

September 29, 2017

BSE Limited  
Corporate Relationship Department,  
1st Floor, New Trading Ring,  
Rotunda Building, P.J. Towers,  
Dalal Street,  
**MUMBAI - 400 001.**

Dear Sir,

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed herewith Annual Report of the Company duly approved and adopted by the Members of the Company in their Meeting held on 27<sup>th</sup> September, 2017.

Thanking you,

Yours faithfully,  
For **RSWM LIMITED**



**SURENDER GUPTA**  
**COMPANY SECRETARY**  
**FCS – 2615**  
**E-205, Satya Shanti Apartment**  
**Plot No.23, Sector -13, Rohini**  
**Delhi - 110085**

Encl.: As above

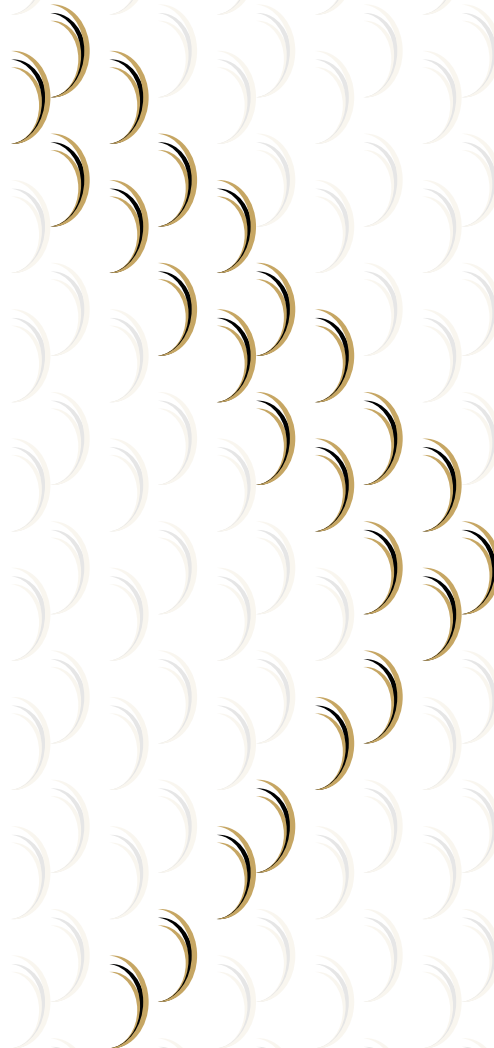
(Formerly Rajasthan Spinning & Weaving Mills Limited)

**Corporate Office :**  
Bhilwara Towers, A-12, Sector-1  
Noida - 201 301 (NCR-Delhi), India  
Tel. : +91-120-4390300 (EPABX)  
Fax : +91-120-4277841  
Website : www.rswm.in  
GSTIN: 09AAACR9700M1Z1

**Regd. Office :**  
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Distt. Bhilwara, (Rajasthan), India  
Tel. : +91-1483-223144 to 223150, 223478  
Fax : +91-1483-223361, 223479  
Website : www.lnjbhilwara.com  
GSTIN: 08AAACR9700M1Z3

**Corporate Identification Number: L17115RJ1960PLC008216**

ANNUAL REPORT  
2016-17



Aspirations for  
**tomorrow**



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PROUD TO BE INDIAN  
PRIVILEGED TO BE GLOBAL

**02-27**

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## The LNJ Bhilwara Group

The esteemed journey of the LNJ Bhilwara Group started in 1960, when the Group's founder, Mr. L. N. Jhunhunwala established a textile mill in Bhilwara, Rajasthan, paving the way for the Group's unfaltering success. Over the past five-and-a-half decades, the Group has strategically diversified into a multi-product conglomerate. The Group today has five listed companies with sustainable financial health in all the companies.

### FORWARD-LOOKING STATEMENTS

We have exercised utmost care in the preparation of this report. It contains forecasts and/or information relating to forecasts. Forecasts are based on facts, expectations, and/or past figures. As with all forward looking statements, forecasts are connected with known and unknown uncertainties, which may mean the actual result deviate significantly from the forecast. Forecasts prepared by the third parties, or data or evaluations used by third parties and mentioned in this communication, may be inappropriate, incomplete, or falsified. We cannot assess whether information in this report has been taken from third parties, or these provide the basis of our own evaluations, such use is made known in this report. As a result of the above mentioned circumstances, we can provide no warranty regarding the correctness, completeness, and upto-date nature of information taken, and declared as being taken, from third parties, as well as for forward looking statements, irrespective of whether these derive from third parties or ourselves. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.





## **Challenging times have their merits. They show who the resilient leaders are.**

The fiscal year gone by was by no means a cakewalk, especially with material prices going sky high and government's demonetisation directive being implemented without warning. And yet, with our foresight, implementations of strategic operational initiatives and prudent product mixes, we have succeeded in holding our ground. We have come out of these turbulent times stronger, more resolute and prepared to reap the benefits of the hard work we put in.

**We are driven by our aspirations for tomorrow!**

# Knowing RSWM



The flagship enterprise of the more than US\$1 billion - LNJ Bhilwara Group is known for its vertically integrated fibre-to-fabric business model. Our ten operational facilities equipped with state-of- art technology spread across Rajasthan and Tamil Nadu are proximate to major cotton fields and customers.

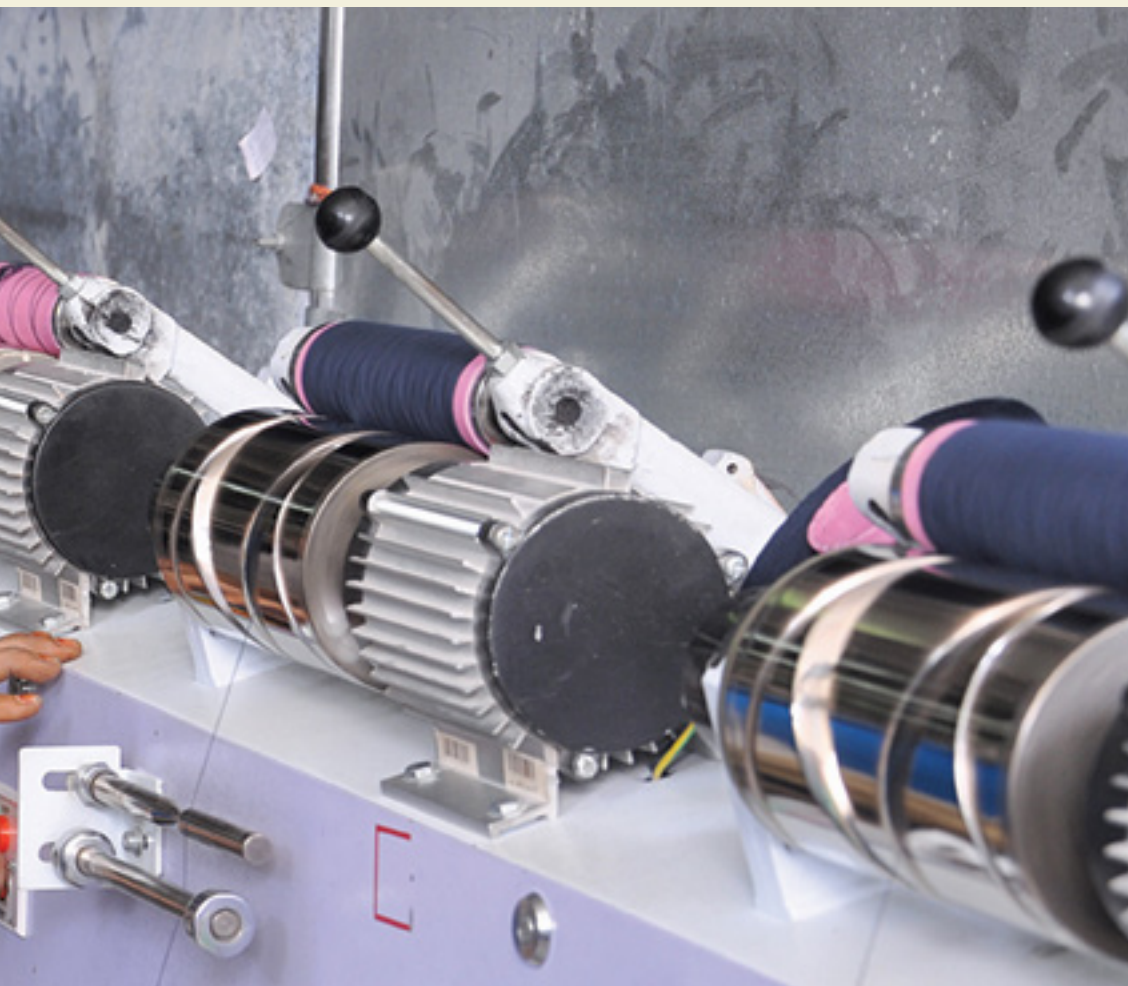
Over the years, RSWM has established the reputation of a sectoral pioneer. It was among the first Indian textile companies to implement TQM (Total Quality Management) protocols as a part of the manufacturing process

way back in 1997. All of our facilities and processes are aligned with international operational standards. As on March 31, 2017, we have a marketing footprint spanning across 81 countries.

Headquartered in Noida (NCR, Delhi), India, we have our operations carried out across eight prime manufacturing facilities in Rajasthan and one each in Tamil Nadu and Puducherry.







## RSWM is known for its



### Higher capacities

Our Kharigram unit has the highest spindleage (1.67 Lakhs ring spindles) for any single Indian manufacturing facility of synthetic yarns



### Stringent compliance

Our manufacturing facilities have been bestowed with best-in-class certifications that highlight the Company's unrelenting emphasis on qualitative excellence. These include Global Organic Textile Standards (GOTS), Global Recycle Standards, SA 8000, Organic Exchange (OE blended and/or OE 100), OEKO-TEX 100 and REACH.



### Integrated business model

We are among the few players in the Indian textile space with an across-the-value-chain presence – from yarns to fabric to denim garments.



### Distinctive identity

Our quality assurance cell (certified by Levi's) tests denim fabrics to ensure qualitative consistency and is among the few Indian units to be bestowed with this recognition. LNJ Denim pioneered the launch of fluorescent denim shades in India and is among the few to offer coated denim fabrics.



### Global presence

We market 31% of our output to global customers across 81 countries. We are among the handful of Indian textile manufacturers capable of offering jacquard and over-dyed fabrics demanded by international clients.



### Cutting-edge technology

We commissioned India's most sophisticated automated spinning unit SJ-11 at Kharigram, marketing quality yarns under the 'Ultima' and 'EGDE' brands.

# RSWM in numbers

**56**

Years of industry experience

**2<sup>nd</sup>**

Achieved the status of the second largest spinner with a total spindle capacity of 5.05 Lakhs

**17,875**

Contribution per spindle (in ₹)

**50.91%**

Promoter shareholding as on March 31, 2017

**10**

Manufacturing facilities in India for three business segments

**810**

Quantum of debt repaid in the last five years (₹ in Crores)

**1024**

Market capitalization (₹ in Crores) as on March 31, 2017

**18737**

Employee strength of RSWM as on March 31, 2017

**1.91**

Profit contribution per employee (₹ in Lakhs)

## Producing more

Consistent average capacity utilization over the last five years



## Selling more

Growing sales over the last five years



## Investing more

₹741 Crores invested in asset creation over the last five years



## RSWM's capacity competence

### Yarns

**504704**

Spindles as on March 31, 2017

**4800**

Rotors as on March 31, 2017

### Fabric Processing

**24**

Million metres per annum of installed capacity as on March 31, 2017

### Denim

**25**

Million metres per annum of installed capacity as on March 31, 2017

### What did RSWM do differently?

- » Maintained qualitative consistency
- » Enhanced customer satisfaction
- » Implemented best-in-class technology
- » Ensured stringent compliance
- » Addressed grievances promptly

### How RSWM will benefit as a result of these initiatives?

- » Superior capacity utilization
- » Better realizations
- » Higher operational efficiencies
- » Immunity against macroeconomic disturbances

## RSWM's manufacturing credentials



**Recycled  
Polyester Fibre**



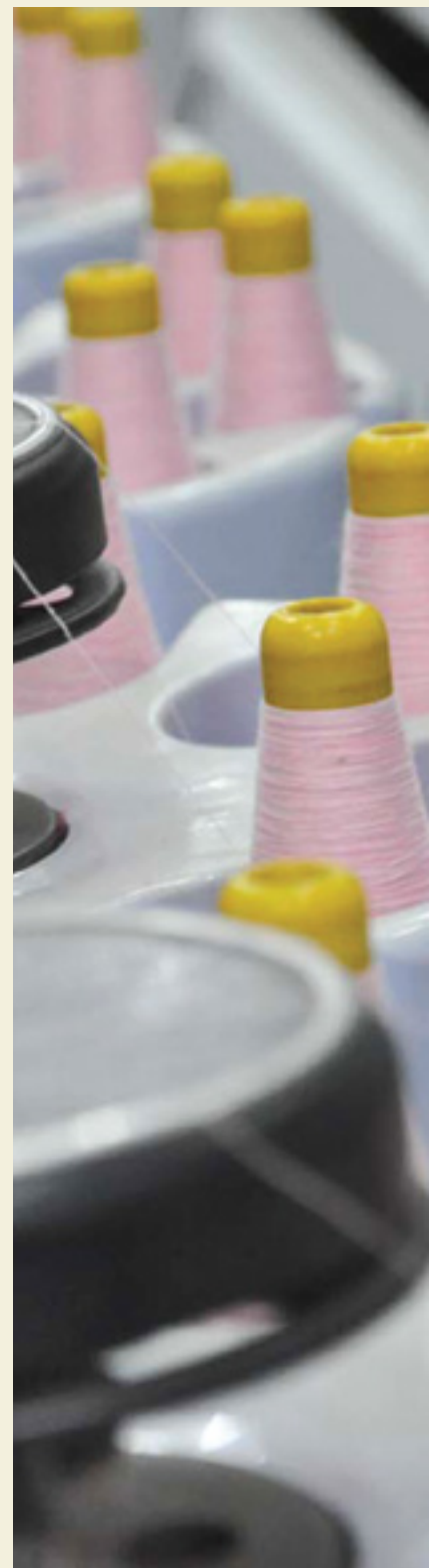
**Spinning –  
seven plants**



**Denim –  
one plant**



**Fabric –  
one plant**





# In Conversation with the Chairman



## How challenging did FY2016-17 turn out to be for RSWM?

The fiscal gone by was one of the most difficult years faced by the Company in the recent times. With skyrocketing raw material costs, the operations of all major yarn manufacturers were affected, irrespective of which textile hub they were operating from – Central or North India. During the first two quarters, we performed well and were in line with our expected year-end targets. However, it was in the second half of the year that the spinners really started feeling the heat when the downstream demand subdued. The resultant overcapacity combined with high fibre prices further squeezed the margins.

## What caused this volatility in raw material prices?

Continuation of the direct subsidy-based policy by China and low demands from spinning mills in the country kept the domestic cotton prices under pressure. Chinese cotton reserves directly impacted the quantum of imports within the country and consequently the global stock levels outside it. Unexpected seasonal changes manifesting in the form of droughts and floods didn't do us any favours either. The rising oil prices may have been a good news for the overall world

economy, but it didn't have a similar impact on the textile industry. In fact, it led to a rise in the polyester prices as well.

## How did you address these challenges?

As cotton prices remained range-bound during the initial months of CY2016, we pursued an aggressive policy in order to reduce stocks and streamlined our receivable management protocols. We cleared our inventory quicker – reducing it from 30 days to 10 days. This allowed us to protect our PAT margins to a certain extent. And now, with cotton prices returning to normalcy (April 2017), the things are starting to look up for this sector as a whole.

Fluctuations in raw cotton prices were not in the hands of RSWM and so we had to bear the brunt of the same. But RSWM, as a proactive Company, tried its best to negate the loss owing to the rise in cotton prices by controlling the factors which were in our control.

## Considering the circumstances, how well did RSWM perform?

In terms of sheer financial performance, the Company didn't perform as per the management's expectations. Our topline growth fell from previous year's level. But there

₹ **350**  
Crores

Expected profitability levels in the next three years



are a few other numbers which I would like the shareholders to take notice of. We launched more than a hundred products during the year, and amazingly > 70% of them found takers immediately. This meant, we forged ties with more customers and made our presence felt in more countries. So, as far as exports were concerned, our performance was more or less in line with our expectations. During the fiscal gone by, our revenue breakdown stood at a 69-31 ratio in favour of domestic sales.

Following the capacity expansion initiative undertaken in 2015, we today have 504704 spindles—among the largest in the country. We implemented a number of cost saving and efficiency enhancing initiatives during the year, which resulted in a saving of ₹2.5 Crores per month. Furthermore, we increased our share of value-added products to account for 30% of our product mix.

### **What were some of the key initiatives undertaken during the year under review?**

During FY2015-16, we had scaled capacities, added resources, recruited personnel and fine-tuned our product mix. This year we took this to the next level by introducing a new methodology of ‘5-to-25’. This approach entailed showing the client the yarn sample in five days and readying the actual yarn over the next 25 days. The operative philosophy was that the sooner we turn around the ‘yarn to garment’ cycle, the happier will be the client. Further, we undertook a number of people related initiatives like various training and development programs and functioning of centres under skill development mission at Kharigram and Banswara, which also helped improve the people related efficiency.

### **What were some of the other ways in which the Company optimised costs?**

In a tactical measure, we decided to channelise the bulk of our capex towards the upgradation of obsolete machinery and de-bottlenecking of production lines. A considerable portion of our equipment bank was more than a decade old and hence had become economically unviable. The influx of automation facilitated a reduction in human intervention and increased efficiencies.

### **What makes you optimistic of the Company’s prospects?**

Going ahead, we expect governmental reforms like ‘Make in India’ initiatives to drive the sectoral growth. During the past five or six years, the industry has witnessed the trend of piling up of inventory each time the

prices drop (in February-March) and that of selling them when they peaked again (in May). This allowed textile companies to accrue trading margins and profits that were higher than the operating profit. Our product pipeline, our relentless emphasis on R&D and strategic energy conservation measures have consistently bode well for us. Hence, despite of rising raw material prices constantly threatening our margins, we remain confident of holding onto it. The investments we have made in the last two years will begin showing results in the upcoming year. We are targeting ₹3,500 Crores in terms of topline and a PBDT of ₹350 Crores in the next three years. While organic growth has been a key driver, inorganic growth is also being looked at as a distinct possibility.

**Ravi Jhunjunwala**  
Chairman

“THE INVESTMENTS WE HAVE MADE IN THE LAST TWO YEARS WILL BEGIN SHOWING RESULTS IN THE UPCOMING YEAR. WE ARE TARGETING ₹3,500 CRORES IN TERMS OF TOPLINE AND A PBDT OF ₹350 CRORES IN THE NEXT THREE YEARS.”

# Q&A with the Managing Director

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Mr. Riju Jhunjhunwala, Managing Director, discusses the commitment of the enterprise to respond to challenges.

## **How well did the Company perform in FY2016-17?**

The year FY2016-17 emerged as a landmark year for RSWM in terms of operations, if not financially. Leveraging our past six decades of experience in the textile business, some of the most decisive initiatives we undertook over the last couple of years bore fruit during this year. These initiatives were completely in-sync with our focus on growing our capacities strategically and at a low cost. Our patient investments over the past 3-4 years – and a consistent belief that the further improvement of our processes, technologies and equipments would be imminent – enabled us further to undertake and implement a number of industry benchmarking initiatives and policies in FY2016-17.

However, the biggest challenge for the year was the demonetisation. This was especially relevant considering the fact that we operate in an industry where cash is the predominant transaction mode. Slowdown in demand for apparels and other products had a trickledown effect on the entire value chain. As consumer spending dried up for a considerable amount of time, the demand for apparels, home textiles and other end-products lessened as well. This resulted in inventory accumulation and deferment of purchases, thereby stretching our payments cycle and hindering our cash flow.

These two factors coupled with a few other industry-related challenges, put a pause on our hopes of a profitable second-half. Thus, the net profit of the Company declined in



THE STORY OF RSWM'S PERFORMANCE DURING FY2016-17 WAS ONE OF GROWTH IN THE FACE OF ADVERSITY.”



FY2016-17 to ₹101 Crores from ₹107 Crores in the previous year. Having said that, the plunge in our profits could have been steeper, had it not been for our farsightedness in terms of aggressive inventory management, new product launches, product mix alignments and value-addition products. These measures strengthened our operational efficiency and enhanced our visibility.

### **How was the performance of the Company from the operational perspective and what were the various initiatives that strengthened the working of the company?**

The story of RSWM's performance during FY2016-17 was one of growth in the face of adversity. On the operational level, the year was an eventful one. The Company embarked on a number of initiatives to strengthen its long-term competitiveness. However in terms of sheer numbers, the operating profit might see an overall dip for the entire year.

The '5-to-25' methodology helped keep the yarn-to-fabrics conversion cycle at an optimal level. Zero base budgeting was undertaken to identify cost-effective ways of doing things and removing all redundant

activities. In a bid to make our manufacturing process leaner, we introduced the 5S concept at the production level. We also implemented Kaizen Quality Circle to benchmark our operational efficiencies with that of the best in the business. We recruited a number of experienced personnel at our manufacturing units and trained shopfloor employees with renewed zest. All these initiatives not only improved the quality of our products but also led to a visible reduction in customer complaints.

We manufactured more value-added products in a bid to increase our profitability. The result: of the ₹173 Crores of investments that we made during the year under review, 55% went towards enhancing the share of value-added products in our portfolio and replacing obsolete machinery.

### **Would you say RSWM is valued fairly today?**

I believe that the enterprise is yet to realise its full potential. Our networth of ₹633 Crores, as on March 31, 2017, has been growing by 2x since 2011. Besides, we also possess the country's second-largest spindleage in the domestic textile sector (5.05 Lakhs

spindles). We are yet to fully utilize the same in terms of value-added products. Just to give the shareholders an idea of how lucrative this can be, let me cite an example. Our income from the sales of value-added products also increased substantially during the year.

### **How do you wish to sustain growth in the long run?**

The senior management at RSWM believes that adoption of the following strategies might help the Company sustain its growth momentum over the long-term.

- » Expand our presence more in international countries
- » Strengthen our relationships with our domestic and international business partners
- » Increasing the production of value-added products to strengthen margins
- » Enhance our production capacity to achieve economies-of-scale
- » Improving cost efficiency to bolster margins
- » Delivering innovative products to catalyse offtake

### **What are your plans for FY2017-18?**

While on one hand we will continue to consolidate our operations, we will also keep an eye out for relevant inorganic growth opportunities. I must also mention that during the year our working capital requirement was in line with the management's expectations. This is something we would want to continue.

Looking ahead we would like to achieve full capacity utilization in terms of achieving better realizations and higher operational efficiencies. We plan to automate a few other processes in FY2017-18 to enhance product quality and improve efficiencies. We also plan to manufacture more value-added products so as to increase our profitability.

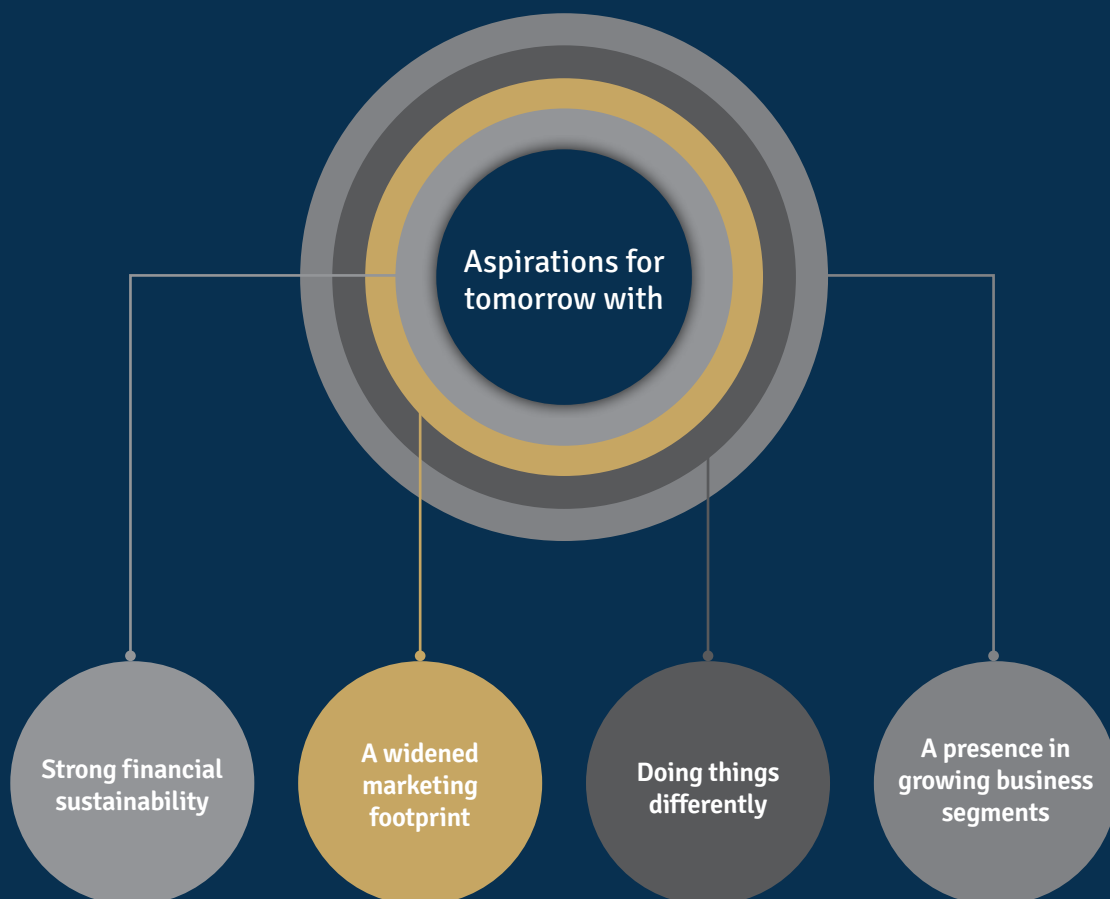
**Riju Jhunjunwala**  
Managing Director

# Business strategy

We strive to be recognized as a highly respectable and profitable textile company and be a preferred partner for our business associates – nationally and internationally.

## We work to:

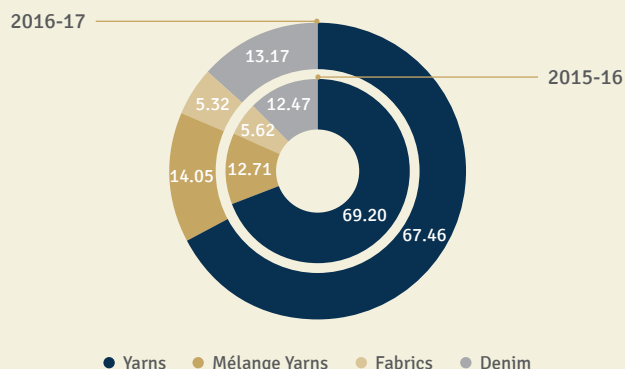
- » Create a sustainable financial model for our stakeholders
- » Produce products of future backed by a strong innovation culture
- » Widen our market presence across the country and globe
- » Create a company that delivers growth across all business segments



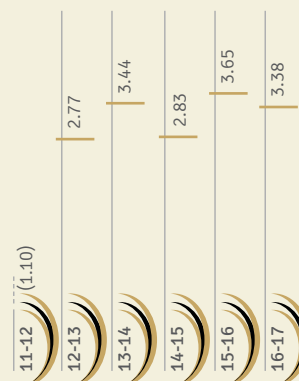


# Aspirations for tomorrow with Strong financial sustainability

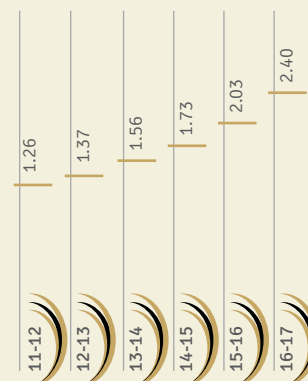
Revenue split (business segment - wise) (%)



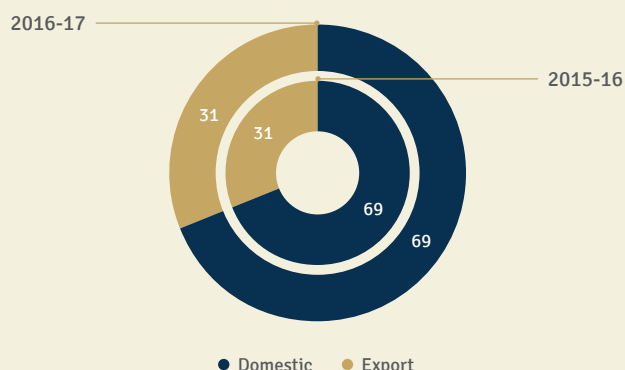
PAT margin (%)



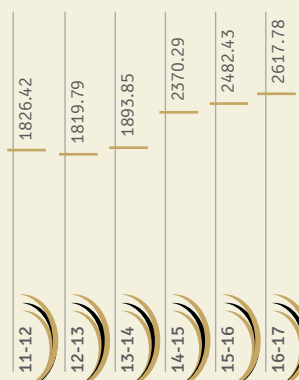
Fixed asset cover ratio



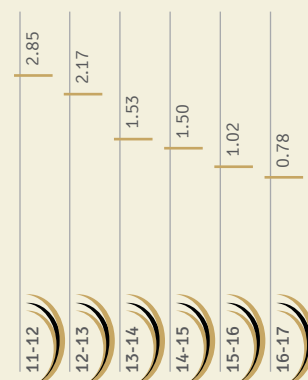
Revenue split (geography-wise) (%)



Gross block (₹ in Crores)



Debt-equity ratio (Non current)



## Historical analysis (2011-12 vs 2016-17)

Revenue growth	PBITD growth	PAT growth	Cash profit growth
<b>49.79%</b>	<b>122.29%</b>	<b>563.37%</b>	<b>334.61%</b>
<div>2011-12</div> <div>₹2000.15 cr</div>	<div>2011-12</div> <div>₹160.99 cr</div>	<div>2011-12</div> <div>₹(21.79) cr</div>	<div>2011-12</div> <div>₹56.95 cr</div>
<div>2016-17</div> <div>₹2996.20 cr</div>	<div>2016-17</div> <div>₹357.87 cr</div>	<div>2016-17</div> <div>₹100.97 cr</div>	<div>2016-17</div> <div>₹247.51 cr</div>
Operating margin growth	Interest Coverage	RoCE growth	RoNW growth
<b>388 bps</b>	<b>169 bps</b>	<b>529 bps</b>	<b>2354 bps</b>
<div>2011-12</div> <div>8.10%</div>	<div>2011-12</div> <div>1.55x</div>	<div>2011-12</div> <div>4.15%</div>	<div>2011-12</div> <div>(7.59)%</div>
<div>2016-17</div> <div>11.98%</div>	<div>2016-17</div> <div>3.24x</div>	<div>2016-17</div> <div>9.44%</div>	<div>2016-17</div> <div>15.95%</div>



# Aspirations for tomorrow with A widened marketing footprint

Success in the textiles business is determined by a corporate's ability to think on its feet.

