 31.03.2018	
		No. of shares	% of total shares of the company				No. of Shares	% of total shares of the company
				14-Jul-17	-1750	Transfer	18827	0.08
				21-Jul-17	-100	Transfer	18727	0.08
				28-Jul-17	-1634	Transfer	17093	0.08
				11-Aug-17	-1700	Transfer	15393	0.07
				18-Aug-17	-1038	Transfer	14355	0.06
				25-Aug-17	682	Purchase	15037	0.07
				1-Sep-17	-100	Transfer	14937	0.07
				15-Sep-17	-1100	Transfer	13837	0.06
				22-Sep-17	-600	Transfer	13237	0.06
				29-Sep-17	-2225	Transfer	11012	0.05
				6-Oct-17	25	Purchase	11037	0.05
				20-Oct-17	-100	Transfer	10937	0.05
				3-Nov-17	-2000	Transfer	8937	0.04
				17-Nov-17	4976	Purchase	13913	0.06
				1-Dec-17	17000	Purchase	30913	0.14
				8-Dec-17	853	Purchase	31766	0.14
				15-Dec-17	1100	Purchase	32866	0.15
				18-Dec-17	-2825	Transfer	30041	0.13
				22-Dec-17	2600	Purchase	32641	0.15
				29-Dec-17	-2600	Transfer	30041	0.13
				5-Jan-18	-17379	Transfer	12662	0.06
				19-Jan-18	1000	Purchase	13662	0.06
				26-Jan-18	1000	Purchase	14662	0.07
				9-Mar-18	-1000	Transfer	13662	0.06
				16-Mar-18	100	Purchase	13762	0.06
				23-Mar-18	1200	Purchase	14962	0.07
				30-Mar-18	201	Purchase	15163	0.07
				31-Mar-18	-	-	15163	0.07
14	Surinder Kumar Goyal	150000	0.67	28-Apr-17	-23640	Transfer	126360	0.57
				26-May-17	-65138	Transfer	61222	0.27
				2-Jun-17	-61222	Transfer	0	0.00
				31-Mar-18	-	-	0	0.00
15	Sanjeev Kumar Goyal	150000	0.67	7-Apr-17	-150000	Transfer	0	0.00
				31-Mar-18	-	-	0	0.00
16	Anil Kumar Goyal	150000	0.67	7-Apr-17	-150000	Transfer	0	0.00
				31-Mar-18	-	-	0	0.00
17	Manav Goyal	150000	0.67	28-Apr-17	-150000	Transfer	0	0.00
				31-Mar-18	-	-	0	0.00
18	Real Value Info Solutions Private Limited	132000	0.59	8-Sep-17	11500	Purchase	143500	0.64
				29-Sep-17	-71864	Transfer	71636	0.32
				15-Nov-17	43038	Purchase	114674	0.51
				29-Dec-17	-3200	Transfer	111474	0.50
				9-Feb-18	-15000	Transfer	96474	0.43
				16-Feb-18	-68300	Transfer	28174	0.13
				23-Feb-18	0	Transfer	0	0.00
				31-Mar-18	-	-	0	0.00

v) Shareholding of Directors and Key Managerial Personnel:

S. No	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
		No. of shares at the beginning (01.04.17)/end of the year (31.03.18)	% of total shares of the company				No. of Shares	% of total shares of the Company
1.	Mr. Ashok Kumar Oswal (Chairman and Managing Director)	420511	1.87	31-Mar-18	No transaction during the year		420511	1.87
2.	Mr. Adish Oswal (Managing Director Business & Corporate Affairs)	127748	0.57	31-Mar-18	No transaction during the year		127748	0.57
3.	Mr. Sushil Sharma (Company Secretary; upto 5 th July, 2017)	750	0.00	31-Mar-18	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
Indebtedness at the beginning of the financial year				
i) Principal Amount	20,482.22	1,067.20	0.00	21,549.42
ii) Interest due but not paid	5.00	0.00	0.00	5.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i + ii + iii)	20,487.22	1,067.20	0	21,554.42
Change in Indebtedness during the financial year				
* Addition	0.00	0.00	0.00	0.00
* Reduction	574.40	221.47	0.00	795.87
Net Change	2,177.48	-145.22	0.00	2,032.26
Indebtedness at the end of the financial year				
i) Principal Amount	19,912.82	845.73	0.00	20,758.55
ii) Interest due but not paid	2,751.88	76.25		2,828.13
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i + ii + iii)	22,664.7	921.98	0	23,586.68

(vi) Remuneration of Directors and Key Managerial Personnel:
A. Remuneration to Managing Director, Whole time Directors and /or Manager:

(in ₹)

S. No	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. Ashok Kumar Oswal (CMD)	Mr. Adish Oswal (MD)	Mr. Ashok Kumar Goyal (WTD)	
1	Gross Salary				
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,95,88,873	23,21,873	44,21,135	2,63,31,881
	b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	4,93,872	28,872	1,20,600	6,43,344
	c) Profits in lieu of salary under section 17(3) Income – Tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - As % of profit - Others, specify				
5	Others, please Specify	4,79,160	4,79,162	14,13,700	23,72,022
	Total (A)	2,05,61,905	28,29,907	59,55,435	2,93,47,247
	Ceiling as per the Act				

B. Remuneration to other directors

(in ₹)

S. No.	Name of Directors	Particulars of Remuneration	Commission	Others, please specify	Total
		Fee for attending board/ committee meetings			
1.	Independent directors				
	Late Mr. Ajay Chaudhry	76,500	-	-	76,500
	Dr. B.S. Bhatia	76,500	-	-	76,500
	Mr. M.D. Kanitkar	29,000	-	-	29,000
	Mr. Vishal Oswal (upto 27.07.2017)	7,500	-	-	7,500
	Mr. Damanbir Singh Sobti	7,500	-	-	7,500
	Mr. Harpal Singh	-	-	-	-
	Ms. Aarti Rawat	-	-	-	-
	Sub- Total (1)	1,97,000	-	-	1,97,000
2.	Non- Independent Director				
	Mrs. Manju Oswal	30,000	-	-	30,000
	Sub- total (2)	30,000	-	-	30,000
	Total (B)	2,27,000	-	-	2,27,000
	Total managerial remuneration				

C. Remuneration to key managerial personnel other than MD/Manager /WTD

(in ₹)

S. No	Particulars of remuneration	Key managerial Personnel			Total
		Company Secretary		CFO	
		Mr. Sushil Sharma	Mr. Pankaj Agarwal	Mr. Kuldeep Singla	
1	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	3,65,948	2,90,470	13,51,100	20,07,518
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	5,531	10,850	57,516	73,897
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- As % of profit	-	-	-	-
	- Others, specify	-	-	-	-
5	Others, Please Specify	4,05,131	67,580	2,78,364	20,81,415
	Total	7,76,610	3,68,900	16,86,980	41,62,830

VII. Penalties / Punishment/ Compounding of Offences:

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

Type	Section of The Companies Act	Brief Description	Details of penalty/punishment/ compounding fees imposed	Authority (RD/NCLT/COURT)	Appeal made, if any (give details)
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment					
Compounding					
C. Others officers in default					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

Sd/-

(Ashok Kumar Oswal)

Chairman and Managing Director

(DIN-00009403)

Date : 14th August, 2018

Place: Ludhiana

CORPORATE GOVERNANCE REPORT

Corporate governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices that ensure that a Company meets its obligations to optimize shareholders' value and fulfill its responsibilities to the community, customers, employees, Government and other segments of society. 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 regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (LODR) Regulations, 2015, 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
- Faith in individual potential and respect for human values
- Achieving excellence through culture integration
- Accepting change as a way of life
- Act as responsible corporate citizen and discharge our social responsibilities.

2. BOARD OF DIRECTORS

a) Composition:

The Board consists of six Directors out of which two are Executive Directors and four 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. However, it is hereby informed that Mr. Ajay Chaudhry ceased to be director of the company w.e.f. 16.03.2018 due to his sudden demise. Mr. Ashok Kumar Goyal, Executive Director, Mr. M.D. Kanitkar and Dr. B.S. Bhatia, Independent Directors have resigned from the company w.e.f. 31.03.2017, 19.04.2018 and 23.04.2018 respectively due to their pre-occupation.

b) Board Meetings

During the financial year under review, Six Board Meetings were held on 29.05.2017, 12.08.2017, 13.09.2017, 24.11.2017, 13.12.2017 and 14.02.2017 and the gap between two consecutive meetings did not exceed one hundred twenty days.

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

Name of Director	Category of Director	Share holding in the Company	No. of Board Meeting attended	Attendance at last AGM held on 30.09.2017	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	6/6	Yes	16/2	–	1
Mr. Adish Oswal (DIN: 00009710)**	Managing Director (Business & Corporate Affairs)/ Promoter	4,20,511	6/6	Yes	7/1	–	1
Mr. Ashok Kumar Goyal* (DIN:06676556)	Executive Director	NIL	6/6	Yes	1/1	–	1
Mr. Ajay Chaudhry** (DIN:00055733)	Non-Executive Independent Director	155	6/6	Yes	3/3	3	1
Dr. B. S. Bhatia*** (DIN:00551715)	Non-Executive Independent Director	NIL	6/6	No	2/1	–	1

Mr. M. D. Kanitkar**** (DIN:00551803)	Non-Executive Independent Director	NIL	2/6	No	1/1	–	1
Mr. Vishal Oswal***** (DIN: 00002678)	Non-Executive Independent Director	NIL	1/6	No	7/3	–	–
Mrs. Manju Oswal (DIN: 00009449)§	Non-Executive Director/ Promoter	52,694	4/6	Yes	13/1	–	–
Mr. Damanbir Singh Sobti# (DIN:02312051)	Non-Executive Independent Director	NIL	1/6	No	2/1	–	–
Mr. Harpal Singh## (DIN:06932062)	Non-Executive Independent Director	NIL	-	No	4/1	–	–
Ms. Aarti Rawat### (DIN:07156525)	Non-Executive Independent Director	NIL	-	No	2/2	–	–

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

^ Committees for this purpose include only Audit Committee and Stakeholders' Relationship Committee of all public limited companies.

^^ Mr. Adish Oswal has been appointed as Managing Director (Business & Corporate Affairs) w.e.f. 24.11.2017.

* Mr. Ashok Kumar Goyal has resigned from the directorship of the company w.e.f. 31.03.2018.

** Mr. Ajay Chaudhry ceased to be director due to his sudden demise on 16.03.2018.

*** Dr. B. S. Bhatia has resigned from the directorship of the company w.e.f. 23.04.2018.

**** Mr. M. D. Kanitkar has resigned from the directorship of the company w.e.f. 19.04.2018.

***** Mr. Vishal Oswal has resigned from the directorship of the company w.e.f. 27.07.2017.

& Mrs. Manju Oswal has been appointed as non-executive director of the company w.e.f. 12.08.2017.

Mr. Damanbir Singh Sobti has been appointed as an independent director of the company w.e.f. 18.11.2017.

Mr. Harpal Singh has been appointed as an independent director of the company w.e.f. 24.05.2018.

Ms. Aarti Rawat has been appointed as an independent director of the company w.e.f. 30.05.2018.

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 the 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, Mrs. Manju Oswal being wife of Mr. Ashok Kumar Oswal and mother of Mr. Adish Oswal.

c) 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.

d) Training / Familiarisation programmes for Board Members

The Board members are provided with necessary documents/brochures, reports and internal policies enable them to familiarize with the Company's procedures and practices. Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors. The details of such familiarization programmes for Independent Directors are posted on the website of the Company and can be accessed at http://oswalgroup.com/investor_pdf/corporate-policy/Familiarization-Programmes-for-Independent-Directors.pdf

e) Remuneration of Directors

- i) **Executive Directors:** The Company pays remuneration to Chairman & Managing Director, 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 @ Rs. 3,500/- per meeting.

Details of Remuneration paid to the Directors during the year:

(₹ in Lakh)

Name	Designation	Salary	Allowances & Other Perquisites	Contribution to Provident & other Funds	Sitting Fee	Total Remuneration
Mr. Ashok Kumar Oswal	Chairman & Managing Director	22.66	1.50	1.92	NA	26.08
Mr. Adish Oswal	Managing Director (Business & Corporate Affairs)	22.46	1.44	1.92	NA	25.82
Mr. Ashok Kumar Goyal (upto 31.03.2017)	Executive Director	44.86	5.87	5.98	NA	56.70
Mrs. Manju Oswal (w.e.f. 12.08.2017)	Non- Executive Non-Independent Director	–	–	–	0.30	0.30
Mr. Vishal Oswal (upto 27.07.2017)	Non- Executive Independent Director	–	–	–	0.08	0.08
Mr. Ajay Chaudhry (upto 16.03.2018)	Non- Executive Independent Director	–	–	–	0.77	0.77
Dr. B. S. Bhatia (upto 23.04.2018)	Non- Executive Independent Director	–	–	–	0.77	0.77
Mr. M. D. Kanitkar (upto 19.04.2018)	Non- Executive Independent Director	–	–	–	0.29	0.29
Mr. Damanbir Singh Sobti (w.e.f. 18.11.2017)	Non- Executive Independent Director	–	–	–	0.30	0.30
Mr. Harpal Singh (w.e.f. 24.05.2018)	Non- Executive Independent Director	–	–	–	–	–
Ms. Aarti Rawat (w.e.f. 30.05.2018)	Non- Executive Independent Director	–	–	–	–	–

f) Independent Directors

Independent directors are non-executive directors as defined under Regulation 16(1) (b) of the SEBI (LODR) Regulations, 2015. The maximum tenure of the independent directors is in compliance with the Companies Act, 2013 ("Act"). All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under 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 14.02.2018 inter-alia to review the performance of non-independent directors and the board as a whole.

3. COMMITTEES OF THE BOARD
a) Audit Committee

The Company has an Audit Committee in terms of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015 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 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 29.05.2017, 12.08.2017, 13.09.2017, 13.12.2017 and 14.02.2018. Attendance of the members of the Committee is given below:

Members	Category	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	2

Note: The composition of the Audit Committee was changed and with effect from 28.05.2018 the below mentioned directors form a part of the committee:

Members

Mrs. Manju Oswal
Mr. Damanbir Singh Sobti
Mr. Harpal Singh

Category

Non-Executive Non-Independent Director
Non-Executive Independent Director
Non-Executive Independent Director

b) Stakeholders' Relationship Committee

The Company has a Stakeholders' Relationship Committee to look into the redressal of stakeholders complaints on various issues. The Committee comprised of Mr. Ajay Chaudhry, Mr. Ashok Kumar Oswal and Mr. Ashok Kumar Goyal. Mr. Ajay Chaudhry is the Chairman of the Committee. The composition of the committee was changed and with effect from 28.05.2018 the below mentioned directors form a part of the committee:

Members

Mrs. Manju Oswal
Mr. Ashok Kumar Oswal
Mr. Adish Oswal

Category

Non-Executive Director
Chairman & Managing Director
Managing Director (Business & Corporate Affairs)

During the financial year 2017-18, the Company received Nil complaints which were relating to dividend, interest, redemption and transfer, non receipt of Annual Report etc. The Company has duly addressed all the complaints and no complaint is pending.

Mr. Pankaj Agarwal, 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, 2015, the designated E-mail Id for the purpose of registering complaints/queries of investors is: 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, 2015 and is empowered to decide, review and approve the remuneration packages including pension rights and compensation payments of Directors, KMP & other employees as per remuneration policy of the Company. The committee comprised of three Non-executive Directors i.e. Mr. Ajay Chaudhry (Chairman), Mr. M.D. Kanitkar and Dr. B.S. Bhatia as members.

The composition of the committee was changed and with effect from 28.05.2018 the below mentioned directors form a part of the committee:

Members

Mr. Damanbir Singh Sobti
Mr. Harpal Singh
Mr. Ashok Kumar Oswal
Mrs. Manju Oswal

Category

Non-Executive Independent Director
Non-Executive Independent Director
Chairman of Board & Managing Director
Non-Executive Non-Independent Director

The committee thrice once during the year on 12.08.2017, 13.09.2017 and 24.11.2017 and requisite quorum was 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.

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://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 being appointed/re-appointed 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
37 th AGM	Friday, 28 th September, 2018 at 11:00 a.m.	Regd. Office: Vardhman Park, Chandigarh Road, Ludhiana - 141 123	NIL
36 th AGM	Thursday, 31 st August, 2017 at 11:00 a.m.	Regd. Office: Vardhman Park, Chandigarh Road, Ludhiana - 141 123	NIL
35 th AGM	Tuesday, 29 th September, 2015 at 11:00 a.m.	Regd. Office: Vardhman Park, Chandigarh Road, Ludhiana - 141 123	NIL

Postal Ballot:- During the year 2017-18, 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, Economic Times and Desh Sewak (Punjab).

The financial results, annual report and shareholding pattern of the Company are also available on the Company's website viz. 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 Listing 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://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:** All mandatory requirements of SEBI Listing Regulations/Corporate Governance clause 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) 37th Annual General Meeting

Date : Monday, 24th September, 2018

Time : 11:00 A.M.

Venue : Regd. Office: Vardhman Park, Chandigarh Road, Ludhiana - 141123

II) Financial Year : 1st April, 2017 to 31st March, 2018
III) Financial Calendar for 2018-19 (Tentative)

First Quarter Results : August, 2018

Second Quarter Results : November, 2018

Third Quarter Results : February, 2019

Annual Results : May, 2019

IV) Dividend Payment date: - Not Applicable

V) Listing of Securities

Sr. No.	Description	Stock Exchange	Stock Code
1.	Equity Shares	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	514175
		The National Stock Exchange of India Ltd. (NSE) *Exchange Plaza*, Bandra Kurla Complex, Bandra (E), Mumbai-400 051	VARDMNPOLY
2.	Foreign Currency Convertible Bonds (FCCBs)	Singapore Exchange Securities Trading Ltd. 2, Shenton Way, # 19-00, SGX Centre 1 Singapore- 068804	-

The Company has duly paid the listing fees to BSE and NSE for the year 2017-18.

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 2017-18 are given below:-

Financial Year 2017-18 (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	79.8	68.45	73.35	30184	29241	29919	79.35	68.3	73.65	9367	9075	9304
May	80.85	57.05	60.25	31255	29804	31146	81	58.5	60.10	9650	9270	9621
June	61.55	52.2	53.35	31523	30681	30922	61.9	53	53.5	9709	9449	9521
July	56.9	50	50.05	32673	31017	32515	56.2	49.75	49.95	10115	9544	10077
August	49.9	37	44.15	32686	31128	31730	50.25	37	43.95	10138	9686	9918
September	44.75	34.15	34.95	32524	31082	31284	45	34.1	35.05	10179	9688	9789
October	41	30.05	34.55	33340	31440	33213	40.8	31	34.7	10384	9831	10335
November	38.95	32.25	35.85	33866	32684	33149	38.65	32.6	35.7	10490	10094	10227
December	38.5	33.15	36.7	34138	32565	34057	37.8	33.55	36.65	10552	10033	10531
January	41.9	33.15	33.25	36444	33703	35965	42.1	33	33.35	11172	10405	11028
February	34.95	22.4	22.95	36257	33483	34184	34.5	22.6	22.95	11117	10276	10493
March	28	17.85	18.25	34279	32484	32969	25.35	17.6	17.85	10525	9952	10114

VII) Registrar & Share Transfer Agent (RTA)

M/s Alankit Assignments Limited
(Unit: Vardhman Polytex Limited)
1E/13, Alankit Heights, Jhandewalan Extension, New Delhi-110055
Telephone No. : 011-42541234, 23541234, Fax No. 011-41543474
E-mail: rta@alankit.com, Web Site: www.alankit.com

VIII) Share Transfer System

The Company has authorised RTA for transfer/transmission/ dematerialization/rematerialization etc, who attend the formalities related thereto on an average once in a week. A status report, of valid physical transfers/transmission etc and objectionable cases, received from RTA is placed before the board of directors periodically. The share certificates are returned /dispatched to the shareholders by RTA after necessary endorsements normally within 15 days from the date of receipt. The delays, if any, are mostly due to notice given to seller for confirmation in case of difference in signatures and/or non receipt of copy of PAN.

IX) Dematerialization 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. 98.46% of the paid up equity share capital comprising 2,19,47,474 shares were dematerialized as on 31st March, 2018.

X) Distribution of Shareholding as on 31st March, 2018

Range (No. of shares)	Shareholders		Shares	
	Numbers	%age	Numbers	%age
Upto - 500	15,436	84.29	23,40,891	10.50
501 - 1000	1,497	8.18	12,40,236	5.56
1001 - 5000	1,173	6.41	25,44,111	11.41
5001 - 10000	127	0.69	9,22,394	4.14
10001 - 50000	61	0.33	12,41,576	5.57
50001 & Above	19	0.01	1,40,01,749	62.81
Total	18,313	100.00	2,22,90,957	100.00

XI) Shareholding Pattern of the Company

Sr. No.	Category of the shareholders	As on 31 st March, 2018	
		No. of Shares	%age
1.	Promoters/Promoter Group	1,34,04,652	60.13
2.	Mutual Funds & UTI	1,800	0.01
3.	Banks, Financial Institutions, Insurance Co.	42,174	0.19
4.	Bodies Corporate	11,58,456	5.20
5.	Indian Public	70,26,322	31.52
6.	NRIs, OCBs, FIIs	3,48,383	1.56
7.	Any other (HUF, Clearing members etc.)	3,09,170	1.39
	Total	2,22,90,957	100.00

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(d) of the Board's Report for the same.

XIV) Plant/Unit Locations

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

XV) Address for correspondence

Shareholders should address their correspondence to the Company's Registrar & Transfer Agents (RTA) at the address mentioned in point VII.

Shareholders may also contact **Mr. Pankaj Agarwal, 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

Shareholders holding shares in electronic mode 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 dividend pending with the Company.

10. AUDITOR'S CERTIFICATE ON COMPLIANCE

Certificate from the Statutory Auditors on compliance 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 Management personnel have complied with the Code of Conduct and have given a confirmation in this regard.

For and on behalf of the Board

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

Date : 14th August, 2018
Place: Ludhiana

CERTIFICATE OF CHAIRMAN AND MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

We have reviewed financial statements and cash flow statement for the year ended 31st March, 2018 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 violate 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 control, if any, of which we are aware and the steps we have taken or purpose 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.

Date : 14th August, 2018
Place: Ludhiana

Sd/-
Kuldeep Singla
Chief Financial Officer

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

CERTIFICATE OF COMPLIANCE FROM AUDITORS

**To The Members of
Vardhman Polytex Limited**

We have examined the compliance of conditions of Corporate Governance by Vardhman Polytex Limited ("the Company") for the year ended 31st March, 2018, as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's Responsibility for Compliance with the Conditions of Listing Regulations

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.

Auditors' Responsibility

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

In our opinion, and to the best of our information and according to explanations given to us, 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.

Restriction on use

The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For ROMESH K AGGARWAL & ASSOCIATES
Chartered Accountants
Firm Registration No. 000711N

Sd/-
Ruchir Singla
Partner
Membership no. 519347

Place : Ludhiana
Dated: 30th May, 2018

INDEPENDENT AUDITORS' REPORT

To The Members of VARDHMAN POLYTEX LIMITED

Report on the Standalone Ind AS Financial Statements We have audited the accompanying standalone Ind AS financial statements of VARDHMAN POLYTEX LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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. In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 Ind AS 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 Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Basis for Qualified Opinion

Note No. 52 of the Standalone Ind AS financial statements regarding crediting a profit of ₹396.44 lakhs due on payment of FCCB liability to the statement of profit & loss during the previous year (March 31, 2017) which should have been credited in the statement of profit & loss on payment of FCCB liability which is still outstanding to the tune of 554,160 USD as on March 31, 2018 is not in compliance with the requirements of para 27 of the Ind AS 1- Presentation of Financial Statements w.r.t. preparation of financial statements on accrual basis. Consequently, the profit and loss has been overstated by the above mentioned amount.

We further report that, had the impact of our observations made in para above been considered, the net loss and the net worth, for the period ended, would have increased and decreased respectively by Rs. 396.44 lakhs.

Qualified 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 above para of "Basis for Qualified Opinion" of our report, the aforesaid standalone Ind AS 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, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters:

- i) Note No. 51 of the Standalone Ind AS financial statements regarding preparation of the Standalone financial statements on a going concern basis notwithstanding the facts that the company has accumulated losses resulting in erosion of net worth. Keeping in view the above, the company has continued deferred tax asset (at the same levels as last year) considering virtual certainty that sufficient taxable income will be available during specified period against which such deferred tax asset/MAT Credit Entitlement can be adjusted.
- ii) As stated in Note No. 25 to the Standalone Ind AS financial statements, lenders of the subsidiary, M/s. F.M. Hammerle Textiles Limited, have invoked the corporate guarantee given by the company. In view of the same a provision of ₹17,685.13 lacs has been booked during this quarter.

Our conclusion is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act except as reported in the para of "basis for qualified opinion" as above.
- e) In our opinion, the matters described in the "basis of Qualified Opinion" and "emphasis of matter" paragraphs above may have an adverse impact on the functioning of the company.
- f) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- g) 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind As financial statements. - Refer note 40 of the Standalone Ind As financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For ROMESH K AGGARWAL & ASSOCIATES
Chartered Accountants
Firm Registration No. 000711N

Sd/-
Ruchir Singla
Partner
Membership no. 519347

Place: Ludhiana
Date: May 30, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Subsection 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, 2018 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 Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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.

Emphasis of Matter

We would draw attention to matters disclosed in paragraph under 'Emphasis of matters' in our main Independent Auditor's Report which could indicate possible lapses in internal financial controls systems at various points in time.

Our opinion is not modified in respect of these matters.

For ROMESH K AGGARWAL & ASSOCIATES
Chartered Accountants
Firm Registration No. 000711N

Sd/-
Ruchir Singla
Partner

Place: Ludhiana
Date: May 30, 2018

Membership no. 519347

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2018)

1. (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 verified by the management during the year but there is a regular program of verification which, pursuant to the programme, the fixed assets have been physically verified by the management during the year. In our opinion, the same is reasonable having regard to the size of the company and nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us including registered title deeds, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are in name of company as on the date of balance sheet date.
2. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For the stock lying with third parties at the end, written confirmations have been obtained. No material discrepancies noticed on such physical verification.
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
5. In our opinion and according to the information and explanation given to us, the company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
6. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub section (1) of section 148 of the Companies Act, 2013, and are of the opinion, that, prime-facie, the prescribed cost records have been made and maintained.
7. According to information and explanations given to us in respect of statutory dues:
 - (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they become payable.