## 81

countries

Of international presence

So, when RSWM's major overseas yarn market – Turkey – fell prey to domestic turmoil during the fiscal, one would have assumed that the Company's export revenue pipeline would run dry.

But, that's not what happened. Here's why.

Because, over the years we created one of the widest marketing footprints in our space – not 10 or 20, but 81 countries wide and spread across 6 continents.

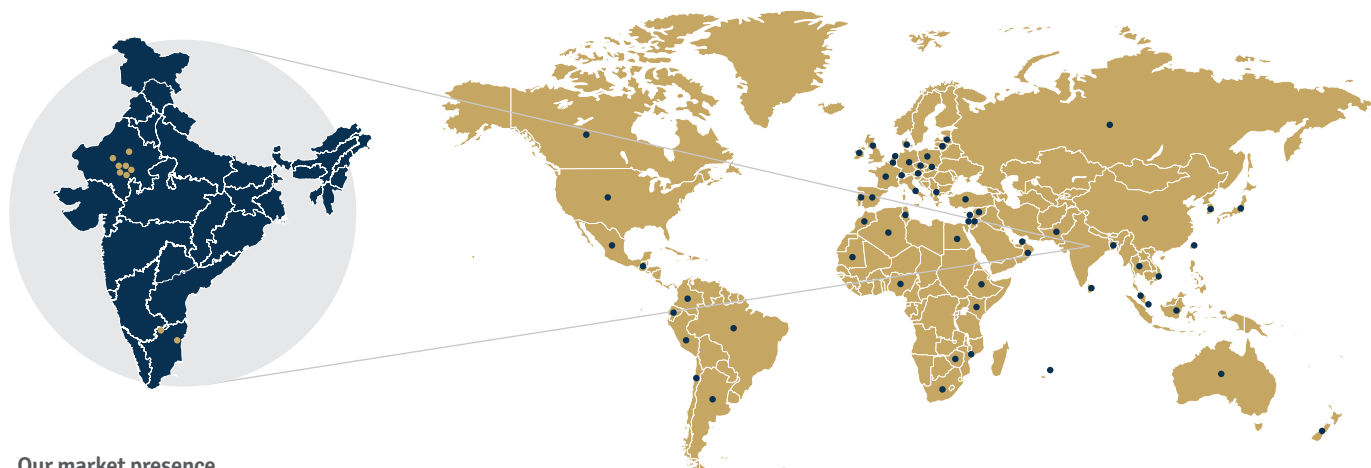
So, when our revenues fell in one country, we forayed into newer ones.

We provided samples to clients (the 5-to-25 pilot project) in a bid to not just highlight the qualitative excellence of its yarns, but also showcase our turnaround capability.

We zeroed in one of the biggest textile hubs in the world – Bangladesh – and increased our share of revenues from the region.

**The result:** We increased yarn volumes by 10% and added new customers to our roster, paving the way for sustained growth in the years ahead.

## Global and India presence



### Our market presence

India		World							
Kharigram	Rishabhdev	Turkey	Belgium	Peru	Lebanon	Syria	Australia	France	Oman
Mordi	Ringas	Egypt	Korea	Vietnam	Israel	Argentina	Slovenia	Slovakia	Netherland
Lodha	Puducherry	Bangladesh	Pakistan	Poland	Kenya	Colombia	Ireland	Latvia	New Zealand
Mandpam	Bagalur	Brazil	South Africa	Ethiopia	Switzerland	Mauritania	Czech Republic	Thailand	Lithuania
Kanya Kheri		Portugal	Italy	Jordan	Denmark	Mauritius	Ecuador	Malaysia	Singapore
		Morocco	Chile	UK	Canada	Japan	Nigeria	China	Indonesia
		Germany	Spain	Guatemala	Mexico	Russia	Taiwan	Zimbabwe	
		USA	Tunisia	Algeria	Sri Lanka	Dubai	Macedonia	Mozambique	



## Aspirations for tomorrow with **Doing things differently**

Thriving in the textiles business depends a lot on a corporate's ability to stay undeterred in the face of mounting challenges.

So, when we saw raw material prices rise, we chose not to pass on the increase to the end-users.

Instead, we made use of our best-in-class technology, undertook cost-saving and efficiency-enhancing initiatives (Kaizen, 5S and Quality Circle, among others) to negate the impact of rising prices.

We operationalised a rooftop solar plant (~1.8 megawatts) in a bid to not just reduce our power bills but also to promote green energy consumption.

We bagged orders for more than 70% of the 100-odd products launched during the year.

Our continued focus on energy conservation helped our Mandpam Unit bag the Second Prize in Energy Conservation Award instituted by the Rajasthan State Government for the year 2015-16 – which we received in December 2016.

**The result:** RSWM reaped the benefits of superior capacity utilization, earned better realizations, achieved higher

operational efficiencies and bolstered its immunity against macroeconomic disturbances. All these initiatives also resulted in an overall cost savings. We achieved a contribution per spindle of ₹17875, almost at par with previous year's ₹17979.

**1.8**  
MW

Captive solar plant installed to optimise energy consumption



Aspirations for tomorrow with

# A presence in growing business segments

A corporate's ability to identify the lucrative niches in the textile industry plays a big role in consolidating its presence there.

So, when price volatilities started eating into our bottomline, we chose to diversify strategically and market ourselves differently.

We participated in global exhibitions in Shanghai and Mumbai to enhance RSWM's visibility.

We made its presence felt in upcoming segments by offering 360 degree stretchable fabrics, vintage denims and shirting denims.

We launched a new brand called Cannello (an outsourced Italian brand) for the fabric division to cater to high-end European customers.

We started to sell linen, cotton linen, polyester, poly-nylon wool and quilts.

We expanded our dealer and distributor network to occupy as much shelf space as possible.

We scaled sales volumes to IKEA (the largest furniture and fittings manufacturer in world) from 300 tonnes to 2,205 tonnes.

We laid a keen emphasis on the value-added segment and expanded the share of such products (30% of the product portfolio).

## Our marquee clients



»»»»

# Our areas of focus

## Value added segment

At RSWM, we believe that time has come to be more committed towards our value-added segment, as we feel that this would be the segment which would take us to our next phase and drive the profitability levels.



» By increasing our presence in trade fairs, exhibitions and seminars (both international and domestic), to increase the visibility of our value added segment

» By undertaking surveys to understand the market sentiment and then implementing the same to develop new products

### The result

» Revenue from the value-added segment grew over year on year.

### Overall goal

Stay committed to the goal of doubling the revenue from the value added segment in the next three to four years.

### How we intend to achieve it

- » Stream lining the production towards the value-added products
- » Increasing our presence in the global markets

### How we went about achieving our goals

- » By investing in upgrading our manufacturing processes in order to understand the technology and produce value added products

## Branding strategies

At RSWM, we undertook a number of initiatives in FY2016-17 to enhance our brand visibility, as we believe that once we are able to position ourselves as the most preferred brand in the textile industry, it would surely help the Company in going a long way in terms of sustaining growth.

### Initiatives undertaken:

- » Establishing trust for our products amongst our customers by exceeding their expectations every time - in terms of quality, delivery and service

- » Positioning ourselves strategically as a leading textile and other related items manufacturer to cater to both retail and institutional customers at the same time
- » Investing proactively in branding activities by

allocating a certain percentage of our annual revenues for advertisements and marketing

- » Customising the product offerings as per the specific needs of the customer and evolving the product basket as per the changes in the industry



## Segment I - Yarn division



Production (in tonnes),  
FY2016-17

**120763**

Export revenue  
(₹ in Crores)

**739**

Revenue (₹ in Crores) generated  
in FY2016-17

**2021.22**

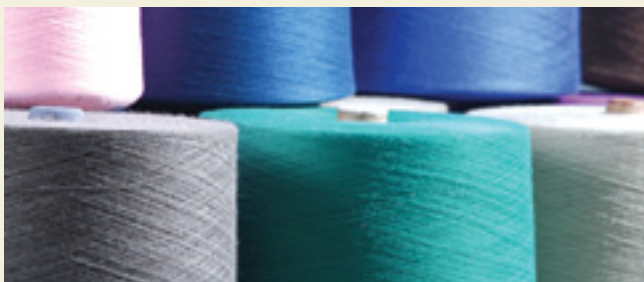
### Overview

Yarn constitutes the flagship division of RSWM, having started operations in 1961 with an installed spindle capacity of 12,500 spindles. Today it is the largest contributor to the overall revenue mix of the Company and boasts of 8 state-of- art manufacturing facilities with a cumulative 408368 spindles and 3120 rotors.

Over the years the yarn division of RSWM has not just grown in stature but also in terms of product offering and clientele. Today, it is one of the most respected name in

the Indian textile industry and is also one of India's leading manufacturers of synthetic yarns, offering an unmatched range of products across fibre blends, counts and shades. The

Company is associated with some of the biggest names in the Indian textile industry like Raymond Ltd., Siyaram Silk Mills Ltd., Welspun India Ltd. and Alok Industries Ltd., along



# 10.12%

EBIDTA margin in  
FY2016-17

# 330.86

Average yarn production  
per day (in tonnes)

# 3120

Total rotor capacity as on  
March 31, 2017

# 408368

Total spindle capacity as on  
March 31, 2017

with a presence in more than 50 countries. Its product range serves the needs of the fashion, knitting, weaving, denim, hosiery, shirting and suiting segments. Nearly 1.58% of the yarn produced by the Company is consumed in-house for the fabric division and 98.42% is marketed in the domestic and international markets.

## Talking points for FY2016-17

- » Enhanced the proportion of value-added products
- » Enhanced the overall production level by 1.27%
- » Achieved a capacity utilization of 96.45%
- » Enhanced the proportion of exports in the overall product

mix. Domestic to exports ratio for FY2016-17 stood at 65:35

- » Increased the presence of the Company in the exhibitions, fairs and seminars not just to enhance the brand name but also to develop new product ideas.
- » Increased the quantum of product sales to IKEA from 228 metric tonnes in FY2015-16 to 2205 metric tonnes in FY2016-17.
- » To increase the order offtake, the Company introduced a new business development model called 5-10-25 to decrease our product's shelf life and enable our company to service the client better.
- » Introduced 412 new products during the year under review.

## Segment strengths

**Economies of scale:** RSWM is one of the largest yarn spinners in India resulting in a lower per unit cost of manufacture.

**Quality focus:** The Company's plants are certified as per ISO 9001:2008, which is a proof of stringent quality norms. The Company invested in a strong Quality Circle team and implemented a number of policies in recent years to maintain and enhance its quality standard.

**Locational advantage:** All the yarn units of the Company are strategically located, enjoying a nearness to cotton-producing belts, guaranteeing not only round-the-year cotton availability but also a reduction in logistic costs.

## Road ahead for FY2017-18

Moving ahead, we plan to introduce products that meet customer expectations. We intend to emerge as a preferred supplier and increase our market share.



## Segment II - Mélange yarns



Production (in tonnes),  
FY2016-17

**15271**

Revenue growth from  
previous year

**12.04%**

Revenue (₹ in Crores) generated  
in FY2016-17

**420.95**

Export revenue (₹ in Crores)

**99.10**

### Overview of the segment

The new business segment, yet the most profitable business segment of the Company started its operation in the year 1994 with a production capacity of 414 tonnes of yarn each month. Today the product is being manufactured across three facilities with a sizeable production capacity.

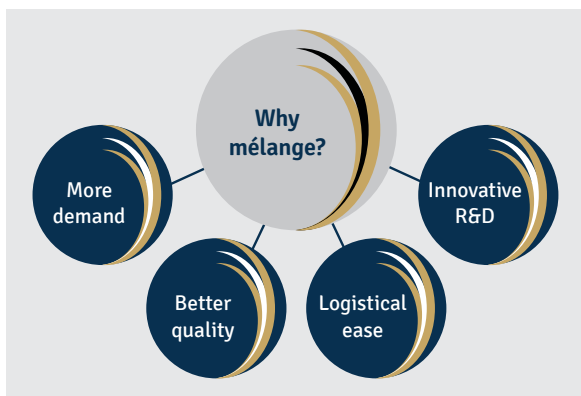
Used in underwear, casual wear, sportswear, shirts, business suits, socks as well as bed linen, towels, decorative fabrics and other home fabric products, this high-value yarn

is not just accepted by the Indian players but has also found acceptance in different countries, spread across the globe.

### Talking points for FY2016-17

» Continue to focus on new product development across business verticals





At RSWM EDGE, the Company makes yarns in over 70 fibres, in any blend or count imaginable.

**19.63%**

EBIDTA margin in  
FY2016-17

**75072**

Total spindle capacity as on  
March 31, 2017

**41.3 MT**

Average yarn production  
per day

» New products developed with the use of latest technology like Mosaic Slub Attachment and with different fiber combinations

» Technology upgradation by installing New Blow Room, Carding Machines, Pinters Roving Stop Motion & Spindle Monitoring Systems, in order to improve quality and productivity

» Focused more on customer orientation and understanding

» Keeping in view the market demand, we installed sampling machines for loom warping, sizing & compacting to improve the lead time of delivery to customers

» Renewed our focus towards green energy including a solar energy plant of 1.80 MW installed at Kanyakheri Unit

and 1.50 MW under installation at Mandpam

#### Road ahead for FY2017-18

» Major focus will be on new product development with high contributions along with home furnishing products

» We will continue to excel on the quality front by installing new module for Polypropelone contamination

» Keeping in view our environmental responsibilities, we are planning to set up an RO Plant 5th stage and WHE to reduce the operating costs of existing ZLD (MEE plant).

#### EDGE

RSWM's EDGE was launched in FY2015-16 with an aim to cater to the changing demands of the

consumers, as the yarn industry was flooded with commodity type products. It widened the yarn-dyed product basket and strengthened its presence in the key North Indian markets. This brand has come a long way in a span of one year as it offers customers a range of specialty and innovative yarn products.

EDGE has a product basket that includes products like thermolite/modal, linen/cotton, cotton/alpaca, modacrylic/cotton, coolmax/cotton etc. to meet the ever changing requirements of the protective wear, active wear, knitwear, wovens, home furnishing and fashion industry. The revenue from EDGE accounted for 12 % of the Company's sales volume in FY2016-17.

**80+**

New products introduced through various blends of Miyabi, Thermolite, Coolmax, Seacell and Sorona, among others

**20+**

Customers added from existing and new geographies

**80+**

Customers introduced to RSWM EDGE range of products from various countries



## Segment III - Fabrics



Production (in million metres),  
FY2016-17

**12.75**

Export revenue  
(₹ in Crores)

**30.46**

Revenue (₹ in Crores) generated  
in FY2016-17

**159.56**

### Overview of the segment

Established in the year 1973-74, the fabric division is a forward extension of the yarn manufacturing business of the Company. However, over the years the segment has been able to establish a separate entity owing to its success in the domestic and international market.

We offer a wide range of products in this segment covering formal and semi-formal wear coupled with unique blends of polyester and viscose in different shades

and finishes. We manufacture product at our vertically-integrated state-of-art plant in Mordí (Rajasthan) and markets the product under the brand name 'Mayur Suitings', which

is quite well-known across the length and breadth of India.

A strong and dedicated design team coupled with exclusive equipments for bulk sample yardage and design blankets,







# 11.49%

EBIDTA margin in  
FY2016-17

# 24

Million metres per annum,  
total installed capacity as  
on March 31, 2017

# 19.68

Million meters, of fabric  
processed FY2016-17

has helped the Company emerge as a prominent player and undertake extensive product innovation.

We have a deep-rooted distribution network covering more than 1400 retailers across India, which enables us to enjoy proximity to key points-of sales. With a footprint spread across 42 countries, our clientele not only includes some of the biggest names in the industry but also some renowned institutional clients like government agencies and schools.

## Talking points for FY2016-17

» Domestic sales constituted 82% of the total sales of the segment, whereas the exports saw a rise and currently constitutes 18% of the total sales

» Export sales grew by 7.70% in FY2016-17

» Started the commercial production and supply of linen, cotton linen, polyster, poly-nylon wool, quilt, thus further widening the product basket

» Further strengthened the distribution network by appointing 50 new dealers for it's fabric range

» Entered 2 new geographies in FY2016-17

» Enhanced realizations per metre by 1.28%

## Road ahead for FY2017-18

Moving ahead, the Company expects to further widen its offerings basket to create a competitive edge over others and focus on those products

which have a high margin. We intend to further expand the dealer and distributor network so that the company has at its disposal a strong and a deep-rooted network of dealers, which will help us in reaching far-flung corners of the country, enabling the Company to sell more products and earn greater revenue. The Company also intends to foray into the technical textile segment with the launch of Fire Retardant Fabric and a slew of other technical textiles. We'll also be focusing on the in-house development of newer and innovative kind of textiles.

## Segment IV - Denim



Production (in million metres),  
FY2016-17

**19.55**

Revenue growth from  
previous year

**6.66%**

Revenue (₹ in Crores) generated  
in FY2016-17

**394.47**

Export revenue (₹ in Crores)

**49.19**

### Overview of the segment

Established in 2007, the globally renowned Denim division of RSWM operates from its manufacturing facility in Mordi (Rajasthan), and has an installed capacity of 25 million metres per annum.

With a wide variety of value added products in the overall product mix, the Company's products are certified by some of the globally renowned quality confirming bodies like Control Union, BSI and Shirley Institute,

among others. From a small denim player in its industry space, the segment has grown in stature over the years and has been highly successful in creating a niche for itself in the industry. With a highly

successful acceptance rate not only in India but also in other countries across the globe, the Company is associated with some of the big and renowned names in the global denim industry like Levi's,



# 13.24%

EBIDTA margin in  
FY2016-17

# 21264

Spindles as on  
March 31, 2017

# 1680

Rotors as on  
March 31, 2017

# 6370

Average contribution  
per loom (in ₹)

# 79.88

Average contribution  
per rotor (in ₹)

# 86

Looms as on  
March 31, 2017

A strong product development team helps the company develop and innovate new products at regular intervals.

A strong and deep rooted distribution network of dealers and channel partners helped the company wide spread its marketing footprint.

A cordial and healthy relationship with our business partners, built over the years, has helped the Company in creating a positive brand image.

H&M, Zara, Warner, Carrefour, New Yorker, Lules, Marlboro, Diesel, Jack n Jones, Polo, Flori din, Mavi, Gap, TCP, Lee, Wrangler, Tesco, Grolls, Swiss Rail, Ann Taylor, Pepe, Spykar, Killer, Mufti, Pantaloons, Gini & Jony, Jordache, Liful, Ostin, Sainsbusy and Kenneth Cole among others.

## Talking points for FY2016-17

- » Enhanced the domestic sales by 12.13% owing to higher product acceptance
- » Grew export sales by 47.75% and the domestic to export revenue mix for the segment in FY2016-17 stood at 82.25:17.75 compared to 85.90:14.10 in the previous year
- » Increased the proportion of value added products in the

overall product mix from 45% in FY2015-16 to 48% in FY2016-17

- » Developed over 10 new value added products during the year under review and achieved a sales of ₹155 Crores - an increase of 4% from the previous year
- » Clocked a capacity utilization of 80%
- » Operationalised the new Sheet Dyeing facility at the Denim plant and enhanced the overall capacity to 25 million mtrs
- » The denim division of the company participated in exhibitions, fairs and seminars
- » Successfully installed and commissioned new ultra-modern machineries for a capital outlay of ₹40 Crores, sourced from some of the renowned global suppliers

» Undertook a number of cost saving initiatives at the operational level which led to a saving of ₹10 Crores

» Further established our presence across 4 new global destinations and also enlisted 10 new global brands

## Segment strengths

The segment offers a wide range of value added products comprising denim-out-of-denim (recycled denim), work-wear like anti-bacterial hydrophobic, hydrophilic, anti-odour and fire-retardant, organic cotton fabric, power stretch, plasma denim, rich blended denims (cotton with linen, cotton with Kashmir wool, cotton with hemp, cotton with viscose and 100% tencel), among others.

## Road ahead for FY2017-18

Going forward, we intend to focus all the more on the value added segment and expect to introduce new products like 360 degree stretchable denim, vintage denim and shirting collection in FY2017-18. With the economic conditions improving in Europe and America, we plan to renew our focus on these markets and grab a substantial share.





# Corporate Social Responsibility

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Our CSR activities align with our corporate objectives and business goals. The CSR policy involves: development of mechanisms and systems to identify, implement and monitor CSR projects in and around the geographical area of the manufacturing units. We intend to create sustainable models of socio-economic development with the participation of larger target audience, collaborate with Government bodies, NGOs and local communities for development projects in the region.



**The Company's CSR activities cater to the below mentioned areas:**



Health and sanitation



Education



Women empowerment



Animal welfare



Developing rural infrastructure



Environment



Construction of toilet block at Vanvasi Kalyan Hostel at Bhimkund near Banswara



Construction of retaining wall at Baneshwar anicut to protect villages from diversified flow of water

**The various initiatives included:**

» Eradicating hunger and poverty, promoting health care and sanitation facilities and providing safe drinking water at Banswara, Bhilwara and Sikar (Rajasthan).

» Encouraging education at Banswara, Bhilwara, Udaipur and Sikar (Rajasthan) among children & women to transform their livelihood.

» Empowering women to reduce gender inequality faced by socially and economically backward people at Bhilwara (Rajasthan).

» Promoting animal welfare and agro forestry at Banswara, Bhilwara (Rajasthan)

» Providing training for talented youth for rural, national, Paralympics and Olympic sports at Banswara, Bhilwara (Rajasthan).

» Developing the rural area by preparing roads at Banswara, Bhilwara (Rajasthan).

» Run two schools at Gulabpura and Rishabhdev in Rajasthan through an educational society and provide support to many other schools in the region.

» Providing proper equipments in health centre managed by the staff along with 24X7

ambulances - an initiative to help the local stakeholders.

» Organizing regular health checkup, immunization and blood donation camps.

» Active association with initiatives for women and senior citizens. These initiatives include setting up homes and hostels for women and orphans, along with old age homes and day care centers.

» Ensuring an eco-friendly manufacturing campus for the nourishment of the environment.

**314.48**

Amount (₹ in Lakhs)  
spent on the various CSR  
activities during FY2016-17



# Profile of Board of Directors

## Shri Ravi Jhunjunwala



Shri Ravi Jhunjunwala is a Non-Executive Promoter Director of the Company. Shri Ravi Jhunjunwala holds a degree in B.Com (Hons.) and is also an MBA from the Centre D'etudes Industrielles (CEI) Geneva. He joined HEG Ltd as a

Management Trainee and after proper grooming in all aspects of business management, he was assigned the rein of HEG as the Managing Director. His leadership has enabled the group to establish a presence in more than 75 countries

across five continents. He is also active in a number of National Management Forums and is associated with various chambers of commerce including CII.

## Shri Shekhar Agarwal



Shri Shekhar Agarwal is a Promoter, Non-Executive Director of the Company. He is a B. Tech (Mech) from Indian Institute of Technology, Kanpur

and has done his Masters in Science from University of Chicago. He has an extensive experience spanning four decades in the textile industry.

He was the Chairman of the Confederation of Indian Textiles Industry (CITI).

## Shri Arun Churiwal



Shri Arun Churiwal is a Non-Executive and Non-Independent Director of RSWM Limited. He is also the Chairman and Managing

Director of BSL Limited. Shri Churiwal holds a degree in B.A (Hons.). He joined the Board of the Company as a Director on October 23, 2003. He is an

eminent industrialist with a rich experience in the textile industry.

## Shri Riju Jhunjunwala



Shri Riju Jhunjunwala is Managing Director of RSWM Ltd. He is also the Managing

Director of Bhilwara Energy Ltd. A graduate in Business Management Studies, Shri

Riju Jhunjunwala is an industrialist with diversified business experience.

## Shri Prakash Maheshwari



Shri Prakash Maheshwari is an Executive Director of the Company. He is a graduate in B. Sc and a Gold Medalist

in CA Final. Shri Maheshwari possesses four decades of experience all in textiles and has worked at various positions

looking after yarn business of RSWM at various units and finally as Executive Director.

## Shri Jagdish Chandra Laddha



Shri Jagdish Chandra Laddha is a FCA with 4 decades of rich experience in textiles.

He is a Non-Independent Non-Executive Director of the Company. He had been

associated with the Company in various capacities in the past.

## Dr. Kamal Gupta



Dr. Kamal Gupta is an Independent Director of the Company and joined the Board on December 26, 1987. Dr. Gupta is a FCA, FICWA and Ph.D. He has an expertise

in the areas of finance, accounting and corporate laws. He was formerly a Technical Director with the Institute of Chartered Accountants of India. Dr. Gupta is a well-

known consultant in the field of accounting, auditing and corporate laws and is the Chairman of the Audit Committee of the Company.



**Shri Dharmendar  
Nath Davar**



Shri Dharmendar Nath Davar is an Independent Director of the Company and had joined the Board on November 10, 2004. He holds a masters degree in

Economics and a CAIIB. Shri D. N. Davar is a consultant in the areas of finance and corporate laws. He is also a part-time consultant in the World Bank,

UNIDO and Kreditanstalt fur Wiederaufbau (KfW). Shri D. N. Davar was formerly the Executive Chairman of IFCL.

**Shri Amar Nath  
Choudhary**



Shri Amar Nath Choudhary, a Commerce graduate, is also a fellow member of The Institute of Company Secretaries of

India (ICSI) and The Institute of Chartered Accountants of India (ICAI). He holds a degree in law as well.

Shri A. N. Choudhary has a rich and diversified experience in the textile industry.

**Shri Deepak  
Jain**



Shri Deepak Jain is a business graduate from Illinois Institute of Technology, USA with specialisation in operations management and international business. He brings with him 19 years of rich experience in the industry and at present is the Managing Director of Lumax Industries Limited, a part of D. K. Jain Group.

Shri Deepak Jain has been actively involved with CII and ACMA. He is currently holding the position of Co-chairman, northern region and Chairman HR/IR & Skill Development Committee of Automotive Component Manufacturers Association of India (ACMA), Vice President of Toyota Kirloskar Supplier's

Association, Member of the Delhi Chapter of Entrepreneurs Organizations (EO), Member of the Young President' Organizations (YPO) and Past President of the Supplier Club, Honda Cars India Limited.

**Shri Priya Shankar  
Dasgupta**



Shri P. S. Dasgupta has been engaged in the practice of law since 1978. He had worked as a senior associate for 15 years with JB Dadachanji & Co. where he was regularly consulted on strategic corporate and commercial issues. In 1992, he set up his own practice and founded New Delhi Law Offices

(NDLO), offering full spectrum legal services. Under his guidance and support, NDLO provides highly specialized legal advisory services in various areas of strategic investments - like inbound and outbound, entry strategy, mergers, acquisitions and restructuring, consolidation

and liquidation, finance, securities and capital markets, infrastructure, technology transfer, anti-dumping and real estate. He is a specialist, inter alia, in structuring and negotiation of joint ventures and foreign collaborations & devising entry strategies.

**Smt. Geeta  
Mathur**



Smt. Geeta Mathur is an Independent Director of the Company. She is a graduate in commerce and did her articleship with PricewaterhouseCoopers while pursuing her CA and has been

a member of The Institute of Chartered Accountants of India (ICAI) since 1989. Smt. Mathur is an experienced finance professional who has worked as a banker both on the asset side and risk side as well as

in large corporate treasuries and investor relations. She has specialised in the area of project, corporate and structured finance, treasury, investor relations and strategic planning.

# Management discussion and analysis

## Global economic overview

The year 2016 got off to a shaky start, with risk assets selling off, oil prices falling to \$28 per barrel and investors still concerned about the risk of China devaluing its currency sharply. But the year ended up being a reasonably a good one for the markets. However, the year would be remembered for Brexit and Trump, partly due to the unexpected nature of some of the results, but also the potentially profound shift in international relations in coming years.

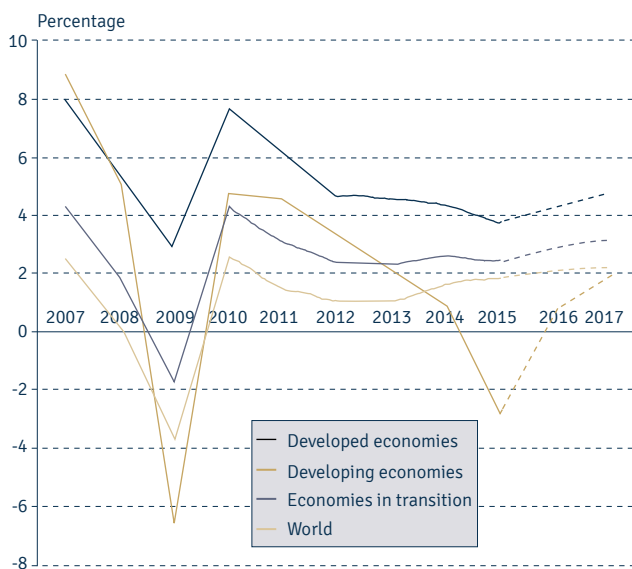
A number of economic factors like stagnancy in global trade, subdued investment, and heightened policy uncertainty led to a gloomy economic growth environment in first part of 2016. But as the year progressed, the global economy finally saw things falling into place. Better performance from emerging countries, subsiding geopolitical uncertainties, rising oil prices, a resurgent Chinese economy and stronger growth in developed economies played a major role in helping the global economy bounce back.

Boosted by a number of different fiscal initiatives across the major and emerging economies, the global economy is expected to have clocked a growth rate of ~3% in 2016– the slowest pace since 2009. Looking ahead, this rate is expected to rise to 3.3% in 2017 and 3.5% in 2018.

However, the recovery of the global economy in 2016 appears to be uneven as developed countries are leading most of this year's upswing in global growth, with robust domestic demand buttressing growth in the Euro area and the United States. While the former is benefiting from strong household spending due to a declining unemployment rate and an accommodative monetary policy, growth in the United States is being propelled by gains in household wealth and a turnaround in investment as a result of a rebound in oil-drilling activity. Despite subdued private consumption, a weak yen and a pickup in global demand are fueling economic activity in Japan.

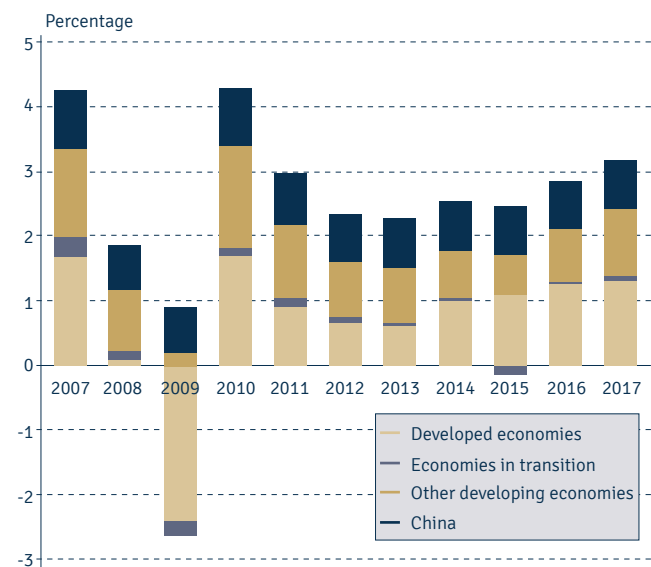
Growth is projected to pick up from 2017 onwards almost entirely on account of developments in emerging market and developing economies. This reflects primarily two factors: the gradual normalisation of macroeconomic conditions in several countries experiencing deep recessions and the increasing weight of fast-growing countries in this group in the world economy. But with very limited post-Brexit macroeconomic data so far, uncertainty about the impact of Brexit on macroeconomic outcomes still remains, especially in Europe. Looking ahead, the immediate future of the global economy seems to be cautiously optimistic and not remotely as bleak as it was few years back. Renewed fiscal stimulus in the United States could lead to stronger-than-expected activity over the near-term.

## Growth of world gross product and gross domestic product by country grouping, 2007–2017



(Source: UN/DESA; Note: Data for 2015 are estimated; data for 2016 and 2017 are forecast)

## Contribution to global growth, 2007–2017



(Source: [http://www.un.org/en/development/desa/policy/wesp/wesp\\_current/2016wesp\\_ch1\\_en.pdf](http://www.un.org/en/development/desa/policy/wesp/wesp_current/2016wesp_ch1_en.pdf))



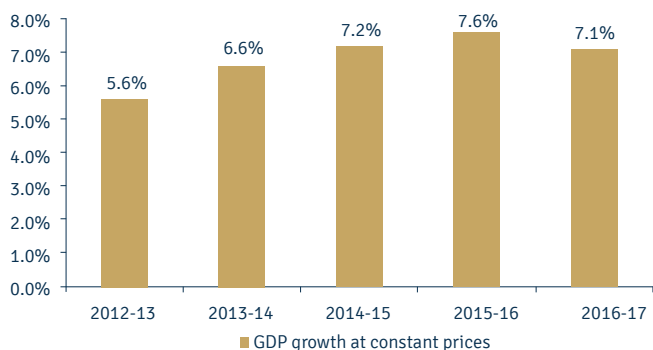
## Indian economic overview

With India emerging as one of the fastest growing economies in the world in the last couple of years as it took over China, all eyes remained glued on India in terms of how it performs and what policy it undertakes. During 2016-17, the Indian economy continued to consolidate its macroeconomic stability. However, despite the recent sluggishness and pickup in petroleum prices, economic growth continued to be robust and inflation remained more or less stable as fiscal deficit and current account deficit as a percentage of GDP improved. The economy during the first half of the current financial year grew at an estimated 7.2%, making India the fastest-growing major economy in the world. The stress laid on fiscal consolidation through expenditure rationalisation and revenue raising efforts and tactical administrative measures for cooperative financial governance and containing inflation have contributed significantly to macroeconomic stability. However, during the second half,

India's growth rate was revised to 7.1% from the projected 7.6% in the aftermath of the Central Government's demonetisation move. Growth estimates have been revised and reduced across all sectors except agriculture, which has improved due to abundant monsoons. Growth rates for agriculture and allied sectors, industry and services sectors for the first half of the current year were estimated at 2.5%, 5.6%, and 9.2%, respectively.

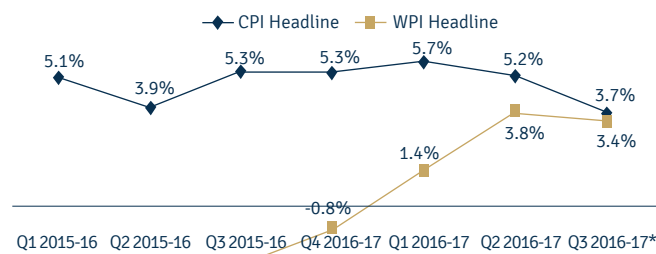
**Inflation:** CPI (combined) inflation for 2015-16 averaged 5.2% in 2016-17 (April-October) and stood at 4.2% in October 2016. Food inflation as measured by the Consumer Food Price Index (CFPI) declined to 4.9% in 2015-16 from 6.4% in 2014-15. It averaged 6.1% in 2016-17 (April-October) and eased to 3.3% in October 2016. WPI inflation declined to (-) 2.5% in 2015-16 from 2.0% in 2014-15. It averaged 2.7% for the April-October period and stood at 3.4% in October 2016.

### India's GDP growth



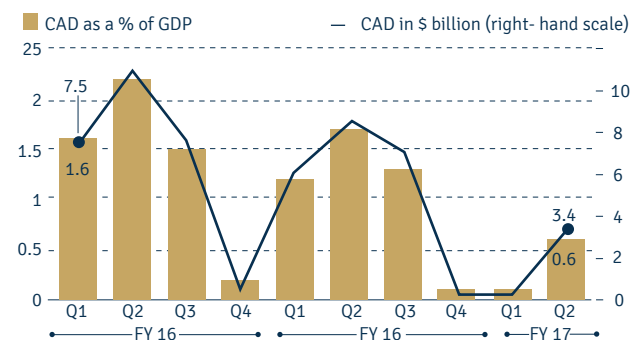
(Source: <http://www.dnaindia.com/money/report-economic-survey-state-of-india-s-economy-in-7-charts-2303711;>)

### Rate of inflation



(Source: <http://www.dnaindia.com/money/report-economic-survey-state-of-india-s-economy-in-7-charts-2303711;> \*provisional)

### India's CAD



(Source: <http://www.livemint.com/Politics/3ovhLMVkdX6tOd3Mtx6mMM/Indias-current-account-deficit-in-Q2-at-06-of-GDP-RBI.html>, RBI)

### Foreign exchange reserves



(Source: Reserve Bank of India)

**Trade:** India's merchandise exports (customs basis) declined by 15.5% to US\$ 262.3 billion in 2015-16. In 2016-17 (April-October), growth of exports declined by 0.2% (US\$ 154.9 billion vis-a-vis US\$ 155.2 billion in the corresponding period of previous year). Imports declined by 15% to US\$ 381 billion in 2015-16. Imports for 2016-17 (April-October) stood at US\$ 208.1 billion falling by 10.9% compared to US\$ 233.4 billion in the corresponding period of the previous year. During 2016-17 (April-October), trade deficit decreased to US\$ 53.2 billion as against US\$ 78.2 billion in the corresponding period of previous year.

**Balance of payments:** The CAD narrowed down to US\$ 0.3 billion (0.1% of GDP) in 2016-17 (April-June) from US\$ 6.1 billion (1.2% of GDP) in corresponding period of the previous year.

**Foreign exchange reserves:** Foreign exchange reserves stood at US\$ 365.3 billion on November 25, 2016, showing an increase of US\$ 5.1 billion. For the last quarter, India's foreign exchange reserves surged by a whopping \$2.671 billion to reach \$366.781 billion in the third week of March 2017 on account of increase in foreign currency assets.

**External debt:** India's external debt stock stood at US\$ 479.7 billion at end-June 2016, witnessing a decline of US\$ 5.4 billion (1.1%) over the level at end-March 2016. The external debt-GDP ratio was 23.4% as of June 2016, against 23.7% at end March 2016. The share of long-term external debt in total external debt increased marginally to 82.9% at end-June 2016 from 82.8% at end-March 2016. All external debt indicators show that India's external debt has remained within manageable limits. India continues to be among the less vulnerable nations in terms of its key debt indicators.

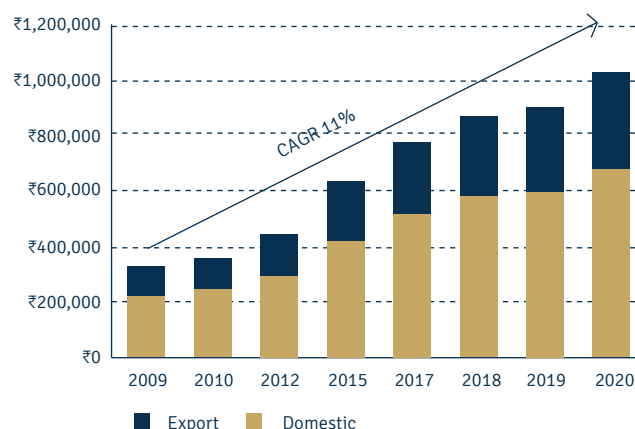
## Indian textile industry

Hailed as one of the oldest industrial sector in India, which dates back a couple of centuries, the Indian textile industry today is the second-largest employer in India after agriculture. Currently valued at around US\$ 108 billion, the industry provides employment to over 45 million people directly and 60 million people indirectly.

India saw its first cotton textile mill in the state of Maharashtra in the year 1854 and since then it has grown leaps and bounce; and today it's not just clothes a billion plus population of the nation but has also evolved to become the second largest producer of textiles and garments in the world and the fourth largest exporter of textiles and clothing. Today it also occupies an important place in the Indian economy of the country because of its contribution to the industrial output, employment generation and foreign exchange earnings.

From production of basic raw materials like jute, cotton, silk and wool to manufacturing of varieties of synthetic and man-made fibres and value-added consumer fabrics and garments, India's textile industry covers a wide range of activities. Today, the Indian textile industry is one of the largest contributors to India's exports (~13%) and is expected to reach US\$ 223 billion by 2021, growing at a CAGR of 10.3%. This labour-intensive industry, presently contributes ~5% to India's GDP and 14% to the IIP. The textiles industry also makes a major contribution to the national economy in terms of forex earnings.

## Growth of the Indian textile industry



(Source: Ministry of Textiles)

## Global textiles and clothing trade – vital statistics

Rank	Reporting country	USD in million			% change (2016/2015)
		2014	2015	2016	
	World	1,86,271	1,75,976	1,72,019	(2.25)
1	China	56,458	57,944	54,873	(5.30)
2	India	10,944	9,942	9,482	(4.62)
3	Bangladesh	8,126	8,244	8,896	7.91
4	Germany	9,508	7,952	7,969	0.22
5	Italy	9,795	8,002	7,899	(1.29)

(Source: [http://niryatbandhu.iift.ac.in/article\\_yojana.pdf](http://niryatbandhu.iift.ac.in/article_yojana.pdf))



## Exports

With a contribution of ~13% to national exports, the Indian textile industry is one of the mainstays of the national economy. The sector also accounts for 27% of the nation's foreign earnings. Despite being one of the mainstays of the economy, the textile exports segment saw a contraction of 2% in FY16 largely driven by lowered fibre prices. However in FY2017-18, the industry expects the export market to grow by nearly 6% and reach a market size of around US\$ 40 billion. Over the last decade, the Indian textile export trade grew at a CAGR of 9.97% and with the growing momentum of the Indian exports, it is expected to reach US\$ 185 billion by 2025.

## Governmental initiatives

The Government of India has launched the following initiatives to strengthen textile production and encourage this industry to cater to the domestic and international market efficiently. The Indian Government has also come up with a number of export promotion policies for the textiles sector. It has also allowed 100%-FDI in the Indian textiles sector under the automatic route. Some of the initiatives taken by the Indian Government to promote the industry include:

- » Set up India's first integrated textiles city in Andhra Pradesh which will largely cater to the export market and build a brand for Indian textiles abroad. The planned city is likely to be set up in the state of Andhra Pradesh.
- » Led members of Clothing Manufacturers' Association of India (CMAI) to sign a memorandum of understanding (MOU) with the China Chamber of Commerce for Import and Export of Textiles to explore potential areas of cooperation
- » Tied up with nine e-commerce players and 70 retailers with the objective of increasing the reach of handloom products in the Indian market

- » Set a target of doubling textile exports over the next decade by entering into bilateral agreements with African nations and Australia
- » Framed a new textile policy to promote value-addition and finalised guidelines for the revised Textile Upgradation Fund Scheme (TUFS). TUFS has infused investment of more than USD 41.33 billion in the industry. Furthermore, support has been provided for modernisation and upgradation by providing credit at reduced rates and capital subsidies
- » Started using social media platforms to promote the 'India Handloom' initiative
- » Expressed its wish to provide subsidies on machinery and infrastructure procurement
- » Revised RRTUFS to cover manufacturing of major machinery for technical textiles for 5% interest reimbursement and 10% capital subsidy in addition to 5% interest reimbursement
- » Provided funding for infrastructure, buildings for common facilities like design & training centre, warehouse, factories and plant & machinery. Till now 74 textiles parks have been approved and are at various stages of implementation with 18 parks operational, 32 under implementation. Sanctioned investment of USD 692 million which is expected to create 66,000 jobs under the aegis of SITP.
- » Implemented Integrated Processing Development Scheme (IPDS) to make Indian textiles more competitive and environment-friendly.
- » With an aim to bridge the skill gap of almost 1.5 million textile workers, the government plans to implement Integrated Skill Development Scheme (ISDS). This USD 300 million skill development plans to impart technical knowledge to the workers.

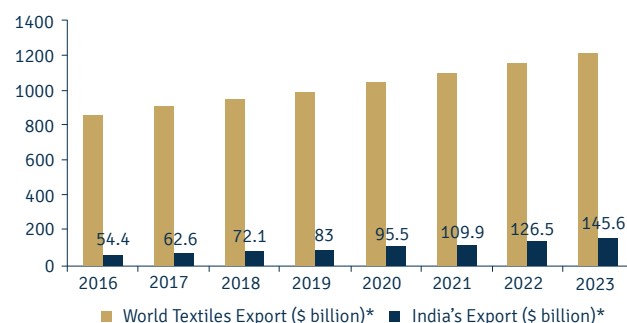
## Numbers that make India proud

Largest cotton and jute producer in the world

Second-largest textile manufacturing capacity globally

Second-largest textile fibre producer in the world

## Indian textile export volumes



\*Projected

(Source: <http://www.ibef.org>)



- » Provided financial assistance for a range of export promotion activities as per the tenets of the Market Development Assistance (MDA) scheme
- » Introduced special packages for Textile and Apparel sector, to boost exports, labour- friendly policies and to scale up production to generate over 10 million jobs in the textile industry over the period of next three years
- » Approved a scheme for promoting usage of geotechnical textiles in the North Eastern region
- » Finalised the implementation of GST to usher in 'Fibre-neutrality'

#### **Budgetary allocations impacting the textile sector**

- » A sum of ₹2,200 Crores has been allocated towards upgrading labour skills
- » Proposed to allocate funds for affordable housing scheme
- » Provision for the development of textile infrastructure increased to ₹1,860 Crores from ₹506 Crores
- » Increase the allocation towards remission of state levies to ₹1,555 Crores from ₹400 Crores and is likely to result in 1-1.5% cost savings for a section of exporters
- » Textile and apparel industry would benefit from Trade Infrastructure Export Scheme (TIES) with an allocation of ₹3.96 Lakhs Crore

#### **Strengths of the Indian textile industry**

- » Availability of low-cost and skilled manpower provides competitive advantage to industry
- » Availability of large varieties of cotton fibre and has a fast growing synthetic fibre industry
- » India is one of the largest exporters of yarn in international markets
- » Growing Indian economy and rise in disposal incomes enhances the potential of the domestic market
- » Industry has large and diversified segments that provide a wide variety of products
- » Emerging retail industry in terms of increase in number of malls and expansion of the e-commerce business
- » The recent slowdown in the Chinese economy has rendered the cost of textile production in China high. So it means that Chinese textiles manufacturers have lost their cost advantage

#### **Challenges faced by the Indian textile industry**

- » Technological obsolescence in terms of weaving, processing and garmenting
- » Low productivity compared to other countries and increasing labour costs
- » Low share in global exports market despite being the largest producer of a number of raw materials
- » India's scale disadvantages compared to competing countries.
- » Slow pace of development of infrastructure and inadequate availability of power
- » High interest costs and lack of investment in the SME sector
- » Rigid and archaic labour laws
- » Strict and costly environmental standards
- » Preferential tariff regimes for close competitors in certain major markets

#### **Road ahead**

Buoyed by a strong consumption in the domestic market as well as a stable demand in the international market, the Indian textile industry is set to experience some strong growth momentum in the days to come. With strength across the entire value chain of the entire industry, the sector is expected to reach USD226 billion by FY 2023. For the textile industry, the proposed hike in FDI limit in multi-brand retail will bring in more players, thereby providing more options to consumers. This move on the part of the government is expected to bring in greater investments along the entire value chain of the industry, thus fueling the growth of the industry further. Favourable policy measures and rising consumerism coupled with growing per capita disposable incomes, has already seen the arrival of a number of renowned international players like Marks & Spencer, Guess and Next. The presence of such brands is set to increase as the organised apparel segment is expected to grow at a CAGR of more than 13% over the next decade.

#### **India's cotton scenario**

Cotton owing to its predominance in the textile industry as the major raw material plays an important role in the Indian economy. Today India is one of the largest producers as well as exporter of cotton yarn in the world. Till the 1970s, India used to import massive quantities of cotton in the range of 8 to 9lac bales per annum. However, owing to the adoption and implementation of different schemes and policies on the part of the government like intensive



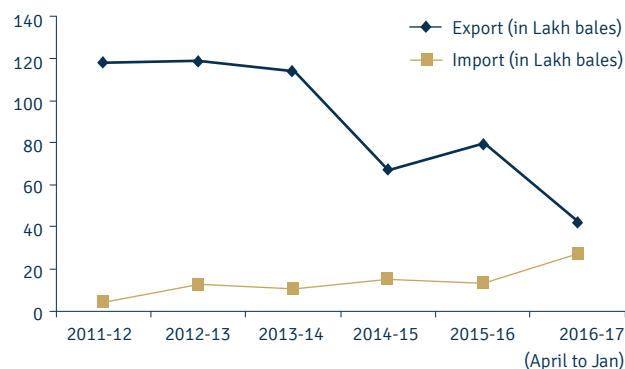
cotton production programmes through successive five-year plans, the country's cotton production received the required impetus in terms of area and sowing of hybrid varieties. Thus over the years the industry achieved significant quantitative increase in cotton production. Since then country has become self-sufficient in cotton production barring few years in the late 90s and early 20s owing to lower crop production and increasing cotton requirements of the domestic textile industry.

Launch of the "The Technology Mission on Cotton" by Government of India in the early 2000s played a significant role in transforming the shape of the industry in terms of increasing yield and production through the development of high-yielding varieties, appropriate transfer of technology, better farm management practices, and increased area under cultivation of BT cotton hybrids, among others. The yield per hectare which was stagnant at about 300 kilograms per hectare for so many years jumped to 566 kilograms per hectare. Though this per hectare yield is still lower against the world average of about ~805 kilograms per hectare, the country is expected to make rapid strides in the years to come. The fundamental changes that are taking place in the realm of cotton cultivation in the country and looking at the initiatives taken by the Centre and continued research by scientists, one can hope that India would soon achieve the world average productivity mark any time soon.

The cotton production for the 2016-17 cotton season, according to the Cotton Association of India (CAI), is expected to be around 345 Lakhs bales compared to around 338 Lakhs bales produced in 2015-16 crop year. This rise in the productivity is owing to the

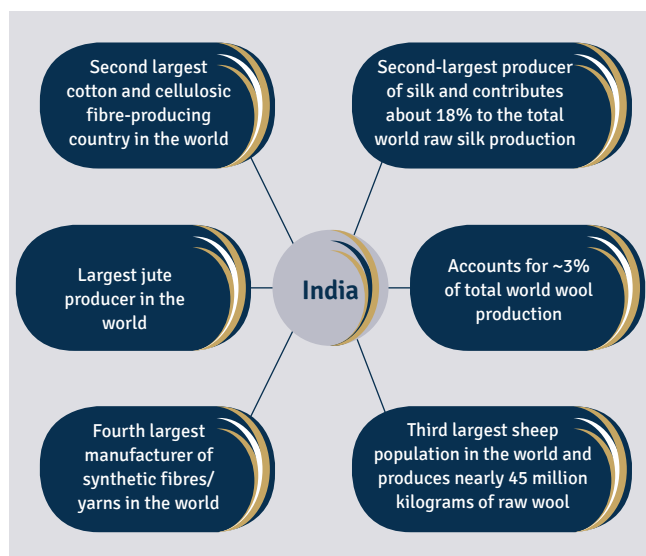
improvement in the overall weather conditions across the country. However, cotton prices have been under pressure since the second half of March which started building after reports of higher arrivals and sufficient stocks position in the country following a good production outlook in current as well as coming season and much improved import data coupled with lower than anticipated export potential from the country during the present cotton year, which started in October 2016. India has exported around 2.5 million bales so far in the 2016-17 season (that started on October 01, 2016). In 2015-16, India exported 6.9 million bales, but this is expected to fall by 28% to 5 million bales. The Cotton Board has estimated a 17.47% growth in yield to 568.29 kilograms per hectare in 2016-17 from 483.79 kilograms per hectare in 2015-16.

**Trade flow of cotton (2011-12 to 2016-17)**

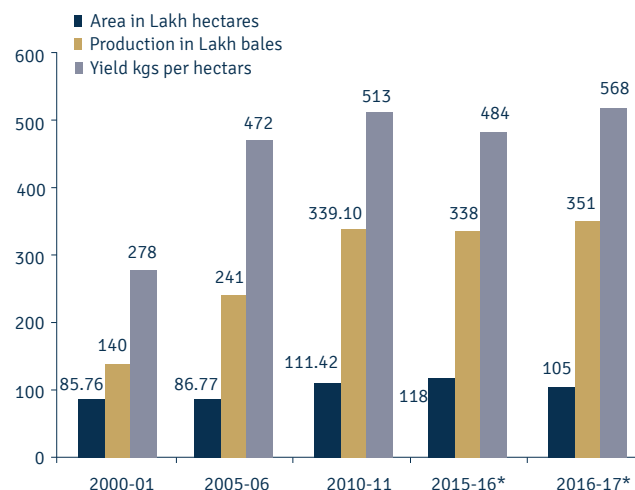


(Source: Department of Commerce)

### Numbers that make India proud



### Transformation of the Indian cotton industry since 2000



\*Projected (Source: Cotton Advisory Board)

## India's denim industry

The Indian denim industry, despite a slowdown in apparel exports and domestic market growth, has shown a great deal of momentum in the recent years by clocking a consistent CAGR growth of 15% – 18% per year, the fastest growth rate as an apparel fabric in the recent years. The domestic capacity of this fast-growing fabric is currently around 1,200 million metres as against 500 million metres in 2010, thus registering an impressive growth of around 140% and is expected to increase to 2,000 million meters in next three to four years owing to a rise in the demand for the fabric. As a result of this favourable market condition, not just traditional denim players undertook capacity expansion but also some players from other segments of the textile value chain ventured into this segment, seeing the growth potential and the untapped market.

Presently, India's share in the overall denim manufacturing capacity stands at around 10%, while its share in the global jeans trade works out to 2.5%. India, with its resource advantage in terms of easy availability of all types of cottons and MMF fibres, adoption of state-of-the-art technology across manufacturing and processing plants, and the entry of top global brands, giving stiff competition to the Indian player in terms of quality, could provide the Indian players the required impetus to unleash their true potential and improve their share in the global market.

### Recent trends

The denim market in India has been evolving fast with introduction of more styles, colours and some distinct trends in the product offering. Some of the key trends in denim market are:

- » Most denim manufacturers focus on the domestic markets as demand remains higher in domestic market than in export markets.
- » Entrance of new fabric manufacturers is expected to make the market for denim fabric more price-competitive in the coming years.
- » Although cotton remains the fibre of choice, blended denim fabrics are using polyester as weft threads
- » Demand for stretch denims is growing rapidly in the Indian market due to its comfort and fit characteristics.
- » The colour of denim jeans is no longer limited to traditional blue colours and Indian youngsters have started accepting denim in different colours

India dominates the denim production in the Asia-Pacific region with a total denim fabric manufacturing of 1,200 million metres per annum and ~ 65% to 70% of the total production is consumed locally.

Despite the dominance of the male segment, the other segments are also catching up fast and with a substantial chunk of the sales coming out of the Tier-II and III cities although majorly in the unbranded segment, is surely a positive sign for the industry. Currently, India has about 32 denim fabric mills with manufacturing capacity ranging from 10 million metres per annum to 110 million metres per annum and almost 35% of sales come from the organised sector while 40% from the branded segment.

### Growth drivers for the Indian denim industry

**Variety and multi-purpose utility:** Denims come in a range of colours and can be worn as formal wear as well as casual wear. Denim is made not just into jeans, but also into other items of clothing and accessories like shirts, shorts, dresses, bags, shoes, jackets and even upholstery products. There is a different type of denim to suit every occasion. This versatility has made economic sense to consumers to buy jeans compared to other bottoms.

**Convenience:** Denim wear is comfortable, low maintenance, and long-lasting. A pair of denims can be worn for almost any occasion and is easy to care for than formal clothes.

**Evolution:** With the proportion of working women increasing the demand for quality (yet inexpensive) apparel has risen, thereby increasing the demand for denims exponentially.

**Growing E-commerce industry:** Organised retail penetration is expected to increase from around 7.5% in 2013 to 10% in 2018, growing at a robust CAGR of 19-20% during the period. This growth is expected to be derived from increasing purchasing power, skewed youth demographics, rapid urbanisation, growing number of working women and availability of quality products. Due to the ease of ordering online, generous and flexible return policies, and the cash on delivery system, the youth of India is more likely to purchase denims online.

**Consumerism:** By 2020, India is projected to emerge as the world's third largest middle-class consumer market behind China and the US. By 2030, India is likely to surpass both countries with an aggregate consumer spend of nearly USD 13 trillion.



**Rising sense of fashion:** Denim has always been an integral part of fashion for a long time and is unlikely to go out of style anytime soon. Indian youth are becoming increasingly fashion conscious and their spending power is increasing sharply, which makes life easier for the fast-growing 'premium' category of denim wear brands. It has become a trend to own a collection of denims in different colours.

**All-in-one:** Denim reaches different market segments at various price points. The price of denim wear depends on a number of factors like the quality of material, texture, comfort, cut, and wash. From extremely cheap jeans for everyday use to expensive luxury denim, there are denim products available to suit everyone's budget and needs.

**Rural boom:** Rural areas are developing at a fast rate and so is their spending. The mid-value segment of denim wear, characterised by quality, value-for-money, and increasing styling quotient, is the preferred choice of people from rural areas.

**Emerging markets:** Tier-II and III cities like Jaipur, Nagpur, Ludhiana, Vadodara, Aurangabad, and Kochi are emerging as consumption 'hot spots', catalysing the sector's transformation.

**Evolving work culture:** In recent times, denim has come to be accepted as business wear. Many large companies are making denims a part of their daily work culture to promote uniformity and to create a relaxed environment which is more conducive to work in. Other places have a 'Friday Casual' concept where employees wear jeans to work at least once a week. This is expected to create a huge demand for the denim.

### Challenges for the India denim industry

Though the denim category is among the most promising categories in apparel market of the country, it faces its own set of issue and challenges. The prudence in which various stakeholders of denim eco-system identify and address the issues and challenges associated with the value chain will determine the growth of denim apparel market in the country. India at present lacks behind in its ability of the denim product development and innovation. There is a need to develop a larger portfolio of denim garments and accessories, including shorts, shirts, bags, dresses, accessories among others. At present the market is skewed towards denim jeans. The weight (gsm) range of available denim fabric could be broadened to widen denim application. There is a lot of scope of improvement in right processing and value addition in denim through fashion-led processes and finishes. Establishment of high quality processing and washing units could help to improve the quality of finishes and colours, thus attracting more consumers to try denim.