(c) Details of dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added taxes which have not been deposited as on 31st March, 2018 on account of any disputes are given below:

Name of the statute	Nature of dues	Period to which it pertains	Amount in dispute	Forum where dispute is pending	Amount deposited	Matter of disputed
Central Excise Act, 1944	Excise Duty	1997-98	42.34	The Commissioner of Central Excise, Chandigarh	42.34	Difference on account of loose and packed yarn
	Excise Duty	2004-05	28.93	CESTAT, New Delhi	-	Cenvat credit on input has been reversed.
	Excise Duty	2009-10	89.07	Chief Commissioner of Central Excise, Ludhiana	-	
	Excise Duty	2009-10	1.82	Chief Commissioner of Central Excise, Ludhiana	-	
Service tax act	Service tax	2004 - 05, 2005 - 06 and 2006 - 07	14.11	Additional Commissioner of C.E., Ludhiana	1.41	Service Tax on Overseas commission
Income Tax Act	Income tax	1998-99- 2002- 2003, 2004 -2005, 2005-2006, 2011-2012	25.86	CIT (Appeals), Ludhiana	25.69	Disallowance of deduction under section 80HHC & 80M,
	Income tax	2003 -2004, 2004-2005, 2006-2007, 2008- 2009	749.83	ITAT, Chandigarh	41.66	Disallowance of Interest u/s 36(1)(iii) for investment in subsidiary companies, computation u/s 14A, Interest disallowance on advances to subsidiary companies u/s 36(1)(iii)
	Income tax	1998 -99 to 2002-2003	498.57	Hon'ble Punjab & Haryana High Court, Chandigarh	152.65	Disallowance of deduction under section 80HHC, 80IB & 80M, Disallowance of Interest u/s 36(1)(iii) & as revenue expenditure or capital expenditure though matter decided by Hon'ble SC in our favor and levy of interest u/s 234 D, Disallowance u/s 14-A.
Punjab General Sales Tax Act	Punjab Vat	2000-01, 2001-02	17.61	DETC Appeal	4.40	Incremental production in respect of additional fixed capital investment.
	Punjab Vat	2005-06, 2006-07	0.48	DETC, Patiala	0.12	
	Punjab Vat	2009-10	79.00	VAT Tribunal, Punjab	-	ITC on diesel, Reversal of 19(5) in exempted units, reversal of entry tax in respect of branch transfer & 19(5).
	Punjab Vat	2006-07	33.08	DETC (Appeals), Faridkot (Pb.)	-	Disallowance of ITC in respect of purchases from M/s Chabra Ind. & ITC on Diesel.
	Punjab Vat	2008-09	62.14	VAT Tribunal, Punjab	-	Disallowance of ITC on Diesel & reversal of entry tax in respect of branch transfer & 19(5)
Wealth Tax Act	Wealth Tax	A.Y. 1998-99	2.11	ITAT, Chandigarh	-	Dispute on valuation of land

8. In our opinion and according to the information and explanations given to us, the Company has defaulted in the repayment of dues to banks as follows:

Working Capital Demand Loan			
Name of Bank	Sanction Amount	Default Amount	Overdrawn Start
Canara Bank	180400000	P 16236000 I 10873068	June, 2017
State Bank of India	148300000	P 17796000 I 887417	June, 2017
State Bank of Patiala	34500000	P 4140000 I 235186	June, 2017
Punjab National Bank	42300000	P 3807000 I 174158	July, 2017
Bank of India	34200000	P 4788000 I -	February, 2017
Punjab & Sind Bank	22800000	P 1176123 I 684000	November, 2017
Axis Bank	20400000	P 612000 I 90447	September, 2014
Bank of India	42200000	P 5618195 I 1354939	February, 2017
Corporation Bank	20300000	P 1218000 I 529101	September, 2017
Andhra Bank	62700000	P 6094997 I 2851332	June, 2017
United Bank of India	36000000	P 5040000 I 1589918	January, 2017
Term Loan			
Name of Bank	Sanction Amount	Default Amount	Overdrawn Start
Canara Bank	260100000	P 34781854 I 24694801	June, 2017
State Bank of India	56682000	P 6801840 I 372619	June, 2017
Punjab National Bank	420000000	P 36913084 I 1936320	July, 2017
Bank of India	61100000	P 8572655 I 945742	February, 2017
Bank of Baroda	309390700	P 40411107 I -	February, 2017
Corporation Bank	69700000	P 9999761 I 4397530	September, 2017
United Bank of India	387555000	P 47891914 I 15274351	January, 2017
Bank of Maharashtra	234480000	P 28137600 I 4442781	March, 2017
Jammu & Kashmir Bank	236250000	P 26878125 I 12985442	June, 2017
Allahabad Bank	47174000	P 5528682 I 1882707	March, 2017
Cash Credit (CC)			
Total amount under default in Cash Credit is Rs. 193.90 Crores			

9. The company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term Loans and hence reporting under clause 3 (ix) is not applicable to the Company.
10. To the best of knowledge and according to the information and explanations given to us, no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
11. According to the information and explanation given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
12. According to the information and explanation given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order is not applicable to the Company.
13. According to information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly

convertible debentures during the year and hence reporting under clause (xiv) of the Order is not applicable to the Company.

15. According to information and explanations given to us and based on our examination of the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with him and hence the provision of section 192 of the Companies Act, 2013 are not applicable.
16. According to information and explanations given to us, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

For ROMESH K AGGARWAL & ASSOCIATES
Chartered Accountants
Firm Registration No. 000711N

Place: Ludhiana
Date: May 30, 2018

Sd/-
Ruchir Singla
Partner
Membership no. 519347

BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in Lakh)

Particulars	Notes No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
I ASSETS				
1 Non-current assets				
a) Property, plant and equipment	2	22,357.42	23,837.55	23,342.21
b) Investment Property	2(a)	505.06	514.90	524.74
c) Capital work-in-progress	2(b)	311.39	537.58	663.58
d) Other intangible assets	2	6.69	7.42	0.19
e) Financial assets				
i) Investments	3	23.15	9,149.56	9,149.56
ii) Loans	4	-	35.00	35.00
iii) Other financial assets	5	-	2,331.02	2,530.37
f) Trade receivable	6	279.23	-	-
g) Deferred tax assets (net)	7	5,016.18	5,016.18	5,016.18
h) Other non-current assets	8	929.06	1,097.40	1,470.43
Total Non Current Assets		29,428.18	42,526.61	42,732.27
2 Current assets				
a) Inventories	9	4,256.88	7,743.10	7,295.05
b) Financial assets				
i) Investments	10	-	5.78	18.34
ii) Trade receivables	11	2,750.75	7,681.47	7,411.88
iii) Cash and cash equivalents	12	39.72	261.58	277.75
iv) Bank balances other than above	13	128.53	440.93	348.31
v) Loans	14	16.58	32.33	46.27
vi) Other financial assets	15	277.89	1,246.66	1,861.72
c) Current tax assets	16	340.82	415.47	450.82
d) Other current assets	17	2,297.38	2,210.82	2,268.06
Total Current Assets		10,108.55	20,038.14	19,978.20
TOTAL ASSETS		39,536.73	62,564.75	62,710.47
II EQUITY AND LIABILITIES				
1 EQUITY				
a) Equity share capital	18	2,232.54	2,232.54	2,232.54
b) Other equity	19	(33,912.46)	8,510.47	8,509.66
Total Equity		(31,679.92)	10,743.01	10,742.20
LIABILITIES				
2 Non-current liabilities				
a) Financial liabilities				
i) Borrowings	20	13,223.84	16,421.92	19,370.26
b) Long term provisions	21	48.97	43.38	213.08
c) Other non-current liabilities	22	0.53	16.81	16.81
Total Non Current Liabilities		13,273.34	16,482.11	19,600.15
3 Current liabilities				
a) Financial liabilities				
i) Borrowings	23	24,532.20	18,649.68	16,152.99
ii) Trade payables	24	3,769.14	6,884.76	6,372.62
iii) Other financial liabilities	25	28,558.87	9,420.19	9,325.15
b) Other current liabilities	26	269.36	379.11	293.45
c) Short term provisions	27	813.74	5.89	223.91
Total Current Liabilities		57,943.31	35,339.63	32,368.12
TOTAL EQUITY AND LIABILITIES		39,536.73	62,564.75	62,710.47
Significant accounting policies	1			
The accompanying notes form an integral part of these financial statements				

As per our report of even date
For Romesh K Aggarwal & Associates
Chartered Accountants
Firm Reg. No:-000711N

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

Sd/-
Ruchir Singla
Partner
Membership No. 519347

Sd/-
Adish Oswal
Managing Director
(Business & Corporate Affairs)
(DIN-00009710)

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

Sd/-
Pankaj Agarwal
(Company Secretary)

Sd/-
Kuldeep Singla
(Chief Financial Officer)

Place : Ludhiana
Date : 30th May 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in Lakh)

Particulars	Notes No.	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Revenue from operations	28	62,135.95	85,925.13
Other income	29	420.46	1,401.27
Total Income (I)		62,556.41	87,326.40
Expenses			
Cost of Material consumed	30	42,181.93	52,007.50
Purchase of traded goods	31	4,310.64	8,766.93
Changes in inventories of finished goods	32	2,243.15	(692.45)
Excise duty on sale of goods		0.08	1.08
Employee benefits expense	33	4,794.58	5,485.73
Finance cost	34	6,566.95	5,619.58
Depreciation and amortisation expense	2	2,052.10	2,065.05
Other expenses	35	12,918.78	14,139.25
Total expenses (II)		75,068.21	87,392.67
Profit before exceptional items and tax (I - II = III)		(12,511.80)	(66.27)
Exceptional item (IV)	36	29,876.50	-
Profit before tax (III - IV = V)		(42,388.30)	(66.27)
Tax expense: (VI)			
Current tax		-	-
Deferred tax		-	-
Profit for the period from continuing operations After Tax (V - VI = VII)		(42,388.30)	(66.27)
Other Comprehensive Income (VIII)			
Items that will not be reclassified to profit or loss			
(i) Remeasurement of defined benefit obligation		(34.19)	88.89
Total Comprehensive Income for the period (VII + VIII = IX) (Comprising Profit (Loss) and Other Comprehensive income for the period)		(42,422.49)	22.62
Earnings per equity share (for continuing operation): (X)	39		
1 Basic		-190.16	-0.30
2 Diluted		-190.16	-0.30

The accompanying notes are an integral part of these financial statements

As per our report of even date
For Romesh K Aggarwal & Associates
Chartered Accountants
Firm Reg. No:-000711N

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

Sd/-
Ruchir Singla
Partner
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Managing Director
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Chairman & Managing Director
(DIN-00009403)

Sd/-
Pankaj Agarwal
(Company Secretary)

Sd/-
Kuldeep Singla
(Chief Financial Officer)

Place : Ludhiana
Date : 30th May 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Cash flow from Operating Activities:		
Net profit before tax	(42,388.30)	(66.27)
Adjustments for:		
Add:		
Depreciation and amortisation	2,052.10	2,065.05
Finance costs	6,566.95	5,619.58
Foreign currency monetary item translation difference (net)	-	(21.81)
Sundry balance written off	16.94	37.32
Provision for doubtful advances	181.39	10.00
Provision for Subsidiary	29,876.50	-
Provision for Miscellaneous Recoverable	418.90	-
Less:		
Interest income	(116.75)	(442.40)
Net Profit on sale / discarding of fixed assets	(15.36)	(1.73)
Provisions no longer required written back	-	(158.82)
Profit on buy back of FCCB	-	(396.44)
Operating Profit before Working Capital changes	(3,407.63)	6,644.48
Adjustments for changes in Working Capital :		
- Increase/(decrease) in trade payables and other liabilities	68.38	389.62
- (Increase)/decrease in trade receivables and other receivables	4,869.95	1,014.58
- (Increase)/decrease in inventories	3,486.23	(448.05)
Cash generated from Operating Activities	5,016.94	7,600.62
- Taxes (paid) (net of tax deducted at source)	(74.65)	(35.35)
Net cash (used in)/ generated from Operating Activities	4,942.29	7,565.27
B. Cash flow from Investing Activities:		
Purchase of fixed assets	(711.52)	(2,438.08)
Sale of fixed assets	72.21	8.03
Reduction in value of investments	5.78	12.56
Interest received	116.75	442.40
Net Cash from Investing Activities	(516.78)	(1,975.09)
C. Cash flow from Financing Activities:		
Proceeds from Short borrowings	5,882.51	2,496.69
Repayment of long term borrowings	(3,198.08)	(2,551.90)
Interest paid	(7,644.20)	(5,458.52)
Net Cash from Financing Activities	(4,959.77)	(5,513.73)
Net Increase/(Decrease) in cash & cash equivalents	(534.26)	76.44
Cash and cash equivalents as at 1st April (Opening Balance)	702.51	626.07
Cash and cash equivalents as at 31st March (Closing Balance)	168.25	702.51
Cash and cash equivalents comprise		
Cash & cheques in hand	12.76	24.84
Balance with banks	155.49	677.67
	168.25	702.51

The accompanying notes are an integral part of these financial statements

As per our report of even date
For Romesh K Aggarwal & Associates
Chartered Accountants
Firm Reg. No:-000711N

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

Sd/-
Ruchir Singla
Partner
Membership No. 519347

Sd/-
Adish Oswal
Managing Director
(Business & Corporate Affairs)
(DIN-00009710)

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

Sd/-
Pankaj Agarwal
(Company Secretary)

Sd/-
Kuldeep Singla
(Chief Financial Officer)

Place : Ludhiana
Date : 30th May 2018

Notes to the Financial Statements for the year ended 31st March, 2018

a. Statement of Changes in Equity Share Capital for the year ended 31st March, 2018

(₹ in Lakh)

Particulars	Number of Shares	Equity share capital
Balance as at April 1, 2016	22,290,957.00	2,229.09
Forfeited shares	-	3.45
Balance as at April 1, 2017	22,290,957.00	2,232.54
Change during the year	-	-
Balance as at March 31, 2018	22,290,957.00	2,232.54

b. Statement of changes in other Equity

Particulars	Reserves and Surplus							Items of other comprehensive income	Total
	Capital subsidy	Capital redemption reserve	General reserve	Amalgamation reserve	Foreign currency translation reserve	Security premium	Retained earnings	Actuarial Gain / (Loss)	
Balance at April 1, 2016 (as previously reported)	95.50	0.01	9,865.69	45.00	34.07	7,731.06	(9,261.67)	-	8,509.66
Changes in accounting policy/errors	(95.50)	(0.01)	-	(45.00)	(34.07)	-	174.58	-	-
Restated balance at April 1, 2016	-	-	9,865.69	-	-	7,731.06	(9,087.09)	-	8,509.66
Balance at April 1, 2017	-	-	9,865.69	-	-	7,731.06	(9,087.09)	-	8,509.66
Reinstatement adjustment	-	-	-	-	-	-	(21.81)	-	(21.81)
Profit for the year	-	-	-	-	-	-	(66.27)	-	(66.27)
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	88.89	88.89
Total comprehensive income for the year	-	-	9,865.69	-	-	7,731.06	(9,175.17)	88.89	8,510.47
Balance at April 1, 2017	-	-	9,865.69	-	-	7,731.06	(9,175.17)	88.89	8,510.47
Profit for the year	-	-	-	-	-	-	(42,388.30)	-	(42,388.30)
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	(34.19)	(34.19)
Changes in accounting policy/errors	-	-	-	-	-	-	-	-	(0.44)
Total comprehensive income for the year	-	-	-	-	-	-	(42,388.30)	(34.19)	(42,422.93)
Balance at March 31, 2018	-	-	9,865.69	-	-	7,731.06	(51,563.47)	54.70	(33,912.46)

Notes to the Standalone Financial Statements for the year ended 31st March, 2018

Corporate Information

- a) Vardhman Polytex Limited (the 'Company') is a public limited listed company registered under the erstwhile Companies Act 1956 (superceded by Companies Act, 2013). The Company's principal activity is manufacturing of yarn & garments. The company is listed on two stock exchange i.e at National Stock Exchange & Bombay Stock Exchange.
- 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:
 - i) Badal Road, Bathinda, Punjab - 151005
 - ii) D295/1, Phase VIII, focal point, Ludhiana, Punjab - 141123
 - iii) Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh, Himachal Pradesh - 174101
- c) These financial statements are presented in Indian Rupees (Rs) which is also its functional currency.

1 Significant accounting policies

a) Statement of compliance & Basis of preparation & presentation

The financial statements of the Company have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the act. Upto the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirements of previous Indian GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. The financial statements for the year ended March 31, 2018 are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. Refer Note 37 for the details of first-time adoption exemptions availed by the Company.

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

b) Use of estimates & Judgements

The preparation of financial statements in conformity with Ind AS 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 date of the financial statements. 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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis.

c) Revenue recognition

Revenue is recognised at fair value of the consideration received or receivable. The amount disclosed as revenue is inclusive of excise duty and net of returns, trade discounts, value added tax, Goods & Service Tax related taxes and amount collected on behalf of third parties.

The company recognizes revenue when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

i) Sale of goods

Revenue from sale of goods is recognized when significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be reliably estimated and there is no continuing effective control or managerial involvement with the goods and the amount of revenue can be measured reliably. Revenue is recognized in respect of export sales on the basis of bill of lading.

ii) Export Incentives

Revenue in respect of export incentives / benefits are accounted for on post export basis.

iii) Dividends

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

iv) Interest

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

v) Insurance Claim

Claims with insurance companies are accounted on accrual basis to the extent, No significant uncertainty exist and these are measurable and ultimate collection is reasonably certain.

d) Inventories

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence. Cost of inventories

comprises of cost of purchase, conversion and other cost including manufacturing overhead net of recoverable taxes incurred in bringing them to their respective present location and condition. The cost in respect of various items of inventory is computed as under:

- i. 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.
- ii. In case of work in progress at raw material cost plus conversion cost depending upon the stage of completion.
- iii. Finished goods 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.
- iv. Cost is determined on the basis of weighted average method.

e) Financial Instruments

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

I. Initial recognition and measurement

On initial recognition, all the financial asset and liabilities are recognized at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability except financial asset or financial liability measured at fair value through profit or loss account. Transaction costs of financial asset and liabilities carried at fair value through profit and loss are immediately recognized in the Statement of Profit or Loss.

II. Subsequent Measurement (Non Derivative Financial Instrument)

a) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified date to cash flows that are solely payments on principal and interest on the principal amount outstanding.

b) Financial Asset At Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial Assets At Fair Value Through Profit or Loss (FVTPL)

A financial asset is measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income.

d) Investments In Subsidiaries

The company has adopted to measure investments in subsidiaries at cost in accordance with Ind AS 27 and carrying amount as per previous GAAP at the date of transition has been considered as deemed cost in accordance with Ind AS 101.

e) Financial Liabilities

The financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

III. Derivative Financial Instruments

The company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Although the company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/Liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

f) Property, plant and equipment

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Land is carried at cost and all other items of property plant, equipments and fixtures are stated at cost less accumulated depreciation.

The cost of property, plant and equipment includes

- 1) Its purchase price including import duties and non refundable taxes after reducing trade discount and rebate if any.
- 2) Any attributable expenditure directly attributable to bring an assets to the location and the working condition for its intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method except the assets costing Rs 5000 or below on which depreciation is charged at the rate 100% p.a. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

g) Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over expected useful life on a straight line basis from the date they are available for use.

h) Impairment of assets

I. Financial Assets

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets expected credit losses are measured at an amount equal to the 12 month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in statement of profit or loss.

II. Non-Financial Assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for cash generating unit to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net or any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior year..

i) Foreign exchange transactions/translation

a. 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.

b. 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.

c. 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.

d. 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.

k) Employee benefits

i. Short Term Employee Benefits

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

ii. Post Employee Benefits

A) Defined Contribution Plans

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.

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.

B) Defined Benefit Plans

Gratuity

The company provides for gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees of the company. The gratuity plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the company.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the standalone balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

l) Taxes on income

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case, it is also recognized in equity or other comprehensive income respectively.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized in respect of temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (including those arising from consolidation adjustments such as unrealized profit on inventory etc.). Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred Tax assets and liabilities are offset only if:

- a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

m) Government grants and subsidies

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

n) 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.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

o) 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.

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

p) Earning per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

q) Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and in hand, including offsetting bank overdrafts, and short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in fair value and have a maturity of three months or less from the acquisition date.

2. PROPERTY PLANT AND EQUIPMENT

i)	As at 31st March 2018	(₹ in Lakh)										
Particulars		Tangible assets								Intangible	Total assets	
		Leasehold land	Free hold land	Building	Plant & machinery	Other equipment	Furniture and fixtures	Vehicles	Computer	Total	Trade mark (bought out)	Total
Cost												
	As at 1st April 2017 (Refer note (a))	136.77	1,958.18	12,937.24	44,596.42	193.16	235.42	492.72	516.84	61,066.75	10.94	61,077.69
	Additions (Refer note (b))	-	487.46	11.18	95.41	10.06	9.85	-	4.30	618.26	-	618.26
	Relating to disposals	-	(0.79)	-	(270.53)	-	-	(142.13)	(1.89)	(415.34)	-	(415.34)
	As at 31st March 2018	136.77	2,444.85	12,948.42	44,421.30	203.22	245.27	350.59	519.25	61,269.67	10.94	61,280.61
Depreciation												
	As at 1st April 2017	-	-	3,829.88	32,368.40	140.07	183.79	316.04	391.02	37,229.20	3.52	37,232.72
	Charge for the year	-	-	416.06	1,528.08	15.35	12.72	37.94	31.38	2,041.53	0.73	2,042.26
	Relating to disposals	-	-	-	(247.83)	-	-	(109.16)	(1.49)	(358.48)	-	(358.48)
	As at 31st March 2018	-	-	4,245.94	33,648.65	155.42	196.51	244.82	420.91	38,912.25	4.25	38,916.50
Net block												
	As at 31st March 2018	136.77	2,444.85	8,702.49	10,772.65	47.80	48.76	105.77	98.34	22,357.42	6.69	22,364.11

ii)	As at 31st March 2017	(₹ in Lakh)										
Particulars		Tangible assets								Intangible	Total assets	
		Leasehold land	Free Hold land	Building	Plant & machinery	Other equipment	Furniture and fixtures	Vehicles	Softwares (Bought out)	Total	Trade mark (Bought out)	Total
Cost												
	As at 1st April 2016	136.77	1,832.58	12,276.37	42,875.07	183.47	231.58	502.11	496.41	58,534.36	3.27	58,537.63
	Additions	-	125.60	660.87	1,722.52	9.69	3.84	13.46	20.43	2,556.41	7.67	2,564.08
	Relating to disposals	-	-	-	(1.17)	-	-	(22.85)	-	(24.02)	-	(24.02)
	As at 31st March 2017	136.77	1,958.18	12,937.24	44,596.42	193.16	235.42	492.72	516.84	61,066.75	10.94	61,077.69
Depreciation												
	As at 1st April 2016	-	-	3,426.44	30,826.88	124.89	172.65	282.42	358.88	35,192.16	3.06	35,195.22
	Charge for the year	-	-	403.44	1,542.41	15.18	11.14	50.45	32.14	2,054.76	0.45	2,055.21
	Relating to disposals	-	-	-	(0.89)	-	-	(16.83)	-	(17.72)	-	(17.72)
	As at 31st March 2017	-	-	3,829.88	32,368.40	140.07	183.79	316.04	391.02	37,229.20	3.52	37,232.72
Net Block												
	As at 31st March 2017	136.77	1,958.18	9,107.36	12,228.02	53.09	51.63	176.68	125.82	23,837.55	7.42	23,844.97

- 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 for amount of ₹136.77 lakh (P.Y. ₹136.77 lakh) as on March 31, 2018. During the current year the company has received a letter from MIDC which states that the total amount paid by the company has been adjusted with charges and deduction as calculated by MIDC. Keeping in view the same, company has provided for whole amount in books.
- b) The company has received an order from the Hon'ble Supreme Court regarding payment of enhancement compensation on Land amounting ₹449.99 Lakh. Out of, the above the company had paid ₹101.75 lakhs to Punjab Government till March 31, 2017. So the company has provided for the balance amount (₹348.25 Lakh) as well as interest amounting ₹139.21 Lakh till 31.03.2018. Thereby making total capitalization amount in Land during the year for ₹487.46 Lakh.

2 (a) INVESTMENT PROPERTY

(₹ in Lakh)		
	Building	
	As at March 31 st , 2018	As at March 31 st , 2017
Cost		
As at 1st April 2017 & 2016	631.55	631.55
Additions	-	-
Relating to disposals	-	-
As at 31st March 2018 & 2017	631.55	631.55
Depreciation		
As at 1st April 2017 & 2016	116.65	106.81
Charge for the year	9.84	9.84
Relating to disposals	-	-
Adjustment	-	-
As at 31st March 2018 & 2017	126.49	116.65
Net block		
As at 31st March 2018 & 2017	505.06	514.90

2(b) CAPITAL WORK-IN-PROGRESS

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Capital Work in Progress	311.39	537.58	663.58
Total	311.39	537.58	663.58

Note:

Expenses amounting to ₹319.45 lakhs pertaining to modernization Project, which were earlier in capital work in progress, have now been expensed out due to inability to complete the project on account of non achievement of financial closure for the same.

3. FINANCIAL ASSETS: NON CURRENT INVESTMENTS

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
A. Unquoted investments (Financial Assets carried at cost, except for permanent diminution in value)			
I. Equity Instruments in Subsidiary			
F.M. Hammerle Textiles Limited 9,12,64,073 (31.03.17- 9,12,64,073 & 01.04.2016-9,12,64,073) equity shares of Rs 10-each fully paid	9,126.41	9,126.41	9,126.41
Less: Provision for permanent diminution in the value of Investment	(9,126.41)	-	-
F.M. Hammerle Verwaltung GmbH, Austria (Minimum Registration Capital)	22.54	22.54	22.54
F.M. Hammerle Nfg GmbH, Austria (Minimum Registration Capital)	-	22.54	22.54
Less: Provision for permanent diminution in the value of Investment	-	(22.54)	(22.54)
II. Equity Instruments in Others			
(a) Oswal Industrial Enterprise (P) Ltd 1,000 (31.03.2017-1,000, 01.04.2016-1000) equity shares of Rs.10 each fully paid	0.09	0.09	0.09
(b) VKM Colour Spin Limited 250 (31.03.2017-250, 01.04.2016-250) equity shares of Rs. 10 each fully paid	0.03	0.03	0.03
(c) Deluxe Fabrics Limited 5000 (31.03.2017- 5000, 01.04.2016-5000) equity shares of Rs. 10 each fully paid	0.50	0.50	0.50
Total aggregate Investments	23.15	9,149.56	9,149.56
Total investment carrying value	23.15	9,149.56	9,149.56
Aggregate value of unquoted investments	23.15	9,149.56	9,149.56
Aggregate value of quoted investments	-	-	-
Market value of quoted investments	-	-	-

Note:

- Investment in the subsidiary, F.M. Hammerle Textiles, has been completely provided for as the said subsidiary is undergoing CIRP (Corporate Insolvency Resolution Process) under Indian Bankruptcy Code, wherein a Resolution Professional has been appointed by Hon'ble NCLT. Further, the entire networth of the subsidiary has already been eroded due to losses suffered.
- Out of total shares held in FM Hammerle Textile Limited, 4,65,44,677 shares (previous year 4,65,44,677 shares) (face value of ₹10/- each) are pledged in favour of State Bank of India (lead banker of FMH) in dematerialisation form.

4. FINANCIAL ASSETS: LOANS (NON CURRENT)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Carried at amortised cost			
(a) Loan to others	10.00	35.00	35.00
Less: Provision for doubtful loans	(10.00)	0.00	0.00
Total	-	35.00	35.00

5. OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST (NON CURRENT)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a) Advance to Subsidiaries*	2,236.00	2,236.00	2,236.00
Less: Provision for doubtful advances	(2,236.00)	-	-
(b) Fixed deposits (With more than 12 months Maturity)**	-	95.02	294.37
Total	-	2,331.02	2,530.37

Note:

* This amount pertains to the subsidiary F.M. Hammerle Textiles Limited which is undergoing CIRP (Corporate Insolvency Resolution Process) under Indian Bankruptcy Code where in a Resolution Professional has been appointed by Hon'ble NCLT. Further the entire networth of the company has already been eroded due to losses suffered. Keeping in view of the above facts, the entire advance to this Subsidiary has been provided for in books.

** Held with bank(s) as margin money against letter of credit, bank guarantee & others.

6. FINANCIAL ASSETS: TRADE RECEIVABLES (NON-CURRENT)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Receivable from Others			
-Unsecured, Considered Good :	279.23	-	-
-Doubtful	518.90	-	-
Less: Allowance for doubtful receivable	(518.90)	-	-
Total Long Term Debtors	279.23	-	-

7. DEFERRED TAX (NET)

(₹ in Lakh)

Particulars	As at Mar 31, 2018	As at Mar 31, 2017	As at Mar 31, 2016
Deferred tax liabilities			
Arising on account of timing difference :			
Opening	2457.32	2272.49	2336.82
Accumulated depreciation	(368.21)	184.83	(64.33)
Total (A)	2,089.11	2,457.32	2,272.49
Deferred tax assets			
Arising on account of timing difference :			
Opening	(7,473.50)	(7,288.67)	(7,094.97)
Unabsorbed depreciation	368.21	(184.83)	64.33
Others	-	-	(258.03)
Total (B)	(7,105.29)	(7,473.50)	(7,288.67)
Net deferred tax liability/(Assets) (A) + (B)	(5,016.18)	(5,016.18)	(5,016.18)

The company has deferred tax liability till 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 are much higher than the deferred tax liability. In view of this, no further deferred tax assets are being recognised as at March 31, 2018. Based on the company's virtual certainty of the profit, the company is carrying a deferred tax asset of ₹5,016.18 lakh as on March 31, 2018.

8. OTHER NON CURRENT ASSETS

(₹ in Lakh)

Particulars	As at March 31, 2018	As at 31 March 2017	As at 1 April 2016
Capital advances			
Unsecured - considered good	227.92	444.62	817.09
Prepaid expenses	-	-	17.41
Security Deposit With P&T	1.76	1.93	1.93
Security deposit with government authorities	632.69	632.69	612.21
Security Deposit-Others	66.69	18.16	21.79
Total	929.06	1,097.40	1,470.43

9. INVENTORIES

Particulars	(₹ in Lakh)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(Valued at cost or Net realizable value whichever is lower)			
Raw materials	1,332.43	2,343.31	2,983.93
Work in progress	1,033.73	1,898.42	1,500.74
Finished goods*	1,563.34	2,941.81	2,647.03
Stores & spares parts	327.38	559.56	163.35
Total	4,256.88	7,743.10	7,295.05

* Finished goods comprises of the good which were in transit for ₹147.66 Lakhs, ₹1044.28 Lakhs, ₹483.20 Lakhs as on year ending 31.03.2018, 31.03.2017, 31.03.2016 respectively.