### Export scenario

Despite a strong demand for denims in the domestic market, the Indian players are striving hard to increase its share of exports from the current 35%. The major advantage for Indian players compared to the other sizeable producers in the world is the easy availability of raw material i.e. cotton, whereas they are majorly dependent on imports.

### Road ahead

With all the initiatives the government is taking to boost the country's textile sector, the coming years are going to be crucial for the industry. The Government is soon to announce its ambitious target of achieving 20% share of the global textile trade and helping the domestic industry attain a size of \$650 billion by 2024-25. The target can be achieved with a strong focus on investments, better labour law reforms and skill enhancement. With the government taking so many steps to boost the nation's textile sector, its benefits are likely percolate to the Indian denim industry in the coming years and ensure its steady growth which will be further fuelled by the various demand drivers for this sector in India.

### Information technology

IT forms the backbone of RSWM processes, facilitating smooth business operations and providing timely and accurate information for decision making. IT systems cover the entire landscape of business functions including shop floor operations. IT functions are supported by governance practices through IT security policy and framework. Continuous efforts are made to improve processes and technology to ensure that solutions are user friendly, scalable and minimising paper use.

RSWM has made significant investments totalling over ₹30 Crores in IT over the last five years. Major efforts have been towards upgrading business applications with integration across various functions, ensuring adequate support to users and improving IT assets and resource management through revamped organisation and improved processes.

Major initiatives taken during the FY 2016-17 are given below:

- » The new integrated ERP system went live for Yarn business in October 2016 and is well on track to stability. The system is based on latest technology and provides end-to-end integration of all business processes. Its features include automated approval process and business checks for risk reduction. The implementation

covers all business processes including Marketing, Sales, Supply Chain Management, Manufacturing, Maintenance and Finance. Operations and management information is available now on real-time basis with data on demand.

- » To ensure quick adoption of the new ERP system, extensive training sessions were held at various locations to familiarise users with the system according to their roles. As part of continuous learning, refresher sessions are being conducted as and when required. Computer based training capsules also have been created to help users in self-learning.
- » An IT Service Management System has been implemented for improving IT support across the organisation. The tool helps in defining various IT processes and their service level agreements, tracks service requests through their lifecycle and provides a quantitative measure to assess effectiveness of IT support through various metrics. It covers all IT assets and systems including ERP, and the entire gamut of IT activities including hardware maintenance, user support calls and software improvement requests. The system also helps in managing the IT assets inventory and maintenance contracts.
- » A Network Management System has been installed for proactive monitoring and control of RSWM's networks including LANs at various locations and WAN segments. The system will help in managing network devices, monitoring uptime and utilisation of links and balancing the traffic among multiple links for optimum performance.

The new ERP system is providing support for improving productivity through integrated information management, improved management support, and process homogenisation across various lines of businesses.

## Human resources

### People Development Doctrine:

Increased business challenges made it imperative for us to focus on strengthening the domain specific knowledge of our employees. At RSWM we made a comprehensive and detailed 'People Development Doctrine' covering a wide range of employees within its scope and ambit.

A detailed and comprehensive Training Calendar for the team was designed to develop the Skill and Knowledge across all our plants. It served two purposes; a) Prepare and enhance the skill quotient of employees; b) Helped the Management in identifying the successors

at different levels within the organisation. The exercise also helped in understanding the gaps in succession planning.

We further strengthened our Leadership Development Plan for the identifying future leaders, providing them with various training sessions, projects and external development programs.

We continued with initiative like the open house sessions where Senior Management Team shared their thoughts on the business challenges, goals, long term priorities, new challenges, strategies and how to position the company to the next level of excellence. This also gave a platform to employees to interact freely and openly with the Senior Management Team in which they shared their suggestions as well as areas of concern.

### Performance Management:

RSWM has a well crafted and well established 'Performance Management System' based on 'Balanced Score Card'. Each employee sets his/her KRAs in consultation with his/her Senior and the same is approved by their concerned HODs. The KRAs are reviewed quarterly by way of 'Quarterly KRA' appraisal where the performance of the individual is evaluated based on his/her quarterly output linking it with the performance of the unit. This gives a clear indication to the employee concerned as to where his/her performance stands thus giving them a roadmap for improvement.

### Rewards and Recognition:

In 2016-17 also we have identified and facilitated 32 employees by giving them 'Performance of the Year Award' besides normal Annual Increment. This further motivated the employees, encouraging them to further scale up their performance in the long-run.

### Training and development

Increasing business complexity, widening scope of activities and growing importance of domain-specific competence has made knowledge enhancement critical in the recent years. Thus RSWM with an aim of nurturing talent and fostering a culture of continuous learning and development we introduced a number of specialised technical and functional training modules, leadership and strategic programmes with a focus on performance optimisation and behavioural training for people development and we believe this formed the backbone of employee growth and enrichment initiatives. In 2016-17, the Company implemented workshops addressing product innovation, market share enhancement and profitability improvement. During 2016-17, the Company commenced multi-unit open house sessions where business heads and the senior management team interacted with the rest of the RSWM team. The



senior executives briefed the personnel on opportunities, priorities, challenges and strategies, thus enhancing awareness and aligning individual actions with corporate aspirations.

### Technology

The Company successfully implemented an organisation-wide ERP platform in 2016-17, comprising a comprehensive HR module covering all functions across operating units and thus enabling the Company's HR team retrieve any particular data related to any particular employee at the click of an mouse.

### Analysis of financial numbers

RSWMs' financial success over the years has been the result of a farsighted fiscal approach, evident from the fact that there hasn't been any equity dilution in the Company since IPO, thereby preserving shareholder value.

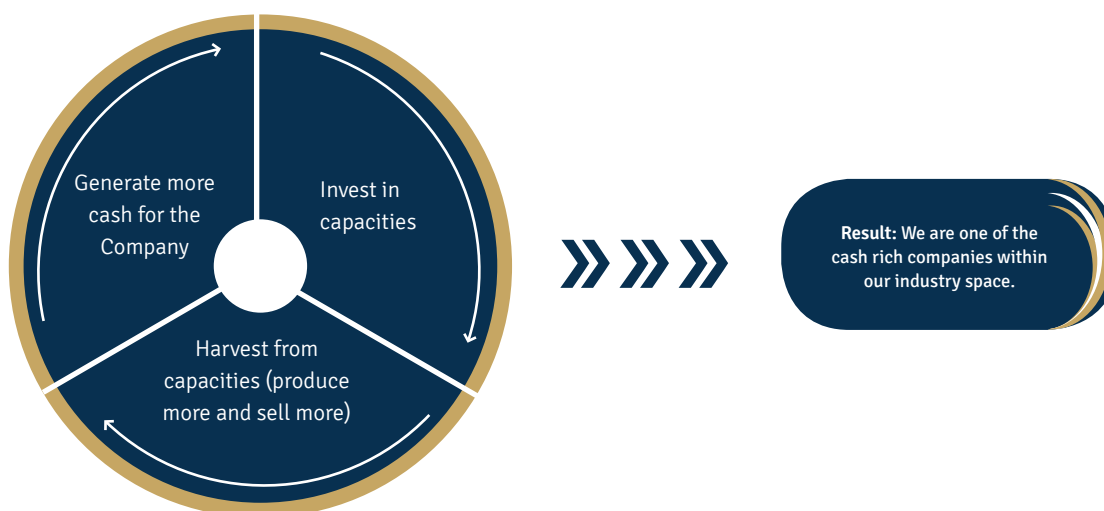
The Company's financial strategies have supported consistent business growth, reflected in the Company's market capitalisation surging by almost ₹525 Crores during a two year period ending March 31, 2017.

The mantra of the Company over the years has been to produce more and sell more, generate more cash for the Company and invest the same in enhancing its capacity to produce more. This is evident from the fact that RSWM's overall capacity has grown by 38 x, since inception to March 31, 2017.

These initiatives helped the Company strengthen its Balance Sheet with the overall debt-equity ratio estimated at 2.31 and cash and cash equivalents worth ₹2.82 Crores on the books at the close of 2016-17.

The strength of the Company's fundamentals has defined its growth trajectory. Whether a bullish or bearish market, RSWM has earned consistent profits and channelised the same towards capacity expansions. The top management has been conservative while tapping into its equity base when it came to supporting its financing requirements but at the same time it has been able to add value for its shareholders.

The Company banked upon its financial foundation to generate assured cash flows. The upward moving book value per share bears testimony to the dependable performance delivered by RSWM over the years.





### Talking points, 2016-17

- » Maintained a low cost-debt profile evident in average cost of borrowings of 7.91% which is almost 39 bps lower than the prevailing MCLR in the country.
- » Made a total capex investment of ₹173 Crores in 2016-17, out of which 20% was funded through internal accruals and 80% through external borrowings
- » Garnered cash profits worth ₹247.51 Crores facilitating the capex investments during the year;
- » Amassed a total revenue of ₹2996.20 in 2016-17 compared to ₹2,944.79 Crores, increase of 1.75% from the previous year.
- » The PAT changed from ₹106.95 Crores in 2015-16 to ₹100.97 Crores.
- » Interest liability for the year under review declined by 12.34% from ₹125.90 Crores in 2015-16 to ₹110.36 Crores in 2016-17, owing to reduction in the rates of interest from time to time

because of better pricing borrowings from debt market in the form of commercial paper (CP). As a result, the interest coverage ratio stood comfortably at 3.24x for the year under review.

- » The EBITDA margin and PAT margin was 11.96% and 3.38% respectively for the year under review.
- » Enhanced the capital employed by 8.04%, standing at ₹2390.39 Crores as on March 31, 2017 compared ₹2212.58 Crores as on March 31, 2016.
- » Grew shareholders' funds by 14.70% for the year under review. As on March 31, 2017 shareholder's fund stood at ₹633.19 Crores compared to ₹552.05 Crores in 2015-16.

Year	2012-13	2013-14	2014-15	2015-16	2016-17
Cash profit (₹ in Crores)	209.88	267.02	252.23	296.80	247.51
Cash profit grew at a CAGR of 3.35% over the last five years					

### Managing risks at RSWM

Risk which is the manifestation of business uncertainty, affecting corporate performance and prospects, is an integral part of all businesses but can be controlled through awareness, discipline and commitment.

As a proactive enterprise, RSWM has a systems-based approach to risk management. Its risk mitigation framework comprises a study of emerging business trends, evaluating the probability of the risk impacting the Company, framing policies and strategies, and structured reporting and control.

This disciplined approach coupled with centrally-issued policies, divisionally-evolved procedures and timely execution of proactive counter-measures strengthened RSWM's viability across verticals, products, geographies and market cycles and thereby ensuring that business risks are being effectively addressed.

Further the senior management often reviews the risk management framework to deal with emerging challenges in a dynamic environment.

At RSWM, risk management is addressed through the following approach:

#### Geographical risk

**Assessment:** The risk of concentration within certain geographic areas can increase the business and operational risk.

**Mitigation:** The Company has deepened its presence in India and widened its global footprint across key geographies by balancing the domestic and international revenues across product segments. The Company also developed a strong relationship with key customers across markets.

#### Marketing risk

**Assessment:** The failure to market additional production volumes may pile up inventory and influence the profitability of the Company.

**Definition:** The Company's strong distribution network has helped garner a strong market share - both in domestic and international markets. This has helped the Company reduce its inventory, reduce working capital requirement and realise higher margins.



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#### Cost risk

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**Assessment:** The increase in operating costs can offset RSWM's competitive edge and it becomes difficult for the organisation to maintain its existence.

**Mitigation:** The Company follows stringent approaches to enhance competitiveness. The Company invested to update its equipment and automate the processes which enhanced productivity. This also ensured systematic manpower allocation and optimisation of the production costs. The Company conducts periodic audits across facilities for identifying areas to optimise power and steam consumption as they comprise substantial cost components for a textile manufacturing unit.

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#### Quality risk

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**Assessment:** Quality risk pose potential loss if it fails to meet customer expectations.

**Mitigation:** The Company's manufacturing facilities are IMS certified involving QMS - 9001:2008, EMS - 14001:2004, OHSAS - 18001:2007, SA- 8000:2008 (certified by BSI) Oeko-Tex-100 (certified by Hohenstein) Global Recycled Standard (GRS) and Organic Cotton Fair Trade Standards.

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#### Currency risk

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**Assessment:** The fluctuations in rupee could lead to an adverse affect on the Company's profitability levels.

**Mitigation:** Volatility in currency may not have a long-term impact on the company's business as appreciation in rupee could lead to reduction in raw material prices as well. With the Company's exposure to exports being around 30%, it does not pose a significant threat to overall business sustainability.

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### Internal control systems and their adequacy

RSWM maintains a system of well-established policies and procedures for internal control of operations and activities. It continuously strives to integrate the entire organisation – from strategic support functions like finance, human resources, and regulatory affairs to core operations like research, manufacturing and supply chain management.

The internal audit function is further strengthened in consultation with statutory auditors for monitoring statutory and operational issues.

The Company has appointed independent agencies as internal auditors. The prime objective of this audit is to test the adequacy and effectiveness of all internal control systems and suggest improvements. Significant issues are brought to the attention of the audit committee for periodical review.

Moreover, the Company has obtained ISO 9001 and ISO 14001 certifications and adheres to standard operating practices in its manufacturing and operating activities.

# Directors' Report

## Dear Members,

The Directors present the Annual Report together with the audited Balance Sheet and the Statement of Profit and Loss of RSWM Limited for the year ended March 31, 2017.

## Company's Performance

Your Company's performance during the year 2016-2017 is summarised below:

## Financial Results

(₹ in Crores)

	2016-17	2015-16
Turnover		
Export	917.29	906.08
Domestic	2078.91	2038.71
<b>Total</b>	<b>2996.20</b>	<b>2944.79</b>
Profit before Interest & Depreciation	357.87	422.70
Less: Interest/Finance Cost	110.36	125.90
Profit before Depreciation & Amortisation	247.51	296.80
Less: Depreciation & Amortisation	132.17	149.27
Profit/(Loss) before Tax	115.34	147.53
Less: Current Tax	24.30	28.73
Tax of earlier years provided (written back)	0.11	(2.66)
Deferred Tax Liability	(10.04)	14.51
Profit/(Loss) after Tax	100.97	106.95
Add: Opening Balance	311.27	233.56
Less: Dividends & Others	40.29	29.24
Profit available for appropriation	371.95	311.27

## Number of Meetings of the Board

The particulars of the meetings held during the year along with the details regarding the meetings attended by the directors form part of the Corporate Governance Report.

The composition of the Board and its committees has also been given in detail in the report on Corporate Governance.

## Dividend and other Appropriations

Your Directors are pleased to recommend a dividend on Equity Shares @ 125% i.e. ₹12.50 per Equity Share of ₹10/- each for the year ended the March 31, 2017.

Further your Directors recommend the payment of Preference dividend on 12% OCRPS of ₹7.50 each on pro-rata basis for the period of holding these shares by the OCRPS holders. Your Directors draw the attention of the Members that upon amalgamation of M/s. Cheslind Textiles Limited (CTL), the erstwhile shareholders of the CTL were allotted 1,36,65,435 OCRPS of ₹7.50 each aggregating to ₹10,24,90,762.50 carrying a coupon rate of 12% as per Scheme of Amalgamation of CTL with the Company, with a right to exercise the conversion option within a period of six months and accordingly the option was exercised by holders of 88,54,111 OCRPS and resultantly 4,02,153 Equity Shares of the Company were allotted to the OCRPS holders on November 10, 2016. The Preference dividend in respect of 88,54,111 OCRPS of ₹7.50 each amounting to ₹48.70 Lakhs for



the period upto November 10, 2016 is recommended for approval of the Members.

Further the option of conversion was not exercised in respect of 48,11,324 OCRPS of ₹7.50 each and accordingly these OCRPS were redeemed by the Company on February 28, 2017 by giving due notice in terms of Scheme of Amalgamation of the Company. Accordingly, the preference dividend in respect of 48,11,324 OCRPS of ₹7.50 each upto the date of redemption i.e. February 28, 2017 amounting to ₹39.45 Lakhs is recommended for payment by your Directors.

The total dividend on OCRPS amounts to ₹88.15 Lakhs (exclusive of dividend distribution tax).

The proposal for payment of dividend on Equity Shares and Preference Shares of the Company will absorb an amount of ₹36.49 Crore (inclusive of dividend distribution tax).

The proposals with regard to the payment of dividend on Preference Shares as well as on Equity Shares for the year ended March 31, 2017 shall be placed before the Shareholders at the ensuing Annual General Meeting.

No amount is proposed to be transferred to General Reserve. The amount of ₹49.10 Crores has been carried over to next year.

## Operational Performance

Yours Directors inform the members that the operational performance of your Company during the year under review was marked with various events both domestically as well as globally. The biggest domestic event was the demonetisation announced by the RBI and the Government on November 08, 2016 which impacted the sales and profitability of your Company severely and particularly the fabric and denim segment of the Company. Further, the international market, particularly the US and partially the European market demonstrated some sense of recovery. Your Directors during the year under review focused on to get ready to face the challenges thrown by domestic and international events.

Despite all the difficulties, your Company recorded a marginal increase in turnover at ₹2996.20 Crores against ₹2944.79 Crores in the previous year. However operating profit of the Company declined to ₹357.87 Crores from ₹422.70 Crores. Profit before depreciation also declined to ₹247.51 Crores against ₹296.80 Crores recorded in the previous year and the profit after tax also decreased marginally to ₹100.97 Crores against ₹106.95 Crores in the previous year. Your director inform the member that the financial statement of your Company had been drawn on the IND-AS for the financial year ended March 31, 2017 with comparatives.

Yours Directors are focusing on cost rationalisation, product rationalisation as well as capacity optimisation to achieve larger organisational goal. Your Directors are hopeful that your Company shall reap the benefits of recently completed expansion in the current financial year and with ongoing expansion and modernisation programme shall report good performance in the current financial year.

The analytical reviews of the Company's performance and its businesses, including initiatives in the areas of human resources and information technology, have been presented in the section on Management Discussion and Analysis of the Annual Report.

Working results of last three financial years 2014-15 to 2016-17 are given in Annexure – 1 and form part of this report.

## Expansion and Modernisation

Your Directors in their previous report had informed the members about the Denim Sheet Dyeing Project at a capital outlay of ₹42.75 Crores. Your Directors feel pleasure in informing the members that the project has been commissioned during the year and accordingly the production capacity of Denim Fabric stand increased to 25 million meters from the earlier 17 million meters. The full benefits of this expansion shall be reaped in the current financial year.

Your Directors in their previous report had also informed the members about Debottlenecking & up-gradation of equipments and facilities across various Units of the Company. Your Directors feel pleasure in informing the members that this programme had been completed by the end of financial year under review. Your Directors further inform the members that during the year second phase of technology up-gradation and debottlenecking programmes at a capital outlay of ₹48.76 Crores has been initiated to be completed during the current financial year. Further, your Company has installed and commissioned Roof Top Solar Power Project of 1.8 MW Capacity at Bhilwara, Rajasthan, during the year.

Your Directors are hopeful that with the implementation of above initiatives, the overall productivity and profitability of the Company will improve considerably.

## Subsidiary Company, Joint Venture & Associates

Your Directors inform the members that during the financial year under review your Company has no Subsidiary.

Your Directors feel pleasure in informing the members that your Company continued to receive, throughout the year, wind power supply from LNJ Power Ventures Limited. Your Directors gladly



inform the members that power supply from the LNJ Power Venture also meets the Renewable Power Obligations of the Company and leads a long way to the Green Power initiative of the Company.

Further your Directors inform the members that your Company holds significant investment in Bhilwara Energy Limited. Your Directors had been regularly reviewing progress of BEL, and suggestions, comments and concerns of your Company were being conveyed to the Board of BEL by Common Directors which included Shri Riju Jhunjunwala, Managing Director (MD) of your Company who is also MD of BEL. Your Directors have now decided under a formal arrangement to nominate at least one Director of your Company on the Board of BEL and accordingly formally nominated Shri Riju Jhunjunwala on the Board of BEL w.e.f. May 12, 2017.

A statement containing the salient features of the financial statements of LNJ Power Ventures Limited and Bhilwara Energy Limited in the prescribed format AOC 1 is annexed as Annexure - II.

### Contribution to the Exchequer

Your Company has contributed an amount of ₹128.56 Crores in terms of taxes and duties to the Exchequer.

### Corporate Social Responsibility

Your Directors in their previous report had informed the members that the Company had been following its core philosophy of serving the society and endeavours to be involved in whole gamut of activities such as sanitation and safe drinking water, promoting education, empowering women, ensuring environmental sustainability, ecology balance, protection of national heritage, promoting rural sports and building roads for village etc. Your Directors feel pleasure in informing the members that your Company during the year under review had undertaken, at the request of State Government of Rajasthan, to build the damaged wall of Check Dam at Beneshwar near Mordi, Banswara at an estimated cost of ₹250 Lakhs. Similarly, your Company had also at the request of the State Government had undertaken to build two Tennis Courts at SMS Stadium, Jaipur at an estimated cost of ₹38 Lakhs. These activities were besides the other activities undertaken by the Company from time to time.

Your Directors inform the members that the Corporate Social Responsibility Committee comprising Shri Arun Churiwal, Shri Riju Jhunjunwala and Shri Amar Nath Choudhary monitors the expenditure incurred on the CSR activities and formulate an annual budget for these activities.

The details of the CSR spend by the Company are annexed as Annexure III forming part of this report.

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

Your Directors inform the members that your Company continuously looks out for energy conservation measures in all areas of operation across its various Units. Similarly your Company endeavours to lookout for up-gradation and absorption of technology. Your Company also spends continuously on Research and Development. Your Directors are glad to inform the members that your Company is a net foreign exchange earner. The relevant detail as required to be disclosed with respect to Energy conservation, Technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3) (m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in Annexure – IV forming part of this report.

### Extract of Annual Return

Pursuant to Section 92 of the Companies Act, 2013 read with Rule 12 of The Companies (Management and Administration) Rules, 2014, the Extract of Annual Return in prescribed format MGT-9 is annexed as Annexure – V.

### Directors & Key Managerial Personnel

Shri Shekhar Agarwal and Shri Prakash Maheshwari, Directors retire by rotation and being eligible offer themselves for reappointment.

As informed to the members in their previous report by your Directors, Shri Deepak Jain, Independent Director was appointed for a term of 5 years by the Shareholders at the last Annual General Meeting held on September 27, 2016.

Your Directors further inform the members that declarations have been taken from the Independent Directors at the beginning of the financial year stating that they meet the criteria of independence as specified under sub-section (6) of Section 149 of Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year Shri Riju Jhunjunwala, Managing Director & CEO, Shri Surender Gupta, Company Secretary and Shri B.M. Sharma, Chief Financial Officer acted as Key Managerial Personnel.

## Directors' Appointment and Remuneration Policy

As your Directors informed the members in their previous report, a Nomination and Remuneration Policy had been framed by your Company for the appointment of Directors and Senior Management and fixation of their remuneration. The Nomination and Remuneration Policy as framed is annexed as Annexure VI and forms part of this report.

Your directors inform the members that the Nomination and Remuneration Committee as well your Directors endeavour to follow the policy and all appointments at Board and Senior Management are considered at the meetings of the Committee and the Board.

## Annual Evaluation by the Board

Your Board of Directors, during the financial year under review, has carried out annual evaluation of its own performance as well as its Committees and also of the individual Directors, in the manner as enumerated in the Nomination and Remuneration Policy, in accordance with the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Your Directors feel pleasure in informing the members that the performance of the Board as a whole and its member individually was adjudged satisfactory.

## Particulars of Loans, Guarantees or Investments

Details of loans, Guarantees and Investments are given in the notes to the Financial Statements at appropriate places.

## Particulars of Contracts or Arrangements with Related Parties

All contracts/ arrangements/ transactions entered into by the Company during the financial year with the related parties are on arm's length basis and in the ordinary course of business. During the financial year, there was no material contracts or arrangements entered into by the Company with any of the related party. Your Directors draw attention of the members to Note No.39 to the financial statement, which contain particulars with respect to related parties. The policy on dealing with the related party transactions as approved by the Board of Directors is disclosed on the website of the Company under the following link

[http://rswm.in/investor/pdf/Related%20Party%20Transactions%20policy\\_RSWM.pdf](http://rswm.in/investor/pdf/Related%20Party%20Transactions%20policy_RSWM.pdf)

## Significant and Material Orders Passed by the Regulators or Courts

During the year the Hon'ble Supreme Court, upheld constitutional validity of notifications imposing Renewable Power Obligations (RPOs) on power produced from captive power plants. However your Company, based on legal opinion obtained is not exposed to RPOs in view of setting up of Wind Power Unit in 2011-12 and Waste Heat Recovery for use as steam. Further, during the year, your Company has also commissioned Roof Top Solar Power Unit at Bhilwara, Rajasthan, to meet Renewal Purchase Obligations. You may kindly refer to Note No.37(D) to the financial statement.

## Risk Management Policy

The Company has adopted the risk management policy which aimed at creating and protecting shareholders value by minimising threats and losses and identifying and maximising opportunities. Your Directors periodically review the risks associated with the business or which threaten the prospects of the Company.

## Internal Control Systems

Your Directors feel that adequate control systems are the backbone of any Company. Your Directors endeavour to place adequate control systems commensurating with the size of the Company to ensure that all assets are properly safeguarded and that all the information provided to the management is reliable and also the obligations of the Company are properly adhered to.

Your Directors inform the members that in pursuit of strengthening internal control systems, your Company has put in place a system whereby all areas of the operations of the Company are reviewed by the internal as well as external professionals and independent audit firms. Your Company takes adequate measures with respect to gaps, if any, reported. The Audit Committee of your Company regularly monitors the annual operating plans, risk assessment and minimisation procedures as well as mitigation plans.

Your Directors endeavour to continuously improve and monitor the internal control systems.

## Particulars of Employees

The information pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, of the employees is annexed as Annexure -VII.



Further, pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the relevant statement is annexed as Annexure - VIII.

## Auditors

### Statutory Auditors

M/s. S. Bhargava Associates, Chartered Accountants (Firm Registration No. 003191C), joint Statutory Auditor of the Company retires at the conclusion of the ensuing Annual General Meeting and shall not be eligible for re-appointment pursuant to Section 139 of the Companies Act, 2013 and rules made thereunder.

In view of the retirement of M/s. S. Bhargava Associates and their non eligibility, your Directors recommend appointment of M/s. Lodha & Co., Chartered Accountants (Firm Registration No.301051E) as joint statutory auditors of the Company to hold office for a period of 5 consecutive years from the conclusion of the 56th Annual General Meeting of the Company scheduled to be held in the year 2017 till the conclusion of 61st Annual General Meeting to be held in the year 2022.

Further, the appointment of M/s S. S. Kothari Mehta & Co., Chartered Accountants (Firm Registration No.00000756N), joint Statutory Auditors of the Company, who were appointed at the 53rd Annual General Meeting of the Company held on September 16, 2014 for a term of 5 years till the conclusion of 58th AGM subject to ratification by members at every subsequent Annual General Meeting, will be placed before the members at this Annual General Meeting for ratification.

Further, both the Statutory Auditors have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder.

The observations of the Auditors, if any, are explained wherever necessary, in the appropriate notes to the accounts. The Auditors' Report does not contain qualification, reservation or adverse remark.

### Internal Auditors

Your Directors, during the year under review, appointed M/s. P.K. Deora & Co., Chartered Accountants (Firm Registration No.004167N), M/s. Doogar & Associates, Chartered Accountants (Firm Registration No.000561N), M/s Ashim & Associates, Chartered Accountants (Firm Registration No.006064N), M/s Anil Nupur & Co., Chartered Accountants (Firm Registration No.007626N) and M/s. Singhi & Co., Chartered Accountants (Firm Registration No.302049E) to act as the Internal Auditors of the Company for the financial year 2016-17,

pursuant to Section 138 of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014,

### Secretarial Auditor

Your Directors, during the year under review, also appointed Shri Mahesh Gupta, Practising Company Secretary (Membership No. FCS 2870 and CP No.1999) Proprietor of M/s Mahesh Gupta & Company, Company Secretaries, Delhi as the Secretarial Auditor of the Company for the financial year 2016-17, pursuant to Section 204 of the Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Report of Secretarial Audit is annexed as Annexure IX.

### Cost Auditor

Your Directors inform the Members that Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Rules, 2014, textile Companies are required to get their cost records audited. In this connection, the Board of Directors of the Company on the commendation of Audit Committee had approved the appointment of M/s. N. D. Birla & Company, Cost Accountants, (Firm Reg No. 000028), Ahmedabad as the Cost Auditor of the Company for the year ending March 31, 2017.

## Corporate Governance

Report on Corporate Governance along with the Certificate of Auditors M/s S. Bhargava Associates, Chartered Accountants (Firm Registration No. 003191C), 1, Pareek College Road, Bani Park, Jaipur (Rajasthan) and M/s. S. S. Kothari Mehta & Co., Chartered Accountants (Firm Registration No 000756N), 146-149, Tribhuvan Complex, Ishwar Nagar, Mathura Road, New Delhi-110065 confirming compliance to conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, form part of the Annual Report.

## Whistle Blower Policy

Your Directors inform the Members that with the objective of pursuing the business in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior and to encourage and protect the employees who wish to raise and report their genuine concerns about any unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct, the Company has adopted a Whistle Blower Policy. Policy adopted by the Company contains a framework whereby the identity of the complainant is not disclosed. The policy has been disclosed on the website of the Company, the link of which is given hereunder: <http://rswm.in/investor/pdf/Whistle-Blower-Policy.pdf>



## Management Discussion and Analysis Report

Management Discussion and Analysis Report, as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of the Annual Report.

## Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, the Directors state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit and loss of the Company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis; and

- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Acknowledgements

Your Directors take this opportunity to thank customers, members, suppliers, bankers, business partners / associates, Central and State Governments for their consistent support and co-operation extended to the Company. We also acknowledge the significant contribution made by the employees by their dedication and hard work and trust reposed on us. We look forward to have the same support in our endeavor to help the Company to grow faster.