10. FINANCIAL ASSETS-CURRENTS INVESTMENT

Particulars	(₹ in Lakh)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
A. Unquoted investments (all fully paid, at cost)			
I. Mutual funds	-	5.78	18.34
Total	-	5.78	18.34

11. FINANCIAL ASSETS: TRADE RECEIVABLES (CURRENT)

Particulars	(₹ in Lakh)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Receivable from Others			
-Unsecured, Considered Good :	3,548.88	8,018.98	7,739.39
Less: Non Current Trade Receivable	798.13	-	0
	2750.75	8018.98	7739.39
Less Provision for doubtful debts	0.00	(337.51)	(327.51)
Total	2,750.75	7,681.47	7,411.88

12. FINANCIAL ASSETS: CASH AND CASH EQUIVALENTS

Particulars	(₹ in Lakh)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash and Cash Equivalents			
Cash on hand	12.76	24.83	41.23
Bank balances:			
in current accounts	20.85	125.92	112.53
in deposit accounts with original maturity upto 3 months*	6.11	110.83	123.99
Total	39.72	261.58	277.75

*Held with bank against margin money against letter of credit, bank guarantee and others.

13. FINANCIAL ASSETS: BANK BALANCES OTHER THAN ABOVE

Particulars	(₹ in Lakh)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Bank balances:			
Escrow Account	-	0.77	0.77
Dividend with banks	-	0.40	0.40
Fixed deposits (More than 3 months but less than 12 months maturity)**	128.53	439.76	347.14
Total	128.53	440.93	348.31

** Held with bank(s) against margin money against letter of credit, bank guarantee and others.

14. FINANCIAL ASSETS: LOANS (CURRENT)

Particulars	(₹ in Lakh)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Carried at amortised cost			
(a) Other loans			
Loans to employees			
Un Secured - considered good	16.58	32.33	46.27
Total	16.58	32.33	46.27

15. OTHER FINANCIAL ASSETS (CURRENT)

Particulars	(₹ in Lakh)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance to subsidiaries*	828.97	281.80	684.18
Less: Provision for doubtful advances	(828.97)	-	-
	-	281.80	684.18
Government Authorities **	21.00	287.08	317.96
Tuff Subsidy recoverable ***	212.57	230.93	293.66
Interest receivable	19.27	140.51	199.08
Others	61.57	306.34	366.86
Less: Provision for other doubt advances	(36.52)	-	-
Total	277.89	1,246.66	1,861.72

* This amount pertains to our subsidiaries F.M. Hammerle Textiles Limited, India & F.M. Hammerle Verwaltung GmbH, Austria. In case of F.M. Hammerle Textiles Ltd, India has filed for debt resolution under Indian Bankruptcy Code where in a resolution professional has been appointed by Hon'ble NCLT. Further the entire net worth of the both subsidiary have already been eroded due to continuous losses. Keeping in view of the above facts the entire advance to subsidiary amount has been provided for in books.

** This includes export incentives recoverable from Government

*** Provision created for tuff subsidy ₹206.45 Lakhs (Previous Year NIL)

16. CURRENT TAX ASSETS

Particulars	(₹ in Lakh)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Direct Taxes Refundable	340.82	415.47	450.82
Total	340.82	415.47	450.82

Direct taxes refundable represent amounts recoverable from the Income Tax Department for various assessment years net of provision. 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.

17. OTHER CURRENT ASSETS

Particulars	(₹ in Lakh)		
	As at March 31, 2018	As at 31 March 2017	As at 1 April 2016
Advance to employees	4.82	255.74	450.66
Advance to Suppliers	-	-	359.05
Balances with Government Authorities	2,017.91	1,561.57	1,246.05
Prepaid expenses	82.55	311.76	202.26
Others	192.10	81.75	3.78
Assets held for sale	-	-	6.26
Total	2,297.38	2,210.82	2,268.06

a) Balance with statutory authorities includes ₹54.28 lakh (Previous Year ₹186.83 Lakh) being amount of ESI, Excise Duty, Service Tax & Sales Tax, deposited under protest.

b) Balance with Government authorities includes, GST, VAT, Excise, Service Tax etc.

18. EQUITY SHARE CAPITAL

Particulars	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016	
	Number	Amount ₹ lakhs	Number	Amount ₹ lakhs	Number	Amount ₹ lakhs
Authorised						
Equity shares of 10/- each	70,000,000	7,000.00	70,000,000	7,000.00	70,000,000	7,000.00
Total	70,000,000	7,000.00	70,000,000	7,000.00	70,000,000	7,000.00
Issued, subscribed and fully paid up						
2,22,90,957 (Previous year 2,22,90,957 equity shares of Rs.10 each)	22,290,957	2,229.09	22,290,957	2,229.09	22,290,957	2,229.09
Forfeited shares	-	3.45	-	3.45	-	3.45
Total	22,290,957	2,232.54	22,290,957	2,232.54	22,290,957	2,232.54

18.1 RECONCILIATION OF THE NUMBER OF SHARES AND AMOUNT OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING YEAR

Particulars	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016	
	No. of shares	₹ lakhs	No. of shares	₹ lakhs	No. of shares	₹ lakhs
Equity shares						
At the beginning of the year	22,290,957	2,229.09	22,290,957	2,229.09	22,290,957	2,229.09
Add:						
Issued during the year (refer note no. b)	-	-	-	-	-	-
Outstanding at the end of reporting period (refer note no. a)	22,290,957	2,229.09	22,290,957	2,229.09	22,290,957	2,229.09

Note:

- a) Out of total shares held by promoters and promoter group (i.e. 1,34,04,652), 1,09,31,202 equity shares (face value of ₹10 each) are 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.

18.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each shareholder is entitled to one vote per share. In the event of liquidation of the Company, the equity shareholders 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'2018, the amount of dividend recognized as distribution to equity shareholder was ₹ Nil (Previous year ₹ Nil)

18.3 Detail of shareholders holding more than 5% shares in the company:

Name of equity shareholder	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Panchsheel Textile Mfg. & Trdg. Co. (P) Ltd.	4,426,917	19.86	4,426,917	19.86	4,426,917	19.86
Alma Assets Consultancy (P) Ltd.	4,362,325	19.57	4,362,325	19.57	4,362,325	19.57
Swarnim Tie Up (P) Ltd.	NA	NA	4,528	0.02	1,400,000	6.28
Altfort Merchants (P) Ltd.	2,182,000	9.79	2,182,000	9.79	2,182,000	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

18.4 Aggregate number of shares issued for consideration other than cash, bonus share issued and shares bought back during the period of five years immediately preceding the reporting date : Nil (Previous year Nil)
19. OTHER EQUITY

Particulars	Reserves and Surplus							Items of other comprehensive income	Total
	Capital subsidy	Capital redemption reserve	General reserve	Amalgamation reserve	Foreign currency translation reserve	Security premium	Retained earnings		
Balance at April 1, 2016 (as previously reported)	95.50	0.01	9,865.69	45.00	34.07	7,731.06	(9,261.67)		8,509.66
Changes in accounting policy/errors	(95.50)	(0.01)		(45.00)	(34.07)		174.58	-	
Restated balance at April 1, 2016	-	-	9,865.69	-	-	7,731.06	(9,087.09)		8,509.66
Balance at April 1, 2017	-	-	9,865.69	-	-	7,731.06	(9,087.09)		8,509.66
Reinstatement adjustment							(21.81)		(21.81)
Profit for the year	-	-	-	-	-	-	(66.27)		(66.27)
Other comprehensive income for the year, net of income tax								88.89	88.89
Total comprehensive income for the year	-	-	9,865.69	-	-	7,731.06	(9,175.17)	88.89	8,510.47
Balance at April 1, 2017	-	-	9,865.69	-	-	7,731.06	(9,175.17)	88.89	8,510.47
Profit for the year	-	-	-	-	-	-	(42,388.30)		(42,388.30)
Other comprehensive income for the year, net of income tax								(34.19)	(34.19)
Changes in accounting policy/errors									(0.44)
Total comprehensive income for the year	-	-	-	-	-	-	(42,388.30)	(34.19)	(42,422.93)
Balance at March 31, 2018	-	-	9,865.69	-	-	7,731.06	(51,563.47)	54.70	(33,912.46)

20. FINANCIAL LIABILITY-BORROWING (NON CURRENT)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Rupee Term Loan from Banks (refer note a,b,c below)	14,641.34	14,627.17	15,932.33
Rupee Term Loan from others (refer note a,b,c below)	858.71	1,016.55	1,337.77
Working capital term loan -II (refer note a,b,c below)	4,719.38	4,943.01	5,451.88
Funded interest term loan -II (refer note a,b,c below)	58.43	327.60	1,542.19
Vehicle loan (refer note d below)	-	40.09	41.32
Total	20,277.86	20,954.42	24,305.49
Less: Amount disclosed under other current liability (refer note 25)	(7,054.02)	(4,532.50)	(4,935.23)
Grand Total	13,223.84	16,421.92	19,370.26

Terms & Conditions of Secured Loan Taken from bank and status of default at the year end as on 31.03.2018

(₹ in Lakh)

Types of Loan	Term Loan from Banks			Term Loan from others	
	Rupee TL	WCTL-II	FITL	TL-I	TL-II
Sanctioned Amount	19712.12	6441.00	4340.90	500.00	290.00
Balance As on 31.03.2018	14641.34	4719.38	58.43	327.72	165.95
Rate of Interest	11%	11%	11%	13.45%	14.20%
Repayment Type	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
Repayment Schedule As per CDR					
31.03.2019	5521.87	1563.29	58.43	64.78	42.75
31.03.2020	3094.02	1030.56	-	56.75	40.15
31.03.2021	3448.26	1159.38	-	64.87	46.24
31.03.2022	2577.19	966.15	-	74.16	36.81
31.03.2023	-	-	-	67.16	-
Overdue Principle	2401.53	665.26	57.64	11.41	7.97
Overdue Interest	1632.25	410.08	7.12	10.77	5.80
Overdue Principle Since	Jan-17	Jan-17	Mar-17	Jan-18	Jan-18

Out of total overdue interest amount ₹1187.43 Lakhs pertains to the interest after the NPA date which has not been charged by bank but the same has been provided by us keeping accrual concept in consideration.

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 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 the 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.

Detail of Bank wise NPA date:

Name	Date of NPA
Canara Bank	30.10.2017
State Bank of India	21.09.2017
Punjab National Bank	31.10.2017
United Bank of India	30.06.2017
Bank of Baroda	30.06.2017
Andhra Bank	31.01.2018
Bank of India	30.06.2017
Bank of Maharashtra	30.06.2017
J & K Bank	30.12.2017
Corporation Bank	31.01.2018
Axis Bank	30.09.2014
Punjab & Sind Bank	28.02.2018
Allahabad Bank	30.11.2017

21. PROVISIONS (NON CURRENT)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for Employee Benefits			
Leave Encashment	48.97	43.38	213.08
Total	48.97	43.38	213.08

22. OTHER NON-CURRENT LIABILITIES

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Security deposit received	0.53	16.81	16.81
Total	0.53	16.81	16.81

23. FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured Borrowings			
Loans repayable on demand			
Working Capital loans from banks (Refer Note no a,b,c below)	24,051.51	18,054.68	15,812.99
Unsecured Borrowings			
from related party -body corporate & directors	255.69	370.00	90.00
Unsecured loans from others	225.00	225.00	250.00
Total	24,532.20	18,649.68	16,152.99

Detail of securities :

- a) 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.
- b) Personal guarantee given by promoter & Director Mrs. Manju Oswal. (related party)
- (c) Includes credit balance in current accounts.

24. FINANCIAL LIABILITIES: TRADE PAYABLES

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Due to Others*	3,769.14	6,884.76	6,372.62
Total	3,769.14	6,884.76	6,372.62

*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.

25. OTHER FINANCIAL LIABILITIES-CURRENT

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current maturities of long term borrowings(Refer Note 20)	7,054.02	4,532.50	4,935.23
Interest Payable	639.02	1,691.14	1,469.80
Creditors for services & contracts	298.79	220.99	261.58
Trade deposits & advances	91.04	90.47	88.71
Other Payables			
Capital payable	8.76	21.09	33.07
Employee related	458.96	683.05	619.94
Trade Expenses payable	1,431.43	1,008.15	941.79
Liability for Corporate Guarantee*	17,685.13	-	-
Enhanced Land Compensation (VTM Land)	348.25	-	-
Others**	543.47	1,172.80	975.03
Total	28,558.87	9,420.19	9,325.15

*This liability (Previous Year NIL) pertains to corporate guarantee given to the borrowers of our subsidiary F.M. Hammerle Textiles Ltd. During the year the same has been invoked and we have received a demand notice for the above mentioned amount.

** It includes bank book overdraft of ₹ Nil (31.03.2017- ₹769.59 Lakh, 31.03.2016- Rs Nil).

26. OTHER CURRENT LIABILITIES

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advances/deposits from customers	55.65	172.90	60.65
Statutory dues*	182.80	177.51	204.98
Others	1.88	1.66	-
Security deposit received	29.03	27.04	27.82
Total	269.36	379.11	293.45

*It includes contribution to ESIC, EPF, TDS, TCS

27. PROVISION (CURRENT)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Employees Benefit-Leave Encashment	6.18	5.89	89.72
Premium on Redemption of FCCB	-	-	134.19
Provision Against forfeiture of MIDC Land	136.00	-	-
Provision against Tuff Subsidy	206.45	-	-
Provision against Advance given to Contractor	51.20	-	-
Others*	413.91	-	-
Total	813.74	5.89	223.91

* Pertaining to provision against government receivable against pending cases at various level. Though decision is pending but in view of the provision of accounting management has decided to made necessary provision in books of accounts.

28. REVENUE FROM OPERATIONS

(₹ in Lakh)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
i) Sales of Products		
- Grey Yarn	42,306.03	56,173.79
- Dyed Yarn	10,094.87	12,589.41
- Garments	659.80	866.25
- Waste Sale	5,124.00	4,940.83
- Traded Goods	3,504.17	9,653.57
- Real estate plots	-	-
ii) Job charges Income	0.41	-
Total	61,689.28	84,223.85
Less: Rebate and Discount	(84.79)	(131.10)
Net Sales	61,604.49	84,092.75
Other Operating Income		
i) Export Incentive/Benefits	438.59	1,423.98
ii) Gain on foreign currency transaction and translation (net)	92.87	408.40
Total	62,135.95	85,925.13

Note: During the current year, the company has entered into arrangement with few vendors, from whom company is purchasing raw materials and in turn, processing the same and selling the finished output back to them. Thus the sales figure in the statement of profit & loss comprises of sales of ₹10896.66 Lakhs which was sold to the said vendors, from whom raw material was purchased.

29. OTHER INCOME

(₹ in Lakh)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest income on Bank deposits & others	141.88	502.68
Provision no longer required written back	0.00	158.82
Profit on sale of fixed assets	38.09	1.73
Rent received	140.86	134.33
Miscellaneous Income	124.76	267.55
Profit on buyback of FCCB	-	396.44
Total	445.59	1,461.55
Less: Interest on Margin Money reduced from finance cost (Refer Note 34)	25.13	60.28
Total	420.46	1,401.27

30. COST OF MATERIALS CONSUMED

(₹ in Lakh)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Cotton	35,768.10	39,696.76
Cotton Yarn	2,439.02	4,210.62
Synthetic Fibre	2,966.33	6,751.21
Dyes & Chemicals	1,008.48	1,348.91
Total	42,181.93	52,007.50

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

(₹ in Lakh)

Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
	Rs. in Lakh	%	Rs. in Lakh	%
Indigenous	38,585.78	91.47	46,329.50	89.08
Imported	3,596.15	8.53	5,678.00	10.92
Total	42,181.93	100.00	52,007.50	100.00

31. PURCHASE OF STOCK IN TRADE

(₹ in Lakh)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Fabrics	3772.30	3,484.48
Yarn	538.34	1,597.82
Cotton	-	3,684.63
Total	4310.64	8,766.93

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

(₹ in Lakh)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Closing inventories		
Finished goods (Including waste)	1563.34	2941.81
Work in progress	1033.73	1898.41
Opening inventories		
Finished goods (Including waste)	2941.81	2,647.03
Work in progress	1898.41	1,500.74
(Increase) / Decrease	2243.15	(692.45)

33. EMPLOYEE BENEFIT EXPENSES

(₹ in Lakh)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Salaries, Wages & Other Benefits	4,180.53	4,693.71
Contribution to Provident & Other Funds	362.69	432.29
Staff Welfare Expenses	251.36	359.73
Total	4,794.58	5,485.73

34. FINANCE COST

(₹ in Lakh)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest Expense		
-Term Loan	2,311.70	2,309.08
-Working capital borrowings	2,307.31	2,376.44
- Others	1,762.21	902.87
Other Borrowing Cost	210.86	91.48
	6,592.08	5,679.87
Less: Interest on Margin Money(Refer Note 29)	25.13	60.28
Total	6,566.95	5,619.58

35. OTHER EXPENSES

(₹ in Lakh)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Packing Material Consumed	826.25	1,110.37
Power & Fuel	6,269.31	8,442.07
Processing Charges	203.70	229.07
Repairs and Maintenance:		
Plant & Machinery	1,014.02	702.64
Building	31.74	46.08
General	140.17	175.07
Electric	8.73	23.04
Rent	99.76	101.81
Rates & Taxes	61.63	90.21
Insurance	105.48	115.20
Travelling & Boarding Expenses	137.68	150.53
Legal & Professional	147.87	64.99
Sundry Balances Written Off	16.94	37.32
Provision for doubtful debts	181.39	10.00
Commission on sale	222.49	349.65
Delivery Expenses (Including Freight, Octroi & Others)	957.33	1,644.70
Rebate & Discount	341.92	62.78
Loss on sale of investment	-	8.60
Bank Charges	199.87	417.28
Loss on Sale of Fixed Assets	22.74	-
Provision against forfeiture of MIDC Land	136.00	-
Loss on Sale of Raw Material	407.02	-
Provision against tuff subsidy receivable	206.45	-
Miscellaneous Expenses	1,180.29	357.84
Total Other Expenses	12,918.78	14,139.25

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

(₹ in Lakh)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
As auditor:		
-Statutory audit fee*	9.00	10.35
-Tax audit fee*	1.50	2.58
-Other services	0.19	4.31
-Reimbursement of expenses	1.16	1.33
Total	11.85	18.57

* Previous year fee includes service tax and in current year fee doesn't include GST.

Value of Indigenous & Imported Stores & Spares Consumption*

Particulars	For the year ended 31 March 2018		For the year ended 31 March 2017	
	₹ in Lakh	%	₹ in Lakh	%
Indigenous	951.28	85.59	576.92	68.21
Imported	160.18	14.41	268.93	31.79
Total	1111.46	100.00	845.85	100.00

* The break up of stores & spares have been disclosed in various heads of note 35 above as per details given below:

(₹ in Lakh)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Repairs and maintenance-General	126.30	162.26
Repairs and maintenance-Plant & Machinery	976.43	660.55
Repairs and maintenance-Electric	8.73	23.04
Total	1,111.46	845.85

36. EXCEPTIONAL ITEMS

(₹ in Lakh)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Provision Against Corporate Guarantee to Subsidiary	17685.13	-
Provision for Diminution in value of investments in subsidiary	9126.41	-
Provision for loans & advances given to subsidiary	3064.96	-
Total	29876.50	-

37. FIRST TIME ADOPTION OF IND AS

This financial statement is the first financial statement that has been prepared in accordance with Ind AS together with the comparative period data as at and for the year ended 31st March 2017, as described in the summary of significant accounting policies. The transition to Ind AS has been carried out in accordance with Ind AS 101 - 'First time adoption of Indian Accounting Standards' with 1st April 2016 as the transition date.

This note explains the exemptions availed by the company on first time adoption of Ind AS and the principal adjustments made by the Company in restating its Indian GAAP financial statements as at 1st April 2016 and financial statements as at and for the year ended 31st March 2017 in accordance with Ind AS 101.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has, accordingly, applied following exemptions:

- The Company has elected to consider carrying amount of all items of property, plant and equipments measured as per Indian GAAP as recognized in the financial statements as at the date of transition, as deemed cost at the date of transition. The effect of consequential changes arising on the application of other Ind AS has been adjusted to the deemed cost of Property, Plant & Equipment.
- The Company has adopted to measure investments in subsidiaries at cost in accordance with Ind AS 27 and therefore has measured such investments in its separate opening Ind AS balance sheet at carrying amount as per Indian GAAP at the date of transition in accordance with Ind AS 101.
- The Company has availed the exemption of fair value measurement of financial assets or liabilities at initial recognition and accordingly will apply fair value measurement of financial assets or liabilities at initial recognition prospectively to transactions entered into on or after 01st April 2016. However, the transition from Indian GAAP to Ind AS has not had a material impact.
- The estimates at 1st April 2016 and at 31st March, 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items under Indian GAAP did not require estimation:
 - Fair values of Financial Assets & Financial Liabilities
 - Impairment of financial assets based on expected credit loss model
 - Discount rates

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at 1st April, 2016 and 31st March, 2017.

Notes to the reconciliation of equity as at 1st April 2016 and 31st March 2017 and Total comprehensive income for the year ended 31st March 2017

I. Property, Plant and Equipment (Investment Property)

The Company has identified building property categorised under Fixed Asset as per Indian GAAP located in Maharashtra, Delhi & Punjab amounting to ₹524.74 lakhs and ₹514.90 lakhs as on March 31, 2016 and March 31, 2017. The same has been reclassified to Investment property as per Ind AS.

II. Fair Valuation of Investments

Under Indian GAAP, investments in equity instruments and mutual funds were classified as long term investments or current investments based on the intended holding period and realisability. Long term investments were carried at cost less provision for other than temporary diminution in the value of investments.

Current investments were carried at lower of cost and fair value. Ind AS requires such investments to be measured at fair value except investments in subsidiaries, associates and joint venture for which exemption has been availed. The transition from Indian GAAP to Ind AS not had a material impact on fair valuation of investments.

III. Financial instruments measured at amortized cost

Under Indian GAAP, interest free loan to employees and such assets are recorded at their transaction value. Under Ind AS, these loans are to be measured at amortized cost on the basis of effective interest rate method. The transition from Indian GAAP to Ind AS not had a material impact.

IV. Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method. There are no material upfront charges paid for the acquisition of the borrowing. Therefore Ind AS transition has no impact on transaction cost of Borrowings.

V. Capital grant

Under Indian GAAP, certain capital grant received from Government as 'Promoter Contribution' is shown under the head 'reserve & surplus as capital subsidy'. Under Ind AS, such grant is treated as deferred income and is recognized as income over the useful life of the assets for which such grant is received. This grant of ₹95.50 lacs pertains to the assets which has been fully depreciated before 1st April 2016, hence, the same has been transferred to retained earnings as on 1st April 2016.

VI. Defined benefit obligation

Under Ind AS, re-measurements i.e. actuarial gains and losses are to be recognized in 'Other comprehensive income' and are not to be reclassified to profit and loss in a subsequent period. Under the Indian GAAP, these re-measurements were forming part of the profit or loss. Therefore, actuarial gain/loss amounting to ₹88.89 Lakhs for the financial year 2016-17 has been recognized in OCI which was earlier recognized under Employee benefits expense. However, the same has no impact on the total equity as at 31st March, 2017.

VII. Sale of goods

a. Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Thus, sale of goods under Ind AS has increased by ₹1.08 Lakhs with a corresponding increase in other expenses.

b. Under Indian GAAP, turnover discount was shown as expense. However under Ind AS revenue is to be shown as net of turnover discount. Accordingly, turnover discount amounting to ₹131.11 Lakhs has been reduced from revenue with a corresponding adjustment in other expenses.

- c. Foreign exchange income on forward contracts and exchange fluctuation amounting to ₹408.40 lakhs for the year ended March 31, 2017 has been shown under the head under Other income as per Indian GAAP however as per Ind AS same is reclassified under Income from Operations as other operating income. However, there is no change in the equity.

VIII. Interest income

Interest income earned from excess of the funds out of borrowings are parked in the form of fixed deposit for short tenure. This interest income is netted off with the interest expense incurred on such borrowings. Therefore, the interest income amounting to ₹60.28 Lakhs as on 31st March 2017 has been netted off with interest expense with a corresponding adjustment in interest income. However, the same has no impact on the total equity as at 31st March, 2017.

IX. Deferred Tax

Despite the fact that the net worth of the Company has been fully eroded in the current year, the Management is of the view that the company is an operative company and with all necessary steps and continuing professional management, sufficient taxable income will be available in the specified period against which deferred tax asset would be adjusted.. In view of the same, the financial statements have been prepared on a going concern basis.

X. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on statement of cash flow.