For and on behalf of the Board

**Ravi Jhunjunwala**  
Chairman  
DIN - 00060972

Place: Noida (U.P)  
Date: May 12, 2017

# ANNEXURE – I to Directors' Report

## Working Results

Particulars		2016-17	2015-16	2014-15
<b>I</b>	<b>PRODUCTION</b>			
	<b>YARN</b>			
A	Own In Tonnes	1,39,173	1,40,623	1,33,106
	<b>TOTAL</b>	<b>1,39,173</b>	<b>1,40,623</b>	<b>1,33,106</b>
	<b>FIBRE</b>			
A	Own In Tonnes	18,109	17,611	72
	<b>TOTAL</b>	<b>18,109</b>	<b>17,611</b>	<b>72</b>
	<b>FABRIC &amp; DENIM</b>			
A	Own (In ,000 meters)	32,246	29,866	32,903
B	Job Weaving from outside (Domestic) (In ,000 meters)	-	4,420	-
	<b>TOTAL</b>	<b>32,246</b>	<b>34,286</b>	<b>32,903</b>
<b>II</b>	<b>TURNOVER</b> (₹ in Lakhs)			
	<b>YARN</b>			
A	<b>Domestic</b>			
	Grey Yarn	1,00,857	1,02,104	1,06,599
	Dyed Yarn	71,340	65,015	55,943
	Job Spinning	1,090	1,113	1,050
	<b>TOTAL OF A</b>	<b>1,73,287</b>	<b>1,68,232</b>	<b>1,63,592</b>
B	<b>Export</b>			
	Grey Yarn	31,316	57,450	63,519
	Dyed Yarn	52,631	26,540	29,352
	<b>TOTAL OF B</b>	<b>83,947</b>	<b>83,990</b>	<b>92,871</b>
	<b>TOTAL</b>	<b>2,57,234</b>	<b>2,52,222</b>	<b>2,56,463</b>
	Less: Inter Unit/Division Transfer/job receipt/ Incentive, Discount, Rebate & Claims as per Ind AS	9,686	8,173	6,716
	<b>TOTAL</b>	<b>2,47,548</b>	<b>2,44,049</b>	<b>2,49,746</b>
	<b>FIBRE</b>			
	Domestic	12,643	11,866	49
	Inter Unit/Division Transfer/ Incentive, Discount, Rebate & Claims as per Ind AS	12,560	11,371	45
	<b>TOTAL</b>	<b>83</b>	<b>495</b>	<b>4</b>



Particulars		2016-17	2015-16	2014-15
<b>FABRIC &amp; DENIM</b>				
A	Domestic	39,516	38,871	36,541
B	Export	7,966	6,862	10,298
		<b>47,482</b>	<b>45,733</b>	<b>46,839</b>
	Less: Inter Unit/Division Transfer/ Incentive, Discount, Rebate & Claims as per Ind AS	1,097	1,112	
	<b>TOTAL</b>	<b>46,385</b>	<b>44,621</b>	<b>46,839</b>
<b>C PROCESSING CHARGES</b>				
	Weaving Charges	1,310	643	5
	Processing Charges	2,870	2,748	1,403
		<b>4,180</b>	<b>3,391</b>	<b>1,408</b>
	Less: Inter Unit/Division Transfer	2,562	1,871	-
	<b>TOTAL</b>	<b>1,618</b>	<b>1,520</b>	<b>1,408</b>
<b>WASTE</b>				
A	Domestic	4,838	4,533	4,100
	Less: Inter Unit/Division Transfer	852	739	667
	<b>TOTAL</b>	<b>3,986</b>	<b>3,794</b>	<b>3,433</b>
	<b>Total</b>	<b>2,99,620</b>	<b>2,94,479</b>	<b>3,01,431</b>

# ANNEXURE – II to Directors' Report

## FORM: AOC-I

### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associate	LNJ Power Ventures Limited.	Bhilwara Energy Limited
1. Latest Balance Sheet Date	March 31, 2017. (Audited)	March 31, 2017. (Audited)
2. Date on which the Associate or Joint Ventures was associated or acquired	01.04.2013	01.04.2016
3. Shares of Associate held by the Company on the year end		
No.	2,60,000	2,94,63,559
Amount of Investment in Associate	₹26 Lakhs	₹5514.88 Lakhs
Extent of Holding %	26%	17.78%
4. Description of how there is significant influence	Shareholding more than 20%	Board representation
5. Reason why the associate is not consolidated	N A	N A
6. Net worth attributable to shareholding as per latest unaudited Balance Sheet	₹27.13 Lakhs	₹7487.07 Lakhs
7. Profit/(Loss) for the year	(₹268.00 Lakhs)	₹2149.50 Lakhs
i. Considered in Consolidation	(₹69.68 Lakhs)	₹382.18 Lakhs
ii. Not Considered in consolidation	(₹198.32 Lakhs)	₹1767.32 Lakhs

- Names of associates or Joint Ventures which are yet to commence operations. – NA
- Names of associates or Joint ventures which have been liquidated or sold during the year- NA

For and on behalf of Board of Directors

#### Ravi Jhunjunwala

Chairman  
DIN: 00060972

#### B. M. Sharma

Chief Financial Officer  
M.No.FCA-35012

#### Riju Jhunjunwala

Managing Director  
DIN: 00061060

#### Surender Gupta

Company Secretary  
M.No.FCS-2615

#### Prakash Maheshwari

Executive Director  
DIN: 02388988



## ANNEXURE – III to

# Directors' Report

### Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2016-17

**1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to web-link to the CSR policy and projects or programs.**

A brief outline of the Company's CSR policy is given hereunder

- » To develop a foundation, which shall take up all the CSR initiatives being carried out by the Company. This foundation will also take up specific CSR projects with defined objectives, budget and timelines for delivery.
- » To develop and institutionalise mechanisms and systems for identification, implementation and monitoring of CSR initiatives/projects.
- » To implement CSR initiatives/projects in the geographical vicinity of the manufacturing units.
- » To implement CSR initiatives/projects preferably in the economic vicinity of its business operations.
- » To create and develop sustainable models of socio-economic development with active inputs and participation of the target audience. These models should become self-sustainable in terms of implementation and financial support over a period of time.
- » To collaborate with Government bodies/agencies and other NGOs for selected developmental initiatives/projects in the region.
- » To collaborate with local communities and concerned institutions for implementation of developmental initiatives/projects.
- » To seek voluntary contributions from its manpower assets for participation in the implementation of these initiatives/projects.

- » To ensure that these initiatives and developmental projects are in line with the statutory guidelines provided by Government and statutory agencies on Environmental, Health and Safety.

Overview of projects or programmes undertaken is given in the Para 5 C of this statement.

**The web link of CSR Policy of the Company is stated herein below;**

[http://rswm.in/investor/pdf/RSWM\\_CSR\\_POLICY.pdf](http://rswm.in/investor/pdf/RSWM_CSR_POLICY.pdf)

**2. The Composition of CSR Committee.**

Shri Arun Churiwal (Chairman)  
Shri Riju Jhunjhunwala  
Shri A.N. Choudhary

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

Average net profit: ₹14,176.90 Lakhs

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**

The Company is required to spend ₹283.54 Lakhs

**5. Details of CSR spent during the financial year;**

- (a) **Total amount to be spent for the financial year;**  
₹332.80 (including an amount of ₹49.26 Lakhs which remained unspent for the financial year 2015-16)
- (b) **Amount unspent, if any;**  
₹18.32 Lakhs

(c) **Manner in which the amount spent during the financial year is detailed below:**

S. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Locations District & State where the projects or programs was undertaken	Amount Outlay (Budget) project or Program wise	Amount spent on the Project or Programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
(i)	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;	Sanitation and safe Drinking Water	Banswara, Bhilwara & Sikar (Rajasthan)	30.00	30.00	30.00	Direct
(ii)	Promoting education, including special education and employment enhancing vocation skills especially among children , women, elderly, and the differently abled and livelihood enhancement projects;	Promoting Education	Banswara, Bhilwara, Udaipur & Sikar (Rajasthan)	195.00	184.43	184.43	Direct
(iii)	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backwards groups;	Empowering Women	Bhilwara (Rajasthan)	2.00	1.16	1.16	Direct
(iv)	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water	Ensuring environment sustainability, ecology balance	Banswara, Bhilwara (Rajasthan)	2.00	1.89	1.89	Direct
(v)	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts;	Protection of National Heritage	Banswara, Udaipur, Sikar (Rajasthan)	46.00	42.90	42.90	Direct
(vi)	Measures for the benefit of armed forces veterans, war widows and their dependents;	Help to armed forces Veterans	Bhilwara, Banswara (Rajasthan)	2.00	1.17	1.17	Direct
(vii)	Training to promote rural sports, nationally recognised sports, paralympics sports and olympic sports;	Training to Promote Rural Sports	Banswara, Bhilwara (Rajasthan)	45.00	3.93 38.00	3.93 38.00	Direct Agency
(viii)	Contribution to the Prime Minister's National Relief Fund, Swachh Bharat Kosh, Clean Ganga fund or any other fund set up by the Central Government for Socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;	Contribution to Prime Minister Relief Fund	Bhilwara (Rajasthan)	-	-	-	

S. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Locations District & State where the projects or programs was undertaken	Amount Outlay (Budget) project or Program wise	Amount spent on the Project or Programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
(ix)	Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;	-	-	-	-	-	
(x)	Rural development projects	Road for village	Banswara, Bhilwara (Rajasthan)	11.00	11.00	11.00	Direct
<b>TOTAL</b>				<b>333.00</b>	<b>314.48</b>	<b>314.48</b>	

**6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount in its Board report.**

As some of the activities could not be completed before March 31, 2017, the budgeted funds remained partially unutilised. These activities will be completed in financial year 2017-18 and the balance funds would be utilised accordingly. The CSR amount to be spent during financial year 2017-18 will be in addition to unutilised amount for the financial year 2016-17.

**7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives of the Company.**

The object of the CSR is met keeping into consideration the agreed schedules, with definitive and clear objectives and dialogue with the stakeholders and sharing of knowledge and building of trust.

**Arun Churiwal**

(Director and Chairman CSR Committee)  
DIN: 00001718

**Riju Jhunjunwala**

(Managing Director, CEO)  
DIN: 00061060

## ANNEXURE – IV to Directors' Report

### Particular of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014.

#### 1. Energy conservation measures taken during FY 2016-17

Energy conservation dictates that how much concerned a Company is in conducting its business operations with minimisation of power units and decreasing the side effects of global warming. The Company has undertaken following major steps.

##### SPINNING

##### Variable Frequency Drive (VFD):

- » Humidification plant's supply & return air fan speed controlled through VFD as per seasonal impact.
- » Auto Coner suction pressure optimised with VFD in closed loop to maintain required Pascal.
- » Ring Frame suction pressure optimised demand based by installing VFD on suction fan motor.
- » Speed Frame LF1400 Main Motor modified with VFD.
- » Ring Frame Variator pulley drive system converted in VFD driven.
- » Waste Collection System's Main Centrifugal Fan Motor speed controlled with VFD to optimise required Pascal.
- » Blow Room Blender motor modified with VFD running.
- » E.T.P. & RO pumps speed optimisation as per requirement through VFD.
- » Humidification plant's pump controlled with VFD to optimise running in monsoon and other seasonal gain.
- » TFO Machine (Leewa) Main drive pulley conversion.

##### Energy Efficient Motors:

- » Ring Frame's multiple rewounded main motors replaced with IE3 motors.
- » E.T.P. plant's old low efficient motors replaced with IE-3 motors.
- » Dyeing Machine (400Kg) inefficient 55 KW main motors replaced by 45 KW IE3 motor.

##### Utilities & Others:

- » Air Compressors running with low energy efficiency, more than 18 years old, replaced with energy efficient air compressor (570 & 307 CFM FAD based).

- » Air Compressor running for Ring Frame LR6 at constant FAD & low energy efficiency replaced with VFD based air compressor ranging 33-128 CFM at 8.0 bar pressure.
- » Water cooled & low energy efficient Compressed Air Dryer replaced with air cooled Dryers.
- » Compressed air leakages and losses at machine level rectified through external agency.
- » Humidification & E.T.P. plant's low efficient pumps replaced with higher energy efficient pumps.
- » Steam Line Insulation done to save pet coke.
- » Electric Heaters used in department to maintain temperature in winter replaced with Steam Heaters.
- » Solar water heater installed to raise inlet water temp of YCP.
- » Conventional FTL and CFL lightings replaced with suitable type of LED Lights in Deptt. , Offices and Staff Colony.
- » Street Lights with CFL were replaced by LED Street Lights.
- » Ceiling Fans having approx. 80W consumption replaced with 28W energy efficient ceiling fans.
- » Cables & Transmission losses optimised and reduced by improving Power Factor from 0.996 to 0.999.

##### FABRIC

##### Variable Frequency Drive (VFD):

- » Humidification plant's (Weaving) two nos. Return Air fan motors replaced from 22KW, 935 RPM to 22KW, 1440 RPM with VFD.

##### Energy Efficient Motors:

- » E.T.P. Plant's low efficient 3.0 KW Centrifugal pump replaced by 2.2 KW energy efficient pump for equalisation feed water.
- » R.O. Plant's 5.5 KW pump used for permeate water replaced by 4.0 KW energy efficient 4.0 KW make pump.
- » R.O. Plant reject water low efficient pump replaced with high energy efficient pump.
- » Water softening plant's 7.5 KW low efficient pump replaced with 5.5 KW energy efficient pump.



#### Utilities & Others:

- » Replaced new technology “Yamuna make” stenter 6 chamber to replace old “Harish make” 6 chamber to save power consumption and to increase the production efficiency.
- » Conventional FTL and CFL lightings replaced with suitable type of LED Lights in Deptt. , Processing Offices and Staff Colony.
- » Flood Lights of 250 W HPMV type in Process House Shed replaced by 120 W LED Flood lights.
- » Street Lights of 125 W HPSV type replaced with 60 W LED Street Lights.

#### DENIM

- » E.T.P. Blower motor of 45 KW, 1440 RPM replaced with 45 KW, 2900 RPM with VFD to increase flow rate as per process requirement thus saved approx. 123 Kwh/Day.
- » Water Softening Plant's soft water supply of plant fed through Hydro-pneumatic system with VSD (5.5 kW x 3) in close loop system which resulted in 124 Kwh/Day.
- » MH Lights of 250 W replaced with 150 W LED Lights.

### 2. Extra initiatives taken during FY 2016-17

- » Installed solar power plant at Kanyakheri and the present generation of electricity is on an average 9,500 units per day.
- » Maintained the power factor at 0.996 to 0.999 at Rishabhdev and reduced the cable & transmission losses as well rebate taken from Electricity bill up to 4 %. Others units are in process to optimise the power factor.

### 3. Energy Conservation Plan for 2017-18

#### SPINNING

##### Variable Frequency Drive (VFD):

- » Humidification plant's supply & return air fan motors will be equipped with VFD to speed control running as per seasonal requirement.
- » Ring Frame main drive conversion from variator pulley to VFD & flat pulley.
- » Waste Collection System's main air fan motor to run with VFD in close loop to maintain optimise air volume.

- » E.T.P. Blower compressor motor running with DO sensor.
- » Carding LC-300 main drive motor to be equipped with VFD.
- » Draw Frame DO-6 main drive motor to be equipped with VFD.

#### Energy Efficient Motors:

- » To identify old, multiple rewounded, low efficient motors and replace with high energy efficient (IE3/IE4) motors for production & utilities machines.

#### Utilities & Others:

- » Compressed air generation power optimisation by installing high volume energy efficient air compressor of centrifugal or equivalent technology for whole plant.
- » Compressed air losses from machines leakages and network to be arrested and repair by external agency.
- » Transformers with aluminum wounded will be replaced with low losses copper wounded transformers.
- » Use of Electric Heaters in Deptt. to maintain temp will be replaced with steam heaters.
- » Humidification plant's operational controlling through PLC and RH sensors to optimise as per seasonal requirement.
- » Boiler feed water temp increase by installing heat recovery system.
- » Speed Frame suction fan motor working optimisation by installing Roving Stop Motion.
- » All type of conventional & low energy efficient lighting system to be replaced with LED lights of suitable type and wattage.
- » Ceiling fan running with high wattage and multiple rewounded to be replaced with 28 W energy efficient fans.

#### FABRIC

##### Energy efficient pumps:-

- » Conventional, old technology based and low energy efficient pumps in ETP, RO, humidification plant and process machines to be replaced with latest technological, high energy efficient and with revised suitable capacity in KW.

##### Automation of Thermopac (TFH)

- » EFFIMAX 4000 (Forbes Marshall make) fully automation in Thermopac (F.D. and Feeding Control) by controlling the Oxygen and excess air automatically.



#### 4. Steps taken by the company for utilising alternative sources of energy

- » RSWM Limited invested in 26% of the Equity Share Capital of its Associate Company viz. LNJ Power Ventures Ltd which has set up 20 MW Wind Power Unit at Jaisalmer (Rajasthan). 100% Wind Power generated by LNJ Power Venture Ltd is meant for captive consumption of the Company.
- » During financial year 2016-17, the Company consumed 2,48,89,464 kWh at its various plants as per following details:

UNIT	KWH
RSWM Ltd., Kharigram	144,33,148
RSWM Ltd., Mandpam	040,32,440
RSWM Ltd., Rishabhdev	040,03,941
RSWM Ltd., Ringas	024,19,935
<b>Total</b>	<b>248,89,464</b>

- » Company has installed roof top solar power plant at Kanyakheri plant with an installed capacity of 1800 KW which was commissioned on 28th March, 2017. One more roof top power solar power plant is under installation and planned to be commissioned in May 17.
- » These are green initiatives of RSWM Ltd for promotion of non conventional power.

#### 5. Capital investment under Energy conservation equipments (During FY 2016-17)

Manufacturing Location	Capital Investment on Energy Saving Equipments (₹ in Lakhs) during FY 16-17	Energy Saved in MU (Kwh) during FY 2016-17	Amount saved from energy saving (₹ in Lakhs) @ ₹6.50 per kwh FY 2016-17
Kharigram, Bhilwara	165.7	1.91	124.1
Lodha, Banswara	122.5	1.16	75.4
Mandpam, Bhilwara	36.4	0.42	27.3
Rishabhdev, Udaipur	55.7	0.38	24.7
Ringas, Sikar	30.7	0.46	29.9
RCPF, Ringas, Sikar	4.8	0.13	8.5
Bagalur Unit	25.9	0.20	13.0
Kanyakheri, Bhilwara	0	0.23	14.9
Fabric, Mordi, Banswara	82.6	0.32	20.8
Denim, Mordi Banswara	22.1	0.26	16.9
<b>Total</b>	<b>546.4</b>	<b>5.47</b>	<b>355.5</b>

#### 1. Technological Absorption

##### (a) New products developed

###### Grey yarn

- » Developed different type slub grindle such as Spiral slub with Pol/Flex, Vis/Flex
- » Developed separate line for special product such as V/F any blend FR, acrylic, neps, etc.

- » Developed SIRO spun yarn in PV blend

- » Developed variety of injection slub yarns for fancy effects well accepted by export & domestic market

- » Developed hairy yarn to use coarse denier up to 8 for export & domestic market

- » Successfully produced variety of fancy yarns like neppy yarn, roving grindle, magic slub & its multi fold combinations



- » Some of new fibres introduced to produce different varieties of yarn including for technical textile application are – Nylon/Vis, Bamboo, Excel, Modal, tensil, FR Acrylic, PPS, Optical, SHT, Linen, TBL, etc. These product have been well accepted in market
- » Developed new product of Elite (compact Yarn) 2/60,2/50,SHT3/20
- » Vario Siro, Sparrow Filasia, Dual Slub, Cotton Rich CVC, Artificial Slub, are New development in different count & Blends .
- » Developed PC SIRO spun yarn in 50:50 blend, which is well accepted by the domestic market and fetching higher value addition.
- » Developed a variety of injection slub yarns for fancy effects, well accepted by Export and Domestic market, Branded as Raga, Sarangi, Reverse Ragini, and sparky injecta

#### **Dyed Yarn**

- » Vario Syro developments with different patterns -- Using Vario Syro Technology
- » Development in Dual Slub i.e. Slub and Inj. Slub in one yarn. -- Using Vario Syro Technology
- » Developments in the coarse count for home furnishing -- Using Fancy Doubling
- » Core Spun Developments with hairy yarns -- Using coarse denier polyester fiber
- » Splash & Mela Quality develop for Shirting market -- Using short length & coarse denier polyester fiber
- » Developed DOT, BEETAL, CLOUDY etc. qualities -- Using RCPF Green Fiber
- » Developments in the Injection slub with different patterns -- Using Inj. Slub Attachments
- » Developments in the machine slub with different patterns -- Using Slub Attachments
- » Developments of the sparkle yarns in grey -- Using TBL coarse denier fiber
- » Developments with different fiber and blends with Bamboo, Coolmax, Thermolite, Cashmere, Bamboo Charcoal, alpaca, Wool etc.

#### **Melange**

- » Developed various Mosaic slub patterns. This is first time in India.
- » Developed Burnt out effect in Mosaic slub yarns.
- » Developed melanges yarn in cotton/linen, Polyester/Linen, Viscose/Linen, Tencel /Linen blends.
- » Developed melanges yarns for furnishing fabric by use of recycled cotton
- » Development of various effects in melange yarn by use of coarse denier Polyester as well Viscose fibres
- » Development of different effects in melange yarn by blending long staple and short staple cottons.
- » Developed Cotton/Nylon blend in Melanges for the first time.
- » Developed Ne 40 Roving Grindle yarns in Cotton/Tencel for the first time
- » Developed 27 shades of sulphur dyes in fire dyed melange yarn for the first time. This is a very new concept
- » Novelty melange yarns in Cotton/Cashmere wool, Cotton/baby alpaca, Cotton/thermolite and cotton/cool max developed.

#### **FABRIC**

- » Fabric division has successfully developed the wool blended fabric (PVW having wool contain 15 % to 22 %), fibre dyed Cationic Polyester blended fabric, Linen blended fabric in various structure, cost, colours & finishes.

#### **DENIM**

- » We have developed super soft stretch denim fabrics with Cotton – Modal/Tencel/Viscose blends. The performance is further enhanced by dual core constructions.
- » LNJ Denim has developed 360° Stretch Denim Fabric for Men's and Women's both.
- » We have developed vertical stretch fabric for Men's.
- » We have introduced vintage denim fabrics with extreme characters/weave and saturated indigo. The specialty is open construction, with very soft hand.
- » We have created a Denim Collection for recent Gender Neutral trend.

- » LNJ Denim has further refined Knit Look, double cloth fabrics. These products are well accepted in market.
- » We have introduced Knit Look Shirt Weight Denim Fabrics as well.

**(b) Efforts made during FY 2016-17 for technological up gradation/ absorption, process development, waste & cost reduction etc**

**Grey yarn**

- » Created Facility to produce 6 tons per day PC fine count against PV fine ( >24's) count in M-5 .
- » Created facility to Produce Coarse Count < 24's in any Blend. Capacity increase to 44 R/F /day.
- » Replacement of Eight old Autoconers helped in improvement of Quality & Reduction in Quality Complaints.
- » Replacement of High Production Parallel Winding reduce the cost of Parallel Winding
- » ₹8.5 Lakhs/M gain in Recovery by reduction & better Utilisation of Waste.
- » Metal detectors & fire detectors were installed in Blow room line to avoid any fire hazards & machine Break Down.
- » LF – 4200 A Speed frame have been installed for improvement in Quality & Production
- » One Auto Leveller Draw Frame purchased for improvement in production & quality.
- » Breaker draw frame purchased for improvement in production & quality.
- » 05 no. TC-10 Cards purchased for improvement in production & quality.
- » 20 year old CLASSIMATE machine having old obsolete gauge replaced by Uster Quantum Classimate.
- » Investments were made on Autoconer and Carding machines to improve the quality of end product.
- » Poly-propylene (Yuvish) contamination detectors were installed in Blow room line to arrest contamination.
- » Installation automatic bale press system to avoid manual operations thereby reduction in manpower.
- » Process modifications / Addition of new machinery to balance the processes have helped in increasing the sampling capacity with new varieties with quality and faster delivery.

**Dyed Yarn**

- » Investments were made on PLCs of Carding machines to improve the quality & quantity of end product.
- » 40 mm diameter rings replace with 38 mm to increase spindle speed thereby productivity.
- » Installation of new LT Panel.
- » Outdoor isolator panel & bus duct
- » CFS panel for carding Mill No.1 & 2
- » High temperature high pressure fiber dyeing machine-replaced 200 kg machine with 400 kgs machine because of coarse count program to increase the productivity
- » Fiber pressing machine
- » Peass Cheese winding machine with OHTC in place of Textool.
- » Installation of draw frame LD2 –Replaced by old DO 2S
- » Installation of Speed frame LF 4200 A

**Melange**

- » Bagalur unit successfully produced and introduced Grey Melange yarn in the market.
- » Investments were made on Blow room and Carding machines in Unit 1 to improve the quality of end product. All old Cross Roll Blow room and carding machines were replaced by new LMW machines. This will also give us reduction in waste levels
- » Latest Autoconer Saurer AC-6 added. We will be having all benefits of latest technology like power saving, hard waste saving and improved productivity and quality.
- » We have installed Pinter roving stop motion in all Ring frames. We are getting reduction in pneumafil waste.
- » Individual spindle monitoring system on ring frames has been installed to identify rouge spindles and reduce lapping/ pneumafil waste generation. This would also add to the life of cots and aprons.
- » Upgraded Software in Schlafhorst Autoconers and linked all machines to POC system for centralised data monitoring
- » Installation of warping, sizing, loom to do miniature sampling for weaving & furnishing keeping in view the increased market requirements of Melange yarn in weaving & furnishing.



- » Mosaic attachment—This is the first machine in India. New fancy effect Mosaic slub patterns are possible now. Very latest concept.
- » Auto lab dispenser Tube less with colour maker installed for shade matching at lab stage and better accuracy
- » New Vortex dyeing machine installed in place of old machine for pre bulk as well as cone form lab dipping purpose
- » Soft flow dyeing machine installed for sample fabric dyeing and washing purpose
- » Pad Dry machine for shade card fabric finishing and drying purpose.
- » Installed highly sensitive fire diversion system of Grecon in all Units

#### DENIM

- » Installation of Peaching m/c for value-added Denim. This machine provides the smoother and velvet effect on denim fabric as the same kind of Liza effect in conventional bottom fabric.
- » Installation of Slashar dyeing range as a part of the current expansion to accelerate the production as well as minimisation of cost of production.
- » Installation of Hydro-feeder at Rope Dyeing to ensure proper feeding of hydrose in dry powder form without hampering the increment of volume of dye liquor in bath as was in practice.

- » To meet up new market demands, our washing department has started preparing new marketing tools such as Garments (both full and half), Hangers, and Catalogues.
- » New mercerising machine (by Dhall) and Stenter machine (by Motex) has been incorporated to meet up new augmented production target.

#### (c) Benefits derived through technology absorption FY 2016-17

- » Technological up-gradation in mills has helped in improving the quality of end product, reduction in customer complaints, cost reduction, manpower engagement and energy savings.
- » Process modifications/addition of new machinery to balance the processes.
- » Sampling machines have helped in increasing the sampling capacity with new varieties with quality and faster delivery. This has given us an edge over competitors in the area of NPD.
- » Installation of panels to avoid false tripping, fire accident etc.
- » Fiber pressing is now mechanical and not manual.
- » DO 2 S were of old technology having frequent breakdown. Now with LD 2 this issue is resolved.
- » With new speed frame the NPD is getting support.