Reconciliation of Equity as on 31st March 2017 and 1st April 2016

(₹ in Lakhs)

Particulars	As at March, 31 2017				As at April, 1 2016		
	Notes No.	As per Indian GAAP	Ind AS Adjustment	As per IND AS	As per Indian GAAP	Ind AS Adjustment	As per IND AS
I ASSETS							
1 Non-current assets							
a) Property, plant and equipment	I	24,226.60	(389.05)	23,837.55	23,729.22	(387.01)	23,342.21
b) Investment Property	I	-	514.90	514.90	-	524.74	524.74
c) Capital work-in-progress		537.58	-	537.58	663.58	-	663.58
d) Other intangible assets	I	133.26	(125.84)	7.42	137.92	(137.73)	0.19
e) Financial assets							
i) Investments		9,149.56	-	9,149.56	9,149.56	-	9,149.56
ii) Loans		35.00	-	35.00	-	35.00	35.00
iii) Other financial assets		2,331.02	-	2,331.02	2,530.37	-	2,530.37
f) Trade receivable		-	-	-	-	-	-
g) Deferred tax assets (net)		5,016.18	-	5,016.18	5,016.18	-	5,016.18
h) Other non-current assets		1,097.40	-	1,097.40	1,470.43	-	1,470.43
Total Non Current Assets		42,526.61	-	42,526.61	42,697.27	35.00	42,732.27
2 Current assets							
a) Inventories		7,743.10	-	7,743.10	7,295.05	-	7,295.05
b) Financial assets							
i) Investments		5.78	-	5.78	18.34	-	18.34
ii) Trade and other receivables		7,681.47	-	7,681.47	7,411.88	-	7,411.88
iii) Cash and cash equivalents		261.58	-	261.58	626.06	(348.31)	277.75
iv) Bank balances other than above		440.93	-	440.93	-	348.31	348.31
v) Loans		32.33	-	32.33	4,655.60	(4,609.33)	46.27
vi) Other financial assets		1,246.66	-	1,246.66	-	1,861.72	1,861.72
c) Current tax assets		415.47	-	415.47	-	450.82	450.82
d) Other current assets		2,210.82	-	2,210.82	6.26	2,261.80	2,268.06
Total Current Assets		20,038.14	-	20,038.14	20,013.20	(35.00)	19,978.20
TOTAL ASSETS		62,564.75	-	62,564.75	62,710.47	-	62,710.47
II EQUITY AND LIABILITIES							
1 EQUITY							
a) Equity share capital		2,232.54	-	2,232.54	2,232.54	-	2,232.54
b) Other equity		8,510.47	-	8,510.47	8,509.66	-	8,509.66
Total Equity		10,743.01	-	10,743.01	10,742.20	(0.00)	10,742.20
LIABILITIES							
2 Non-current liabilities							
a) Financial liabilities							
i) Borrowings		16,421.92	-	16,421.92	19,370.26	-	19,370.26
b) Long term provisions		43.38	-	43.38	213.08	-	213.08
c) Other non-current liabilities		-	16.81	16.81	-	16.81	16.81
Total Non Current Liabilities		16,465.30	16.81	16,482.11	19,583.34	16.81	19,600.15
3 Current liabilities							
a) Financial liabilities							
i) Borrowings		18,649.68	-	18,649.68	16,152.99	-	16,152.99
ii) Trade payables		6,884.76	-	6,884.76	6,372.62	-	6,372.62
iii) Other financial liabilities		-	9,420.19	9,420.19	-	9,325.15	9,325.15
b) Other current liabilities		9,816.11	(9,437.00)	379.11	9,635.41	(9,341.96)	293.45
c) Short term provisions		5.89	-	5.89	223.91	-	223.91
Total Current Liabilities		35,356.44	(16.81)	35,339.63	32,384.93	(16.81)	32,368.12
TOTAL EQUITY AND LIABILITIES		62,564.75	0.00	62,564.75	62,710.47	(0.00)	62,710.47

Reconciliation of Total Comprehensive Income for the Year Ended March 31,2017

(₹ in Lakh)

Particulars	Notes No.	As per Indian GAAP	Ind AS Adjustment	Year ended March 31,2017
Revenue from operations	VII	85,647.84	277.29	85,925.13
Less : Excise duty		(1.08)	1.08	0
Other income	VIII	1,869.95	(468.68)	1,401.27
Total Revenue (I)		87,516.71	(190.31)	87,326.40
Expenses				
Cost of Material consumed		52,007.50	-	52,007.50
Changes in inventories of finished goods		(692.45)	-	(692.45)
Excise duty on sale of goods		-	1.08	1.08
Purchase of traded goods		8,766.93	-	8,766.93
Employee benefits expense		5,396.83	88.90	5,485.73
Depreciation and amortisation expense		2,065.05	-	2,065.05
Other expenses	VII	14,270.36	(131.11)	14,139.25
Finance cost	VIII	5,679.87	(60.28)	5,619.58
Total expenses (II)		87,494.09	(101.42)	87,392.67
Profit before exceptional items and tax (I - II = III)		22.62	(88.89)	(66.27)
Exceptional item (IV)		-	-	-
Profit before tax (III - IV = V)		22.62	(88.89)	(66.27)
Tax expense: (VI)				
(-) Current tax		-	-	-
(-) Deferred tax		-	-	-
Profit for the period from continuing operations After Tax (V - VI = VII)		22.62	(88.89)	(66.27)
Other Comprehensive Income (XII)				
Items that will not be reclassified to profit or loss				
(i) Remeasurement of defined benefit obligation		-	88.89	88.89
Total Comprehensive Income for the period (XI + XII = XIII)		22.62	0.00	22.62
(Comprising Profit (Loss) and Other Comprehensive income for the period)				

38. FINANCIAL INSTRUMENT BY CATEGORY

The carrying value and fair value of the financial instruments at the end of each reporting period is as follows:

(₹ in Lakh)

Particulars	Notes No.	At cost	At Amortised Cost	At fair value through P&L Designation upon initial recognition	At fair value through OCI Designation upon initial recognition	Total Carrying value	Total Fair Value
Assets:							
i) Investments (Non Current)	3	0		23.15		23.15	23.15
ii) Trade receivable (Non Current)	6		279.23			279.23	279.23
iii) Trade and other receivables (Current)	11		2,750.75			2,750.75	2,750.75
iv) Cash and cash equivalents	12		38.95			38.95	38.95
v) Bank balances other than above	13		129.30			129.30	129.30
vi) Loans (Current)	14		16.58			16.58	16.58
vii) Other financial assets(Current)	15		277.89			277.89	277.89
Total		-	3,492.70	23.15	-	3,515.85	3,515.85
Liabilities:							
i) Borrowings (Non Current)	20		13,223.84			13,223.84	13,223.84
ii) Borrowings (Current)	23		24,532.20			24,532.20	24,532.20
iii) Trade payables (Current)	24		3,769.14			3,769.14	3,769.14
iv) Other financial liabilities (Current)	25		28,558.87			28,558.87	28,558.87
Total		-	70,084.05	-	-	70,084.05	70,084.05

(₹ in Lakh)								
Particulars	Notes No.	At cost	At Amortised Cost	At fair value through P&L Designation upon initial recognition	Mandatory	At fair value through OCI Designation upon initial recognition	Mandatory	Total Carrying value
As at March 31, 2017								
Assets:								
i) Investments (Non current)	3	9,126.41		23.15				9,149.56
ii) Loans (Non current)	4		35.00					35.00
iii) Other financial assets (Non current)	5		2,331.02					2,331.02
iv) Investments (current)	10				5.78			5.78
v) Trade and other receivables (current)	11		7,681.47					7,681.47
vi) Cash and cash equivalents	12		261.58					261.58
vii) Bank balances other than above	13		440.93					440.93
viii) Loans (current)	14		32.33					32.33
ix) Other financial assets (current)	15		1,246.66					1,246.66
Total		9,126.41	12,028.99	23.15	5.78	-	-	21,184.33
Liabilities:								
i) Borrowings (Non current)	20		16,421.92					16,421.92
ii) Borrowings (Current)	23		18,649.68					18,649.68
iii) Trade payables (Current)	24		6,884.76					6,884.76
iv) Other financial liabilities (Current)	25		9,420.19					9,420.19
Total		-	51,376.55	-	-	-	-	51,376.55
As at April 1, 2016								
Assets:								
i) Investments (Non current)	3	9,126.41		23.15				9,149.56
ii) Loans (Non current)	4		35.00					35.00
iii) Other financial assets (Non current)	5		2,530.37					2,530.37
iv) Investments (Current)	10				18.34			18.34
v) Trade and other receivables (Current)	11		7,411.89					7,411.89
vi) Cash and cash equivalents	12		277.75					277.75
vii) Bank balances other than above	13		348.31					348.31
viii) Loans (Current)	14		46.27					46.27
ix) Other financial assets (Current)	15		1,861.72					1,861.72
Total		9,126.41	12,511.31	23.15	18.34	-	-	21,679.20
Liabilities:								
i) Borrowings (Non Current)	20		19,370.26					19,370.26
ii) Borrowings (Current)	23		16,152.99					16,152.99
iii) Trade payables (Current)	24		6,372.62					6,372.62
iv) Other financial liabilities (Current)	25		9,325.15					9,325.15
Total		-	51,221.02	-	-	-	-	51,221.02

38 (b) Fair Value Measurement

(i) Fair Value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value: As at 31st March 2018

Particulars	Fair Value measurement using			
	Fair Value	Level 1	Level 2	Level 3
Long Term Investments				
Fair Value through Profit and Loss (designated upon initial recognition)				23.15
Current Investments				
Fair Value through Profit and Loss			0	

(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value: As at 31st March 2017

Particulars	Fair Value measurement using			
	Fair Value	Level 1	Level 2	Level 3
Long Term Investments				
Fair Value through Profit and Loss (designated upon initial recognition)				23.15
Current Investments				
Fair Value through Profit and Loss			5.78	

(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value: As at 1st April 2016

Particulars	Fair Value measurement using			
	Fair Value	Level 1	Level 2	Level 3
Long Term Investments				
Fair Value through Profit and Loss (designated upon initial recognition)				23.15
Current Investments				
Fair Value through Profit and Loss			18.34	

39. EARNING PER SHARE

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
The basic and diluted earning per share is as under:		
Net Profit after tax attributable to equity share holders (₹ in Lakhs)	(42,388.30)	(66.27)
Weighted average no. of equity shares outstanding	22,290,957	22,290,957
Nominal value of per equity shares (in ₹)	10	10
Basic earnings per share (₹)	(190.16)	(0.30)
Diluted earnings per share (₹)	(190.16)	(0.30)

*There are no potential equity shares

40. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:-

(₹ in Lakh)

Particulars	As at 31 March 2018	As at 31 March 2017
Claims against the Company not acknowledged as debts	18.09	221.25
Bills discounted with bankers.	0.00	7,572.81
Letter of credit & bank guarantee issued	128.83	128.83
Enhancement Compensation on VTM land	-	174.01
Income Tax demands under appeal	953.01	774.64
Service Tax demands under appeal (net of ₹1.41 Lakhs; Previous Year ₹1.91 Lakhs)	12.70	12.20
Demand of PSEB for voltage surcharge and DSA	0.00	104.56
Subordination letter for not to withdraw the loan from foreign subsidiary until negative equity situation reverses	237.33	237.33

41 Litigation status of the company as on 31st March 2018 are as follows:

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

(₹ in Lakh)

	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	417.21	300.30	42.34	42.34
			(572.67)	-	(220.79)	(42.34)
		Service Tax Act	15.38	-	14.11	1.41
			(33.53)	-	(14.11)	(1.91)
		Punjab Vat Act	196.12	158.52	18.09	8.33
			(200.94)	(158.52)	(0.46)	(5.48)
ii)	Direct Taxation	Income Tax Act	1,274.26	-	953.02	220.00
			(1,094.97)	-	(774.64)	(220.00)
		Wealth Tax Act	2.11	-	-	-
			(2.11)	-	-	-
iii)	Labour laws	ESI Act	2.20	-	-	2.20
			(2.20)	-	-	(2.20)
iv)	Commercial matters	PSEB	-	-	-	-
			(104.56)		(104.56)	(104.56)
	Total		1,907.28	458.82	1,027.56	274.28
			(2,010.98)	(158.52)	(1,114.56)	(376.49)

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:

(₹ in Lakh)

S. No.	Nature of Dispute	Amount Involved	Provision Made	Amount Decreed in favour of the Company (under execution)	Balance Amount Still contested by the Company
1	Commercial matters - Legal cases customers	563.55	518.90	-	44.65
		(334.75)	(151.71)		(183.04)

Figures in brackets in aforesaid note represent previous year figures

42 Obligations and commitments outstanding:

(₹ in Lakh)

	As at 31 March 2018	As at 31 March 2017
a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	21.26	-
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	2,782.47	7,839.92

43 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

	Currency	As at 31 March 2018		As at 31 March 2017	
		In million	₹ in Lakh	In million	₹ in Lakh
Forward cover (trade receivables)	USD	-	-	2.98	2,073.12
Total		-	-	2.98	2,073.12

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

	Currency	As at 31 March 2018		As at 31 March 2017	
		In million	₹ in Lakh	In million	₹ in Lakh
Trade Receivables	USD	-	-	3.90	2,535.30
Loan (including interest, current year-Nil, previous year-₹ NIL)	USD	0.55	365.04	0.55	370.73
Total USD		0.55	365.04	4.45	2,906.03

44 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.

45 Employee benefit obligation
Defined Contribution Plan

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
i) Employer's contribution to Provident Fund	170.17	208.18
ii) Employer's contribution to Superannuation Fund	6.30	7.95
iii) Employer's contribution to Pension Scheme	84.84	96.42

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
Defined benefit obligation at the beginning of the year	409.50	502.49
Current service cost	55.96	56.16
Interest cost	29.09	35.70
Actuarial gain / (loss)	14.85	(89.10)
Benefit paid	(142.00)	(95.75)
Past Service Cost	10.00	-
Defined obligation at year end	377.41	409.50

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
Fair value of plan assets at the beginning of the Year	532.90	491.66
Expected return on plan assets	37.86	38.10
Actuarial gain / (loss)	(1.24)	3.14
Employer contribution	-	-
Benefit paid	-	-
Fair value of plan assets at year end	569.52	532.90

Reconciliation of fair value of assets & obligation

	For the year ended 31 March 2018	For the year ended 31 March 2017
Fair value of plan assets at the end	569.52	532.90
Present value of obligation	377.41	409.50
Net asset/(liability) recognized in the balance sheet	192.11	123.40

(a) Amount recognized in the statement of profit & loss

	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	55.96	56.16
Interest cost	29.09	35.70
Expected return on plan assets	(37.86)	(38.10)
Past Service Cost	10.00	-
Amount recognized in the statement of profit & loss	57.20	53.76

(b) Other comprehensive(income)/expense(Remeasurement)

(₹ in Lakh)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Actuarial (gain)/loss -obligation	14.85	(89.10)
Actuarial (gain)/loss -plan assets	1.25	(3.14)
Amount recognized in the statement of profit & loss	16.10	(92.24)

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
Discount rate	7.75%	7.75%
Attrition rate	5.00%	5.00%
Expected rate of return on assets	7.75%	7.75%
Mortality rate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Salary rise	5.00%	5.00%

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

	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh	For the year ended 31 March 2016 ₹ in Lakh	For the year ended 31 March 2015 ₹ in Lakh	For the year ended 31 March 2014 ₹ in Lakh
Defined benefit obligation	377.41	409.50	502.49	453.54	398.94
Plan assets	569.52	532.90	503.18	419.88	380.96
Surplus/(deficit)	192.11	123.40	0.69	(33.66)	(23.63)
Experience adjustment on plan assets	(1.24)	3.14	(1.70)	(3.27)	3.21
Experience adjustment on plan liabilities	(117.15)	(158.96)	4.90	(11.85)	31.23

Employee Benefit obligation continued..

Leave Encashment (unfunded)

Reconciliation of opening and closing balances of defined benefit obligation

	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh
Defined benefit obligation at the beginning of the year	49.27	213.08
Current service cost	15.35	12.43
Interest cost	3.50	15.14
Actuarial (gain) /loss	18.09	(36.06)
Benefit paid	(37.78)	(155.32)
Defined obligation at year end	48.43	49.27

Reconciliation of fair value of assets & obligations

	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh
Fair value of plan assets at the end		
Present value of obligation	48.43	49.27
Amount recognized in balance sheet	48.43	49.27

(a) Amount recognized in the statement of profit & loss

	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh
Current service cost	15.35	12.43
Interest cost	3.50	15.14
Expected return on plan assets	-	-
Amount recognized in the statement of profit & loss	18.85	27.56

(b) Other comprehensive(income)/expense(Remeasurement)

	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh
Actuarial (gain)/loss -obligation	18.09	(36.06)
Actuarial (gain)/loss -plan assets	-	-
Amount recognized in the statement of profit & loss	18.09	(36.06)

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

	For the year ended 31 March 2018	For the year ended 31 March 17
Discount rate	7.75%	7.75%
Attrition rate	5.00%	5.00%
Expected rate of return on assets	NA	NA
Mortality rate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Salary rise	5.00%	5.00%

46 Related party disclosures in accordance with IND AS-24 "Related Party" :-
i) List of related parties and relationships (as identified & certified by management)

Particulars	2017-18	2016-17
a) Subsidiary Company	F.M. Hammerle Textiles Ltd F M Hammerle Verwaltung GmbH, Austria	F.M. Hammerle Textiles Ltd F M Hammerle Verwaltung GmbH, Austria
b) Key management personnel	Mr. Ashok Kumar Oswal Mr. Adish Oswal Mr. Ashok Kumar Goyal (Upto 31.03.2018) Mr. Sushil Sharma (upto 5th July, 2017) Mr. Pankaj Agarwal (w.e.f 1st November, 2017) Mr. Kuldeep Singla	Mr. Ashok Kumar Oswal Mr. Adish Oswal Mr. Ashok Kumar Goyal Mr. Sushil Sharma Mr.Parvinder Singh (upto 31th August 2016) Mr. Kuldeep Singla (w.e.f 1st September 2016)
c) Relative of KMP	Mr. Abhinav Oswal Mrs. Manju Oswal Ms. Aketa Oswal Mrs. Rakhi Oswal	Mr. Abhinav Oswal Mrs. Manju Oswal Ms. Aketa Oswal Mrs. Rakhi Oswal Ms. Shruti Goyal (upto 16th July 2016)
d) Enterprise over which KMP is able to exercise significant influence	Oswal Industrial Enterprise Private Limited Panchsheel Textile Mfg & Trading Co. Pvt Ltd Enakshi Investments Private Limited. Liberty Mercantile Co.(P)Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments Private Limited. Ruby Mercantile Co. Private Limited. Boras Investment & Trading Co. (P) Limited. Gagan Mercantile Co. Private Limited. Pioneer Mercantile India Private Limited. Adesh Investment & Trading Co. (P) Limited. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech Pvt. Ltd. Oswal Tradecom Pvt. Ltd. Oswal Holding Pvt. Ltd. Nightangle Dealcom Pvt. Ltd. Alma Assets Consultancy (P) Ltd Altfort Merchants (P) Ltd Vardhman Amarante Private Limited	Oswal Industrial Enterprise Private Limited Panchsheel Textile Mfg & Trading Co.Pvt Ltd Enakshi Investments Private Limited. Liberty Mercantile Co.(P)Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments Private Limited. Ruby Mercantile Co. Private Limited. Boras Investment & Trading Co. (P) Limited. Gagan Mercantile Co. Private Limited. Pioneer Mercantile India Private Limited. Adesh Investment & Trading Co. (P) Limited. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech Pvt. Ltd. Oswal Tradecom Pvt. Ltd. Oswal Holding Pvt. Ltd. Nightangle Dealcom Pvt. Ltd. Alma Assets Consultancy (P) Ltd Altfort Merchants (P) Ltd Vardhman Amarante Private Limited

ii) Transaction with related parties during the year:-

(₹ in Lakh)

Particulars	Subsidiaries		KMP		Relatives of KMP		Enterprise over which KMP is able to exercise Significant Influence		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Loan received	-	-	-	539.50	-	-	1,600.56	192.50	1,600.56	732.00
Loan repaid	-	-	160.81	325.00	-	-	1,554.06	127.00	1,714.87	452.00
Advance received back against goods	-	-	-	-	-	-	-	649.04	-	649.04
Sale of goods	-	5.29	-	-	-	-	656.82	394.43	656.82	399.72
Purchase of fabric/bed sheet (net)	55.13	68.52	-	-	-	-	315.71	-	370.84	68.52
Advance given against goods	-	-	-	-	-	-	-	644.35	-	644.35
Advance given (net)	123.97	380.57	-	-	-	-	-	-	123.97	380.57
Expense reimbursement (Receivable)	21.13	103.67	-	-	-	-	-	4.69	21.13	108.36
Rent paid	-	-	49.52	40.85	-	-	-	-	49.52	40.85
Job charges Paid	-	-	-	-	-	-	2.28	29.63	2.28	29.63
Rent received	-	-	-	-	-	-	0.48	1.31	0.48	1.31
Interest received	-	295.75	-	-	-	-	-	-	-	295.75
Interest paid	-	-	18.54	16.76	-	-	80.10	7.17	98.64	23.93
Remuneration	-	-	25.48	36.38	5.19	18.05	-	-	30.67	54.43
Managerial remuneration	-	-	107.96	193.49	-	-	-	-	107.96	193.49
Cheque received against advance	-	650.00	-	-	-	-	-	-	-	650.00
Corporate guarantee	-	-	-	-	-	-	-	-	-	-
OUTSTANDING BALANCES AT YEAR END										
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	-	-	93.69	254.50	-	-	162.00	115.50	255.69	370.00
Amount payable/(recoverable)	-	-	-	-	-	-	-	-	-	-
Advance	3064.96	2,517.81	-	-	-	-	-	-	3,064.96	2,517.81

46 Related party disclosures:-

Transactions during the year:-

- Loan received from KMP includes loan received from Mr. Ashok Kumar Oswal of ₹ Nil lakh (previous year ₹539.50 lakh) and loan received from enterprise over which KMP has significant influence is ₹46.50 lakh (Previous year ₹65.5 lakh) from Altfort Merchants (P) Ltd and ₹1554.06 lakh from Vardhman Amrante Private Limited (Previous year ₹127.00 lakh).
- Loan repaid to KMP includes loan repaid to Mr. Ashok Kumar Oswal of ₹160.81 lakh (Previous year ₹325.00 lakh) and loan repaid to enterprise over KMP ₹ Nil (previous year ₹ Nil lakh) to Altfort Merchants (P) Ltd and ₹1554.60 lakh (Previous year ₹127 lakh) to Vardhman Amrante Private Limited.
- Advance received against goods includes advance received from Oswal Industrial Enterprises Ltd. of ₹ Nil lakh (previous year ₹649.04 lakh).
- Sale of goods includes transactions of ₹ Nil lakh (Previous year ₹5.29 lakh) with F.M. Hammerle Textiles Limited & ₹637.98 lakh (Previous year ₹394.43 lakh) with Oswal Industrial Enterprises (P) Ltd and ₹18.84 lakh (Previous Year ₹ Nil lakh) from Vardhman Amrante Private Limited.
- Purchase of fabrics/bed sheets includes transactions of ₹55.13 lakh (Previous year ₹68.52 lakh) with F.M. Hammerle Textiles Limited ₹290.10 lakh from Oswal Industrial Enterprises (P) Ltd. & ₹25.61 Lakh from Vardhman Amrante (P) Ltd
- Advance given against goods includes transactions with Oswal Industrial Enterprises Ltd. of ₹ Nil lakh (previous year ₹644.35 Lakh).
- Advance given (net of funds received) includes transactions with F.M. Hammerle Textiles Ltd. ₹123.97 lakh (Previous Year ₹380.57 lakh).
- Expenses reimbursement to F.M. Hammerle Textiles Ltd. of ₹21.13 lakh (Previous year ₹103.67 lakh)
- Rent paid to Mr. Ashok Kumar Oswal ₹49.52 lakh (previous year ₹40.85 lakh).
- Job charges paid to Oswal Industrial Enterprises (P) Ltd. ₹2.28 lakh (previous year ₹29.63 lakh)
- Rent received includes rent from Oswal Industrial Enterprises (P) Ltd ₹0.48 lakh (Previous year ₹1.31 lakh).
- Interest received from subsidiary includes ₹ Nil lakh (previous year ₹295.75 lakh) from F.M. Hammerle Textiles Limited.
- Interest paid to KMP includes ₹18.54 lakh (Previous year ₹16.76 lakh) paid to Mr Ashok Kumar Oswal.
- Interest paid to enterprises over which KMP has significant influence ₹15.23 lakh paid to Altfort Merchants (P) Ltd. (previous year ₹5.95 lakh) and ₹64.87 lakh to Vardhman Amrante Private Limited (Previous year ₹1.22 lakhs).

- o) Remuneration includes transaction with Mr. Abhinav Oswal ₹5.19 lakh (previous year ₹18.05 lakh), Mr. Kuldeep Singla ₹17.91 lakh (previous year ₹9.85 lakh) & Mr. Sushil Sharma ₹3.62 lakh (Previous year ₹13.95 lakh) till 5th July, 2018, Pankaj Agarwal ₹3.95 lakh (w.e.f 1st November, 2018)
- p) Managerial Remuneration includes transactions with Mr. Ashok Kumar Oswal ₹29.27 lakh (previous year ₹72.06 lakh), Mr. Adish Oswal ₹24.38 lakh (previous year ₹70.74 lakh) and Mr. Ashok Goyal ₹54.31 lakh (previous year ₹50.69 lakh).
- q) Cheques received against advance includes cheques received from F.M. Hammerle Textiles Ltd. ₹ Nil lakh (Previous Year ₹650.00 lakh).

Closing balance at the year end:-

- a) Corporate Guarantee to subsidiary company: Guarantee outstanding given to lenders of F.M. Hammerle Textiles Ltd. ₹8,233.00 lakh (Previous Year ₹8,233.00 lakh).
- b) Corporate Guarantee by subsidiary company: Guarantee outstanding received from F.M. Hammerle Textiles Ltd. ₹1,600.00 lakh (Previous Year ₹1,600 lakh)
- c) Investment of ₹9,149.04 lakh (previous year ₹9,149.04 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).
- d) Unsecured loans of ₹255.69 lakh (previous year ₹370 lakh) includes loan taken of ₹162.00 lakh (previous year ₹115.50 lakh) from Alfort Merchants (P) Ltd and ₹93.69 lakh (previous year ₹254.50 lakh) from Mr Ashok Kumar Oswal.
- e) Advance of ₹3064.96 lakh (previous year ₹2517.81 lakh) includes, F.M. Hammerle Textiles Ltd. ₹2829.51 lakh (Previous year ₹2282.36 lakh) and in F.M. Hammerle Verwaltung GmbH, Austria ₹235.45 lakh (Previous Year ₹235.45 lakh). In previous year subsidiary company had issued cheque against advance worth ₹650 lakhs which did not materialize due stressful position of subsidiary company, thus the advance given to subsidiary company increased by net amount of ₹547.15 Lakhs.

47. Financial Risk Management

The principal financial assets of the Company include loans, trade and other receivables, and cash and bank balances that derive directly from its operations. The principal financial liabilities of the company, include loans and borrowings, trade and other payables and the main purpose of these financial liabilities is to finance the day to day operations of the company.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks and that advises on financial risks and the appropriate financial risk governance framework for the Company.

This note explains the risks which the company is exposed to and policies and framework adopted by the company to manage these risks:

Market Risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans & borrowings and deposits. The sensitivity analyses in the following sections relate to the position as at 31 March 2018 and 31 March 2017.

(i) Foreign Currency risk management

The company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

(ii) Interest Rate Risk

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

As the Company has no significant interest-bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates, which are included in interest bearing loans and borrowings in these financial statements. The company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

At the reporting date the interest rate profile of the Company's interest bearing financial instrument is at its fair value:

Particulars	As at 31st March 2018	As at 31st March 2017
Variable rate instruments		
Long term borrowings	13223.84	16421.92
Current maturities of long term debt	7054.02	4532.5
Short term borrowings	24532.2	18649.68

Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/(decreased) profit or loss for the below years by the amounts shown below. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Lakh)		
Particulars	As at 31st March 2018	As at 31st March 2017
Increase/(decrease) in 100 basis point	448.1	396.04

Liquidity Risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has outstanding bank borrowings. The Company is passing through a phase of liquidity stress and there is a mismatch in cash flows. Due to this, the capacities of the Company are running at sub-optimal level. The Company is working towards devising a plan which would correct the cash flow mismatch. The Company believes that the Company would be able to generate enough cash inflows to meet its working capital requirements in the medium and long run. The company manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The Company has exposure to credit risk from trade receivable balances on sale of Yarns & Readymade Garments. The Company ensures concentration of credit does not significantly impair the financial assets since the customers to whom the exposure of credit is taken are well established and reputed industries engaged in their respective field of business. The creditworthiness of customers to which the Company grants credit in the normal course of the business is monitored regularly.

The Following is the detail of revenues generated from top five customer of the company and allowance for life time expected credit loss:

(₹ in Lakh)		
Particulars	As at March 31, 2018	As at March 31, 2017
(a) Revenue from top five customers		
- Amount of Sales	15264.85	13092.18
- % of total Sales	24.74%	15.54%
(b) Revenue from top five customers		
Balance at the beginning of the period	337.51	327.51
Recognized during the year	181.39	10
Balance At the end of the period	518.9	337.51

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables as disclosed at Note 6 & 11.

Write off policy

The financial assets are written off in case there is no reasonable expectation of recovering from the financial.

47A Capital Management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The director's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. No Changes were made in the objectives, policies or processes during the years ended 31st March 2018 and 31st March 2017.

48 a) Value of imports calculated on CIF basis in respect of: (accrual basis)

	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh
Raw materials	1,386.39	6,215.29
Components & spare parts	180.03	274.47
Capital Goods	-	1,050.42
Total	1,566.42	7,540.18

b) Expenditure in foreign currency on account of:

	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh
Commission, consultancy, travelling, interest and others	92.47	248.29

49. Earnings in foreign currency

	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh
Export of goods calculated on FOB basis	11,964.97	32,062.60

50. The details of prior period expenses are as follows:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Bonus	0.72	-
Total	0.72	-

51. i) The credit facilities of the Company were restructured under CDR mechanism vide LOA dated 28/12/2012. The Company complied with the conditions stipulated in the LOA. Reserve Bank of India, vide its circular dated 12/02/2018 has withdrawn the Corporate Debt Restructuring Scheme. The accounts of the Company have been declared NPA by all of its lenders. Refer Note 20 for further details.
- ii) As the company accounts have been declared as NPA, therefore no interest in being charged by the lenders post the NPA classification. Keeping the accrual concept in consideration, the company has provided for interest based upon terms of the CDR package.
- iii) Despite the fact that the net worth of the Company has been fully eroded in the current year, the Management is of the view that the company is an operative company and with all necessary steps and continuing professional management, sufficient taxable income will be available in the specified period against which deferred tax asset would be adjusted.. In view of the same, the financial statements have been prepared on a going concern basis.
52. During the previous year, the Company had credited profit of ₹396.44 lakh due on payment of FCCB liability (Total Liability as on 31/03/2017 being ₹868.64 lakh). Out of the above mentioned FCCB liability ₹ 365.04 lakh is still outstanding as on 31/03/2018.
53. 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, Managing Director(Corporate & Business Affairs) 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.
54. The Company is paying rentals for office premises taken on rent which are not in the nature of operating lease agreements. Therefore, disclosure requirements of IND AS-17 are not applicable.
55. In accordance with the provisions of Accounting Standard on impairment of Assets, (IND AS-36), 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.
56. 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 clause 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as follows:

	Outstanding amount as at 2017-18	Maximum amount outstanding during the financial year 2017-18	Outstanding amount as at 2016-17	Maximum amount outstanding during the financial year 2016-17
FM Hammerle Textiles Ltd	2,829.15	2,662.93	2,282.35	2,662.93
Oswal Industrial Enterprise (P) Ltd	-	160.01	-	160.01
FM Hammerle Verwaltung GmbH, Austria	235.45	257.26	235.45	257.26

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

Description	As at March 31, 2018 ₹ in Lakh	As at March 31, 2017 ₹ in Lakh
Opening Balance	81.36	461.93
Add: Given during the year	21.13	374.55
Less: Received back during the year	(102.49)	(755.12)
Closing Balance	-	81.36

The above loans have been given for business purposes. The company has charged interest on these loans @10% to 14% per annum (P.Y. 9.5% to 14.40%).

58. The balances of Trade Receivables, Loan and Advances, Deposits and Trade Payables are subject to confirmation/reconciliation and subsequent adjustments, if any. During the year, letters have been sent to various parties with a request to confirm their balances as on 31st March, 2018. Except for the provision created against these receivables, they are realizable as per management of the company.

59. The business of company falls within a single primary segment viz, Textile and hence, the disclosure requirement of IND AS - 108 'Operating segment' is not applicable.
60. Previous year figures have been regrouped /reclassified wherever necessary to confirm to current year classification.

As per our report of even date
For Romesh K Aggarwal & Associates
Chartered Accountants
Firm Reg. No:-000711N

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

Sd/-
Ruchir Singla
Partner
Membership No. 519347

Sd/-
Adish Oswal
Managing Director
(Business & Corporate Affairs)
(DIN-00009710)

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

Place : Ludhiana
Date : 30th May 2018

Sd/-
Pankaj Agarwal
(Company Secretary)

Sd/-
Kuldeep Singla
(Chief Financial Officer)

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT

To The Members of VARDHMAN POLYTEX LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of VARDHMAN POLYTEX LIMITED ("the Holding Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2018, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

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

Basis for Qualified Opinion

Note No. 52 of the Consolidated Ind AS financial statements regarding crediting a profit of ₹396.44 lakhs due on payment of FCCB liability to the statement of profit & loss during the previous year (March 31, 2017) which should have been credited in the Consolidated statement of profit & loss on payment of FCCB liability which is still outstanding to the tune of 554,160 USD as on March 31, 2018 is not in compliance with the requirements of para 27 of the Ind AS 1- Presentation of Financial Statements w.r.t. preparation of financial statements on accrual basis. Consequently, the profit and loss has been overstated by the above mentioned amount.

We further report that, had the impact of our observations made in para above been considered, the net loss and the net worth, for the period ended, would have increased and decreased respectively by ₹396.44 lakhs.

Qualified 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 above para of "Basis for Qualified Opinion" of our report, the aforesaid consolidated Ind AS 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, 2018, and its consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters:

i) Note No. 37 (IX) of the Consolidated Ind AS financial statements regarding preparation of the Consolidated financial statements on a going concern basis notwithstanding the facts that the Group has accumulated losses resulting in erosion of net worth. Keeping in view the above, the Group has continued deferred tax asset (at the same levels as last year) considering virtual certainty that sufficient taxable income will be available during specified period against which such deferred tax asset/MAT Credit Entitlement can be adjusted.

The independent auditor of **F.M. Hammerle Textiles Limited (Subsidiary Company)** in their audit report on the financial statements for the year ended March 31, 2018 have drawn Emphasis of Matter paragraphs incorporated by us as under:

i) The company as on the date of the balance sheet has accumulated losses of ₹23318.94 lacs which has eroded 100% of its share capital and the company's current liabilities has exceeded its current assets as at the balance sheet date. Under sick industrial companies (special provisions) act (SISA) of 1985, the company had been classified as "sick company" under section 15 of said act and accordingly a

reference had been filed with board of industrial and financial reconstruction (BIFR). w.e.f. from 1st December, 2016, ministry of finance vide notifications no's, S.O. 3568(E) and 3569(E), has dissolved BIFR due to applicability of insolvency and bankruptcy code. These conditions raise doubt about the company's ability to continue as a going concern. The management of the company is working on reviving the company by exploring possibilities of finding different resolutions plans for its revival. In view of this the accompanying financial statements do not include any adjustments that might result from the outcome of these uncertainties to the recoverability and classifications of assets carrying amounts or the amounts and classification of liabilities that might be necessary should the company be unable to continue as a going concern.

ii) The company is in shortage of one independent directors more fully explained in the said note which is inconsistent with the requirements of the act.

iii) There is an uncertainty related to the outcome of the matter pending with Hon'ble high court of state of Punjab and Haryana at Chandigarh which is pending adjudication in relation to filling petition u/s 397,398 of the erstwhile companies act, 1956. The amount of compensation is not determinable at this stage.

Our conclusion is not modified in respect of the above matters.

Other Matters

We did not audit the financial statements of two subsidiaries namely, F.M. Hammerle Textiles Limited and F.M. Hammerle Verwaltung GmbH, Austria, whose financial statements reflect Total Assets of ₹11,777.57 lacs as at March 31, 2018, Total Revenue ₹2,138.31 lacs and Total Loss ₹4,456.33 lacs for the period ended March 31, 2018, as considered in the consolidated Ind AS financial statements. The financial statements of M/s F.M. Hammerle Textiles Limited have been audited by other Auditors whose report has been furnished to us by the management. Also financial results of M/s F.M. Hammerle Verwaltung GmbH, Austria are unaudited and have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of Section 143 (3) of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports as mentioned above. The Holding Company's management has converted the financial statements of the subsidiary located outside India from accounting principles generally accepted in their country to IND AS. We have audited these conversion adjustments made by the Holding Company's management.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other

comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act except as reported in the para of "basis for qualified opinion" as above.
- e) In our opinion, the matters described in the "basis of Qualified Opinion" and "emphasis of matter" paragraphs above may have an adverse impact on the functioning of the company.
- f) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. - Refer note 40 of the Consolidated Ind AS financial statements.
 - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts
 - iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2018.

For ROMESH K AGGARWAL & ASSOCIATES

Chartered Accountants

Firm Registration No. 000711N

Sd/-

Ruchir Singla

Partner

Membership no. 519347

Place: Ludhiana

Date: May 30, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of VARDHAMN POLYTEX LIMITED ("the Company") as of March 31, 2018 in conjunction with our audit of the consolidated Ind As financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's and its subsidiary companies incorporated in India, internal financial control system with reference to financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies incorporated in India, have in all material respects, an adequate internal financial control system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal controls with reference to financial statements criteria established by the Holding Company and its subsidiary companies, considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

Emphasis of Matter

We would draw attention to matters disclosed in paragraph under 'Emphasis of matters' in our main Independent Auditor's Report which could indicate possible lapses in internal financial controls systems at various points in time.

For ROMESH K AGGARWAL & ASSOCIATES
Chartered Accountants
Firm Registration No. 000711N

Place: Ludhiana
Date: May 30, 2018

Sd/-
Ruchir Singla
Partner
Membership no. 519347

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in Lakh)

Particulars	Notes No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
I ASSETS				
1 Non-current assets				
a) Property, plant and equipment	2	33,339.32	35,441.26	35,682.06
b) Investment Property	2(a)	505.06	514.90	524.74
c) Capital work-in-progress	2(b)	311.39	666.61	663.57
d) Other intangible assets	2	136.14	315.93	547.78
e) Financial assets				
i) Investments	3	0.62	0.62	0.62
ii) Loans	4	-	35.00	35.00
iii) Other financial assets	5	-	95.02	294.37
f) Trade receivable	6	279.23	-	-
g) Deferred tax assets (net)	7	5,016.18	5,016.18	5,016.18
h) Other non-current assets	8	953.08	1,124.26	1,505.45
Total Non Current Assets		40,541.02	43,209.78	44,269.77
2 Current assets				
a) Inventories	9	4,445.66	8,834.00	8,596.82
b) Financial assets				
i) Investments	10	-	5.78	18.34
ii) Trade receivables	11	2,841.20	8,582.80	9,088.63
iii) Cash and cash equivalents	12	107.28	344.52	455.68
iv) Bank balances other than above	13	281.99	564.07	473.47
v) Loans	14	16.86	35.53	46.31
vi) Other financial assets	15	296.27	1,103.44	1,434.27
c) Current tax assets	16	367.88	434.95	474.74
d) Other current assets	17	2,393.60	2,417.09	2,695.89
Total Current Assets		10,750.74	22,322.18	23,284.15
TOTAL ASSETS		51,291.76	65,531.96	67,553.93
II EQUITY AND LIABILITIES				
1 EQUITY				
a) Equity share capital	18	2,232.54	2,232.54	2,232.54
b) Other equity	19	(25,793.21)	(8,578.09)	(5,280.67)
c) Preference Share Capital		1220.75	1,220.75	1,220.75
Total Equity		(22,339.92)	(5,124.80)	(1,827.38)
LIABILITIES				
2 Non-current liabilities				
a) Financial liabilities				
i) Borrowings	20	23,943.47	27,284.02	30,550.89
b) Long term provisions	21	418.44	357.83	508.14
c) Other non-current liabilities	22	6.86	50.12	77.11
Total Non Current Liabilities		24,368.77	27,691.97	31,136.15
3 Current liabilities				
a) Financial liabilities				
i) Borrowings	23	25,861.02	19,978.49	17,881.79
ii) Trade payables	24	4,939.86	8,163.53	7,678.62
iii) Other financial liabilities	25	17,156.02	14,202.99	11,931.11
b) Other current liabilities	26	471.38	570.39	452.18
c) Short term provisions	27	834.63	49.39	301.45
Total Current Liabilities		49,262.91	42,964.79	38,245.16
TOTAL EQUITY AND LIABILITIES		51,291.76	65,531.96	67,553.93
Significant accounting policies	1			
The accompanying notes form an integral part of these financial statements				

As per our report of even date
For Romesh K Aggarwal & Associates
Chartered Accountants
 Firm Reg. No:-000711N

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

Sd/-
Ruchir Singla
 Partner
 Membership No. 519347

Sd/-
Adish Oswal
 Managing Director
 (Business & Corporate Affairs)
 (DIN-00009710)

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

Sd/-
Pankaj Agarwal
 (Company Secretary)

Sd/-
Kuldeep Singla
 (Chief Financial Officer)

Place : Ludhiana
 Date : 30th May 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in Lakh)

Particulars	Notes No.	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Revenue from operations	28	64,096.45	92,549.25
Other income	29	543.14	1,209.39
Total Income (I)		64,639.59	93,758.64
Expenses			
Cost of Material consumed	30	42,673.88	54,933.56
Purchase of traded goods	31	4,255.51	8,693.11
Changes in inventories of finished goods	32	3,028.12	(560.89)
Excise duty on sale of goods		0.08	1.08
Employee benefits expense	33	6,385.65	7,258.34
Finance cost	34	8,245.80	7,246.16
Depreciation and amortisation expense		2,990.72	3,047.84
Other expenses	35	14,022.22	16,483.38
Total expenses (II)		81,601.98	97,102.58
Profit before exceptional items and tax (I - II = III)		(16,962.39)	(3,343.94)
Exceptional item (IV)	36	203.13	-
Profit before tax (III - IV = V)		(17,165.52)	(3,343.94)
Tax expense: (VI)			
Current tax		1.32	1.27
Deferred tax			
Profit for the period from continuing operations After Tax (V - VI = VII)		(17,166.84)	(3,345.21)
Other Comprehensive Income (VIII)			
Items that will not be reclassified to profit or loss			
(i) Remeasurement of defined benefit obligation		(38.62)	41.59
Total Comprehensive Income for the period (VII + VIII = IX)		(17,205.46)	(3,303.62)
Earnings per equity share (for continuing operation): (X)			
1 Basic	39	-77.01	-15.01
2 Diluted		-77.01	-15.01
Significant accounting policies	1		
The accompanying notes are an integral part of these financial statements			

As per our report of even date
For Romesh K Aggarwal & Associates
Chartered Accountants
Firm Reg. No:-000711N

Sd/-
Ruchir Singla
Partner
Membership No. 519347

Place : Ludhiana
Date : 30th May 2018

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

Sd/-
Adish Oswal
Managing Director
(Business & Corporate Affairs)
(DIN-00009710)

Sd/-
Pankaj Agarwal
(Company Secretary)

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

Sd/-
Kuldeep Singla
(Chief Financial Officer)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Cash flow from Operating Activities:		
Net profit before tax	(17,166.84)	(3,345.21)
Adjustments for:		
Add:		
Depreciation and amortisation	2,990.72	3,047.84
Finance costs	8,245.80	7,246.16
Foreign currency monetary item translation difference (net)	-	(21.81)
Sundry balance written off	22.86	37.32
Loss on sale of investment	5.78	-
Provision for doubtful debts	218.17	-
Provision for Miscellaneous Recoverable	418.90	-
Net Loss on sale / discarding of fixed assets	-	30.46
Less:		
Interest income	(128.39)	(157.89)
Net Profit on sale / discarding of fixed assets	(15.36)	(1.73)
Operating Profit before Working Capital changes	(5,408.35)	6,835.14
Adjustments for changes in Working Capital :		
- Increase/(decrease) in trade payables & Other Liabilities	(223.61)	841.12
- (Increase)/decrease in trade receivables & other receivables	6,331.17	1,738.29
- (Increase)/decrease in inventories	4,388.34	(237.18)
Cash generated from Operating Activities	5,087.55	9,177.37
- Taxes (paid) (net of tax deducted at source)	(1.32)	(1.27)
Net cash (used in)/ generated from Operating Activities	5,086.23	9,176.10
B. Cash flow from Investing Activities:		
Purchase of fixed assets	(720.66)	(2,605.11)
Sale of fixed assets	72.62	68.96
Reduction in value of investments	-	12.56
Interest received	128.39	157.89
Net Cash from Investing Activities	(519.65)	(2,365.70)
C. Cash flow from Financing Activities:		
Proceeds from Short borrowings	5,882.52	2,096.70
Repayment of long term borrowings	(3,340.55)	(3,266.87)
Interest paid	(7,627.87)	(5,660.79)
Net Cash from Financing Activities	(5,085.90)	(6,830.96)
Net Increase/(Decrease) in cash & cash equivalents	(519.31)	(20.56)
Cash and cash equivalents as at 1st April (Opening Balance)	908.59	929.15
Cash and cash equivalents as at 31st March (Closing Balance)	389.28	908.59
Cash and cash equivalents comprise		
Cash & cheques in hand	107.28	344.52
Balance with banks	281.99	564.07
Total	389.28	908.59

The accompanying notes are an integral part of these financial statements

As per our report of even date
For Romesh K Aggarwal & Associates
Chartered Accountants
Firm Reg. No:-000711N

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

Sd/-
Ruchir Singla
Partner
Membership No. 519347

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

Sd/-
Pankaj Agarwal
(Company Secretary)

Sd/-
Kuldeep Singla
(Chief Financial Officer)

Place : Ludhiana
Date : 30th May 2018

Consolidated Statement of Changes in Equity for the year ended 31st March 2018

a. EQUITY SHARE CAPITAL

(₹ in Lakh)

	Number of Shares	Equity share capital
Balance as at April 1, 2017	22,290,957.00	2,229.09
Forfeited shares	-	3.45
Balance at April 1, 2017	22,290,957.00	2,232.54
Change during the year	-	-
Balance at March 31, 2018	22,290,957.00	2,232.54

b. OTHER EQUITY

(₹ in Lakh)

Particulars	Reserves and Surplus							Items of other comprehensive income	Total
	Capital subsidy	Capital redemption reserve	General reserve	Amalgamation reserve	Foreign currency translation reserve	Security premium	Retained earnings	Actuarial Gain / (Loss)	
Balance at April 1, 2016 (as previously reported)	182.77	0.01	9,865.69	45.00	(3.84)	7,731.06	(23,014.09)		(5,193.38)
Changes in accounting policy/errors	(182.77)	(0.01)		(45.00)	3.84		136.67	-	(87.27)
Restated balance at April 1, 2016	-	-	9,865.69	-	-	7,731.06	(22,877.42)		(5,280.67)
Balance at April 1, 2016	-	-	9,865.69	-	-	7,731.06	(22,877.42)		(5,280.67)
Reinstatement adjustment					6.21		(3,345.21)		(3,339.00)
Profit for the year	-	-	-	-	-	-	-		-
Other comprehensive income for the year, net of income tax								41.59	41.59
Total comprehensive income for the year ended 31st March 2017	-	-	9,865.69	-	6.21	7,731.06	(26,222.63)	41.59	(8,578.09)
Balance at April 1, 2017	-	-	9,865.69	-	6.21	7,731.06	(26,222.63)	41.59	(8,578.09)
Profit for the year					(9.67)		(17,166.84)	0	(17,176.51)
Other comprehensive income for the year, net of income tax								(38.62)	(38.62)
Total comprehensive income for the year	-	-	-	-	(9.67)	-	(17,166.84)	(38.62)	(17,215.13)
Balance at March 31, 2018	-	-	9,865.69	-	(3.46)	7,731.06	(43,389.47)	2.97	(25,793.21)

Notes to the Consolidated Financial Statements for the year ended 31st March 2018

CORPORATE INFORMATION

- a) The Consolidated Financial Statements comprise financial statements of "Vardhman Polytex Limited" ("the Holding Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31st March 2018. The principal activity of group is manufacturing of yarn and garments. The company is listed on two stock exchange i.e at National Stock Exchange & Bombay Stock Exchange.
- b) These consolidated financial statements are presented in Indian Rupees (₹) which is also its functional currency.
- c) In case of Subsidiary Company, F.M. Hammerle Textiles Ltd, the company as on the date of the balance sheet has accumulated losses of ₹23318.94 lakh which has eroded 100% of its share capital and the company's current liabilities has exceeded its current assets as at the balance sheet date. Under sick industrial companies (special provisions) act (SISA) of 1985, the company had been classified as "sick company" under section 15 of said act and accordingly a reference had been filed with board of industrial and financial reconstruction (BIFR) w.e.f. from 1st December, 2016. Further BIFR has been dissolved due to applicability of insolvency and bankruptcy code. Later company has filed its petition in Hon'ble National Company Law tribunal (NCLT) which was admitted on 27th June 2017 to initiate the corporate Insolvency resolution process (CIRP). Resultantly resolution professional was appointed who is currently managing the operations of the company and are in process of inviting bids for resolution. The financial stakeholders of the company are working on reviving the company by exploring possibilities of finding different resolutions plans for its revival. In view of this the accompanying financial statements have been prepared on going concern basis.

1. SIGNIFICANT ACCOUNTING POLICIES

a) STATEMENT OF COMPLIANCE & BASIS OF PREPARATION & PRESENTATION

The Consolidated financial statements of the Company have been prepared in accordance Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the act. Upto the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirements of previous Indian GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. The consolidated financial statements for the year ended March 31, 2018 are the Company's first Ind AS Consolidated Financial Statements. The date of transition to Ind AS is April 1, 2016. Refer Note 37 for the details of first-time adoption exemptions availed by the Company.

The Consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

b) PRINCIPAL OF CONSOLIDATION

- i) The financial statements of the Holding Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- ii) Profits or losses resulting from intra-group transactions that are recognised in assets, such as Inventory and Property, Plant and Equipment, are eliminated in full.
- iii) In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year.
- iv) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- v) 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.
- v) Figures pertaining to the subsidiaries have been reclassified wherever necessary to bring them in the line with parent company's consolidated financial statements.

The Consolidated Financial Statements comprises of Vardhman Polytex Limited and its subsidiaries, being the entities that it controls. Controls are assessed in accordance with the requirement of Ind AS 110 - Consolidated Financial Statements.

c) USE OF ESTIMATES & JUDGEMENTS

The preparation of consolidated financial statements in conformity with Ind AS 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 date of the financial statements. 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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis.

d) REVENUE RECOGNITION

Revenue is recognised at fair value of the consideration received or receivable. The amount disclosed as revenue is inclusive of excise duty and net of returns, trade discounts, value added tax, Goods & Service Tax related taxes and amount collected on behalf of third parties.

The company recognizes revenue when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

i) SALE OF GOODS

Revenue from sale of goods is recognized when significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be reliably estimated and there is no continuing effective control or managerial involvement with the goods and the amount of revenue can be measured reliably. Revenue is recognized in respect of export sales on the basis of bill of lading.

ii) EXPORT INCENTIVES

Revenue in respect of export incentives / benefits are accounted for on post export basis.

iii) DIVIDENDS

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

iv) INTEREST

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

v) INSURANCE CLAIM

Claims with insurance companies are accounted on accrual basis to the extent, No significant uncertainty exist and these are measurable and ultimate collection is reasonably certain.

e) INVENTORIES

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence. Cost of inventories comprises of cost of purchase, conversion and other cost including manufacturing overhead net of recoverable taxes incurred in bringing them to their respective present location and condition. The cost in respect of various items of inventory is computed as under:

- i. 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.
- ii. In case of work in progress at raw material cost plus conversion cost depending upon the stage of completion.
- iii. Finished goods 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.
- iv. Cost is determined on the basis of weighted average method.

f) FINANCIAL INSTRUMENTS

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

I. Initial recognition and measurement

On initial recognition, all the financial asset and liabilities are recognized at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability except financial asset or financial liability measured at fair value through profit or loss account. Transaction costs of financial asset and liabilities carried at fair value through profit and loss are immediately recognized in the Statement of Profit or Loss.

II. Subsequent Measurement (Non Derivative Financial Instrument)

a) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified date to cash flows that are solely payments on principal and interest on the principal amount outstanding.

b) Financial Asset At Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial Assets At Fair Value Through Profit or Loss (FVTPL)

A financial asset is measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income.

d) Investments In Subsidiaries

The company has adopted to measure investments in subsidiaries at cost in accordance with Ind AS 27 and carrying amount as per previous GAAP at the date of transition has been considered as deemed cost in accordance with Ind AS 101.

e) Financial Liabilities

The financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short

maturity of these instruments.

III. Derivative Financial Instruments

The company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Although the company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/Liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

PROPERTY, PLANT AND EQUIPMENT

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Land is carried at cost and all other items of property plant, equipments and fixtures are stated at cost less accumulated depreciation. The cost of property, plant and equipment includes

- 1) its purchase price including import duties and non refundable taxes after reducing trade discount and rebate if any.
- 2) any attributable expenditure directly attributable to bring an assets to the location and the working condition for its intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method except the assets costing Rs 5000 or below on which depreciation is charged at the rate 100% p.a. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

g) INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over expected useful life on a straight line basis from the date they are available for use.

h) IMPAIRMENT OF ASSETS

I. Financial Assets

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets expected credit losses are measured at an amount equal to the 12 month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in statement of profit or loss.

II. Non-Financial Assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for cash generating unit to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net or any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior year..

i) FOREIGN EXCHANGE TRANSACTIONS/TRANSLATION

a. 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.

b. 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.

c. 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.

d. 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.

k) EMPLOYEE BENEFITS

i. Short Term Employee Benefits

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

ii. Post Employee Benefits

A) Defined Contribution Plans

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.

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.

B) Defined Benefit Plans

Gratuity

The company provides for gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees of the company. The gratuity plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the company.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows: service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); net interest expense or income; and remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the standalone balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

l) TAXES ON INCOME

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case, it is also recognized in equity or other comprehensive income respectively.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax

payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized in respect of temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (including those arising from consolidation adjustments such as unrealized profit on inventory etc.). Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred Tax assets and liabilities are offset only if:

- a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

m) GOVERNMENT GRANTS AND SUBSIDIES

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

n) 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.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

o) 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.

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

p) EARNING PER SHARE

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

q) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash at bank and in hand, including offsetting bank overdrafts, and short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in fair value and have a maturity of three months or less from the acquisition date.

2. PROPERTY, PLANT AND EQUIPMENT
a) As at 31st March 2018
(₹ in Lakh)

Particulars	Tangible assets								Intangible Assets		Total assets
	Leasehold land	Free hold land	Building	Plant & machinery	Other equipment	Furniture and fixtures	Vehicles	Computer	Total	Trade mark (bought out)	Total
Cost											
As at 1st April 2017 (Refer note (a))	372.90	1,958.18	19,649.57	58,334.11	222.55	430.89	539.44	667.72	82,175.36	2,570.92	84,746.28
Additions (Refer note (b))	-	487.46	43.80	200.96	10.06	9.85	-	4.30	756.43	-	756.43
Relating to disposals	-	(0.79)	-	(270.53)	-	-	(150.38)	(1.89)	(423.59)	-	(423.59)
Transfer from	-	-	-	649.90	-	-	-	-	649.90	-	-
Transfer to	-	-	-	(649.90)	-	-	-	-	(649.90)	-	-
As at 31st March 2018	372.90	2,444.85	19,693.37	58,264.54	232.61	440.74	389.06	670.13	82,508.20	2,570.92	85,079.12
Depreciation											
As at 1st April 2017	26.90	-	5,640.70	39,748.40	167.12	333.26	342.01	475.72	46,734.11	2,254.99	48,989.10
Charge for the year	2.34	-	622.62	2,038.53	15.66	25.18	42.59	54.17	2,801.09	179.79	2,980.88
Relating to disposals	-	-	-	(247.84)	-	-	(116.99)	(1.49)	(366.32)	-	(366.32)
Adjustment	-	-	-	-	-	-	-	-	-	-	-
As at 31st March 2018	29.24	-	6,263.32	41,539.09	182.78	358.44	267.61	528.40	49,168.88	2,434.78	51,603.66
Net block											
As at 31st March 2018	343.66	2,444.85	13,430.05	16,725.45	49.83	82.30	121.45	141.73	33,339.32	136.14	33,475.46

b) As at 31st March 2017

Particulars	Tangible assets								Intangible Assets		Total assets
	Leasehold land	Free Hold land	Building	Plant & machinery	Other equipment	Furniture and fixtures	Vehicles	Softwares (Bought out)	Total	Trade mark (Bought out)	Total
Cost											
As at 1st April 2016	372.90	1,832.58	18,988.70	56,589.74	212.40	469.38	548.83	647.29	79,661.82	2,563.25	82,225.07
Additions	-	125.60	660.87	1,745.54	10.15	18.37	13.46	20.43	2,594.42	7.67	2,602.09
Relating to disposals	-	-	-	(1.17)	-	(56.86)	(22.85)	-	(80.88)	-	(80.88)
As at 31st March 2017	372.90	1,958.18	19,649.57	58,334.11	222.55	430.89	539.44	667.72	82,175.36	2,570.92	84,746.28
Depreciation											
As at 1st April 2016	24.56	-	5,031.68	37,707.04	151.38	320.21	303.70	441.20	43,979.77	2,015.45	45,995.22
Charge for the year	2.34	-	609.02	2,042.25	15.74	39.45	55.14	34.52	2,798.46	239.54	3,038.00
Relating to disposals	-	-	-	(0.90)	-	(26.40)	(16.83)	-	(44.13)	-	(44.13)
Adjustment	-	-	-	-	-	-	-	-	-	-	-
As at 31st March 2017	26.90	-	5,640.70	39,748.39	167.12	333.26	342.01	475.72	46,734.10	2,254.99	48,989.09
Net Block											
As at 31st March 2017	346.00	1,958.18	14,008.87	18,585.72	55.43	97.63	197.43	192.00	35,441.26	315.93	35,757.19

- 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 for amount of ₹136.77 lakh (P.Y. ₹136.77 lakh) as on March 31, 2018. During the current year the company has received a letter from MIDC which states that the total amount paid by the company has been adjusted with charges and deduction as calculated by MIDC. Keeping in view the same, company has provided for whole amount in books.
- b) The company has received an order from the Hon'ble Supreme Court regarding payment of enhancement compensation on Land amounting ₹449.99 Lakh. Out of, the above the company had paid ₹101.75 lakhs to Punjab Government till March 31, 2017. So the company has provided for the balance amount (₹348.25 Lakh) as well as interest amounting ₹139.21 Lakh till 31.03.2018. Thereby making total capitalization amount in Land during the year for ₹487.46 Lakh.

2 (a) INVESTMENT PROPERTY
(₹ in Lakh)

Particulars	Building	
	As at 31.03.2018	As at 31.03.2017
Cost		
As at 1st April 2017 & 2016	631.55	631.55
Additions	-	-
Relating to disposals	-	-
As at 31st March 2018 & 2017	631.55	631.55
Depreciation		
As at 1st April 2017 & 2016	116.65	106.81
Charge for the year	9.84	9.84
Relating to disposals	-	-
Adjustment	-	-
As at 31st March 2018 & 2017	126.49	116.65
Net block		
As at 31st March 2018 & 2017	505.06	514.90

2(b) CAPITAL WORK-IN-PROGRESS

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Capital Work in Progress	311.39	666.61	663.57
Total	311.39	666.61	663.57

Note:

Expenses amounting to ₹319.45 lakhs pertaining to modernization Project, which were earlier in capital work in progress, have now been expensed out due to inability to complete the project on account of non achievement of financial closure for the same.