#### (d) Addition of New machinery during FY 2016-17 – Major items, machinery

S. No.	Unit	Details of machines installed / imported	Technology from / Supplier	Year of installation	Status implementation
1	R Dev	Classimate UT-5	Uster Technologies, Switzerland	2016-17	Commissioned
2	R Dev	Breaker draw frame	Rieter	2016-17	Commissioned
3	R Dev	TC 10 cards	Truetzchler	2016-17	Commissioned
4	R Dev	MBO	Truetzchler	2016-17	Commissioned
5	R Dev	Simplex Machine	LMW	2016-17	Commissioned
6	R Dev	Metal deductor & fire diversion	Shri Lakshmi Fire control	2016-17	Commissioned
7	MDPM	Roving stop motion & spindle monitoring on Ring frames	Pinter SA – Italy	2016-17	Commissioned
8	MDPM	Autoconer AC-6	Saurer, Germany	2016-17	Commissioned
9	MDPM	Compact spinning attachment	Suessen, Germany	2016-17	Commissioned
10	MDPM	Sampling, sizing, loom	CCI, Taiwan	2016-17	Commissioned
11	MDPM	Vortex dyeing machine	Hang Jie Xing Ye Co Ltd, Taiwan	2016-17	Commissioned
12	MDPM	Dispensing system	Dispensing SY. Sandlab	2016-17	Commissioned



S. No.	Unit	Details of machines installed / imported	Technology from / Supplier	Year of installation	Status implementation
13	MDPM	Mosaic slub attachment	Pinter, Spain	2016-17	Commissioned
14	MDPM	Blow room and carding machines in Unit 1	LMW, India	2016-17	Commissioned
15	MDPM	Soft flow dyeing machine	R.B.Engg, India	2016-17	Commissioned
16	MDPM	Pad drying machine	R.B.Engg, India	2016-17	Commissioned
17	MDPM	Fire diversion system	Grecon, India	2016-17	Commissioned
18	Denim	Air Compressors Receiver & Dryer	Atlas Copco (India) Limited	2016-17	Commissioned
19	Denim	Fabric Inspection Machine	Gayatri Engineers	2016-17	Commissioned
20	Denim	Mercerizing Machine	Dhall Enterprises & Engineers P. Ltd	2016-17	Commissioned
21	Denim	Stenter.	inspiron engg	2016-17	Commissioned
22	Denim	Wet Finishing Range (Foam, Applicator, Skew, Sanfo)	Dhall Enterprises & Engineers P. Ltd	2016-17	Commissioned
23	Denim	Brushing (Sueding) Machine	Macchine caru SRL	2016-17	Commissioned
24	Denim	Singeing m/c	Dhall Enterprises & Engineers P. Ltd	2016-17	Commissioned
25	Denim	EFFUENT TREATMENT & RO PLANT	A T E Envirotech Pvt. Ltd	2016-17	Commissioned
26	Lodha	MBO+RV beater with panel	Truetzchler	2016-17	Commissioned
27	Lodha	Spindle sensors, roving motion sensors	Premier	2016-17	Commissioned
28	Lodha	Cheese winding 72 drums	Peass	2016-17	Commissioned
29	Lodha	Cheese winding 90 drums	Peass	2016-17	Commissioned
30	Lodha	Cheese winding multifold 40 drums	Peass	2016-17	Commissioned
31	Lodha	Autoconer with PP module of Uster	Savio	2016-17	Commissioned
32	Lodha	LF4200 speed frame – 40 spindles	LMW	2016-17	Commissioned
33	Lodha	TC 10 cards with chute feed	Truetzchler	2016-17	Commissioned
34	Lodha	TD 7 draw frame	Truetzchler	2016-17	Commissioned
35	Lodha	Mixing blender	Truetzchler	2016-17	Commissioned
36	Lodha	Metal detector	Vetal	2016-17	Commissioned
37	Lodha	Auto coner – 64 drums	Savio	2016-17	Commissioned
38	Lodha	Tgs & Dsw Grinders	Graf	2016-17	Commissioned
39	Lodha	Compressor 1071 cfm	Kesar	2016-17	Commissioned
40	Fabric	Multi Evaporation Effect MEE	Hyper Filtration	2016-17	Commissioned
41	KGM	Blow room	Truetzchler	2016-17	Commissioned
42	KGM	Cards LC 300 V4	LMW	2016-17	Commissioned
43	KGM	Draw frame TD-07	Truetzchler	2016-17	Commissioned
44	KGM	Draw frame D-45	Reiter	2016-17	Commissioned
45	KGM	Simplex LF 4200	LMW	2016-17	Commissioned
46	KGM	Autoconer ECO Pulser	Savio	2016-17	Commissioned
47	KGM	Cheese winding VERSA-A	PEASS	2016-17	Commissioned
48	KGM	Cheese winding VERSA-C	PEASS	2016-17	Commissioned
49	KGM	Knitting Machine WELKNIT	WELLMADE	2016-17	Commissioned
50	KGM	Dyeing machine 50 Kgs	DALAL	2016-17	Commissioned
51	KGM	Hydro Extractor	Swastik	2016-17	Commissioned
52	KGM	Steam dryer	Astha	2016-17	Commissioned



#### (e) Capex proposals FY 2017-18

##### Rishbhdev

- » Autoconer X-5 (Schlafhorst)
- » Card TC-10 with coiler
- » Jumbo Versa Rewinding machine - 48 Drums
- » Friction Tester
- » Meta Colour Sheets over the Roof of M-2A

##### Lodha – Banswara

- » 4 number TC10 cards for mill # 3
- » 2 number LF4200 speed frame 132 spindles for mill# 6
- » 2 number Autoconer for mill # 1
- » 1 number open end ACO-9 480 rotor machine for mill# 9
- » 4 number breaker draw frames for mill# 1,2,3
- » 2 number H-plant ( RF 8A and 8B modification in mill# 8.

##### Kharigram

- » 1 number Truetzchler blow room
- » 12 number LWM cards LC 300A V4
- » 4 number Savio / Schafhorst Auto coners
- » 4 number PEASS Assembly winders
- » 1 number Uster Classimat
- » 10 number Mesdan Splicers 4941A including ATS
- » 1 number beaker dyeing machine
- » 1 number TryTex Small ring frame 12 spindles
- » 1 Seigar yarn conditioning machine

##### Ringas

- » RSB draw frame to balance the preparatory production

##### Mandapam

- » PP Contamination sorter (Vetal Yuvis Crown) –add on module for improving ejection of PP fibre contamination.
- » HT-HP vertical loose fibre dyeing machine to replace old machine.
- » Continuous waste collection system for cards in Unit 2.
- » RO Plant 5th stage and WHE to reduce operating cost of existing ZLD (MEE plant).

##### Bagalur

- » Automatic Bale press
- » Bale press up gradation from manual to Auto
- » Humidification Up gradation in Main Shed
- » Lab Equipments Modernisation ( Uster HVI 1000, Uster AFI PRO, Uster Tester 6 and Uster Classimat 5 )

##### Denim

- » Installation of Indigo cone Winding machine requires for High valve added product.
- » **Sulphur Tank:** In sheet dyeing there is no scope of taking back the sulphur liquor from 8th and 9th dye-bath to the storage. So whenever we use IBST style, we have to drain the whole dye liquor which itself is a huge wastage and as well as its consequence involves high shock load to the ETP. A simple arrangement of pipe line and motor can be used to resolve the problem.
- » **Spares- S-roll:** This type of roll is used in padding where it provides uniform pick-up which in turn responsible for uniform moisture throughout the width of fabric. Now-a-days, we do not have any spare roll. In case of break down, we have to depend upon the rental basis system.
- » **Stenter-6(old stenter-1) VSD, Pad steam Display, LCB -1, LCB-2 VSD and ring frame drive up gradation:** Increase the productivity and decrease the damage of fabric, decrease the down time.
- » **Ball warping machine-1 Creel sensor:** Increase the productivity, availability of machine for quality production
- » **Speed frame Machine,4,5,6,7,8 SWITCH and Lightening arrestor - Maintenance free earthing:** Increase the productivity and safety
- » **Open end -3 & 4--ACO 8 Machine - new develop TAKE UP STEPPER MOTOR and coro lab traverse motor:** Increase the productivity
- » **33mm Rotor and 31mm Adapter for Phase 1 Open end machine:** Finer count can be produced in phase 1.
- » **Increasing the shedding capacity by adding Staubli spares, Heald frames/Drop pi n/ Heald Wire:** Increase the flexibility of machine to full fill the market demand by producing fancy weave



» **Up gradation and revamping in Knotting machine/ Stand:** Increase the productivity of knotting machine which results in more productivity.

» **Spectrophotometer:** In case of Sulphur dyeing, there is no available method to determine the strength of Sulphur dye liquor in the bath other than Spectrophotometer or Gas-Chromatography. The only way to determine is empirical assumption which sometimes leads to wide deviation. To overcome this draw-back, use of Spectrophotometer is recommended. This will give us proper judgment of the concentration of Sulphur Dye in the bath – hence reducing the chance of deviation and thus improving quality.

» **Weko-damping Unit:** In this system, damping is done by means of a rotor which divides water into very minute droplets causing even and uniform distribution of moisture in the fabric. This will improve the evenness of moisture distribution throughout the width of fabric which will further reduce the chance of occurring fabric defect namely Waviness

#### FABRIC

- » Installation of one air compressor (FAD 400 CFM @ 7.5 bar) with dryer and line filters.
- » Compressed air online monitoring kit to optimise the power consumption.

- » Refurbishment of Waste Water Treatment (Reverse Osmosis) plant.
- » Installation of Heat Release Rate (HRR) testing instrument.
- » Online loom monitoring system.
- » Shade Variation (SV) controlling device for Toyota 810 E-shedding looms (20 nos).
- » Corrugated roof-top asbestos sheet replacement in Process House.
- » Conversion of non-AGS looms with AGS system in Toyota 810 loom-shed (5 looms).
- » Replacement of 10 pieces Toyota 610 Beam Gears (worn-out).
- » Ten pieces Weavers' Beams for Picanol Rapier looms.
- » Two nos. VDR-16 Teflon Coating Cylinders.
- » Two nos. VDR-20 Teflon Coating Cylinders.
- » Two nos. SS tank replacement of WR machine.
- » Relax Scouring Machine's tank replacement (Perfotex Washer nos. 1 & 2).
- » Laboratory equipments

#### (f) Expenditure incurred on Research & Development during FY 2016-17

S. No.	Unit	CAPEX (₹ in Lakhs)	Recurring (₹ in Lakhs)	Total Amount (₹ in Lakhs)
1	Lodha	159.17	273.00	432.17
2	Rishabhdev	49.63	65.80	115.43
3	Kharigram	38.46	293.95	332.41
4	Melange	155.05	152.58	307.63
5	Bagalur	18.55	73.97	92.52
6	Denim	-	207.67	207.67
7	Fabric	9.92	60.70	70.62
8	Ringas	5.86	106.07	111.93
9	Kanya kheri	0.10	21.99	22.09
10	RCPF	-	52.55	52.55
	<b>TOTAL</b>	<b>436.74</b>	<b>1308.28</b>	<b>1745.02</b>



# ANNEXURE – V to Directors' Report

## Form No. MGT-9

### Extract of Annual Return As on the financial year ended on March 31, 2017

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

#### I. Registration and Other Details:

i)	CIN	L17115RJ1960PLC008216
ii)	Registration Date	October 17, 1960
iii)	Name of the Company	RSWM Limited
iv)	Category / Sub-Category of the Company	Company having shares Capital
v)	Address of the Registered office and contact details	Kharigram, Post Office Gulabpura -311 021 Distt. Bhilwara, (Rajasthan), India Phone +91-1483-223144 to 223150, 223478 email : skg@lnjbhilwara.com
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	MCS Share Transfer Agent Limited F-65, 1st Floor, Okhala Industrial Area, Phase-I, New Delhi -110 020 Phone +91-11-41406149-52, Fax No. 011-41709881 E-mail : helpdeskdelhi@mcsregistrars.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	Spinning, Weaving & Processing of manmade textile fabrics	2470	65.86
2	Cotton Spinning & weaving	2352	34.14

#### III. Particulars of Holding, Subsidiary and Associate Companies

S No.	Name & Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
1	LNJ Power Ventures Limited Bhilwara Bhawan, 40-41, Community Centre, New Friends Colony, New Delhi-110025	U74899DL1995PLC065394	Associate	26	2(6)
2	Bhilwara Energy Limited Bhilwara Bhawan, 40-41, Community Centre, New Friends Colony, New Delhi-110025	U31101DL2006PLC148862	Associate	17.78	2(6)



#### IV. Share Holding Pattern (equity share capital breakup as percentage of total equity)

##### i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year 01.04.2016				No. of Shares held at the end of the year 31.03.2017				% change during the Year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
Promoters										
1	Indian									
(a)	Individual / HUF	1,808,068		1,808,068	7.81	1,808,068		1,808,068	7.68	(0.13)
(b)	Central Govt									
(c)	State Govt (s)									
(d)	Bodies Corporate	5,163,816		5,163,816	22.31	5,246,884		5,246,884	22.28	(0.03)
(e)	Banks / FI									
(f)	Any Other									
	Subtotal (A) (1)	6,971,884		6,971,884	30.12	7,054,952		7,054,952	29.96	(0.16)
2	Foreign									
(a)	NRIs - Individuals									
(b)	Other - Individuals									
(c)	Bodies Corporate	4,934,770		4,934,770	21.32	4,934,770		4,934,770	20.95	(0.37)
(d)	Banks / FI									
(e)	Any Other									
	Subtotal (A) (2)									
	Total Shareholding of Promoters (A) = (A) (1) + (A) (2)	11,906,654		11,906,654	51.44	11,989,722		11,989,722	50.91	(0.53)
(B) Public shareholding										
1	Institutions									
(a)	Mutual Funds	1,838,087	3,780	1,841,867	7.96	2,151,069	2,080	2,153,149	9.14	1.18
(b)	Banks / FI	15,106	1,048	16,154	0.07	48,141	1,048	49,189	0.21	0.14
(c)	Central Govt.									
(d)	State Govt. (s)		1,732	1,732	0.01	93,750	1,732	95,482	0.41	0.40
(e)	Venture Capital Funds									
(f)	Insurance Companies	113,283		113,283	0.49	121,283		121,283	0.51	0.02
(g)	FIs	1,256,463	100	1,256,563	5.43	989,464	100	989,564	4.20	(1.23)
(h)	Foreign Venture Capital Funds									
(i)	Others									
	Sub-total (B) (1)	3,222,939	6,660	3,229,599	13.96	3,403,707	4,960	3,408,667	14.47	0.51
B 2 Non-institutions										
(a)	Bodies Corporate									
	i) Indian	884,654	8,122	892,776	3.86	1,016,494	8,126	1,024,620	4.35	0.49
	ii) Overseas		418,500	418,500	1.81		418,500	418,500	1.78	(0.03)

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2016				No. of Shares held at the end of the year 31.03.2017				% change during the Year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹1 Lakh	3,591,127	400,599	3,991,726	17.24	3,640,070	387,531	4,027,601	17.10	-0.14
ii) Individual shareholders holding nominal share capital in excess of ₹1 Lakh.	2,479,876	10,664	2,490,540	10.76	2,206,735	10,664	2,217,399	9.42	-1.34
(c) Others									
i) Trust	100		100	0.00	100		100	0.00	
ii) NRI	216,037	2,757	218,794	0.95	461,303	2,930	464,233	1.97	1.02
<b>Sub-total (B) (2)</b>	<b>7,171,794</b>	<b>840,642</b>	<b>8,012,436</b>	<b>34.62</b>	<b>7,324,702</b>	<b>827,751</b>	<b>8,152,453</b>	<b>34.62</b>	<b>0.00</b>
<b>(B) Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>10,394,733</b>	<b>847,302</b>	<b>11,242,035</b>	<b>48.58</b>	<b>10,728,409</b>	<b>832,711</b>	<b>11,561,120</b>	<b>49.09</b>	<b>0.51</b>
<b>(C) Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A) + (B) + (C)</b>	<b>22,301,387</b>	<b>847,302</b>	<b>23,148,689</b>	<b>100.00</b>	<b>22,718,131</b>	<b>832,711</b>	<b>23,550,842</b>	<b>100.00</b>	

## ii) Shareholding of Promoters

S. No	Shareholder's Name	Shareholding at the beginning of the year 01.04.2016			Shareholding at the end of the year 31.03.2017			% change in share holding 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	Shri Laxmi Niwas Jhunjunwala	137112	0.59	-	137112	0.58	-	0.00
2	Shri Ravi Jhunjunwala	809094	3.50	-	809094	3.44	-	0.00
3	Smt. Mani Devi Jhunjunwala	360208	1.56	-	360208	1.53	-	0.00
4	Shri Riju Jhunjunwala	175000	0.76	-	175000	0.74	-	0.00
5	Smt. Rita Jhunjunwala	156048	0.67	-	156048	0.66	-	0.00
6	Smt. Sushila Devi Chokhani	65332	0.28	-	65332	0.28	-	0.00
7	Shri Rishabh Jhunjunwala	40000	0.17	-	40000	0.17	-	0.00
8	Lakshminiwas Jhunjunwala (HUF)	35664	0.15	-	35664	0.15	-	0.00
9	Ravi Jhunjunwala (huf)	25000	0.11	-	25000	0.11	-	0.00
10	Shri Arun Kumar Churiwal	1610	0.01	-	1610	0.01	-	0.00
11	Shri Shekhar Agarwal	1500	0.01	-	1500	0.01	-	0.00
12	Shri Shantanu Agarwal	1500	0.01	-	1500	0.01	-	0.00
13	M/s LNJ Financial Services Ltd.	1767394	7.63	-	1850462	7.86	-	0.23
14	M/s Purvi Vanijya Niyojan Ltd.	1218431	5.26	-	1218431	5.17	-	0.00
15	M/ s Nivedan Vanijya Niyojan Ltd.	865074	3.74	-	865074	3.67	-	0.00
16	M/s Investors India Ltd.	459955	1.99	-	529955	2.25	-	0.26
17	M/s Akunth Textile Processors Pvt. Ltd	240000	1.04	-	170000	0.72	-	(0.32)



S. No	Shareholder's Name	Shareholding at the beginning of the year 01.04.2016			Shareholding at the end of the year 31.03.2017			% change in share holding 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	
18	M/s N.R. Finvest Pvt. Ltd.	240000	1.04	-	240000	1.02	-	0.00
19	M/s Bharat Investments Growth Ltd.	144300	0.62	-	144300	0.61	-	0.00
20	M/s Raghav Commercial Ltd.	119800	0.52	-	119800	0.51	-	0.00
21	M/s Kalati Holding (P) Ltd.	106573	0.46	-	106573	0.45	-	0.00
22	M/s India Tex Fab Marketing Ltd.	2289	0.01	-	2289	0.01	-	0.00
23	M/s Micro Base Ltd.	3650970	15.77	-	3650970	15.50	-	0.00
24	M/s Microlight Investments Ltd.	1085000	4.69	-	1085000	4.61	-	0.00
25	M/s Corn Hill Investments Ltd.	198800	0.86	-	198800	0.84	-	0.00
<b>Total</b>		<b>11906654</b>	<b>51.44</b>		<b>11989722</b>	<b>50.91</b>		<b>0.53</b>

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

S. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	11906654	51.44	11989722	50.91
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	#		#	
	At the end of the year	11989722	50.91	11989722	50.91

# Conversion/Transfer of Shares by the Promoters group.

S. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares at the beginning (01-04-2015)/ end of the Year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	LNJ Financial Services Ltd.	1767394	7.63	10.11.2016	83068	Conversion of OCRPS	1850462	7.86
		1850462	7.86	31.03.2017			1850462	7.86
2	M/s Akunth Textile Processors Pvt. Ltd	240000	1.04	08.07.2016	70000	Transfer	170000	0.72
		170000	0.72	31.03.2017			170000	0.72
3	M/s Investors India Ltd.	459955	1.99	08.07.2016	35000	Transfer	494955	2.10
				15.07.2016	35000		529955	2.25
		529955	2.25	31.03.2017			529955	2.25

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

S. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares at the beginning (01-04-2015)/ end of the Year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	IDFC Premier Equity Fund	15,60,000	6.62	01.04.2016		Nil movement during the year		
		15,60,000	6.62	31.03.2017			15,60,000	6.62
2	Dolly Khanna	4,24,220	1.80	01.04.2016				
				24.06.2016	(6380)	Transfer	4,17,840	1.77
				08.07.2016	185	Transfer	4,18,025	1.77
				23.09.2016	(4235)	Transfer	4,13,790	1.76
				30.09.2016	(1000)	Transfer	4,12,790	1.75
				28.10.2016	(2000)	Transfer	4,10,790	1.74
				11.11.2016	19585	Transfer	4,30,375	1.83
				18.11.2016	3322	Transfer	4,33,697	1.84
				25.11.2016	7934	Transfer	4,41,631	1.88
				02.12.2016	3000	Transfer	4,44,631	1.89
				09.12.2016	1000	Transfer	4,45,631	1.89
				16.12.2016	3930	Transfer	4,49,561	1.91
				23.12.2016	1000	Transfer	4,50,561	1.91
				31.12.2016	1000	Transfer	4,51,561	1.92
				13.01.2017	1000	Transfer	4,52,561	1.92
				03.02.2017	1000	Transfer	4,53,561	1.93
				10.02.2017	2650	Transfer	4,56,211	1.94
				10.03.2017	2500	Transfer	4,58,711	1.95
				17.03.2017	1775	Transfer	4,60,486	1.96
				24.03.2017	15500	Transfer	4,75,986	2.02
		4,77,986	2.03	31.03.2017	2000	Transfer	4,77,986	2.03
3	Deltra Limited	3,90,600	1.66	01.04.2016		Nil movement during the year		
		3,90,600	1.66	31.03.2017			3,90,600	1.66
4	Premier Investment Fund Limited	3,22,610	1.37	01.04.2016				
				08.04.2016	9713	Transfer	3,32,323	1.41
				15.04.2016	53667	Transfer	3,85,990	1.64
				06.05.2016	3040	Transfer	3,89,030	1.65
				20.05.2016	7600	Transfer	3,96,630	1.68



S. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares at the beginning (01-04-2015)/ end of the Year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				24.02.2017	(22920)	Transfer	3,73,710	1.59
				03.03.2017	(25160)	Transfer	3,48,550	1.48
				10.03.2017	(73400)	Transfer	2,75,150	1.17
				17.03.2017	(110819)	Transfer	1,64,331	0.70
				24.03.2017	(114681)	Transfer	49,650	0.21
		49,650	0.21	31.03.2017			49,650	0.21
5	Anil Kumar Goel	2,76,000	1.17	01.04.2016				
				10.02.2017	(1000)	Transfer	2,75,000	1.17
		2,75,000	1.17	31.03.2017			2,75,000	1.17
6	L and T Mutual Fund Trustee Ltd-L and T India Value Fund	2,52,303	1.07	01.04.2016				
				15.04.2016	(26305)	Transfer	2,25,998	0.96
				22.04.2016	(21943)	Transfer	2,04,055	0.87
				20.05.2016	153018	Transfer	3,57,073	1.52
				17.02.2017	(11192)	Transfer	3,45,881	1.47
				24.02.2017	(14548)	Transfer	3,31,333	1.41
				10.03.2017	(8744)	Transfer	3,22,589	1.37
				17.03.2017	(322589)	Transfer	-	
		Nil	Nil	31.03.2017	Nil	Nil	Nil	Nil
7	Seema Goel	1,18,000	0.50	01.04.2016				
				22.04.2016	408	Transfer	1,18,408	0.50
				30.06.2016	592	Transfer	1,19,000	0.51
		1,19,000	0.51	31.03.2017			1,19,000	0.51
8	General Insurance Corporation of India	1,13,283	0.48	01.04.2016		Nil movement during the year		
		1,13,283	0.48	31.03.2017			1,13,283	0.48
9	Public Employees Retirement System Of Ohio	1,07,247	0.46	01.04.2016				
				29.07.2016	800	Transfer	1,08,047	0.46
				12.08.2016	1500	Transfer	1,09,547	0.47
				19.08.2016	600	Transfer	1,10,147	0.47
				26.08.2016	2600	Transfer	1,12,747	0.48
				02.09.2016	1848	Transfer	1,14,595	0.49
				09.09.2016	3887	Transfer	1,18,482	0.50
				16.09.2016	4205	Transfer	1,22,687	0.52

S. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares at the beginning (01-04-2015)/ end of the Year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				23.09.2016	6211	Transfer	1,28,898	0.55
				30.09.2016	3045	Transfer	1,31,943	0.56
				07.10.2016	4122	Transfer	1,36,065	0.58
				14.10.2016	2751	Transfer	1,38,816	0.59
				21.10.2016	6369	Transfer	1,45,185	0.62
				28.10.2016	3819	Transfer	1,49,004	0.63
				04.11.2016	2564	Transfer	1,51,568	0.64
				11.11.2016	6633	Transfer	1,58,201	0.67
				18.11.2016	4243	Transfer	1,62,444	0.69
				25.11.2016	203	Transfer	1,62,647	0.69
		1,62,647	0.69	31.03.2017			1,62,647	0.69
10	Suvarna Kumari Agrawal	1,06,000	0.45	01.04.2016				
				06.05.2016	(10726)	Transfer	95,274	0.40
				13.05.2016	(23735)	Transfer	71,539	0.30
				20.05.2016	(27068)	Transfer	44,471	0.19
				27.05.2016	(14623)	Transfer	29,848	0.13
				03.06.2016	(961)	Transfer	28,887	0.12
				10.06.2016	(5007)	Transfer	23,880	0.10
				17.06.2016	(23880)	Transfer	-	
		Nil	Nil	31.03.2017	Nil	Nil	Nil	Nil
11	L&T Mutual Fund Trustee Limited-L&T Emerging Businesses Fund	Nil	Nil	01.04.2016				
				17.03.2017	325550	Transfer	3,25,550	1.38
		3,25,550	1.38	31.03.2017			3,25,550	1.38
12	L and T Mutual Fund Trustee Ltd-L and T India Special Situations Fund	Nil	Nil	01.04.2016				
				24.03.2017	220123	Transfer	2,20,123	0.93
		2,62,140	1.11	31.03.2017	42017	Transfer	2,62,140	1.11
13	Apex Holdings Ltd.	860	0.00	01.04.2016				
				15.04.2016	98500	Transfer	99360	0.42
		99,360	0.42	31.03.2017			99,360	0.42

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

S. No	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares at the beginning (01-04-2015)/ end of the Year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Shri Ravi Jhunjunwala Chairman	8,34,094	3.60			No Change during the year	8,34,094	3.44
2	Shri Shekhar Agarwal Vice Chairman	3,000	0.01	25.03.2016	1,500	Transfer	1,500	0.01
3	Shri Riju Jhunjunwala Managing Director & CEO (Key Managerial Personnel)	1,75,000	0.76			No Change during the year	1,75,000	0.74

**V. Indebtedness**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ in Lakhs

S. No	Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>A Indebtedness at the beginning of the financial year</b>					
i)	Principal Amount	1,29,938.31	9,607.22	-	1,39,545.53
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	286.93	-	-	286.93
	<b>Total (i+ii+iii)</b>	<b>1,30,225.24</b>	<b>9,607.22</b>	<b>-</b>	<b>1,39,832.46</b>
<b>B Change in Indebtedness during the financial year</b>					
	* Addition	28,545.16	-	-	28,545.16
	* Reduction	21,118.21	508.45	-	21,626.66
	<b>Net Change</b>	<b>7,426.95</b>	<b>-508.45</b>	<b>-</b>	<b>6,918.50</b>
<b>C Indebtedness at the end of the financial year</b>					
i)	Principal Amount	1,37,295.29	9,098.77	-	1,46,394.06
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	356.90	-	-	356.90
	<b>Total (i+ii+iii)</b>	<b>1,37,652.19</b>	<b>9,098.77</b>	<b>-</b>	<b>1,46,750.96</b>

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## VI. Remuneration of Directors and Key Managerial Personnel

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

₹ in Lakhs

S. No	Particulars of remuneration	Sh. Riju Jhunjunwala (MD, CEO & KMP)	Sh. Prakash Maheshwari (Executive Director)	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	181.91	105.80	287.71
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.96	8.85	11.81
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	229.15	60.44	289.59
	- as % of profit	2%	0.5%	2.5%
	- others	-	-	-
5	Others, please specify			
	<b>Total (A)</b>	<b>414.02</b>	<b>175.09</b>	<b>589.11</b>
	Ceiling as per the Act	Overall ceiling is ₹1,142.15 Lakhs (being 10% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013.		

### B. Remuneration to other Director

₹ in Lakhs

S. No	Particulars of Directors	Fee for attending board committee meetings	Commission	Others	Total Amount
<b>1</b>	<b>Independent Directors</b>				
	Dr. Kamal Gupta	15.00	-	-	15.00
	Shri Dharmendar Nath Davar	12.75	-	-	12.75
	Shri Deepak Jain	3.00	-	-	3.00
	Shri Amar Nath Choudhary	7.50	-	-	7.50
	Shri Priya Shankar Dasgupta	1.50	-	-	1.50
	Smt. Geeta Mathur	3.00	-	-	3.00
	<b>Total B (1)</b>	<b>42.75</b>	<b>-</b>	<b>-</b>	<b>42.75</b>
<b>2</b>	<b>Other Non-Executive Directors</b>				
	Shri Ravi Jhunjunwala, Chairman	3.75	-	-	3.75
	Shri Shekhar Agarwal, Vice Chairman	9.00	-	-	9.00
	Shri Arun Churiwal	4.50	-	-	4.50
	Shari J.C. Laddha, Non Executive-Non Independent	3.00	-	-	3.00
	<b>Total B (2)</b>	<b>20.25</b>	<b>-</b>	<b>-</b>	<b>20.25</b>
	<b>Total B (1) + B (2)</b>	<b>63.00</b>	<b>-</b>	<b>-</b>	<b>63.00</b>

» » » »

**C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD**

₹ in Lakhs

S. No	Particulars of remuneration	Shri. Surender Gupta (Company Secretary)	Shri. B.M Sharma (Chief Financial Officer)	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	43.98	85.39	129.37
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.28	0.40	0.68
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>44.26</b>	<b>85.79</b>	<b>130.05</b>

**VII. Penalties/ Punishments / Compounding of Offences**

During the year, there were no penalties / punishment / compounding of offences under Companies Act, 2013

For and on behalf of the Board

**Ravi Jhunjunwala**  
Chairman  
DIN - 00060972

» » » »

## ANNEXURE – VI to

# Directors' Report

### Nomination & Remuneration Policy

Pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, every Listed Company is required to constitute a Nomination and Remuneration Committee with atleast three or more non-executive Directors, out of which not less than one half shall be independent directors. The Company has already a Remuneration Committee with three Non Executive Independent Directors. In order to align the same with the provisions of the Companies Act, 2013, and the Listing Agreement as amended from time to time, the Board of Directors at their meeting held on the April 22, 2014, renamed the "Remuneration Committee" as "Nomination and Remuneration Committee".

The Nomination and Remuneration Committee and its Policy being in compliance with the provisions of Section 178 of the Companies Act, 2013, read with the applicable Rules so also, Clause 49 of the Listing Agreement, applies to the Board of Directors, Key Managerial Personnel and the Senior management Personnel of the Company.

#### Key Managerial personnel (KMP) means and comprise

- » Managing Director & Chief Executive officer;
- » Whole-time Director;
- » Company Secretary;
- » Chief Financial Officer;
- » Such other Officer as may be prescribed.

Senior Management comprise the personnel of the Company who are members of its core management team, excluding the Board of Directors, so also, that would also include all members of management one level below the Executive Directors, including Functional Heads.

#### Role and Objective of Committee

1. To Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
2. Identify persons who are qualified to become Directors and who may be appointed in senior management positions in accordance with the criteria laid down in the policy.
3. Recommend to the Board the appointment and removal of Directors and Senior Management.
4. Carry out evaluation of every Director's performance.