3. FINANCIAL ASSETS: INVESTMENTS (NON - CURRENT)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unquoted investments (Financial Assets carried at cost, except for permanent diminution in value)			
Equity Instruments in Others			
(a) Oswal Industrial Enterprise (P) Ltd 1,000 (31.03.2017-1,000, 01.04.2016-1000) equity shares of ₹10 each fully paid	0.09	0.09	0.09
(b) VKM Colour Spin Limited 250 (31.03.2017-250, 01.04.2016-250) equity shares of ₹10 each fully paid	0.03	0.03	0.03
(c) Deluxe Fabrics Limited 5000 (31.03.2017- 5000, 01.04.2016-5000) equity shares of ₹10 each fully paid	0.50	0.50	0.50
Total	0.62	0.62	0.62
Total aggregate value of unquoted investments	0.62	0.62	0.62

4. FINANCIAL ASSETS: LOANS (NON-CURRENT)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Carried at amortised cost			
(a) Loan to others	10.00	35.00	35.00
Less: Provision for doubtful loans	(10.00)	0.00	0.00
Total	-	35.00	35.00

5. OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST (NON CURRENT)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a) Fixed deposits (With more than 12 months Maturity)*	-	95.02	294.37
Total	-	95.02	294.37

Note:

* Held with bank(s) as margin money against letter of credit, bank guarantee & others.

6. FINANCIAL ASSETS: TRADE AND OTHER RECEIVABLES (NON CURRENT)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Receivable from Others			
-Unsecured, Considered Good :	279.23	-	-
-Doubtful	518.90	-	-
Less: Allowance for doubtful receivable	(518.90)	-	-
Total	279.23	-	-

7. DEFERRED TAX ASSETS (NET)

(₹ in Lakh)

Particulars	As at Mar 31, 2018	As at Mar 31, 2017	As at April 1, 2016
Deferred tax liabilities			
Arising on account of timing difference :			
Opening	4302.47	4371.99	4493.9
Accumulated depreciation	(368.21)	184.83	(64.33)
Total (A)	3,934.26	4,556.82	4,429.57
Deferred tax assets			
Arising on account of timing difference :			
Opening	(9,318.65)	(9,388.17)	(9,252.05)
Unabsorbed depreciation / losses and Sec 43B items	368.21	(184.83)	64.33
Others			(258.03)
Total (B)	(8,950.44)	(9,573.00)	(9,445.75)
Net deferred tax liability/(Assets) (A) + (B)	(5,016.18)	(5,016.18)	(5,016.18)

- a) The Holding company has deferred tax liability till 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 are much higher than the deferred tax liability. In view of this no further deferred tax assets are being recognised as at March 31, 2018. Based on the company's virtual certainty of the profit, the company is carrying a deferred tax asset of ₹ 5,016.18 lakh as on March 31, 2018.
- b) The Subsidiary company i.e. F.M. Hammerle Textiles Limited has deferred tax liability of ₹1845.15 lakhs upto the end of this year on account of differences arising between depreciation as per books of accounts and 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 recognised at all.

8. OTHER NON CURRENT ASSETS

(₹ in Lakh)

Particulars	As at Mar 31, 2018	As at Mar 31, 2017	As at April 1, 2016
Capital advances			
Unsecured - considered good	227.92	444.62	817.09
Prepaid expenses	-	-	17.41
Security Deposit With P&T	1.76	1.93	1.93
Security deposit with government authorities	644.88	644.88	624.40
Security Deposit-Others	78.52	32.83	44.62
Total Other Non current Assets	953.08	1,124.26	1,505.45

9. INVENTORIES

(₹ in Lakh)

Particulars	As at Mar 31, 2018	As at Mar 31, 2017	As at April 1, 2016
(Valued at cost or Net realizable value whichever is lower)			
Raw materials	1,493.26	2,602.15	3,327.06
Work in progress	1,043.54	2,520.38	2,252.15
Finished goods	1,571.09	3,122.38	2,829.73
Stores & spares parts	337.77	589.09	187.88
Total	4,445.66	8,834.00	8,596.82

10. FINANCIAL ASSETS: INVESTMENTS

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
A. Unquoted investments (all fully paid, at cost)			
I. Mutual funds	-	5.78	18.34
	-	5.78	18.34
Total aggregate unquoted investments	-	5.78	18.34

11. FINANCIAL ASSETS: TRADE RECEIVABLES (CURRENT)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Receivable from Others			
-Unsecured, Considered Good :	3,548.88	8,018.98	7,739.40
Less: Non Current Trade Receivable	798.13	0.00	0.00
	2,750.75	8,018.98	7,739.40
Doubtful	593.91	1,360.77	1,911.83
Less Provision for doubtful debts	(503.46)	(796.95)	(562.60)
Total	2,841.20	8,582.80	9,088.63

12. FINANCIAL ASSETS: CASH AND CASH EQUIVALENTS

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash and Cash Equivalents			
Cash on hand	14.40	37.28	61.83
Bank balances:			
in current accounts	81.78	166.12	167.81
in deposit accounts with original maturity upto 3 months*	11.10	141.12	226.04
Total	107.28	344.52	455.68

*Held with bank against margin money against letter of credit, bank guarantee and others

13. FINANCIAL ASSETS: BANK BALANCES OTHER THAN ABOVE

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Bank balances:			
Escrow Account	-	0.77	0.77
Dividend with banks	-	0.40	0.40
Fixed deposits (More than 3 months but less than 12 months maturity)**	281.99	562.90	472.30
Total	281.99	564.07	473.47

** Held with bank(s) against margin money against letter of credit, bank guarantee and others.

14. FINANCIAL ASSETS: LOANS

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Carried at amortised cost			
(a) Other loans			
Loans to employees			
Un Secured - considered good	16.86	35.53	46.31
Total	16.86	35.53	46.31

15. OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Government Authorities *	21.00	287.08	317.96
Tuff Subsidy recoverable **	226.46	268.19	371.95
Interest receivable	22.71	240.36	375.97
Others	62.62	307.81	368.39
Less: Provision for other doubt advances	(36.52)	0.00	0.00
Total	296.27	1,103.44	1,434.27

* This includes export incentives recoverable from Government.

** Provision created for tuff subsidy Rs 206.45 Lakhs (Previous Year NIL)

16. CURRENT TAX ASSETS

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Direct Taxes Refundable	367.88	434.95	474.74
Total	367.88	434.95	474.74

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.

17. OTHER CURRENT ASSETS

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance to employees	5.75	273.44	472.91
Advance to Suppliers	4.43	48.97	598.18
Statutory dues -Balances with Government Authorities*	2,101.81	1,681.67	1,387.54
Prepaid expenses	89.57	331.23	222.72
Others	192.04	81.78	8.28
Assets held for sale	-	-	6.26
Total	2,393.60	2,417.09	2,695.89

*Balance with Government authorities includes, GST, VAT, Excise, Service Tax etc.

18. EQUITY SHARE CAPITAL

(₹ in Lakh)

Particulars	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016	
	Number	Amount Rs lakhs	Number	Amount Rs lakhs	Number	Amount Rs lakhs
Authorised						
Equity shares of 10/- each	7,00,00,000	7,000.00	7,00,00,000	7,000.00	7,00,00,000	7,000.00
Total	7,00,00,000	7,000.00	7,00,00,000	7,000.00	7,00,00,000	7,000.00
Issued, subscribed and fully paid up						
2,22,90,957 (Previous year 2,22,90,957 equity shares of Rs.10 each)	2,22,90,957	2,229.09	2,22,90,957	2,229.09	2,22,90,957	2,229.09
Forfeited shares	-	3.45	-	3.45	-	3.45
Total	2,22,90,957	2,232.54	2,22,90,957	2,232.54	2,22,90,957	2,232.54

18.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year

(₹ in Lakh)

Particulars	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016	
	No. of shares	Rs lakhs	No. of shares	Rs lakhs	No. of shares	Rs lakhs
Equity shares						
At the beginning of the year	2,22,90,957	2,229.09	2,22,90,957	2,229.09	2,22,90,957	2,229.09
Add:						
Issued during the year (refer note no. b)	-	-	-	-	-	-
Outstanding at the end of reporting period (refer note no. a)	2,22,90,957	2,229.09	2,22,90,957	2,229.09	2,22,90,957	2,229.09

Note:

- Out of total shares held by promoters and promoter group (i.e. 1,34,04,652), 1,09,31,202 equity shares (face value of ₹10 each) are 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.

18.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each shareholder is entitled to one vote per share. In the event of liquidation of the Company, the equity shareholders 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 2018, the amount of dividend recognized as distribution to equity shareholder was ₹ Nil (Previous year Rs. Nil)

18.3 Detail of Shareholders holding more than 5% shares in the company:

(₹ in Lakh)

Name of equity shareholder	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Panchsheel Textile Mfg. & Trdg. Co. (P) Ltd.	44,26,917	19.86	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	43,62,325	19.57
Swarnim Tie Up (P) Ltd.	NA	NA	4,528	0.02	14,00,000	6.28
Altfort Merchants (P) Ltd.	21,82,000	9.79	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

18.4 Aggregate number of shares issued for consideration other than cash, bonus share issued and shares bought back during the period of five years immediately preceding the reporting date : Nil (Previous year Nil)**19. OTHER EQUITY**

(₹ in Lakh)

Particulars	Reserves and Surplus							Items of other comprehensive income	Total
	Capital subsidy	Capital redemption reserve	General reserve	Amalgamation reserve	Foreign currency translation reserve	Security premium	Retained earnings	Actuarial Gain / (Loss)	
Balance at April 1, 2016 (as previously reported)	182.77	0.01	9,865.69	45.00	(3.84)	7,731.06	(23,014.09)	-	(5,193.38)
Changes in accounting policy/errors	(182.77)	(0.01)	-	(45.00)	3.84	-	136.67	-	(87.27)
Restated balance at April 1, 2016	-	-	9,865.69	-	-	7,731.06	(22,877.42)	-	(5,280.67)
Balance at April 1, 2016	-	-	9,865.69	-	-	7,731.06	(22,877.42)	-	(5,280.67)
Reinstatement adjustment	-	-	-	-	6.21	-	(3,345.21)	-	(3,339.00)
Profit for the year	-	-	-	-	-	-	-	-	-
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	41.59	41.59
Total comprehensive income for the year ended 31st March 2017	-	-	9,865.69	-	6.21	7,731.06	(26,222.63)	41.59	(8,578.09)
Balance at April 1, 2017	-	-	9,865.69	-	6.21	7,731.06	(26,222.63)	41.59	(8,578.09)
Profit for the year	-	-	-	-	(9.67)	-	(17,166.84)	0	(17,176.51)
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-38.62	(38.62)
Total comprehensive income for the year	-	-	-	-	(9.67)	-	(17,166.84)	(38.62)	(17,215.13)
Balance at March 31, 2018	-	-	9,865.69	-	(3.46)	7,731.06	(43,389.47)	2.97	(25,793.21)

20. FINANCIAL LIABILITY-BORROWING (NON CURRENT)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Rupee Term Loan from Banks (refer note a,b,c below)	25,360.97	25,489.27	27,005.96
Rupee Term Loan from others (refer note a,b,c below)	858.71	1,016.55	1,337.77
Working capital term loan -II (refer note a,b,c below)	4,719.38	4,943.01	5,451.88
Funded interest term loan -II (refer note a,b,c below)	58.43	327.60	1,542.19
Vehicle loan (refer note d below)	-	40.09	41.32
Unsecured Loan	-	-	107.00
Total	30,997.49	31,816.52	35,486.12
Less: Amount disclosed under other current liability (refer note 25)	(7,054.02)	(4,532.50)	(4,935.23)
Grand Total	23,943.47	27,284.02	30,550.89

In case of holding company, during the previous year ending 31st March, 2017, the company credited profit of ₹396.44 lakh due on payment of FCCR liability (total liability as on 31st March 2017 being ₹868.64 lakh) out of the above mentioned FCCB liability, ₹ 365.04 lakh is still outstanding as on 31st March 2018.

B) Terms & Conditions of Secured Loan Taken from bank and status of default in case of holding company at the year end as on 31.03.2018 :-

(₹ in Lakh)

Types of Loan	Term Loan from Banks			Term Loan from others	
	Rupee TL	WCTL-II	FITL	TL-I	TL-II
Sanctioned Amount	19712.12	6441.00	4340.90	500.00	290.00
Balance As on 31.03.2018	14641.34	4719.38	58.43	327.72	165.95
Rate of Interest	11%	11%	11%	13.45%	14.20%
Repayment Type	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
Repayment Schedule As per CDR					
31.03.2019	5321.44	1567.00	58.05	64.78	42.75
31.03.2020	3094.02	1030.56	-	56.75	40.15
31.03.2021	3448.26	1159.38	-	64.87	46.23
31.03.2022	2577.19	966.15	-	74.16	36.81
31.03.2023	-	-	-	67.16	-
Overdue Principle	2401.53	665.26	57.64	11.41	7.97
Overdue Interest	1632.25	410.08	7.12	10.77	5.80
Overdue Principle Since		Jan-17	Mar-17		

Out of total overdue interest amount ₹1187.43 Lakhs Pertains to the interest after the NPA date which has not been charged by bank but the same has been provided by us keeping accrual concept in consideration.

A) Details of security of Holding Company are as follows:-

- 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 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 the 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.

B) Details of security of subsidiary company i.e F.M. Hammerle Textiles Limited are as follows:-

- 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.

In case of subsidiary, during the reporting year, the company has filed the petition with NCLT under the Indian Bankruptcy Code for its debt resolution. The same was accepted by the concerned authorities and the resolution professional was appointed who has taken the control of management and operations of the company. The resolution professional has appointed for bids as a part of resolution process. Keeping this in view, in absence of certainty of repayments of all term loans and principle amount outstanding as on balance sheet date is being classified as long term borrowings.

Further on third March 2018, State bank of India, the substantial financial creditor has issued a demand notice to holding company "M/S Vardhman Polytex Ltd" demanding ₹17685.13 Lakhs in lieu of corporate guarantee given by them to the lenders

Period of default	Principal	Interest accrued	Total	Paid	Balance
01.07.14 to 31.03.18	6,049.26	4,968.78	11,018.04	146.28	1,0871.76
01.07.14 to 31.03.17	3,677.45	3,638.32	7,315.77	415.23	6,900.54

21. PROVISIONS (NON CURRENT)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for Employee Benefits			
Leave Encashment	77.04	74.37	315.39
Gratuity	341.40	283.46	192.75
Total	418.44	357.83	508.14

22. OTHER NON-CURRENT LIABILITIES

Particulars	(₹ in Lakh)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred Income	6.33	33.31	60.30
Security deposit received	0.53	16.81	16.81
Total	6.86	50.12	77.11

23. FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

Particulars	(₹ in Lakh)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured Borrowings			
Loans repayable on demand			
Working Capital loans from banks (Refer Note no a,b,c below)	25,380.33	19,383.49	17,541.79
Unsecured Borrowings			
from related party -body corporate & directors	255.69	370.00	90.00
Unsecured loans from others	225.00	225.00	250.00
Total	25,861.02	19,978.49	17,881.79

Detail of securities :**A) 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 accounts.

B) In case of Subsidiary Company i.e F.M. Hammerle Textiles Limited

- 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.
- In the earlier years, the bank had classified the accounts as Non Performing Asset (NPA).

24. FINANCIAL LIABILITIES: TRADE PAYABLES

Particulars	(₹ in Lakh)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Due to Others*	4,939.86	8,163.53	7,678.62
Due to related parties	-	-	-
Total	4,939.86	8,163.53	7,678.62

*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.

25. OTHER FINANCIAL LIABILITIES-CURRENT

Particulars	(₹ in Lakh)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Financial liabilities carried at amortized cost			
Current maturities of long term borrowings(Refer Note 20)	7,054.02	4,532.50	4,937.12
Interest Payable	6,085.37	5,467.44	3,882.08
Creditors for services & contracts	298.79	220.99	261.58
Trade deposits & advances	91.04	90.47	88.71
Capital payable	8.76	21.09	33.07
Employee related	1,074.80	974.42	736.60
Trade Expenses payable	1,448.38	1,069.83	1,016.28
Liability for Corporate Guarantee	203.13	-	-
Others*	891.73	1,176.25	975.68
Bank Overdraft	0.00	650.00	-
Total	17,156.02	14,202.99	11,931.11

* It includes Rs 348.25 lakhs(Previous Year NIL) against enhancement compensation for VTM Land.

26. OTHER CURRENT LIABILITIES

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advances/deposits from customers	82.59	192.12	81.12
Statutory dues*	266.35	237.81	233.20
Others	66.43	86.44	83.06
Security deposit received	29.03	27.04	27.82
Deferred Income	26.98	26.98	26.98
Total	471.38	570.39	452.18

*It includes contribution to ESIC, EPF, TDS, TCS

27. PROVISIONS (CURRENT)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Employees Benefit-Leave Encashment	8.07	10.71	127.90
Premium on Redemption of FCCB	-	-	134.19
Provision against forfeiture of MIDC Land	136.00	-	-
Provision against Tufts Subsidy	206.45	-	-
Provision against advance given to contractor	51.20	-	-
Employees Benefit-Gratuity	18.98	38.68	39.36
Others	413.93	-	-
Total	834.63	49.39	301.45

28. REVENUE FROM OPERATIONS

(₹ in Lakh)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
i) Sales of Products		
- Grey Yarn	42,306.03	56,173.79
- Dyed Yarn	10,094.88	12,589.41
- Garments	659.80	860.96
- Waste Sale	5,167.25	4,950.31
- Traded Goods	3,504.17	9,653.57
- Real estate plots	-	-
- Fabric Sale	1,469.92	6,038.94
ii) Job charges Income	449.75	525.23
Total	63,651.80	90,792.21
Less: Rebate and Discount	(84.79)	(131.10)
Net Sales	63,567.01	90,661.11
Other Operating Income		
iii) Export Incentive/Benefits	436.57	1,479.74
ii) Gain on foreign currency transaction and translation (net)	92.87	408.40
Total	64,096.45	92,549.25

Note: In case of holding company during the current year, the company has entered into arrangement with few vendors, from whom company is purchasing raw materials and in turn, processing the same and selling the finished output back to them. Thus the sales figure in the statement of profit & loss comprises of sales of Rs. 10896.66 Lakhs which was sold to the said vendors, from whom raw material was purchased.

29. OTHER INCOME

(₹ in Lakh)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest income on Bank deposits & others	153.52	218.17
Provision no longer required written back	22.25	167.58
Profit on sale of fixed assets	38.09	1.73
Rent received	140.86	134.33
Miscellaneous Income	213.55	351.42
Profit on buyback of FCCB	-	396.44
Total	568.27	1,269.67
Less: Interest on Margin Money reduced from finance cost (Refer Note 34)	25.13	60.28
Total Other Income	543.14	1,209.39

30. COST OF MATERIALS CONSUMED

Particulars	(₹ in Lakh)	
	Year Ended March 31, 2018	Year Ended March 31, 2017
Cotton	35,768.10	39,696.76
Cotton Yarn	2,758.85	6,433.65
Synthetic Fibre	2,966.33	6,777.98
Dyes & Chemicals	1,180.60	2,025.17
Total	42,673.88	54,933.56

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

	(₹ in Lakh)			
	For the year ended 31 March 2018		For the year ended 31 March 2017	
	Rs. in Lakh	%	Rs. in Lakh	%
Indigenous	39,077.73	91.57	49,223.86	89.08
Imported	3,596.15	8.43	5,709.70	10.92
	42,673.88	100.00	54,933.56	100.00

31. PURCHASE OF STOCK IN TRADE

Particulars	(₹ in Lakh)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Fabrics	3772.30	3,410.66
Yarn	538.34	1,597.82
Cotton	-	3,684.63
Total	4310.64	8,693.11

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

Particulars	(₹ in Lakh)	
	Year Ended March 31, 2018	Year Ended March 31, 2017
Closing inventories		
Finished goods (Including waste)	1571.09	3122.38
Work in progress	1043.54	2520.38
Opening inventories		
Finished goods (Including waste)	3122.38	2829.72
Work in progress	2520.37	2252.14
(Increase) / Decrease	3,028.12	-560.89

33. EMPLOYEE BENEFIT EXPENSES

Particulars	(₹ in Lakh)	
	Year Ended March 31, 2018	Year Ended March 31, 2017
Salaries, Wages & Other Benefits	5,582.73	6,255.45
Contribution to Provident & Other Funds	476.19	551.36
Staff Welfare Expenses	326.73	451.53
Total Employee Benefit Expense	6,385.65	7,258.34

34. FINANCE COST

Particulars	(₹ in Lakh)	
	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest Expense		
-Term Loan	3,845.87	3,768.39
-Working capital borrowings	2,447.75	2,517.37
- Others	1,766.45	929.20
Other Borrowing Cost	210.86	91.48
Total	8,270.93	7,306.44
Less: Interest on Margin Money(Refer Note 29)	25.13	60.28
Total	8,245.80	7,246.16

35. OTHER EXPENSES

(₹ in Lakh)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Packing Material Consumed	839.45	1,158.72
Power & Fuel	6,682.51	9,323.89
Processing Charges	231.23	343.99
Repairs and Maintenance:		
Plant & Machinery	1,047.40	818.69
Building	32.60	49.02
General	157.45	246.09
Electric	10.38	27.56
Rent	133.22	146.95
Rates & Taxes	79.36	101.81
Insurance	120.95	144.48
Travelling & Boarding Expenses	160.86	224.27
Legal & Professional	329.88	201.65
Sundry Balances Written Off	22.86	148.67
Provision for doubtful debts	218.17	235.14
Commission on sale	237.06	401.01
Delivery Expenses (Including Freight, Octroi & Others)	962.01	1,676.49
Rebate & Discount	350.35	72.92
Loss on sale of investment	-	8.60
Bank Charges	203.86	429.43
Loss on Sale of Fixed Assets	22.74	30.46
Miscellaneous Expenses	2,179.88	693.54
Total Other Expenses	14,022.22	16,483.38

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

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
As auditor:		
-Statutory audit fee*	10.50	11.78
-Tax audit fee*	1.79	2.87
-Other services	0.19	4.31
-Reimbursement of expenses	1.76	1.56
Total	14.24	20.52

* Previous year fee includes service tax and in current year fee doesn't include GST.

Value of Indigenous & Imported Stores & Spares Consumption*

Particulars	For the year ended 31 March 2018		For the year ended 31 March 2017	
	Rs. in Lakh	%	Rs. in Lakh	%
Indigenous	1115.29	86.68	662.79	67.77
Imported	171.36	13.32	315.28	32.23
Total	1286.65	100.00	978.07	100.00

* The break up of stores & spares have been disclosed in various heads of note 35 above as per details given below:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Repairs and maintenance-General	126.30	162.26
Repairs and maintenance-Plant & Machinery	979.76	673.09
Repairs and maintenance-Electric	8.73	23.04
Packing charges	13.20	48.35
Power & fuel	3.28	5.80
Others	155.38	65.53
	1,286.65	978.07

36. EXCEPTIONAL ITEMS

(₹ in Lakh)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Provision Against Corporate Gurantee to Subsidiary	203.13	0.00
Total	203.13	0.00

37. FIRST TIME ADOPTION OF IND AS

This financial statement is the first financial statement that has been prepared in accordance with Ind AS together with the comparative period data as at and for the year ended 31st March 2017, as described in the summary of significant accounting policies. The transition to Ind AS has been carried out in accordance with Ind AS 101 – 'First time adoption of Indian Accounting Standards' with 1st April 2016 as the transition date.

This note explains the exemptions availed by the company on first time adoption of Ind AS and the principal adjustments made by the Company in restating its Indian GAAP financial statements as at 1st April 2016 and financial statements as at and for the year ended 31st March 2017 in accordance with Ind AS 101.

EXEMPTIONS APPLIED

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has, accordingly, applied following exemptions:

- a) The Company has elected to consider carrying amount of all items of property, plant and equipments measured as per Indian GAAP as recognized in the financial statements as at the date of transition, as deemed cost at the date of transition. The effect of consequential changes arising on the application of other Ind AS has been adjusted to the deemed cost of Property, Plant & Equipment.
- b) The Company has adopted to measure investments in subsidiaries at cost in accordance with Ind AS 27 and therefore has measured such investments in its separate opening Ind AS balance sheet at carrying amount as per Indian GAAP at the date of transition in accordance with Ind AS 101.
- c) The Company has availed the exemption of fair value measurement of financial assets or liabilities at initial recognition and accordingly will apply fair value measurement of financial assets or liabilities at initial recognition prospectively to transactions entered into on or after 01st April 2016. However, the transition from Indian GAAP to Ind AS has not had a material impact.
- d) The estimates at 1st April 2016 and at 31st March, 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items under Indian GAAP did not require estimation:
 - Fair values of Financial Assets & Financial Liabilities
 - Impairment of financial assets based on expected credit loss model
 - Discount rates

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at 1st April, 2016 and 31st March, 2017.

Notes to the reconciliation of equity as at 1st April 2016 and 31st March 2017 and Total comprehensive income for the year ended 31st March 2017

I. PROPERTY PLANT AND EQUIPMENT (INVESTMENT PROPERTY)

The Company has identified building property categorised under Fixed Asset as per Indian GAAP located in Maharashtra, Delhi & Punjab amounting to ₹524.74 and Rs. 514.90 as on March 31, 2016 and March 31, 2017. The same has been reclassified to Investment property as per Ind AS.

II. FAIR VALUATION OF INVESTMENTS

Under Indian GAAP, investments in equity instruments and mutual funds were classified as long term investments or current investments based on the intended holding period and realisability. Long term investments were carried at cost less provision for other than temporary diminution in the value of investments.

Current investments were carried at lower of cost and fair value. Ind AS requires such investments to be measured at fair value except investments in subsidiaries, associates and joint venture for which exemption has been availed. The transition from Indian GAAP to Ind AS not had a material impact on fair valuation of investments.

III. FINANCIAL INSTRUMENTS MEASURED AT AMORTIZED COST

Under Indian GAAP, interest free loan to employees and such assets are recorded at their transaction value. Under Ind AS, these loans are to be measured at amortized cost on the basis of effective interest rate method. The transition from Indian GAAP to Ind AS not had a material impact.

IV. BORROWINGS

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method. There are no material upfront charges paid for the acquisition of the borrowing. Therefore Ind AS transition has no impact on transaction cost of Borrowings.

V. CAPITAL GRANT

Under Indian GAAP, certain capital grant received from Government as 'Promoter Contribution' is shown under the head 'reserve & surplus as capital subsidy'. Under Ind AS, such grant is treated as deferred income and is recognized as income over the useful life of the assets for which such grant is received. This grant of pertains to the assets which has been fully depreciated before 1 April 2016 hence, the same has been transferred to retained earnings as on 1 April 2016.

VI. DEFINED BENEFIT OBLIGATION

Under Ind AS, remeasurements i.e actuarial gains and losses are to be recognized in 'Other comprehensive income' and are not to be reclassified to profit and loss in a subsequent period. Under the Indian GAAP, these remeasurements were forming part of the profit or loss. Therefore, actuarial gain/loss amounting to ₹41.59 Lakhs for the financial year 2016-17 has been recognized in OCI which was earlier recognized under Employee benefits expense. However, the same has no impact on the total equity as at 31st March, 2017.

VII. SALE OF GOODS

- Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Thus, sale of goods under Ind AS has increased by ₹1.08 Lakhs with a corresponding increase in other expenses.
- Under Indian GAAP, turnover discount was shown as expense. However under Ind AS revenue is to be shown as net of turnover discount. Accordingly, turnover discount amounting to ₹131.11 Lakhs has been reduced from revenue with a corresponding adjustment in other expenses.
- Foreign exchange income on forward contracts and exchange fluctuation amounting to ₹408.40 lakhs for the year ended March 31, 2017 has been shown under the head under Other income as per Indian GAAP however as per Ind AS same is reclassified under Income from Operations as other operating income. However, there is no change in the equity.

VIII. INTEREST INCOME

Interest income earned from excess of the funds out of borrowings are parked in the form of fixed deposit for short tenure. This interest income is netted off with the interest expense incurred on such borrowings. Therefore, the interest income amounting to ₹60.28 Lakhs as on 31st March 2017 has been netted off with interest expense with a corresponding adjustment in interest income. However, the same has no impact on the total equity as at 31st March, 2017.

IX. DEFERRED TAX

Despite the fact that the net worth of the Company has been fully eroded in the current year, the Management is of the view that the company is an operative company and with all necessary steps and continuing professional management, sufficient taxable income will be available in the specified period against which deferred tax asset would be adjusted. In view of the same, the financial statements have been prepared on a going concern basis.

X. STATEMENT OF CASH FLOWS

The transition from Indian GAAP to Ind AS has not had a material impact on statement of cash flow.

Reconciliation of Equity as on 31st March 2017 and 1st April 2016

(₹ in Lakh)							
Particulars	Note No.	As per Indian GAAP	Reconciliation	As at March 31, 2017	As per Indian GAAP	Reconciliation	As at April 1, 2016
I ASSETS							
1 Non-current assets							
a) Property, plant and equipment	I	35,956.16	(514.90)	35,441.26	36,206.79	(524.74)	35,682.06
b) Investment Property	I		514.90	514.90		524.74	524.74
c) Capital work-in-progress		666.61	-	666.61	663.57	-	663.57
d) Other intangible assets		315.92	-	315.92	547.78	-	547.78
e) Financial assets			-			-	
i) Investments		0.62	-	0.62	0.62	-	0.62
ii) Loans		35.00	-	35.00	35.00	-	35.00
iii) Other financial assets		95.02	-	95.02	294.37	-	294.37
f) Trade receivable			-			-	
g) Deferred tax assets (net)		5,016.18	-	5,016.18	5,016.18	-	5,016.18
h) Other non-current assets		1,124.26	-	1,124.26	1,505.45	-	1,505.45
Total Non Current Assets		43,209.78	-	43,209.78	44,269.78	-	44,269.78
2 Current assets							
a) Inventories		8,834.00	-	8,834.00	8,596.82	-	8,596.82
b) Financial assets							
i) Investments		5.78	-	5.78	18.34	-	18.34
ii) Trade and other receivables		8,582.80	-	8,582.80	9,088.63	-	9,088.63
iii) Cash and cash equivalents		344.52	-	344.52	455.68	-	455.68
iv) Bank balances other than above		564.07	-	564.07	473.47	-	473.47
v) Loans		35.53	-	35.53	46.31	-	46.31
vi) Other financial assets		1,103.44	-	1,103.44	1,434.27	-	1,434.27
c) Current tax assets		434.95	-	434.95	474.74	-	474.74
d) Other current assets		2,417.09	-	2,417.09	2,695.89	-	2,695.89
Total Current Assets		22,322.18	-	22,322.18	23,284.15	-	23,284.15
TOTAL ASSETS		65,531.96	-	65,531.96	67,553.93	-	67,553.93

							(₹ in Lakh)
Particulars	Note No.	As per Indian GAAP	Reconciliation	As at March 31, 2017	As per Indian GAAP	Reconciliation	As at April 1, 2016
II EQUITY AND LIABILITIES							
1 EQUITY							
a) Equity share capital		2,232.54	-	2,232.54	2,232.54	-	2,232.54
b) Other equity	V	(8,517.79)	(60.30)	(8,578.09)	(5,193.38)	(87.27)	(5,280.67)
c) Preference Share Capital		1220.75	-	1,220.75	1,220.75	-	1,220.75
Total Equity		(5,064.50)	(60.30)	(5,124.80)	(1,740.09)	(87.27)	(1,827.38)
LIABILITIES							
2 Non-current liabilities							
a) Financial liabilities							
i) Borrowings		27,284.02	-	27,284.02	30,550.89	-	30,550.89
b) Long term provisions		357.83	-	357.83	508.14	-	508.14
c) Other non-current liabilities	V	16.81	33.31	50.12	16.81	60.30	77.11
Total Non Current Liabilities		27,658.66	33.31	27,691.97	31,075.84	60.30	31,136.15
3 Current liabilities							
a) Financial liabilities							
i) Borrowings		19,978.49	-	19,978.49	17,881.79	-	17,881.79
ii) Trade payables		8,163.53	-	8,163.53	7,678.62	-	7,678.62
iii) Other financial liabilities		14,202.99	-	14,202.99	11,931.11	-	11,931.11
b) Other current liabilities	V	543.39	26.99	570.39	425.20	26.97	452.18
c) Short term provisions		49.39	-	49.39	301.45	-	301.45
Total Current Liabilities		42,937.80	26.99	42,964.79	38,218.17	26.97	38,245.16
TOTAL EQUITY AND LIABILITIES		65,531.96	-	65,531.96	67,553.93	-	67,553.93

Reconciliation of Total Comprehensive Income for the Year Ended March 31,2017

(₹ in Lakh)

Particulars	Notes No.	As per Indian GAAP	Ind AS Adjustment	For the Year ended March 31,2017
Revenue from operations	VII	92,271.95	277.29	92,549.25
Less Excise duty	VII	(1.08)	1.08	-
Other income	VII,VIII	1,678.06	(468.67)	1,209.39
Total Income (I)		93,948.93	(190.30)	93,758.64
Expenses				
Cost of Material consumed		54,933.56	-	54,933.56
Purchase of traded goods		8,693.11	-	8,693.11
Changes in inventories of finished goods		(560.89)	-	(560.89)
Excise duty on sale of goods	VII	-	1.08	1.08
Employee benefits expense	VI	7,216.75	41.59	7,258.34
Finance cost	VIII	7,306.44	(60.28)	7,246.16
Depreciation and amortisation expense		3,047.84	-	3,047.84
Other expenses	VII	16,614.43	(131.11)	16,483.38
Total expenses (II)		97,251.25	(148.71)	97,102.59
Profit before exceptional items and tax (I - II = III)		(3,302.32)	(41.59)	(3,343.95)
Exceptional item (IV)		-	-	-
Profit before tax (III - IV = V)		(3,302.32)	(41.59)	(3,343.95)
Tax expense: (VI)				
Current tax		1.27	-	1.27
Deferred tax		-	-	-
Profit for the period from continuing operations After Tax (V - VI = VII)		(3,303.59)	(41.59)	(3,345.22)
Other Comprehensive Income (VIII)				
Items that will not be reclassified to profit or loss				
(i) Remeasurement of defined benefit obligation	VI	-	41.59	41.59
Total Comprehensive Income for the period (VII + VIII = IX)		(3,303.59)	0.00	(3,303.63)
(Comprising Profit (Loss) and Other Comprehensive income for the period)				

38. FINANCIAL INSTRUMENT BY CATEGORY

The carrying value and fair value of the financial instruments at the end of each reporting period is as follows:

(₹ in Lakh)

As at March 31, 2018		At cost	At Amortised Cost	At fair value through P&L		At fair value through OCI		Total Carrying value	Total Fair Value
Particulars	Notes No.			Designation upon initial recognition	Mandatory	Designation upon initial recognition	Mandatory		
Assets:									
i) Investments (Non Current)	3	0		0.62				0.62	0.62
ii) Trade receivable (Non Current)	6		279.23					279.23	279.23
iii) Trade and other receivables (Current)	11		2,841.20					2,841.20	2,841.20
iv) Cash and cash equivalents	12		107.28					107.28	107.28
v) Bank balances other than above	13		281.99					281.99	281.99
vi) Loans (Current)	14		16.86					16.86	16.86
vii) Other financial assets (Current)	15		296.27					296.27	296.27
Total		-	3,822.83	0.62	-	-	-	3,823.45	3,823.45
Liabilities:									
i) Borrowings (Non Current)	20		23,943.47					23,943.47	23,943.47
ii) Borrowings (Current)	23		25,861.02					25,861.02	25,861.02
iii) Trade payables (Current)	24		4,939.86					4,939.86	4,939.86
iv) Other financial liabilities (Current)	25		17,156.02					17,156.02	17,156.02
Total		-	71,900.37	-	-	-	-	71,900.37	71,900.37
As at March 31, 2017									
Assets:									
i) Investments (Non current)	3	-		0.62				0.62	0.62
ii) Loans (Non current)	4		35.00					35.00	35.00
iii) Other financial assets (Non current)	5		95.02					95.02	95.02
iv) Investments (current)	10				5.78			5.78	5.78
v) Trade and other receivables (current)	11		8,582.80					8,582.80	8,582.80
vi) Cash and cash equivalents	12		344.52					344.52	344.52
vii) Bank balances other than above	13		564.07					564.07	564.07
viii) Loans (current)	14		35.53					35.53	35.53
ix) Other financial assets (current)	15		1,103.44					1,103.44	1,103.44
Total		-	10,760.38	0.62	5.78	-	-	10,766.78	10,766.78
Liabilities:									
i) Borrowings (Non current)	20		27,284.02					27,284.02	27,284.02
ii) Borrowings (Current)	23		19,978.49					19,978.49	19,978.49
iii) Trade payables (Current)	24		8,163.53					8,163.53	8,163.53
iv) Other financial liabilities (Current)	25		14,202.99					14,202.99	14,202.99
Total		-	69,629.03	-	-	-	-	69,629.03	69,629.03
As at April 1, 2016									
Assets:									
i) Investments (Non current)	3	-		0.62				0.62	0.62
ii) Loans (Non current)	4		35.00					35.00	35.00
iii) Other financial assets (Non current)	5		294.37					294.37	294.37
iv) Investments (Current)	10				18.34			18.34	18.34
v) Trade and other receivables (Current)	11		9,088.63					9,088.63	9,088.63
vi) Cash and cash equivalents	12		455.68					455.68	455.68
vii) Bank balances other than above	13		473.47					473.47	473.47
viii) Loans (Current)	14		46.31					46.31	46.31
ix) Other financial assets (Current)	15		1,434.27					1,434.27	1,434.27
Total		-	11,827.73	0.62	18.34	-	-	11,846.69	11,846.69
Liabilities:									
i) Borrowings (Non Current)	20		30,550.89					30,550.89	30,550.89
ii) Borrowings (Current)	23		17,881.79					17,881.79	17,881.79
iii) Trade payables (Current)	24		7,678.62					7,678.62	7,678.62
iv) Other financial liabilities (Current)	25		452.18					452.18	452.18
Total		-	56,563.48	-	-	-	-	56,563.48	56,563.48

38 (b) Fair Value Measurement

(i) Fair Value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value: As at 31st March 2018 (₹ in Lakh)

Particulars	Fair Value measurement using			
	Fair Value	Level 1	Level 2	Level 3
Long Term Investments				
Fair Value through Profit and Loss (designated upon initial recognition)				0.62
Current Investments				
Fair Value through Profit and Loss			0	

(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value: As at 31st March 2017 (₹ in Lakh)

Particulars	Fair Value measurement using			
	Fair Value	Level 1	Level 2	Level 3
Long Term Investments				
Fair Value through Profit and Loss (designated upon initial recognition)				0.62
Current Investments				
Fair Value through Profit and Loss			5.78	

(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value: As at 1st April 2016 (₹ in Lakh)

Particulars	Fair Value measurement using			
	Fair Value	Level 1	Level 2	Level 3
Long Term Investments				
Fair Value through Profit and Loss (designated upon initial recognition)				0.62
Current Investments				
Fair Value through Profit and Loss			18.34	

39. EARNING PER SHARE

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
The basic and diluted earning per share is as under:		
Net Profit after tax (Rs. in lakh)	(17,166.84)	(3,345.21)
Weighted average no. of equity shares outstanding	22,290,957	22,290,957
Nominal value of per equity shares (in Rs.)	10	10
Basic earnings per share (Rs)	(77.01)	(15.01)
Diluted earnings per share (Rs)	(77.01)	(15.01)

40. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF

(₹ in Lakh)

Particulars	As at 31 March 2018	As at 31 March 2017
Claims against the Company not acknowledged as debts	18.09	221.25
Bills discounted with bankers.	-	7,572.81
Letter of credit & bank guarantee issued	228.65	229.00
Enhancement Compensation on VTM land*	-	174.01
Income Tax demands under appeal	953.01	774.64
Service Tax demands under appeal	12.70	12.20
Demand of PSEB for voltage surcharge and DSA	-	104.56
Subordination letter for not to withdraw the loan from foreign subsidiary until negative equity situation reverses	237.33	237.33
Liability on EPCG license pending export fulfillment	132.95	-
Corporate guarantee given on behalf of Holding Company	1600	1600

41. LITIGATION STATUS OF THE COMPANY AS ON 31ST MARCH 2018 ARE AS FOLLOWS:

Holding Company:-

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

(₹ in Lakh)

	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	417.21	300.30	42.34	42.34
			(572.67)	-	(220.79)	(42.34)
		Service Tax Act	15.38	-	14.11	1.41
			(33.53)	-	(14.11)	(1.91)
		Punjab Vat Act	196.12	158.52	18.09	8.33
			(200.94)	(158.52)	(0.46)	(5.48)

	Nature of Dispute	Name of Statute	Amount Involved	Provision Made	Disclosed as Contingent Liability	Amount Deposited Under Protest
ii)	Direct Taxation	Income Tax Act	1,274.26	-	953.02	220.00
		Wealth Tax Act	(1,094.97)	-	(774.64)	(220.00)
			2.11	-	-	-
			(2.11)	-	-	-
iii)	Labour laws	ESI Act	2.20	-	-	2.20
			(2.20)	-	-	(2.20)
iv)	Commercial matters	PSEB	-	-	-	-
			(104.56)	-	(104.56)	(104.56)
	Total		1,907.28	458.82	1,027.56	274.28
			(2,010.98)	(158.52)	(1,114.56)	(376.49)

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:

S. No.	Nature of Dispute	Amount Involved	Provision Made	Amount Decreed in favour of the Company (under execution)	Balance Amount Still contested by the Company
1	Commercial matters - Legal cases customers	563.55	518.90	-	44.65
		(334.75)	(151.71)	-	(183.04)

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:

S. No.	Nature of Dispute	Name of Statute	Amount Involved	Provision Made	Disclosed as Contingent Liability	Amount Deposited Under Protest
1	Direct Taxation	Income Tax Act	0.85	-	-	0.72
			(0.85)	-	-	(0.72)
2	Under Section 397, 398 of the Erstwhile Companies Act 1956	Punjab & Haryana High Court	-	-	-	-
	Total		0.85	-	-	0.72
			(0.85)	-	-	(0.72)

*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 had also filed case under Section 111A of the erstwhile Companies Act, 1956. The said cases had been dismissed/disposed of by the Hon'ble Company Law Board vide its order dated 13.08.2015 and certain compensation had been awarded to the opposite parties. The Company had 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 which is yet to be admitted. The amount of compensation is not determinable at this stage.

42. OBLIGATIONS AND COMMITMENTS OUTSTANDING:

Particulars	As at 31 March 2018 ₹ in Lakh	As at 31 March 2017 ₹ in Lakh
a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	21.26	22.54
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	2,782.47	7,839.92

43. 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 (Holding Company)

Particulars	Currency	As at 31 March 2018 In million	₹ in Lakh	As at 31 March 2017 In million	₹ in Lakh
Forward cover (trade receivables)	USD	-	-	2.98	2,073.12
Total		-	-	2.98	2,073.12

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

Particulars	Currency	As at 31 March 2018		As at 31 March 2017	
		In million	₹ in Lakh	In million	₹ in Lakh
Trade Receivables	USD	-	-	3.90	2,535.30
Loan (including interest, current year-NIL, previous year-Rs. NIL)	USD	0.55	365.04	0.55	370.73
Total USD		0.55	365.04	4.45	2,906.03

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

a) Trade receivables

Particulars	Currency	As at 31 March 2018		As at 31 March 2017	
		In foreign currency	₹ in Lakh	In foreign currency	₹ in Lakh
Trade receivables	USD	1,516.45	0.70	209,013.83	135.54
	EURO	47,501.31	31.25	48,725.08	33.64
Total		49,017.76	31.95	257,738.91	169.18

b) Trade Payables

Particulars	Currency	As at 31 March 2018		As at 31 March 2017	
		In foreign currency	₹ in Lakh	In foreign currency	₹ in Lakh
Trade Payables	USD	28,035.29	7.94	12,241.46	7.94
	EURO	7,360.77	5.54	9,878.07	6.82
Total		35,396.06	13.48	22,119.53	14.76

c) Detail of Unhedged foreign currency exposures Advances at balance sheet date

Particulars		As at 31 March 2018		As at 31 March 2017	
		In foreign currency	₹ in Lakh	In foreign currency	₹ in Lakh
Trade receivables (Advances)	USD	13,250.62	8.71	-	-
Trade receivables (Advances)	EUR	3,964.40	3.12	-	-
Trade payables (LC) (Advances)	USD	622.30	0.47	-	-
		13,872.92	9.17	-	-

44. 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 in the ordinary course of business, less than the amount at which they are stated in the Balance Sheet.

45. EMPLOYEE BENEFIT OBLIGATION**Holding Company****Defined Contribution Plan**

Particulars	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh
i) Employer's contribution to Provident Fund	170.17	208.18
ii) Employer's contribution to Superannuation Fund	84.84	7.95
iii) Employer's contribution to Pension Scheme	6.30	96.42

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	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh
Defined benefit obligation at the beginning of the year	409.50	502.49
Current service cost	55.96	56.16
Interest cost	29.09	35.70
Actuarial gain / (loss)	14.85	(89.10)
Benefit paid	(142.00)	(95.75)
Past Service Cost	10.00	-
Defined obligation at year end	377.41	409.50

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

Particulars	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh
Fair value of plan assets at the beginning of the Year	532.90	491.66
Expected return on plan assets	37.86	38.10
Actuarial gain / (loss)	(1.24)	3.14
Fair value of plan assets at year end	569.52	532.90

Reconciliation of fair value of assets & obligation

Particulars	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh
Fair value of plan assets at the end	569.52	532.90
Present value of obligation	377.41	409.50
Net asset/(liability) recognized in the balance sheet	192.11	123.40

(a) Amount recognized in the statement of profit & loss

Particulars	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh
Current service cost	55.96	56.16
Interest cost	29.09	35.70
Expected return on plan assets	(37.86)	(38.10)
Past Service Cost	10.00	-
Amount recognized in the statement of profit & loss	57.20	53.76

(b) Other comprehensive(income)/expense(Remeasurement)

Particulars	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh
Actuarial (gain)/loss -obligation	14.85	(89.10)
Actuarial (gain)/loss -plan assets	1.25	(3.14)
Amount recognized in the statement of profit & loss	16.10	(92.24)

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

Particulars	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh
Discount rate	7.75%	7.75%
Attrition rate	5.00%	5.00%
Expected rate of return on assets	7.75%	7.75%
Mortality rate	IALM 2006-08	IALM 2006-08
Salary rise	Ultimate	Ultimate
	5.00%	5.00%

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

Particulars	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh	For the year ended 31 March 2016 ₹ in Lakh	For the year ended 31 March 2015 ₹ in Lakh	For the year ended 31 March 2014 ₹ in Lakh
Defined benefit obligation	377.41	409.50	502.49	453.54	398.94
Plan assets	569.52	532.90	503.18	419.88	380.96
Surplus/(deficit)	192.11	123.40	0.69	(33.66)	(23.63)
Experience adjustment on plan assets	(1.24)	3.14	(1.70)	(3.27)	3.21
Experience adjustment on plan liabilities	(117.15)	(158.96)	4.90	(11.85)	31.23

Leave Encashment (unfunded)**Reconciliation of opening and closing balances of defined benefit obligation**

Particulars	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh
Defined benefit obligation at the beginning of the year	49.27	213.08
Current service cost	15.35	12.43
Interest cost	3.50	15.14
Actuarial (gain)/loss	18.09	(36.06)
Benefit paid	(37.78)	(155.32)
Defined obligation at year end	48.43	49.27

Reconciliation of fair value of assets & obligations

Particulars	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh
Fair value of plan assets at the end		
Present value of obligation	48.43	49.27
Amount recognized in balance sheet	48.43	49.27

(a) Amount recognized in the statement of profit & loss

Particulars	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh
Current service cost	15.35	12.43
Interest cost	3.50	15.14
Expected return on plan assets	-	-
Amount recognized in the statement of profit & loss	18.85	27.56

(b) Other comprehensive(income)/expense(Remeasurement)

Particulars	For the year ended 31 March 2018 ₹ in Lakh	For the year ended 31 March 2017 ₹ in Lakh
Actuarial (gain)/loss -obligation	18.09	(36.06)
Actuarial (gain)/loss -plan assets	-	-
Amount recognized in the statement of profit & loss	18.09	(36.06)

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 17
Discount rate	7.75%	7.75%
Attrition rate	5.00%	5.00%
Expected rate of return on assets	NA	NA
Mortality rate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Salary rise	5.00%	5.00%

45. EMPLOYEE BENEFIT OBLIGATION (CONTINUED)

Subsidiary Company i.e. F.M. Hammerle Textiles Limited

Defined contribution plan

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

Particulars	As at 31 March 2018 ₹ Lakh	As at 31 March 2017 ₹ Lakh
a) Employer's contribution to provident fund	34.71	45.16
b) Employer's contribution to superannuation fund	-	-
c) Employer's contribution to pension scheme	50.93	54.43

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	As at 31 March 2018 ₹ Lakh	As at 31 March 2017 ₹ Lakh
Defined benefit obligation at the beginning of the year	322.14	232.12
Current service cost	42.76	43.01
Interest cost	24.16	16.25
Actuarial gain / (loss)	4.43	47.30
Benefit paid	(33.11)	(16.54)
Defined obligation at the end of the year	360.39	322.14

Reconciliation of fair value of assets & obligation

Particulars	As at 31 March 2018 ₹ Lakh	As at 31 March 2017 ₹ Lakh
Fair value of plan assets at the end	-	-
Present value of obligation	360.39	322.14
Amount Recognized in balance sheet	360.39	322.14

Amount recognized in the statement of profit & loss

Particulars	For the year ended 31 March 2018 ₹ Lakh	For the year ended 31 March 2017 ₹ Lakh
Current service cost	42.76	43.01
Interest cost	24.16	16.25
Actuarial (gain)/loss recognized in IVP	4.43	47.30
Amount recognized in the statement of profit & loss	71.35	106.56

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Discount rate	7.50%	7.00%
Attrition rate	7.00%	15.00%
Expected rate of return on assets	0	0
Mortality table	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Salary rise	10.00%	10.00%

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

Particulars	For the year ended 31 March 2018 ₹ Lakh	For the year ended 31 March 2017 ₹ Lakh	For the year ended 31 March 2016 ₹ Lakh	For the year ended 31 March 2015 ₹ Lakh	For the year ended 31 March 2014 ₹ Lakh
Defined benefit obligation	360.39	322.14	232.12	232.12	60.82
Plan assets	-	-	-	-	-
Surplus/(deficit)	360.39	322.14	232.12	185.86	105.66
Experience adjustment on plan assets	4.43	47.30	2.19	51.21	16.02
Experience adjustment on plan liabilities	-	-	-	-	-

Leave encashment (unfunded)
Reconciliation of opening and closing balances of defined benefit obligation

Particulars	For the year ended 31 March 2018 ₹ Lakh	For the year ended 31 March 2017 ₹ Lakh
Defined benefit obligation at the beginning of the year	35.81	102.31
Current service cost	4.21	6.41
Interest cost	2.69	7.17
Actuarial (gain) /loss	2.22	(44.69)
Benefit paid	(14.96)	(35.39)
Defined obligation at year end	29.97	35.81

Reconciliation of fair value of assets & obligations

Particulars	As at 31 March 2018 ₹ Lakh	As at 31 March 2017 ₹ Lakh
Fair value of plan assets at the end :		
Present value of obligation	29.96	35.81
Amount recognized in balance sheet	29.56	35.81

Amount recognized in the statement of profit & loss

Particulars	For the year ended 31 March 2018 ₹ Lakh	For the year ended 31 March 2017 ₹ Lakh
Current service cost	4.21	6.41
Interest cost	2.69	7.17
Actuarial (gain)/loss recognized in IVP	2.22	(44.69)
Amount recognized in the statement of profit & loss	9.11	(31.11)

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Discount rate	7.50%	7.00%
Attrition rate	7.00%	15.00%
Expected rate of return on assets	0	0
Mortality rate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Salary rise	10.00%	10.00%

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

Particulars	For the year ended 31 March 2018 ₹ Lakh	For the year ended 31 March 2017 ₹ Lakh
Defined benefit obligation	35.81	102.31
Plan assets	-	-
Surplus / (deficit)	29.96	35.81
Experience adjustment on plan assets	-	-
Experience adjustment on plan liabilities	-	-

In previous year, actuary had given the disclosure table for long term provision only in respect of gratuity & leave encashment in the certificate however we have recognised the short term provision & long term provision in the books as per the index summary given in actuarial certificate.

Disclosure in respect of previous three annual periods as required by Accounting Standard-AS-15 "Employee Benefits" is not presented as the management consider its impracticable in absence of requisite information

46. RELATED PARTY DISCLOSURES IN ACCORDANCE WITH IND AS-24 "RELATED PARTY" :-

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
a. Key Management Personnel (KMP)	Mr. Ashok Kumar Oswal Mr. Adish Oswal Mr. Ashok Kumar Goyal (Upto 31.03.2018) Mr. Sushil Sharma (upto 5th July, 2017) Mr. Pankaj Agarwal (w.e.f 1st November, 2017) Mr. Kuldeep Singla Ms Avnee Mehra (upto. 11.09.2017) Mr. Vipin Kumar Sharma	Mr. Ashok Kumar Oswal Mr. Adish Oswal Mr. Ashok Kumar Goyal Mr. Sushil Sharma Mr. Parvinder Singh (upto 31st August 2016) Mr. Kuldeep Singla (w.e.f 1st September 2016) Ms Avnee Mehra (w.e.f. 17 September 2016) Mr. Vipin Kumar Sharma (w.e.f. 15 February, 2017)
b. Relative Of KMP	Mrs. Manju Oswal Mr. Abhinav Oswal Mrs. Rakhi Oswal Ms. Aketa Oswal	Mrs. Manju Oswal Mr. Abhinav Oswal Mrs. Rakhi Oswal Ms. Aketa Oswal
c. Enterprise over which KMP is able to exercise significant influence exercise significant influence	Panchsheel Textile Mfg & Trading Co.Pvt Ltd Enakshi Investments Private Limited. Liberty Mercantile Co.(P)Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments Private Limited.	Panchsheel Textile Mfg & Trading Co.Pvt Ltd Enakshi Investments Private Limited. Liberty Mercantile Co.(P)Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments Private Limited.

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Ruby Mercantile Co. Private Limited.	Ruby Mercantile Co. Private Limited.	Ruby Mercantile Co. Private Limited.
Boras Investment & Trading Co. (P) Limited.	Boras Investment & Trading Co. (P) Limited.	Boras Investment & Trading Co. (P) Limited.
Gagan Mercantile Co. Private Limited.	Gagan Mercantile Co. Private Limited.	Gagan Mercantile Co. Private Limited.
Pioneer Mercantile India Private Limited.	Pioneer Mercantile India Private Limited.	Pioneer Mercantile India Private Limited.
Adesh Investment & Trading Co. (P) Limited.	Adesh Investment & Trading Co. (P) Limited.	Adesh Investment & Trading Co. (P) Limited.
Calgary Investment & Trading Co. (P) Ltd.	Calgary Investment & Trading Co. (P) Ltd.	Calgary Investment & Trading Co. (P) Ltd.
Oswal Infratech Pvt. Ltd.	Oswal Infratech Pvt. Ltd.	Oswal Infratech Pvt. Ltd.
Oswal Tradecom Pvt. Ltd.	Oswal Tradecom Pvt. Ltd.	Oswal Tradecom Pvt. Ltd.
Oswal Holding Pvt. Ltd.	Oswal Holding Pvt. Ltd.	Oswal Holding Pvt. Ltd.
Nightangle Dealcom Pvt. Ltd.	Nightangle Dealcom Pvt. Ltd.	Nightangle Dealcom Pvt. Ltd.
Alma Assets Consultancy (P) Ltd	Alma Assets Consultancy (P) Ltd	Alma Assets Consultancy (P) Ltd
Altfort Merchants (P) Ltd	Altfort Merchants (P) Ltd	Altfort Merchants (P) Ltd
Oswal Industrial Enterprises Private Limited	Oswal Industrial Enterprises Private Limited	Oswal Industrial Enterprises Private Limited
Vardhman Amarante Pvt. Limited	Vardhman Amarante Pvt. Limited	Vardhman Amarante Pvt. Limited

ii) Transaction with related parties during the year:-

(₹ in Lakh)

Nature of transaction	KMP		Relative of KMP		Enterprise over which KMP is able to exercise Significant Influence		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Loan received	-	539.50	-	-	1,600.56	192.50	1,600.56	732.00
Loan repaid	160.81	416.50	-	-	1,554.06	142.50	1,714.87	559.00
Advance received against goods	-	-	-	-	-	649.04	-	649.04
Sale of goods	-	-	-	-	665.78	399.47	665.78	399.47
Purchase of goods	-	-	-	-	316.43	-	316.43	-
Advance given against goods	-	-	-	-	-	644.35	-	644.35
Expense reimbursement (Receivable)	-	-	-	-	-	4.69	-	4.69
Rent paid	49.52	40.85	-	-	-	-	49.52	40.85
Job charges paid	-	-	-	-	2.28	29.63	2.28	29.63
Interest paid	18.54	16.76	-	-	80.10	8.00	98.64	24.76
Rent received	-	-	-	-	0.48	1.31	0.48	1.31
Remuneration	38.97	44.86	5.19	18.05	-	-	44.16	62.91
Managerial Remuneration	107.96	193.49	-	-	-	-	107.96	193.49
Outstanding balances at year end								
Investment in equity shares	-	-	-	-	0.09	0.09	0.09	0.09
Amount receivable from company under same management	9.00	9.00	-	-	18.31	10.07	27.31	19.07
Amount payable on account of unsecured loan	93.69	254.50	-	-	162.00	115.50	255.69	370.00

46. RELATED PARTY DISCLOSURES:-
Transactions during the year:-

- Loan received from KMP includes loan received from Mr Ashok Kumar Oswal of ₹ Nil (previous year ₹539.50 lakh) in case of holdign company and loan received from enterprise over which KMP has significant influence is Rs.46.50 lakh (Previous year- ₹65.50 lakh) from Altfort merchants (P) Ltd., ₹1554.06 lakh(previous year ₹127 lakh) from Vardhman Amarante Pvt. Ltd
- Loan repaid to KMP includes loan repaid to Mr Ashok Kumar Oswal Rs. 160.81 lakh(previous year ₹325 lakh) from holding company and ₹ Nil (previous year ₹91.50 lakh) from subsidiary company i.e. FM Hammerle Textiles Limited and Loan repaid to enterprise over which KMP has significant influence is ₹1554.06 lakh(previous year ₹127.00 lakh) to Vardhman Amarante Pvt. Ltd from holding company and ₹ Nil (Previous year ₹15.50 lakhs) in case of subsidiary company i.e. F.M. Hammerle Textiles Limited.
- Rent paid to Mr. Ashok Kumar Oswal ₹49.52 lakh (previous year Rs.40.85 lakh)
- Advance received against goods includes advance received from Oswal Industrial Enterprises Ltd. of ₹ Nil (previous year ₹649.04 lakh)in case of holding company.
- Advance given against goods includes transactions with Oswal Industrial Enterprises Ltd.of ₹ Nil (previous year ₹644.35 lakh) in case of holding company.
- Expense reimbursement includes transactions with Oswal Industrial Enterprises Ltd.of ₹ Nil (previous year ₹4.69 lakh) in case of holding company.
- Job charges includes paid to Oswal Industrial Enterprises Private Limited ₹2.28 lakh (previous year ₹29.63 lakh) in case of holding company.