5. Formulate criteria for evaluation of Independent Directors and the Board.
6. Recommend to the Board a Policy, relating to the remuneration for the directors, key managerial personnel and senior management.
7. To devise a policy on Board diversity
8. To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run Company successfully.
9. To ensure the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
10. To develop a Succession Plan for the Board and to review it regularly.
11. To perform such other functions as may be referred by the Board or be necessary in view of the Listing Agreement and the provisions of the Companies Act, 2013 and Rules made thereunder.

#### Membership

1. The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and at least half of them shall be independent.
2. Minimum two (2) members shall constitute a Quorum for a Committee meeting.
3. Membership of the Committee shall be disclosed in the Annual Report.
4. Term of the Committee shall be continued unless terminated by the Board of Directors.

#### Chairman

1. Chairman of the Committee shall be an Independent Director.
2. Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
3. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.



- Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

### Frequency of Meetings

The meeting of the Committee shall be held at such regular intervals as may be required.

### Committee Member's Interests

- A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

### Voting

- Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall, for all purposes, be deemed to be a decision of the Committee.
- In the case of equality of votes, the Chairman of the meeting will have a casting vote.

### Appointment of Directors/KMP/Senior Officials

While recommending a candidate for appointment, the Committee shall have regard to:

- » Assessing the appointee against a range of criteria which includes but not limited to qualifications, skills, experience, background and other qualities required to operate successfully;
- » The experience and knowledge that the appointee brings to the role of KMP/Senior Officials, which, in turn, will enhance the skill sets and experience of the Board as a whole;
- » The nature of existing positions held by the appointee including directorship and such other relationship and the impact of the same on the Company's welfare.

### Letter of Appointment

Each Independent Director is required to sign the duplicate copy of

the letter of appointment issued by the Company, which contains the terms and conditions of his/her appointment.

### Policy on Board Diversity

The Nomination and Remuneration Committee shall ensure that the Board of Directors have the combination of Directors from different areas/fields or as may be considered appropriate in the best interests of the Company. The Board shall have at least one Board member who has accounting/financial management expertise.

### Remuneration of Directors, Key Managerial Personnel and Senior Management:

The salaries of Directors, Key Management Personnel and other senior officials shall be based and determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

#### 1. Fixed Pay :

Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The salary paid need to be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities to be usually reviewed on an annual basis;

#### 2. Minimum Remuneration :

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

#### 3. Provision for excess remuneration :

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



#### 4. Increment :

Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board, which should be within the slabs approved by the Shareholders in the case of Managerial Person.

### Remuneration to Non-Executive/Independent Director

#### 1. Remuneration/Commission:

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

#### 2. Sitting Fee:

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

### Other Provisions:

- » Section 197(1) of the Companies Act, 2013 provides for the total managerial remuneration payable by the Company to its Directors, including Managing Director and Whole Time Director, and its Manager in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.
- » The Company, with the approval of the Shareholders and Central Government, may authorise the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V.
- » The Company may, with the approval of the shareholders, authorise the payment of remuneration upto five percent of the net profits of the Company to its any one Managing Director/ Whole Time Director/Manager and ten percent in case of more than one such official.
- » The Company may pay remuneration to its Directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the Company, if there is a Managing Director or Whole Time Director or Manager and three percent of the net profits in any other case.

- » The Independent Directors shall not be entitled to any Stock Option.

### Evaluation/Assessment of Directors/KMPs/Senior Officials of the Company

The evaluation/assessment of the Directors, KMPs and the senior officials of the Company is to be conducted on an annual basis and to satisfy the requirements of the Listing Agreement.

The following criteria may assist in determining how effective the performance of the Directors/KMPs/Senior officials has been:

- » Leadership & stewardship abilities
- » Assess policies, structures & procedures
- » Regular monitoring of corporate results against projections
- » Contributing to clearly define corporate objectives & plans
- » Obtain adequate, relevant & timely information.
- » Review achievement of strategic and operational plans, objectives, budgets
- » Identify, monitor & mitigate significant corporate risks
- » Directly monitor & evaluate KMPs, senior officials
- » Review management's Succession Plan
- » Effective meetings
- » Clearly defining role & monitoring activities of Committees
- » Review of ethical conduct

Evaluation following the aforesaid parameters, will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.

The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors relative to the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

### Deviations from this Policy

Deviations on elements of this policy, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

## ANNEXURE – VII to Directors' Report

### Disclosure as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel Rules, 2014)

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

Median Salary for FY 2016-17 ₹1.67 Lakhs

S. No	Name of the Director	Remuneration FY 2016-17 (₹ In Lakhs)	Ratio
1	Shri Riju Jhunjunwala	414.02	247.92
2	Shri Prakash Maheshwari	175.09	104.84

- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year

S. No	Name of the Director	% increase in remuneration
1	Shri Riju Jhunjunwala (Manging Director, Chief Executive Officer & Key Managerial Personnel)	127.21
2	Shri Prakash Maheshwari ( Executive Director)	16.72
3	Shri Brij Mohan Sharma (Chief Financial Officer)	41.4
4	Shri Surender Gupta (Company Secretary)	11.63

- (iii) The percentage increase in the median remuneration of employees in the financial year;

% increase in the Median remuneration of the employees in the FY. 3.62

- (iv) The number of permanent employees on the rolls of Company

No. of Permanent Employees as on March 31, 2017 18,737

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

Salaries of employees other than Managerial Personnel is increased by 6.23% and increase in managerial remuneration for the same financial year is 49.24%.

The remuneration to employees and to managerial personnel commensurate with industry standards.

- (vi) Affirmation that the remuneration is as per the remuneration policy of the company.

Yes, the remuneration is as per the remuneration policy of the Company.

# Directors' Report

## Statement of Particulars of Employees pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

### A. The name of the top ten Employees in terms of remuneration drawn.

S. No	Name of Employee	Designation	Remuneration (₹ In Lakhs)	Qualification	Experience (Years)	Commencement of Employment	No. of Shares Held	Whether Permanent / Contractual	Age (Years)	Last Employed		Duration (Years)
										Organisation	Post Held	
1	Shri Riju Jhunjhunwala	Managing Director & CEO	414.02	MBA	16	May 01, 2013	1,75,000	Contractual	38	HEG Limited	Executive Director	15 Months
2	Shri S C Garg	Chief Executive- Melange Yarn	193.22	B.Text (Tech) MBA	36	July 17, 1993	-	Permanent	60	Fenner India Limited	General Manager	1
3	Shri Prakash Maheshwari	Executive Director	175.09	BSC, FCA	40	April 01, 2003	-	Permanent	62	HEG Limited	President	14
4	Shri Vimal Banka	President-Corporate Office	121.08	CA	37	April 01, 1990	11,100	Permanent	66	Shashi Commercial Ltd	Manager	4
5	Shri M.L. Jhunjhunwala	President- Mumbai Office	109.24	B.Com, ICWA	43	October 01, 1992	12,170	Permanent	62	Rajasthan Textile Mills	Export Manager	13
6	Shri Prabir Bandyopadhyay	Chief Executive - Denim & Fabric Business	105.78	M.Tech., PGIM	35	May 06, 2008	-	Permanent	60	Soma Textiles & Industries Ltd	Executive Director	8
7	Shri Sanjay Sharma	Chief Operating Officer- Banswara Lodha Unit	105.41	B.Text (Tech)	39	September 11, 2002	-	Permanent	60	Indo Rama Synthetics India Ltd	Asst. Vice President	7
8	Shri B. M. Sharma	Chief Financial Officer	85.79	CA	34	January 15, 2011	-	Permanent	59	Kesar Enterprises Ltd	AVP	5
9	Dr. Naresh Maheshwari	Chief Operating Officer- Kharigram Unit	78.70	P.HD. CA	31	November 19, 2004	-	Permanent	55	Indo Rama Synthetics India Ltd	DGM Commercial	10
10	Shri V P Bagri	Sr. Vice President - Corporate Affairs	71.92	CS, LLB	36	May 01, 1996	-	Permanent	60	Himachal Fibres	FC, CS	9
<b>B. Persons employed throughout the financial year &amp; paid ₹ one crore two lakhs P.A. or more.</b>												
1	Shri Riju Jhunjhunwala	Managing Director & CEO	414.02	MBA	16	May 01, 2013	1,75,000	Contractual	38	HEG Limited	Executive Director	15 Months
2	Shri S C Garg	Chief Executive- Melange Yarn	193.22	B.Text (Tech) MBA	36	July 17, 1993	-	Permanent	60	Fenner India Limited	General Manager	1
3	Shri Prakash Maheshwari	Executive Director	175.09	BSC, FCA	40	April 01, 2003	-	Permanent	62	HEG Limited	President	14
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7	Shri Sanjay Sharma	Chief Operating Officer- Banswara Lodha Unit	105.41	B.Text (Tech)	39	September 11, 2002	-	Permanent	60	Indo Rama Synthetics India Ltd	Asst. Vice President	7
<b>C. Persons Employed Part of the Financial Year and paid ₹8 Lakhs 50,000 P.M. or more</b>												
1	Shri Phalguni Mukhopadhyay	President & CTO	68.44	B.Text (Tech)	37	July 18, 2016	-	Permanent	58	PT Sri Rejeki Isman TBK	Director	7

#### Notes :

- None of the employee is holding more than 2% of the paid - up capital of the Company.
- Shri Riju Jhunjhunwala, Managing Director is relative of Shri Ravi Jhunjhunwala, Chairman.



# ANNEXURE – IX to Directors' Report

## Form No. MR-3

### Secretarial Audit Report For the financial year ended March 31, 2017

[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,  
**RSWM LIMITED**

Kharigram, P.O. Gulabpura, Distt. Bhilwara, Rajasthan -311021

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by RSWM 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 Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised 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 March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 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 –Company has allotted 4,02,153 equity shares of 10 each as per the scheme of Amalgamation.
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not Applicable as the Company has not granted any Options to its employees during the financial year under review.
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable as the Company has not issued any debt securities during the financial year under review.
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- Not Applicable as the Company is not registered as Registrars to an Issue and Share Transfer Agents during the financial year under review.
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- Not Applicable as the Company has not got delisted its equity shares from any stock exchange during the financial year under review.



h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not Applicable as the Company has not bought back any of its securities during the financial year under review.

vi) The management has identified and informed the following laws as being specifically applicable to the company:

1. Textile Committee Act, 1963
2. Cotton Textile Order, 1986
3. Textile (Development and Regulation) order, 2001 under Bureau of Indian Standard Act, 1986

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreement entered into by the company with National Stock Exchange of India Limited and BSE Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to the following observations:

The Company was required to spend on ₹332.80 Lakhs on identified CSR activities as mentioned in Schedule VII, pursuant to Section 135(5) of the Companies Act, 2013. Out of above stated amount, Company spent ₹314.48 Lakhs during the year.

#### **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.

All decision at Board Meeting and Committee meetings are carried out unanimously and the views of dissenting members, if any, are captured and recorded as part of the minutes of Board of Directors or committees of the Board, as the case may be.

We further report that based on the compliance mechanism established by the Company and on the basis of the Certificates issued by the Managing Director & CEO and CFO and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has 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;**

1. Pursuant to Section 180(1) (a) of the Companies Act, 2013, the company has obtained approval of the members by way of special resolution for creation of mortgage(s) and charge(s) in addition to the existing mortgages, charges and hypothecations created by the Company.
2. Pursuant to Section 180(1) (a) of the Companies Act, 2013, the company has obtained approval of the members by way of special resolution for creation of second charge subject to the first charge of term lenders on all the immovable and movable properties of the company.
3. The Company has allotted 4,02,153 equity shares of ₹10 each on November 10, 2016 as per the provisions of the Scheme of Amalgamation.
4. The Company has redeemed 48,11,324 12% Optionally Convertible Redeemable Preference Shares of ₹7.50 each pursuant to Board resolution dated November 10, 2016

Place: Delhi  
Date: May 12, 2017

For **Mahesh Gupta and Company**  
Company Secretaries

**Mahesh Kumar Gupta**  
Prop.  
FCS No.: 2870  
C P No.: 1999

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,  
**RSWM LIMITED**

Kharigram, P.O. Gulabpura, Distt. Bhilwara, Rajasthan -311021

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

- 1) Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verifications were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- 4) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

- 5) Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
- 6) The secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Delhi  
Date: May 12, 2017

For **Mahesh Gupta and Company**  
Company Secretaries

**Mahesh Kumar Gupta**  
Prop.  
FCS No.: 2870  
C P No.: 1999



# Corporate Governance Report

## Corporate Governance Philosophy

The term Corporate Governance encompasses the entirety of all principles, practices and structures of your Company which aim at safeguarding the interest of the Company and its stakeholders by ensuring proper balance between transparency and accountability. Your Company strive to maintain highest standard of Corporate Governance in all interactions with our stakeholders and the same goes beyond the compliance and involve commitment towards the society. The Company is committed to observe good governance by focusing on adequate & timely disclosures, transparent & robust accounting policies, strong & independent Board and endeavours to maximise shareholders benefit. The policies of your Company is based on ethical conduct, safety, protection of environment and commitment for long term sustainable relationships with the stakeholders. The Board of Directors of the Company play a central role in the good corporate governance by building up strong principles and values on which the Company operates.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholder Information, reports RSWM's compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which became applicable with effect from December 01, 2015.

## Board of Directors

### Composition

The Board of Directors is core to our corporate governance practice and is entrusted with the ultimate responsibility of the management

and performance of the Company. Your Company ensure to maintain an active, well informed and independent Board to ensure highest standard of Corporate Governance.

The Company has a balanced mix of Executive and Non-Executive Directors as on March 31, 2017. The Board comprises of Twelve Directors including two Executive Directors, ten Non-Executive Directors, of which six are Independent Directors. Shri Riju Jhunjunwala, Managing Director and CEO and Shri Prakash Maheshwari, Executive Director conduct the day to day management of the Company subject to the supervision and control of the Board of Directors. During the year, Shri Deepak Jain was appointed as an Independent Director on the Board with effect from May 11, 2016.

### Number of Board Meetings

During 2016-17, the Board of RSWM met four times on — May 11, 2016, August 09, 2016, November 10, 2016 and February 10, 2017. The maximum time gap between any two consecutive meetings was less than four months. The frequency of the meeting is enough for the Board to undertake its duties effectively and the outstanding items of previous meetings were followed up and taken up in the next meeting.

The Company in consultation with all the Directors of the Company prepared a tentative calendar for the next meetings of the Board/Committee to ensure the presence of all the Directors in the meetings. The inputs for the Agenda items are taken well in advance so as to cover all the relevant items and information and same are sent well in advance to all the Directors of the Company so as to enable the Directors to become aware of all the facts on timely basis.

## Directors' Attendance Record and Directorship Held

Sl. No.	Name of Director	Position	Category	No. of meetings held in 2016-17 during tenure	No. of meetings attended	No. of outside Directorships of public companies*	No. of Membership(s)/ Chiarmanships(s) of Board Committees in other Companies as on 31.03.2017#
1.	Shri Ravi Jhunjunwala	Chairman	Promoter - Non-Executive	4	4	8	5 (including 1 as Chairman)
2.	Shri Shekhar Agarwal	Vice Chairman	Promoter - Non-Executive	4	3	5	3
3.	Shri Arun Churiwal	Director	Promoter - Non-Executive	4	3	3	2
4.	Shri Riju Jhunjunwala	Managing Director	Promoter - Executive	4	4	8	3 (including 1 as Chairman)
5.	Shri Prakash Maheshwari	Executive Director	Non-Promoter - Executive	4	4	-	Nil
6.	Shri Jagdish Chandra Laddha	Director	Non- Executive & Non-Independent	4	4	-	Nil
7.	Dr. Kamal Gupta	Director	Independent - Non-Executive	4	4	6	8 (including 3 as Chairman)
8.	Shri Dharmendar Nath Davar	Director	Independent - Non-Executive	4	4	8	7 (including 5 as Chairman)
9.	Shri Amar Nath Choudhary	Director	Independent - Non-Executive	4	4	2	2 (including 2 as Chairman)
10.	Shri Priya Shankar Dasgupta	Director	Independent - Non-Executive	4	2	7	7 (including 2 as Chairman)
11.	Smt. Geeta Mathur	Director	Independent - Non-Executive	4	3	9	10 (including 4 as Chairman)
12.	Shri Deepak Jain <sup>1</sup>	Director	Independent - Non-Executive	4	3	6	3 (including 1 as Chairman)

### Notes:

\* Excludes directorships in private limited companies, foreign companies, memberships of management committees of various chambers, bodies and Section 8 companies

# Includes Audit and Stakeholders' Relationship Committees of public limited Companies.

<sup>1</sup> Shri Deepak Jain was appointed as an Independent Director w.e.f. May 11, 2016.

None of the Directors are related to each other except Shri Ravi Jhunjunwala who being father of Shri Riju Jhunjunwala related to him.

The last Annual General Meeting held on September 27, 2016 was attended by Shri Amar Nath Choudhary, Member of the Audit Committee and duly authorised by the Chairman of the Audit Committee and Shri Prakash Maheshwari, Executive Director of the Company.

None of the Directors is a member of more than 10 Board level committees and Chairman of 5 such committees across all the Public Companies in which he or she is a Director.

Independent Director means Director as mandated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013. All the Independent Directors have given the declaration of their independence at the beginning of the financial year or at the time of their co-option on the Board.



### Familiarisation Programme for Independent Directors

During the year, the Independent Directors from time to time were apprised with the overview of the business, operations and business model of the Company. Independent Directors were provided with certain documents which helped them understand the nature of industry. The presentation was made by Managing Director giving an overview of Annual Operating Plans and budgets of the Company. The Presentations were also made by the external experts on developments in the industry. All Independent Directors met periodically with other Key Managerial Personnel, functional heads of the units, head of HR, IT department etc to help them understand the impediments in their functioning and any guidance needed by them for effective and smooth functioning as well gauge the service and product management, risk management and other areas related to the Company.

The details on the Company's Familiarisation Programme for Independent Directors can be accessed at: [http://rswm.in/investor/familiarization\\_programme.html](http://rswm.in/investor/familiarization_programme.html)

### Information Supplied to the Board

The Board has complete access to all information about the Company. The following information is regularly provided to the Board:

- » Annual operating plans and budgets and any update thereof
- » Capital budgets and any updates thereof.
- » Quarterly results for the Company and operating divisions and business segments.
- » Minutes of the meetings of the Audit Committee and other Committees of the Board.
- » Information on recruitment and remuneration of senior officers just below the level of the Board, including the appointment or removal of Chief Financial Officer and Company Secretary.
- » Show cause, demand, prosecution notices and penalty notices which are materially important.
- » Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- » Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.

- » Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures regarding the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- » Details of any joint venture or collaboration agreement.
- » Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- » Significant labour problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations front like signing of wage agreement, implementation of voluntary retirement scheme among others.
- » Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- » Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movements, if material.
- » Non-compliance of any regulatory, statutory or listing requirements and shareholders services such as non-payment of dividend, delay in share transfer among others.
- » Quarterly compliance reports and investors' grievances reports.

The Board is presented with detailed notes on these matters, as part of the agenda papers of the meeting or directly tabled at the Board meetings, as and when required.

The Board reviews the declaration made by the Management regarding compliance with applicable laws on quarterly basis as well as steps taken by the Company to rectify instances of non-compliances, if any.

### Directors with Materially Significant Pecuniary Relationship or Business Transaction with the Company

All Executive Directors receive salaries, allowances, perquisites and commission, while all Non-Executive Directors are paid sitting fee for attending the Board meetings as well as Committee meetings. There have been no materially significant pecuniary relationships or transactions between the Company and its Directors in the financial year under review.

## Shareholding of Non-Executive Directors

### Equity Shares and Convertible Instruments held by Non-Executive Directors as on March 31, 2017

Name of Director	Category	Number of Equity shares held	Convertible Warrants
Shri Ravi Jhunjhunwala	Promoter - Non-Executive	8,09,094	Nil
Shri Shekhar Agarwal	Promoter - Non-Executive	1,500	Nil
Shri Arun Churiwal	Promoter - Non-Executive	1,610	Nil
Shri Jagdish Chandra Laddha	Non-Independent - Non-Executive	Nil	Nil
Dr. Kamal Gupta	Independent - Non-Executive	Nil	Nil
Shri Dharmendar Nath Davar	Independent - Non-Executive	Nil	Nil
Shri Amar Nath Choudhary	Independent - Non-Executive	Nil	Nil
Shri Priya Shankar Dasgupta	Independent - Non-Executive	Nil	Nil
Smt. Geeta Mathur	Independent - Non-Executive	Nil	Nil
Shri Deepak Jain	Independent - Non-Executive	Nil	Nil

## Board-Level Committees

### I) Audit Committee

As on March 31, 2017, RSWM's Audit Committee comprised three members — all of them, including the Chairman of the Committee, are Independent Directors. The terms of reference of the Audit Committee are in conformity with those mentioned in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 177 of the Companies Act, 2013. In 2016-17, the Audit Committee met five times on – May 11, 2016, August 09, 2016, November 10, 2016, January 19, 2017 and February 10, 2017.

#### Details of the Audit Committee

Name of the Member	Position	No. of Meetings held during tenure	No. of Meetings Attended	Sitting fee (₹)
Dr. Kamal Gupta (Chairman)	Independent – Non-Executive	5	5	3,75,000
Shri Dharmendar Nath Davar	Independent – Non-Executive	5	5	3,75,000
Shri Amar Nath Choudhary	Independent – Non-Executive	5	5	3,75,000

Shri Surender Gupta, the Company Secretary, is also the Secretary to the Committee. Invitees to the Audit Committee include the Chairman, Vice Chairman, Managing Director & Chief Executive Officer, Executive Director, Chief Financial Officer, Chief Operating Officers, Chief Coordinator – Internal Audit and the representatives of the Statutory and the Internal Auditors.

Dr. Kamal Gupta, Chairman of the Audit Committee possesses high degree of accounting and financial management expertise and all other Members of the Committee have rich experience and sound accounting and financial knowledge. Shri Amar Nath Choudhary, Member of the Audit Committee attended the Annual General Meeting held on September 27, 2016 and was available to answer shareholder queries.

Company has performed all functions mentioned in the terms of reference of the Audit Committee as listed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

RSWM has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- » Management Discussion and Analysis of the financial condition and results of operations of the Company.
- » Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management.
- » Management letters/letters of internal control weaknesses issued by the Statutory Auditors.
- » Internal audit reports relating to internal control weaknesses.
- » Review of the appointment, removal and terms of remuneration of the Chief Internal Auditor.
- » Review of various policies of the Company.
- » Review with the management the quarterly financial statements before submission to the Board.
- » The uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital among others), as part of the quarterly declaration of financial results whenever applicable.
- » Statement certified by the Statutory Auditors, on an annual basis detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/prospectus/notice, if applicable.

#### **The Audit Committee is empowered to:**

- » Investigate any activity within its terms of reference and to seek any information it requires from any employee
- » Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

#### **Internal Financial Control and its adequacy.**

A robust, comprehensive internal control system is a prerequisite for an organisation to function ethically and in commensuration with its abilities and objectives. The Company has laid down policies and procedure for ensuring the orderly and efficient conduct of its business including safeguarding

of assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation and disclosure of financial information. The robust internal control system aimed at providing assurance on the effectiveness of the Company's operation, compliance of laws and regulations and reliability on financial reporting.

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, M/s. N.D. Birla & Co., Cost Accountants, were appointed as Cost Auditor for conducting the cost audit of the Company for the financial year ended March 31, 2017. Their Report in respect of the financial year 2016-17 shall be filed with the Government before the due date.

## **II) Nomination and Remuneration Committee**

### **a) Terms of Reference**

The terms of reference of Nomination and Remuneration Committee are in line with the Provision as contained in Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which included the following:-

- » Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria and recommend to the Board their approval and removal.
- » Carry out the evaluation of directors performance.
- » Formulate the criteria for determining qualification, positive attributes and independence of a director.
- » Recommend to the Board a policy relating to the remuneration for the directors, KMP and other Employees.
- » Carry out such other functions as are required or appropriate in discharging their duties.
- » Devising a policy on diversity of Board of Directors.
- » To determine whether to extend or continue the term of appointment of Independent Director on the basis of the report of performance evaluation of Independent Directors.



**b) Composition of Nomination and Remuneration Committee**

As on March 31, 2017, the Composition of Nomination and Remuneration Committee is as follows:

1. Dr. Kamal Gupta (Chairman)	Independent - Non-Executive
2. Shri Dharmendar Nath Davar	Independent - Non-Executive
3. Shri Shekhar Agarwal	Promoter - Non-Executive

**c) Meeting and Attendance**

In 2016-17, the Nomination and Remuneration Committee met two times on May 11, 2016 and February 10, 2017. The detail of attendance of the Nomination and Remuneration Committee was as under:

Name of the Member	No. of Meetings held during tenure	No. of Meetings Attended	Sitting fee (₹)
Dr. Kamal Gupta	2	2	1,50,000
Shri Dharmendar Nath Davar	2	2	1,50,000
Shri Shekhar Agarwal	2	2	1,50,000

**d) Nomination and Remuneration Policy**

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and relevant provisions of the Companies Act, 2013, the Company has framed a policy relating to the remuneration of the Directors, Key Managerial Personnel and Senior Management which is approved by the Board of Directors on the commendation of the Nomination and Remuneration Committee.

The terms of reference of the Nomination and Remuneration Committee, inter alia, includes determination of salary, perquisites, commission to be paid to the Company's Managing Director(s) and whole time Directors. The compensation terms of Executive Directors are approved by the Board of Directors upon recommendation of the Nomination and Remuneration Committee and subsequently approved by the shareholders in the General Meeting. The Nomination and Remuneration Committee recommends the remuneration based on the criteria such as responsibilities given, past track record of performance, industry standards and various other factors.

During the year, the Committee has commended the appointment of Shri Deepak Jain, Independent Director to the Board. He has specialisation in Operations management & International Business with rich experience in Auto Industry. He has also been actively involved with CII and ACMA.

**Remuneration of Executive directors, Key Managerial Personnel and Senior Official:**

The remuneration of Executive Directors, Key Managerial Personnel and Senior Official is paid on monthly basis as approved by the Board on the recommendation of the Nomination and Remuneration committee and subject to the approval of the shareholders in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.

**Remuneration of Non-Executive/ Independent Director(s):**

Non-Executive/Independent Directors are paid sitting fee for attending the Board and committee meetings.

**e) Details of Remuneration Paid or Payable to Directors for 2016-17**

(₹)

Name of Director	Category	Sitting fee*	Salaries, allowances and perquisites #	Commission	Total
Shri Ravi Jhunjhunwala	Promoter - Non-Executive	3,75,000	-	-	3,75,000
Shri Shekhar Agarwal	Promoter - Non-Executive	9,00,000	-	-	9,00,000
Shri Arun Churiwal	Promoter - Non-Executive	4,50,000	-	-	4,50,000
Shri Riju Jhunjhunwala	Promoter - Executive	-	1,84,86,750	2,29,15,000	4,14,01,750
Shri Prakash Maheshwari	Non-Promoter - Executive	-	1,14,65,108	60,44,000	1,75,09,108
Shri Jagdish Chandra Laddha	Non Independent - Non Executive	3,00,000	-	-	3,00,000
Dr. Kamal Gupta	Independent - Non-Executive	15,00,000	-	-	15,00,000
Shri Dharmendar Nath Davar	Independent - Non-Executive	12,75,000	-	-	12,75,000
Shri Amar Nath Choudhary	Independent - Non-Executive	7,50,000	-	-	7,50,000
Shri Priya Shankar Dasgupta	Independent - Non-Executive	1,50,000	-	-	1,50,000
Smt Geeta Mathur	Independent - Non-Executive	3,00,000	-	-	3,00,000
Shri Deepak Jain	Independent - Non-Executive	3,00,000	-	-	3,00,000

\* Includes sitting fee for all committee meetings.

# includes retirement benefits

During the year ended the March 31, 2017, the Company did not advance any loans to any of its Directors. The Company does not have any Stock Option Scheme.

**III) Stakeholders' Relationship Committee**

As on March 31, 2017, the Company's Stakeholders' Relationship Committee comprised of four Directors – Dr. Kamal Gupta (Chairman), Shri Shekhar Agarwal, Shri Arun Churiwal and Shri Dharmendar Nath Davar.

The Company Secretary, Shri Surender Gupta is the Compliance Officer. During 2016-17, the Committee met four times on May 11, 2016, August 09, 2016, November 10, 2016 and February 10, 2017.

**a) Details of Stakeholders' Relationship Committee**

Name of the Member	Position	No. of Meetings held during tenure	No. of Meetings Attended	Sitting fee (₹)
Dr. Kamal Gupta	Independent - Non-Executive	4	4	3,00,000
Shri Shekhar Agarwal	Promoter - Non-Executive	4	3	2,25,000
Shri Arun Churiwal	Promoter - Non-Executive	4	3	2,25,000
Shri Dharmendar Nath Davar	Independent - Non-Executive	4	4	3,00,000

The Committee mainly look into redressal of grievances of investors other security holders relating to transfer of shares; non-receipt of balance sheet; non-receipt of declared dividends; non-receipt of annual reports; etc.

The Committee received 46 complaints during the financial year under review, all of which were replied/resolved to the satisfaction of the shareholders.

No Stakeholders Grievance remained unattended /pending for more than 15 days. There were no complaints pending disposal as on the March 31, 2017. No request for dematerialisation of Equity Shares of the Company was pending for approval as at the March 31, 2017.