- h) Rent received includes rent from Oswal Industrial Enterprises Private Limited ₹0.48 lakh (previous year ₹1.31 lakh) in case of holding company.
- i) Interest paid includes interest paid to enterprises over which KMP has significant influence includes ₹15.23 lakh (previous year ₹5.95 lakh) to Alfort Merchants (P) Ltd and ₹64.87 lakh (previous year ₹1.22 lakh) to Vardhman Amrante Private Limited in case of holding company and ₹Nil lakh (previous year ₹0.83 lakh) to Alfort Merchants (P) Ltd in case of subsidiary company i.e F.M. Hammerle Textiles Limited and interest paid to KMP includes ₹18.54 lakh (previous year ₹16.76 lakh) paid to Mr. Ashok Kumar Oswal in case of holding company
- j) Remuneration includes transaction with Mr. Abhinav Oswal ₹5.19 lakh (previous year ₹18.05 lakh), Mr. Kuldeep Singla ₹17.19 lakh (previous year ₹9.85 lakh) & Mr. Sushil Sharma ₹3.62 lakh till 5th July, 2018 (Previous year 13.95 lakh), Pankaj Agarwal ₹3.95 lakh (w.e.f 1st November, 2018) in case of holding company and Remuneration of ₹13.49 Lakh includes ₹0.88 Lakh of Ms Avnee Mehra (previous year ₹1.26 lakh), ₹12.61 lakh of Mr Vipin Kumar sharma (previous year ₹1.41 Lakh) in case of subsidiary company i.e F.M. Hammerle Textiles Limited
- k) Managerial Remuneration ₹107.96 lakh (previous year ₹193.49 lakh) includes transactions with Mr. Ashok Kumar Oswal ₹29.27 lakh (previous year ₹72.06 lakh), Mr. Adish Oswal ₹24.38 lakh (previous year ₹70.74 lakh) and Mr. Ashok Goyal ₹54.31 lakh (previous year ₹50.69 lakh) in case of holding company.
- n) Sale of goods includes transactions of ₹656.82 lakh (Previous year ₹394.43 lakh) with Oswal Industrial Enterprises (P) Ltd in case of holding company and ₹8.96 lakh (previous year ₹5.04 lakh) in case of subsidiary company i.e F.M. Hammerle Textiles Limited
- o) Purchase of goods includes transactions of ₹315.71 lakh (Previous year-Rs. Nil lakh) with Oswal Industrial Enterprises (P) Ltd in case of holding company and ₹0.72 lakh (previous year ₹Nil lakh) in case of subsidiary company i.e F.M. Hammerle Textiles Limited

Closing balance at the year end:-

- a) Amount payable on account of Unsecured loan includes payable amount of ₹162 lakh (Previous year ₹115.50 lakh) against M/s Alfort Merchants Private Limited and the ₹93.69 Lakh (Previous year ₹254.50 lakh) of Mr. Ashok Kumar Oswal in case of holding company.
- b) Balance due from company under same management includes ₹18.31 Lakh (Previous year 10.07 Lakh) of Oswal Industrial Enterprises Private Limited in case of subsidiary company i.e F.M. Hammerle Textiles Limited.

47. Financial Risk Management

The principal financial assets of the Company include loans, trade and other receivables, and cash and bank balances that derive directly from its operations. The principal financial liabilities of the company, include loans and borrowings, trade and other payables and the main purpose of these financial liabilities is to finance the day to day operations of the company.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks and that advises on financial risks and the appropriate financial risk governance framework for the Company.

This note explains the risks which the company is exposed to and policies and framework adopted by the company to manage these risks:

Market Risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans & borrowings and deposits. The sensitivity analyses in the following sections relate to the position as at 31 March 2018 and 31 March 2017.

(i) Foreign Currency risk management

The company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

(ii) Interest Rate Risk

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

As the Company has no significant interest-bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates, which are included in interest bearing loans and borrowings in these financial statements. The company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

At the reporting date the interest rate profile of the Company's interest bearing financial instrument is at its fair value:

Particulars	As at 31st March 2018	As at 31st March 2017
Variable rate instruments		
Long term borrowings	23943.47	27284.02
Current maturities of long term debt	7054.02	4532.50
Short term borrowings	25861.02	19978.49

Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/(decreased) profit or loss for the below years by the amounts shown below. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	As at 31st March 2018	As at 31st March 2017
Increase/ (decrease) in 100 basis point	568.59	517.95

Liquidity Risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has outstanding bank borrowings. The Company is passing through a phase of liquidity stress and there is a mismatch in cash flows. Due to this, the capacities of the Company are running at sub-optimal level. The Company is working towards devising a plan which would correct the cash flow mismatch. The Company believes that the Company would be able to generate enough cash inflows to meet its working capital requirements in the medium and long run. The company manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The Company has exposure to credit risk from trade receivable balances on sale of Yarns & Readymade Garments. The Company ensures concentration of credit does not significantly impair the financial assets since the customers to whom the exposure of credit is taken are well established and reputed industries engaged in their respective field of business. The creditworthiness of customers to which the Company grants credit in the normal course of the business is monitored regularly.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables as disclosed at Note 6 & 11.

Write off policy

The financials assets are written off in case there is no reasonable expectation of recovering from the financial.

47A. Capital Management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The director's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. No Changes were made in the objectives, policies or processes during the years ended 31st March 2018 and 31st March 2017.

48. 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	
Subsidiaries		Amount (Rs. in Lakh)	As % of consolidated net assets	Amount (Rs. in Lakh)	As % of consolidated profit or loss
A. Parent					
Vardhman Polytex Limited	Current Year	(31,679.92)	141.81%	(42,422.49)	246.56%
	Previous Year	10,743.01	-209.65%	22.62	-0.68%
B. Subsidiaries					
Indian Subsidiaries					
F. M. Hammerle Textiles Limited	Current Year	(10,932.19)	48.94%	(4,446.78)	25.85%
	Previous Year	(6,485.42)	126.56%	(3,332.37)	100.87%
Oswal Industrial Enterprises Pvt. Ltd.	Current Year	-	0.00%	-	0.00%
	Previous Year	-	0.00%	-	0.00%
Foreign Subsidiaries					
F. M. Hammerle Verwaltung GmbH	Current Year	(291.71)	1.31%	(9.55)	0.06%
	Previous Year	(232.92)	4.55%	6.15	-0.19%
Less: Minority Interest in all subsidiaries		-		-	
Less: Elimination / Adjustments	Current Year	20,563.90	-92.05%	29,673.36	-
	Previous Year	(9,149.02)	178.54%	-	-
Total	Current Year	(22,339.92)	100.00%	(17,205.46)	100.00%
	Previous Year	(5,124.34)	100.00%	(3,303.60)	100.00%

The Holding Company is paying rentals for office premises taken on rent which are not in the nature of operating lease agreements. Therefore, disclosure requirements of IND AS-17 are not applicable.

In accordance with the provisions of Accounting Standard on impairment of Assets, (IND AS-36), 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.

In subsidiary company i.e. FM Hammerle Textiles Limited

- The Govt. of Maharashtra had 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 Lakhs on specific items of fixed assets in process house / dye house machinery.

49(A) The details of prior period expenses in case of Holding Company-Vardhman Polytex Limited are as follows:

(₹ in Lakh)		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Bonus	0.72	-
Total	0.72	0

(B) The details of prior period expenses in case of Subsidiary Company-F.M. Hammerle Textiles Limited are as follows:

(₹ in Lakh)		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Bonus	0	38.98
Duty drawback	3.96	7.29
Export commission	0	0.75
Others	2.31	11.80
Total	6.27	58.82

Following disclosures in respect of non-cancellable operating lease as per IND AS-17 "Leases" given below:

In case of Subsidiary Company-F.M. Hammerle Textiles Limited

(₹ in Lakh)		
	For the year ended March 31, 2018	For the year ended March 31, 2017
Lease payments for the year	33.46	45.14
Future Minimum Lease Payments	For the year ended March 31, 2018	For the year ended March 31, 2017
Not later than one year	12.23	28.66
Later than one year and not later than five years	-	96.30
Later than five years	-	-
Total	12.23	124.96

50. In case of Subsidiary Company-F.M. Hammerle Textiles Limited

As per Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, specified companies shall have at least two Independent Directors. After the resignation of Mr. Purshotam Lal Singla, Independent Director w.e.f. 17.09.2016, the company has only one independent director. The Company is in violation of the provisions of the Act in relation thereto.

51. Corporate debt restructuring (Holding company)

- The credit facilities of the Company were restructured under CDR mechanism vide LOA dated 28/12/2012. The Company complied with the conditions stipulated in the LOA. Reserve Bank of India, vide its circular dated 12/02/2018 has withdrawn the Corporate Debt Restructuring Scheme. The accounts of the Company have been declared NPA by all of its lenders. Refer Note 20 for further details.
- As the company accounts have been declared as NPA, therefore no interest in being charged by the lenders post the NPA classification. Keeping the accrual concept in consideration, the company has provided for interest based upon terms of the CDR package.

Corporate debt restructuring (Subsidiary company)

- The Debt Restructuring Scheme (the 'scheme') under CDR mechanism was approved and letter of approval issued on 9th February' 2011. The scheme inter-alia included restructuring of repayment schedule, interest funding, reduction in interest rates and additional security in favour of CDR lenders by pledge of shares of promoters stipulated. Master restructuring agreement ("MRA") was executed on 18th March'2011 with the lenders. The impact in terms of the approved

scheme has been given in final balance sheet.

- ii) Interest has been accounted for based upon terms of package/confirmations received from the bankers.
- iii) The credit facilities/loans under CDR are further secured by unconditional & irrevocable personal guarantee of CMD Mr. Ashok Kumar Oswal & Director Mr. Adish Oswal and corporate guarantee of M/s Vardhman Polytex Limited, holding company.
- iv) Other conditions as stipulated under the scheme are not being due (delay in payment)

52. Vardhman Polytex Ltd, holding company has filed a petition u/s 397, 398 of the erstwhile Companies Act, 1956 in the Hon'ble Company Law Board, Principal Bench, New Delhi against the company, Maschinen Umwelttechnik Transportanlagen Gesellschaft mbH, Austria (another shareholder), IRIS Textile GmbH (erstwhile foreign Collaborator), Mr. Josef Hahn, Director and Mr. Ishwinder Maddh (erstwhile Alternate director to Mr. Josef Hahn) alleging that the activities and acts of Mr. Josef Hahn and Mr. Ishwinder Maddh are in the manner oppressive to Vardhman Polytex Ltd. The said petition is at the stage of arguments. The Company has filed case under Section 111A of the erstwhile Companies Act, 1956, the Hon'ble Company Law Board Decision is pending.

53. In view of continuous losses suffered by the FM Hammerle Textiles Limited (Formerly Known as Oswal F.M. Hammerle Textiles Ltd), the subsidiary company's accumulated losses are ₹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 company is now classified as "Sick Company" and required to file an application to Board for Industrial and Financial Reconstruction (BIFR).

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

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

Description	(₹ in Lakh)	
	As at March 31, 2018 Rs. in Lakh	As at March 31, 2017 Rs. in Lakh
Opening Balance	10.00	135.00
Add: Given during the year	-	-
Less: Received back during the year	-	(100.00)
		(25.00)
Total	10.00	10.00

The above loans have been given for business purposes as interest free

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

As per our report of even date
For Romesh K Aggarwal & Associates
Chartered Accountants
 Firm Reg. No:-000711N

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

Sd/-
Ruchir Singla
 Partner
 Membership No. 519347

Sd/-
Adish Oswal
 Managing Director
 (Business & Corporate Affairs)
 (DIN-00009710)

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

Sd/-
Pankaj Agarwal
 (Company Secretary)

Sd/-
Kuldeep Singla
 (Chief Financial Officer)

Place : Ludhiana
 Date : 30th May 2018

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**

(₹ in Lakh)

Sr. No.	Particulars	As on 31.03.2018	As on 31.03.2018
1.	Name of the subsidiary company	F.M. Hammerle Textiles Ltd. (Formerly: Oswal F.M. Hammerle Textiles Ltd), India	F.M. Hammerle Verwaltungs GmbH, Austria
2.	Reporting period for 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 the case of foreign subsidiaries.	Not Applicable	1 EURO = Rs. 80.62
4.	Share capital	12,386.75	22.54
5.	Reserves and surplus	(23,318.94)	(314.25)
6.	Total assets	11,733.04	44.53
7.	Total Liabilities	11,733.04	44.53
8.	Details of Investments (except in case of investment in the subsidiaries)	-	-
9.	Turnover (Net)	1,997.38	21.41
10.	Profit before Taxation	(4,442.35)	(8.23)
11.	Profit after Taxation	(4,446.78)	(9.55)
12.	Proposed Dividend (including tax thereon)	-	-
13.	% of shareholding	81.73%	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 DIRECTORS OF VARDHMAN POLYTEX LIMITED

Sd/-
Kuldeep Singla
Chief Financial Officer

Sd/-
Pankaj Agarwal
Company Secretary
(ACS-26877)

Sd/-
Adish Oswal
Director
(DIN-00009710)

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

Place : Ludhiana
Date : 30th May, 2018

NOTICE TO ALL SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM

Re: Restriction on transfer of shares in physical form

Dear Shareholder(s),

In terms of Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, which states that with effect from 5th December, 2018 requests for effecting transfer of shares of listed companies shall not be processed unless the shares are held in dematerialized form.

Therefore, all the shareholders are requested to get the shares converted into dematerialized form for effecting any transfer of shares in the future.

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.

In view of the above, shareholders are advised that to facilitate transfer of shares of the Company, the same require to be dematerialized. The key steps involved in dematerializing shares are:

1. Open a demat account with a Depository Participant (DP)
2. Submit physical share certificate(s) to the DP along with a Demat Request Form (DRF)
3. DP would inform the Depository (NSDL or CDSL) regarding the demat request
4. The DP would thereafter submit the share certificate(s) along with DRF to the Registrar of the Company
5. The Registrar would validate the documents and convey Acceptance/Rejection of the demat request to the concerned Depository
6. Upon successful dematerialization of the share(s), the Registrar would update the Registrar of Members.
7. The concerned Depository would also update its record and inform the DP
8. The DP would then credit the share(s) into the demat account of the investor.

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. The shareholders holding shares in physical mode are therefore, requested to get the shares dematerialized till 5th December, 2018 for effecting any transfer of shares in the future.

For any assistance in the matter, you may please communicate with Company's Registrar at:

Alankit Assignments Limited
 1E/13, Alankit Heights, Jhandewalan Extn., New Delhi- 110055.
 Phone: 011- 41540060-63
 Fax: 011- 41540064
 E-mail: rita@alankit.com

With Regards
 For Vardhman Polytex Limited

Sd/-
 Ashok Kumar Oswal
 Chairman & Managing Director
 Date: 14th August, 2018



ATTENDANCE SLIP

38th Annual General Meeting – 24th September, 2018

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

I hereby record my presence at the **38th ANNUAL GENERAL MEETING** of Vardhman Polytex Limited at Registered Office: Vardhman Park, Chandigarh Road, Ludhiana -141123, Punjab (INDIA), **at 11.00 a.m. on Monday, 24th September, 2018**.

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

No. of Share(s) held: _____ Folio No. / DP ID and Client ID _____

Signature _____

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the meeting.

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



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:

- Name : _____ Email ID : _____
 Address : _____ Signature _____ or failing him/her.
- Name : _____ Email ID : _____
 Address : _____ Signature _____ or failing him/her.
- 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 **38th 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 Monday, the 24th day of September, 2018** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description of the Resolution	For	Against
Ordinary Business			
1(a).	Adoption of Audited Financial Statements of the Company for the financial year ended 31 st March, 2018, together with the Report of Auditors and Board of Directors thereon; and		
1(b).	Adoption of Audited Consolidated Financial Statements of the Company for the financial year ended 31 st March, 2018, together with the Report of Auditors thereon.		
2.	Ratification of appointment of Statutory Auditors of the Company.		
3.	To appoint a Director in place of Mr. Adish Oswal (DIN-00009710), who retires by rotation in accordance to Article of Association and being eligible, offers himself for re-appointment.		
Special Business			
4.	To consider and approve the re-appointment of Mr. Ashok Kumar Oswal (DIN: 00009403) as Chairman and Managing Director of the Company.		
5.	Ratification of appointment of Mr. Adish Oswal as Managing Director (Business & Corporate Affairs)		
6.	Ratification of appointment of Mr. Damanbir Singh Sobti as an Independent Director.		
7.	Ratification of appointment of Mr. Harpal Singh as an Independent Director.		
8.	Ratification of appointment of Ms. Aarti Rawat as an Independent Director.		
9.	To ratify the remuneration of Cost Auditors for the financial year ending 31st March, 2019.		

Signed this _____ day of _____ 2018

Signature of Proxy holder(s)

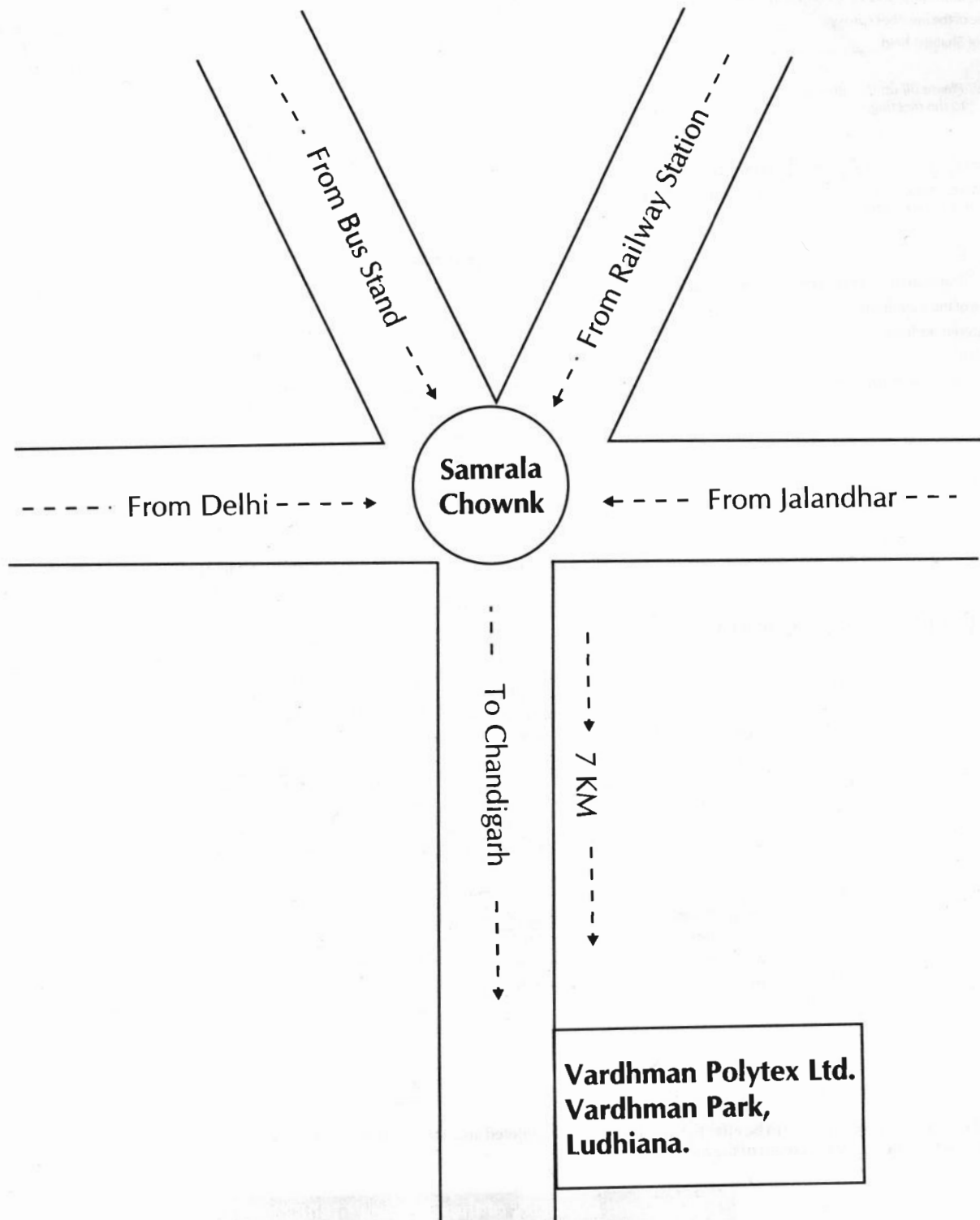
Affix
Revenue
Stamp
Re. 1/-

Signature of Member(s)

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

For E-voting the EVSN of the Company: 180823041

Route Map
to
Vardhman Polytex Ltd., Ludhiana, Punjab



This image shows a single page of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

This image shows a single page of white paper with horizontal black lines, resembling notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Financial Highlights for Five Years

(₹ in lakh)

Parameters	2017-18	2016-17	2015-16	2014-15	2013-14
Gross sales and operating income	62556.41	85,647.84	87,808.92	94,241.29	92,272.44
FOB value of Exports	11,964.97	32,062.60	38,245.21	43,237.25	44,123.61
Net Profit	(42422.49)	22.62	901.64	(2,880.20)	477.51
Profit Before Tax (PBT)	(42422.49)	22.62	901.64	(2,231.93)	332.23
Cash Profit(PBT + Dep.-Excep. Items)	(10493.89)	2,087.67	3,720.06	(2,578.37)	3,598.07
Gross Block (FA + CWIP)	61,591.98	62,246.80	59,832.75	58,772.20	57,823.03
Net Block (NA + CWIP)	22,675.47	24,897.44	24,530.72	26,194.95	29,088.61
Paid up Share Capital	2232.54	2,232.54	2,232.54	2,232.54	1,985.24
Net Worth	(31679.92)	10,743.01	10,742.18	12,862.35	11,888.88
Capital Employed	39536.72	62,564.75	62,697.83	70,218.50	71,924.09
Long Term Debt Equity Ratio	(0.42)	1.53	1.82	1.83	2.20
Current Ratio	0.17	0.57	0.62	0.77	0.74

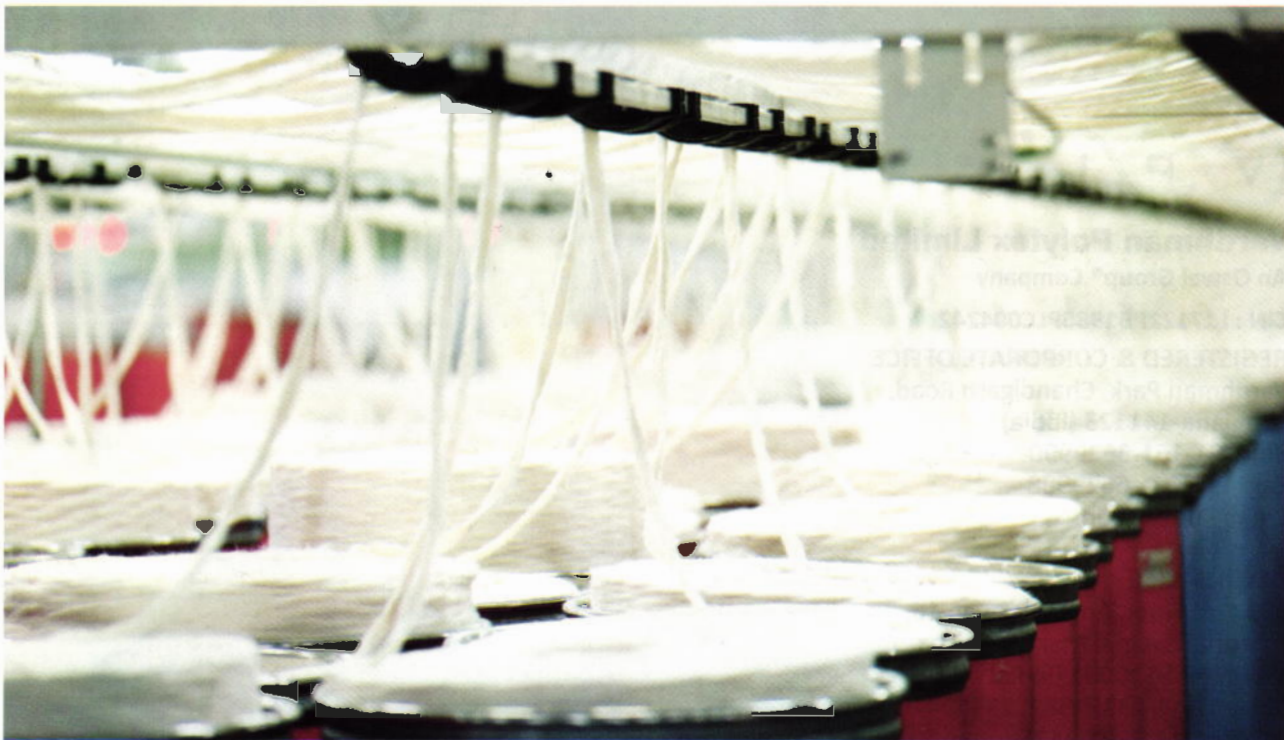
Equity shares data for five years

Parameters	2017-18	2016-17	2015-16	2014-15	2013-14
Book Value per share (₹)	(142.12)	48.19	48.19	57.70	59.99
Earning per share (₹)					
-Basic	(190.16)	0.30	4.04	(14.02)	2.59
-Diluted	(190.16)	0.30	4.04	(14.02)	2.28
-Cash	(180.95)	8.97	16.69	(10.41)	16.14
Dividend per share (₹)	-	-	-	-	-
P/E Ratio	(0.09)	(229.91)	9.38	(2.72)	14.47
Price to Cash Earning Ratio	(0.10)	7.62	2.27	(3.67)	2.05
Price to Book Value per share	(0.13)	1.41	0.79	0.66	0.55

Panoramic view of Spinning & Dyeing Processes



Panoramic view of Spinning & Dyeing Processes



BOOK POST



Vardhman Polytex Limited

An Oswal Group® Company

CIN : L17122PB1980PLC004242

REGISTERED & CORPORATE OFFICE

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Emai: info@vpl.in

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Kasturba Gandhi Marg

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