**b) Details of Stakeholders' Queries and Grievances received and attended by the Company**

Sl. No.	Nature of Query/Complaint	Pending as on April 01, 2016	Received during the year	Addressed during the year	Pending as on March 31, 2017
1.	Transfer / Transmission / Issue of Duplicate Share Certificate(s)	0	1	1	0
2.	Non-receipt of OCRPS, Option Letter for Conversion, Redemption of OCRPS and Converted Equity Shares	0	15	15	0
3.	Non-receipt of Dividend	0	15	15	0
4.	Non-receipt of Dividend Advice	0	1	1	0
5.	Non-receipt of Annual Report	0	1	1	0
6.	Dematerialisation/Rematerialisation of shares	0	0	0	0
7.	Complaints received from:				
	- Securities and Exchange Board of India	0	10	10	0
	- Stock Exchanges	0	3	3	0
	- Registrar of Companies/Ministry of Corporate Affairs	0	0	0	0
<b>Total</b>		<b>0</b>	<b>46</b>	<b>46</b>	<b>0</b>

The Company also has a Share Transfer Committee to deal with the requests of transfer/transmission of Equity Shares, issue of duplicate share certificates and consolidation/split/replacement of share certificates, etc. The Share Transfer Committee presently comprises of:

- 1) Shri Shekhar Agarwal
- 2) Dr. Kamal Gupta

The Share Transfer Committee of the Company meets as often as required under the chairmanship of Shri Shekhar Agarwal, Vice Chairman. All valid requests for share transfer received during the year have been acted upon by the Company within the stipulated time limit.

To expeditiously approve transfer of shares, Shri Shekhar Agarwal, Vice Chairman and Shri B.M. Sharma, Chief Financial Officer also attend and approves the share transfer requests on fortnightly basis under the delegated authorisation of the Board of Directors.

Nature of Requests	No. of requests Received during the year	No. of Shares Received during the year
Share Transfer	22	2481
Duplicate Share Certificates	5	1901
Consolidated/Torn Certificates	0	0

Pursuant to Regulation 7(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificate on half yearly basis, duly signed by the compliance officer and the authorised representative of the share transfer agent certifying that all activities in relation to both physical and electronic share transfer facility are maintained with Registrar to issue and share transfer agent.

Pursuant to Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificate on half yearly basis, have been issued by a practicing Company Secretary for due compliance of share transfer formalities by the Company.



#### **Reconciliation of Share Capital Audit:**

A qualified practicing Company Secretary carries out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital and places the report for the perusal of the Board.

The report confirms that the total issued and listed capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

#### **IV. Corporate Social Responsibility Committee.**

In order to comply with the provisions of the Companies Act, 2013 and the rules framed there under, the Company has constituted the Corporate Social Responsibility Committee comprising of Shri Arun Churiwal, Director, Shri Riju Jhunjunwala, Managing Director and Shri Amar Nath Choudhary, Independent Director with Shri Arun Churiwal acting as the Chairman of the Committee.

During the year 2016-17, the Committee met Four times on May 11, 2016, August 09, 2016, November 10, 2016 and February 10, 2017.

The Corporate Social Responsibility Committee functions as under:

- » Formulate and recommend to the Board, the Corporate Social Responsibility policy and the activities to be undertaken by the Company.
- » Recommend the amount of expenditure to be incurred on the activities undertaken by the Company.
- » Monitor the Corporate Social Responsibility policy from time to time.
- » Carry out such other functions as are required or appropriate in discharging their duties.

The CSR policy of the Company is uploaded on the website of the Company link of which is given below:

[http://rswm.in/investor/pdf/RSWM\\_CSR\\_POLICY.pdf](http://rswm.in/investor/pdf/RSWM_CSR_POLICY.pdf)

#### **Details of Corporate Social Responsibility Committee**

Name of the Member	Position	No. of Meetings held during tenure	No. of Meetings Attended
Shri Riju Jhunjunwala	Promoter – Executive	4	4
Shri Arun Churiwal	Promoter– Non-Executive	4	3
Shri Amar Nath Choudhary	Independent - Non- Executive	4	4

#### **V. Independent Directors' Meeting.**

Pursuant to the Code of Independent Directors and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the meeting of the Independent Directors was held on February 10, 2017, without the attendance of Non-Independent Directors and members of management to inter-alia:

- i. review the performance of Non-Independent Directors and the Board as a whole;
- ii. review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- iii. assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### Letter of Appointment:

At the time of appointment, the Independent Directors are required to sign the duplicate copy of the letter of appointment issued by the Company, which contains the terms and conditions of his/her appointment. During the year Shri Deepak Jain, Independent Director was issued Letter of Appointment after his appointment was approved by the Members at the Annual General Meeting. The duplicate copy of letter duly signed by him is available with the Company.

### Board Evaluation Mechanism

The Board is responsible for undertaking a formal annual evaluation of its own performance, committees and individual Directors with a view to review their functioning and effectiveness and to determine whether to extend or continue the term of appointment of the independent directors. During the year, the Board carried out the performance evaluation of itself, Committees and each of the executive directors/non-executive directors/independent directors excluding the director being evaluated. The evaluation of performance of Independent Director is based on the criteria laid down in the Nomination and Remuneration policy which includes knowledge and experience in the field of textile industry, legal, finance and CSR activities.

### Performance evaluation of Independent Directors

Pursuant to the Code of Independent Directors and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation of Independent Directors is to be done by the entire Board of Directors excluding the Director who is being evaluated. The criterion for the evaluation of performance has been laid down in the Nomination and Remuneration policy. The evaluation of the performance in accordance with the guidelines is being carried out on annual basis. The Company has the following Independent Directors Dr. Kamal Gupta, Shri Dharmendar Nath Davar, Shri Amar Nath Choudhary, Shri Deepak Jain, Shri Priya Shankar Dasgupta and Smt. Geeta Mathur.

## General Body Meetings

### Annual General Meetings

The details of the Last Three Annual General Meetings:

Financial Year	Date	Time	Location	Special resolution(s) passed
2013-14	September 16, 2014	11:30 A.M.	Kharigram, P. O. Gulabpura – 311 021 District Bhilwara, Rajasthan	1
2014-15	September 25, 2015	11:30 A.M.	Kharigram, P. O. Gulabpura – 311 021 District Bhilwara, Rajasthan	2
2015-16	September 27, 2016	11:30 A.M.	Kharigram, P. O. Gulabpura – 311 021 District Bhilwara, Rajasthan	2

The following Special Resolutions were taken up in the last three Annual General Meetings, and were passed with requisite majority.

#### **2013-2014:**

- » Approval for the creation of mortgage and charges in addition to the existing mortgages, charges and hypothecations created by the Company.

#### **2014-2015:**

- » Approval for the creation of mortgage and charges in addition to the existing mortgages, charges and hypothecations created by the Company.
- » Approval for the creation of Second Charge subject to the First Charge of the Term Lenders on all the Immovable and Movable properties of the Company.

#### **2015-2016:**

- » Approval for the creation of mortgage and charges in addition to the existing mortgages, charges and hypothecations created by the Company.
- » Approval for the creation of Second Charge subject to the First Charge of the Term Lenders on all the Immovable and Movable properties of the Company.

#### **Postal Ballot**

During the year under review, no Resolution was required to be passed through Postal Ballot.

### **Disclosures**

#### **a) Related Party Disclosure**

As required by the Ind AS 24, the details of Related Party transactions are given in Note No.39 to the Annual Accounts. The transaction with related parties are in the ordinary course of business on an arm's length basis and do not have any potential conflict with the interests of the Company at large. Transactions with related parties entered into by the Company in the ordinary course of business were placed before the Audit Committee.

#### **b) Disclosure of Accounting Treatment in Preparation of Financial Statements**

The Company has followed the guidelines of Accounting Standards/IND AS laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its Financial Statements.

#### **c) Risk Management**

RSWM has a well-defined risk management framework in place. Under this framework, the Management has categorised the risks as High risk, Moderate risk and Low risk which were monitored on a continuous basis and appropriate risk mitigation steps were initiated as and when deemed necessary. The risk mitigation policy also covers the key risks such as cotton/other raw materials, prices of yarn in addition to forex, insurance and other business related risks. RSWM has established procedures to periodically place before the Board the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate those risks through a properly defined framework.

#### **d) Details of Non-Compliance by the Company in Previous Years**

With regard to the matters related to capital markets, the Company has complied with all requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as well as SEBI regulations and guidelines. No penalties/strictures were imposed on the Company by the Stock Exchange or SEBI or any statutory authority during the last three years.

#### **e) Initiatives on Code of Conduct for Regulating Monitoring Reporting Trading Prevention of Insider Trading Practices**

In compliance with the SEBI regulation on Code of Conduct for Regulating Monitoring Reporting Trading Prevention of Insider Trading Practices, the Company has instituted a comprehensive code of conduct for its management staff. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of RSWM, and cautions them on consequences of violations.

The Company follows closure of trading window prior to the publication of price sensitive information. The Company has been informing the directors, senior management personnel and other persons covered under the code and advice them not to trade in Company's securities during the closure of trading window period.

#### **f) Compliance with Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.**

The Company is fully compliant with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. A certificate from Statutory Auditors to this effect is enclosed in the Annual Report.



## **g) Discretionary Requirements**

The Company has duly fulfilled the following discretionary requirements as prescribed in Schedule II part E of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Shri Ravi Jhunjhunwala is the Chairman of the Company and Shri Riju Jhunjhunwala is the Managing Director & CEO of the Company. The Company complied with the requirement of having separate persons to the post of the Chairman and Managing Director/CEO.

The executive summary along with the internal audit report and action taken report of all units is placed in every quarter in the Audit Committee.

### **Investment and Planning Committee**

The Company has constituted the Investment and Planning Committee. The terms of reference of the Committee is to approve capital expenditure schemes and to recommend to the Board of Directors, capital budgets and other major capital schemes above a stipulated threshold, new business plan and capital outlays.

During the year 2016-17, the Committee met one time on August 09, 2016.

### **Audit Qualifications**

The Company's Financial Statements are free from any qualifications by the Auditors and Company continues to adopt best practices to move towards a regime of unqualified financial statements.

### **Management Discussion and Analysis**

The Management Discussion and Analysis Report forms part of the Annual Report.

Senior Management personnel (Promoters, Directors, Management or relatives etc.) have made disclosure to the Board relating to all material, financial and other transactions stating that they did not have any personal interest that could result in a conflict with the interest of the Company at large. The interested Directors neither participate in the discussion nor vote on such matters.

### **Whistle Blower Policy**

The Company has implemented vigil mechanism, whereby employees, directors and other stakeholders can report matters

such as fraud, misconduct, non-compliance, misappropriation of funds, violation of Company's Code of Conduct etc to the Nodal Officer appointed for the purpose. The Company has adopted a framework whereby the identity of the complainant is not disclosed. During the year, the Company did not receive any Whistle Blower reference. These policies are available on the website of the Company at <http://www.rswm.in/investor/pdf/Whistle-Blower-Policy.pdf>

### **CEO/ CFO Certification**

The CEO and CFO certification of the Financial Statements for the year form part of this Annual Report.

### **Code of Conduct**

RSWM's Board has laid down a Code of Conduct for all Board members and Senior Management of the Company. The Company is committed to conduct its business in accordance with the pertinent laws, rules and regulations and with the highest standards of business ethics. The Code of Conduct is displayed on the website of the Company [www.rswm.in](http://www.rswm.in). Board Members and designated Senior Management Officials have affirmed compliance with the Code of Conduct for the current year. It is further affirmed that access to the Audit Committee of the Company has not been denied to any personnel. A declaration to this effect forms part of this Annual Report.

### **Means of Communication**

The effective communication of information is considered very essential component of Corporate Governance. The Company interact with their shareholders through various means of communication i.e. Print Media, Company's website, annual report etc.

### **Quarterly/ Annual results:**

The quarterly and annual audited results are forthwith sent to the Stock Exchanges where the Company's shares are listed after they are approved by the Board of Directors. The results of the Company are published in accordance with Regulation 47 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 in at least one prominent national and one regional newspaper. The financial results are also displayed on the Company's website [www.rswm.in](http://www.rswm.in).

### **Website:**

The Company's website [www.rswm.in](http://www.rswm.in) has separate section "Investor" where the information for the Shareholders is





available. Annual Report, Quarterly Results, Shareholding Pattern, Corporate Governance Report etc. are also available on the website in the user friendly manner. The website also displays information relation to the Company and presentation made to the analysts.

In order to strengthen the practices of Corporate Governance, NSE has come out with a new website, NEAPS wherein the information such as Annual Report, Financial results, Shareholding Pattern, Corporate Governance, Reconciliation of Share Capital Audit etc. are uploaded.

The Company ensures that the relevant provisions of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 are complied with. The Company has dedicated investor email-id [rswm.investor@lnjbhilwara.com](mailto:rswm.investor@lnjbhilwara.com)

## Shareholders

### i. Appointment or Reappointment of Non Independent Directors

Six Non Independent Directors of your Company are liable to retire by rotation. Of these Directors, at least one-third retires every year and if eligible, propose themselves for the re-appointment. This year, Shri Shekhar Agarwal and Shri Prakash Maheshwari are retiring by rotation and being eligible, offer themselves for re-appointment in the Annual General Meeting.

### Their brief resumes are given below:

#### Shri Shekhar Agarwal (63)

Shri Shekhar Agarwal is a Non-Executive Promoter Director of the Company. Shri Agarwal is a B. Tech (Mech.) from Indian Institute of Technology, Kanpur and has done his Masters in Science from University of Chicago. He joined the Board of the Company on February 13, 1984. He has an experience of three decades in the Textile Industry.

#### Shri Prakash Maheshwari (61)

Shri Prakash Maheshwari is a graduate in B.Sc and Gold Medalist in CA Final. Shri Maheshwari possesses four decades of experience in textiles and has worked at various positions looking after yarn business of RSWM at various units and finally now holds the position as an Executive Director.

### ii Appointment of Independent Directors

Pursuant to the provisions of Section 149 read with schedule IV of the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri Deepak Jain was appointed as Independent Director for first term of 5 consecutive years commencing from May 11, 2016. His appointment as Independent Director was approved at the Annual General Meeting held on September 27, 2016.

### Details of Directorship Held in Other Companies

Directors name	Name of the company in which Directorship held*	Committee Chairmanship	Committee Membership
Shri Shekhar Agarwal	BSL Limited		Audit Committee
	Bhilwara Technical Textiles Limited		
	Essay Marketing Company Ltd.		
	HEG Limited		Audit Committee
	Maral Overseas Limited		Stakeholders' Relationship Committee
Shri Prakash Maheshwari	None	None	None

\* Excludes directorships held in private limited companies, foreign companies, memberships of management committee of various chambers/ bodies/ Section 8 companies.

## Additional Shareholder Information

### Annual General Meeting

Date : September 27, 2017  
Day : Wednesday  
Time : 11:30 A.M  
Venue : Kharigram, P. O. Gulabpura, Bhilwara District,  
Rajasthan- 311021,

### Financial Results

**Financial year:** April 01, 2016 to March 31, 2017

**For the year ended March 31, 2017, results were announced on:**

August 09, 2016 : First quarter  
November 10, 2016 : Second quarter and Half year  
February 10, 2017 : Third quarter and nine months  
May 12, 2017 : Fourth quarter and Annual.

For the year ending March 31, 2017, quarterly results will be announced within 45 days from the end of each quarter except the fourth quarter when the audited annual results will be published within 60 days.

### Book Closure/Record Date

The dates of book closure are from September 21, 2017 (Thursday), to September 27, 2017 (Wednesday) (Both days inclusive).

The Record date for the purpose of payment of Dividend on Optionally Convertible Redeemable Preference Shares (OCRPS) are as follows:

- i) In respect of 88,54,111, 12% OCRPS which were opted for conversion, November 10, 2016 would be treated as record date and accordingly, the preference dividend on such OCRPS would be paid on pro-rata basis from April 01, 2016 to November 10, 2016 @ ₹0.55 paisa per OCRPS.

- ii) In respect of 48,11,324, 12% OCRPS which were not opted for conversion and subsequently redeemed, February 28, 2017 being the redemption date would be treated as record date and accordingly, the preference dividend on such OCRPS would be paid on pro-rata basis from April 01, 2016 to February 28, 2017 @ ₹0.82 paisa per OCRPS.

### Dividend Dates

A dividend of 125% i.e. ₹12.50 per share on 2,35,50,842 equity shares of ₹10/- each has been recommended by the Board. Further, a preference dividend @ 12% per annum on pro-rata basis upto November 10, 2016, has been recommended in respect of the OCRPS which had been opted for conversion into equity shares as per Scheme of Amalgamation of CTL. In respect of the OCRPS which had not opted for conversion and subsequently redeemed as per Scheme of Amalgamation, preference dividend upto February 28, 2017 has been recommended by the Board.

Subject to the approval of the shareholders at the Annual General Meeting, these will be paid within 30 days from the date of AGM.

### Listing and Stock Codes

The Company's Equity Shares are listed on BSE Limited and National Stock Exchange of India Limited (NSE). Listing fee as prescribed has been paid to the BSE and NSE up to March 31, 2017.

### Stock Code of the Company

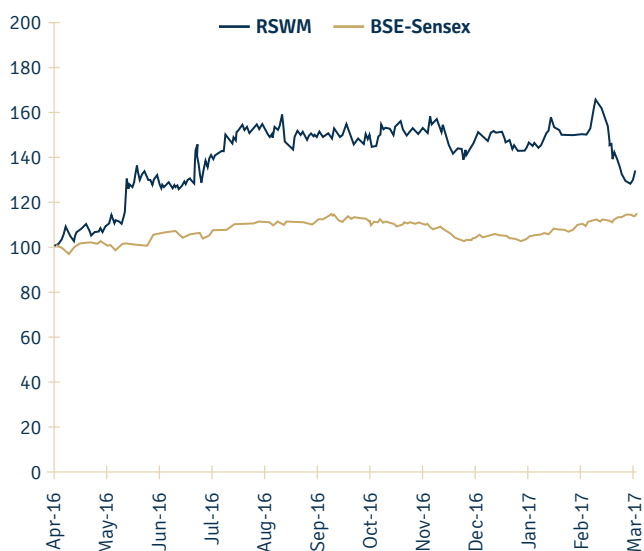
Equity Shares	
Stock Exchanges	Stock Codes
BSE	500350
NSE	RSWM

## Stock Data

### Share Prices of RSWM at BSE/NSE in 2016-17

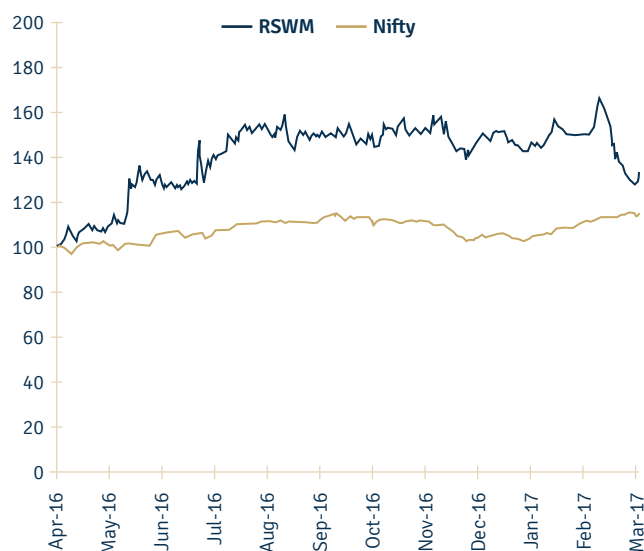
Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-16	336.00	296.00	62,587	336.05	295.50	4,10,087
May-16	419.00	330.20	3,64,412	418.40	327.95	16,16,996
Jun-16	447.00	375.00	2,64,461	452.00	370.20	12,95,499
Jul-16	474.40	415.00	1,39,001	474.60	412.50	6,26,286
Aug-16	488.00	425.10	1,74,403	484.90	421.45	4,65,299
Sep-16	476.00	419.65	1,37,674	476.00	420.50	3,72,413
Oct-16	480.00	437.50	84,102	485.00	434.00	2,81,882
Nov-16	487.00	403.70	1,30,881	487.75	376.00	3,90,935
Dec-16	465.40	404.60	1,07,239	469.00	402.40	2,51,120
Jan-17	485.00	433.15	1,07,135	482.50	433.55	1,64,952
Feb-17	510.00	384.10	1,80,301	511.90	384.00	5,41,621
Mar-17	457.40	386.20	3,69,261	460.00	386.00	9,29,719

**Chart A: Relative Share Price Movement of RSWM at BSE compared to BSE Sensex in 2016-17**



Note: Share prices and BSE Sensex indexed to 100 as on the first working day of the financial year 2016-17 i.e. April 01, 2016

**Chart B: Relative Share Price Movement of RSWM at NSE compared to NIFTY Index in 2016-17**



Note: Share prices and Nifty indexed to 100 as on the first working day of the financial year 2016-17 i.e. April 01, 2016

## Shareholding Pattern

### Shareholding Pattern by Equity Shareholders as on March 31, 2017

Categories	No. of shares	Percentage
Promoters, Directors, Relatives and Associates	1,19,92,888	50.92
Foreign Institutional Investors/Mutual Funds	9,89,564	4.20
Public Financial Institutions/State Financial Corporation	2,17,289	0.92
Mutual Funds (Indian )	21,53,149	9.14
Nationalised and other banks	48,665	0.21
NRIs/ Foreign Companies (Other than Promoters)	8,82,733	3.75
Public	72,66,554	30.86
<b>Total</b>	<b>2,35,50,842</b>	<b>100.00</b>

### Shareholding Pattern by Size-Class as on March 31, 2017

Categories	No. of Shareholders	No. of shares held	Percentage
1-1000	14,529	24,09,847	10.23
1001-5000	791	16,74,386	7.11
5001-10000	228	39,63,576	16.83
10001 and above	26	1,55,03,033	65.83
<b>Total</b>	<b>15,574</b>	<b>2,35,50,842</b>	<b>100.00</b>

### Dematerialisation of Shares

As on March 31, 2017, 2,27,18,131 Equity Shares representing 96.46 % of the total equity capital were held in dematerialised form. Trading in shares of the Company is permitted in dematerialised form only. The Company makes request to shareholders holding shares in physical form on a regular basis to get shares dematerialised in their own benefit.

The ISIN number for RSWM's equity shares on NSDL and CDSL is INE611A01016.

### Registrar and Transfer Agents

The Shareholders may contact M/s MCS Share Transfer Agent Limited for matters related to Share Transfers etc. at the following address:

MCS Share Transfer Agent Limited,  
F-65, Okhla Industrial Area, Phase I, New Delhi – 110 020  
Phone No (s) : 011-41406149-52,  
Fax No : 011-41709881,  
E- Mail : helpdeskdelhi@mcsregistrars.com

### Share Transfer System

Matters related to share transfer and transmission are attended by the delegated authorities on a fortnightly basis. Share transfers are registered and returned within 15 days from the date of receipt, if the documents are in order in all respects. As per the requirement of Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained half-yearly certificates from Practicing Company Secretary for due compliance of share transfer formalities.

### Details of Public Funding Obtained in the Last Three Years

RSWM has not obtained any public funding in the last three years.

### Outstanding Warrants and their Implications on Equity

The Company has no outstanding warrants/convertible instruments.

### Plant Locations

- 1 Kharigram, P.O. Gulabpura – 311 021, Distt. Bhilwara, Rajasthan
- 2 Mayur Nagar, Lodha, P.O. Banswara – 327 001, Distt. Banswara, Rajasthan



- 3 LNJ Nagar, Mordi, P.O. Banswara – 327 001, Distt. Banswara, Rajasthan (Denim, Fabric and TPP).
- 4 Mandpam, Distt. Bhilwara-311 025, Rajasthan
- 5 Kanya Kheri, Distt. Bhilwara- 311 025, Rajasthan
- 6 Rishabhdev, Distt. Udaipur– 313 802, Rajasthan
- 7 Ringas, Distt. Sikar – 332 404 Rajasthan
- 8 B. Muduganapalli, Bagalur, Distt. Krishnagiri - 635 103, Tamilnadu
- 9 Thirubuvana-605 107, Puducherry

### Investor Correspondence

Investor correspondence should be addressed to:

### Registrar & Share Transfer Agent:

MCS Share Transfer Agent Limited  
F-65, 1st Floor, Okhla Industrial Area Phase I, New Delhi – 110 020  
Phone Nos : 011-4140 6149-52  
Fax No. : 011-4170 9881  
E-mail : helpdeskdelhi@mcsregistrars.com

### Company Secretary

RSWM Limited  
Bhilwara Towers, A-12, Sector 1, Noida, Uttar Pradesh - 201301  
Phone Nos. : 0120-4390000/4390300  
Fax Nos. : 0120-4277841  
E-mail : rswm.investor@lnjbhilwara.com

### Registered Office

Kharigram, P.O. Gulabpura, District - Bhilwara  
Rajasthan – 311 021, India

### Other information to the Shareholders

#### Green Initiative

As a responsible Corporate citizen, the Company welcome the Green Initiative by sending the communications/documents including Notices for General Meeting and Annual Reports from time to time in electronic mode to those members who have provided their e-mail addresses to their Depository Participants (DP).

Shareholders who have not registered their e-mail addresses are requested to register/update their e-mail addresses in respect of equity shares held by them in demat form with their respective DPs and in case of physical form with the Company.

### Internal Complaints Committee (ICC)

As per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 which came into effect from December 09, 2013, the Company has formulated a Internal Complaints Committee which ensure protection of women employees at the work place and redressal of complaints.

The Committee is formed as per the statute, it is headed by a women employee, the committee comprises of more than half representation of women and it has adequate independent representation of women from the social and legal fields. It lays down the whole procedure of filling complaint, enquiry, redressal of grievance and taking action against those who are found guilty by the Committee in a fairly transparent manner. During the year under review, one incident of sexual harassment was reported. The due action was taken by the ICC and the matter was resolved.

### Information pursuant to Regulation 39 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Company transferred 26,538 equity shares in respect of 406 shareholders in the name of “RSWM Limited – Unclaimed Suspense Account” on August 09, 2012 and these shares were subsequently dematerialised. Thereafter, the Company received claim from 9 shareholders up-till now comprising of 173 shares, which were duly transferred in their respective names. During the year, the Company received claim from 3 shareholders in respect of 6 shares. As on the March 31, 2017, 26,365 equity shares are still lying in the Unclaimed Suspense Account.

### Investors Education and Protection Fund (IEPF)

Pursuant to Section 124(6) and section 125 of the Companies Act, 2013, and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred in the name of Investor Education and Protection Fund. Accordingly, the shareholders are requested to immediately claim their unpaid dividends failing which the said shares will be transferred to the IEPF. All the shareholders whose dividend for past seven years are either unclaimed or unpaid are being intimated individually.

Place: Kharigram  
Dated: May 12, 2017

**Riju Jhunjunwala**  
Managing Director  
DIN: 00061060



## Certification by Chief Executive Officer and Chief Financial Officer of the Company

We, Riju Jhunjunwala, Managing Director & Chief Executive Officer and Brij Mohan Sharma, Chief Financial Officer of RSWM Limited, hereby certify to the Board that:

- a. We have reviewed Financial statements and the Cash Flow statement for the year and that to the best of our knowledge and belief :
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. 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.
- b. There are, to the best of our knowledge and belief, no transactions entered into by RSWM Limited during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We are responsible for establishing and maintaining internal controls for financial reporting in RSWM Limited and we have evaluated the effectiveness of Internal Control Systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee:
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware 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.
- e. We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).
- f. We further declare that all Board Members and designated Senior Management have affirmed compliance with the Code of Conduct for the current year.

**Riju Jhunjunwala**  
Managing Director & Chief Executive Officer

**Brij Mohan Sharma**  
Chief Financial Officer

Place: Noida  
Dated: May 12, 2017

## Auditors' Certificate

To  
The Members of **RSWM Ltd**

We have examined the compliance of conditions of Corporate Governance by RSWM Limited, for the year ended on March 31, 2017 as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with Stock Exchange(s).

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

For **S. Bhargava Associates**  
Chartered Accountants  
Firm registration number: 003191C

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

per **Sunil Bhargava**  
Partner  
Membership No.: 70964

per **Yogesh Gupta**  
Partner  
Membership No.: 93214

Place : Noida  
Date : May 12, 2017



# 6 years highlights

(₹ in Crores)

S. No	Description	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
1	Gross Turnover	2,000.15	2,471.04	2,884.32	3,014.31	2,944.79	2,996.20
2	Net Turnover	1,987.00	2,453.29	2,870.05	3,003.36	2,933.27	2,986.63
1	PBIDT	160.99	331.17	388.78	377.45	422.70	357.87
2	Interest	104.04	121.29	121.76	125.22	125.90	110.36
2	PBDT	56.95	209.88	267.02	252.23	296.80	247.51
3	Depreciation (Net)	89.10	108.45	110.69	135.27	149.27	132.17
4	PBT	(32.15)	101.43	156.33	116.96	147.53	115.34
5	TAX	(10.36)	33.56	57.53	32.05	40.58	14.37
6	PAT	(21.79)	67.87	98.80	84.91	106.95	100.97
1	EPS (IN ₹)	(9.41)	29.32	42.68	36.68	46.20	43.33
2	Equity	23.15	23.15	23.15	23.15	23.15	23.55
1	Total Capital Employed	1,733.21	1,850.46	1,854.66	2,038.20	2,212.58	2,390.39
2	Net Worth	286.90	328.57	395.37	445.00	552.05	633.19
3	Deferred Tax Liability (DTL)	35.27	48.57	72.03	82.78	96.58	86.52
4	Net Worth and DTL	322.17	377.14	467.40	527.78	648.63	719.71
5	Long Term Loans	815.18	711.42	605.94	669.18	563.93	496.94
6	Working Capital Loans	376.09	466.63	458.97	447.35	529.44	632.36
7	Unsecured Loans	1.70	1.23	0.36	0.00	96.07	90.98
8	Total Borrowings(5+6+7)	1,192.97	1,179.28	1,065.27	1,116.53	1,189.44	1,220.28
9	Fixed Assets ( Net )	1,030.84	976.95	946.71	1,160.75	1,142.69	1,190.21
10	Investments	60.27	110.67	127.36	90.67	101.75	110.27
1	Operating Profit Margin %	8.10	13.50	13.55	12.57	14.41	11.98
2	Return on Capital Employed %(PBIT/Capital Emp.)	4.15	12.04	14.99	11.88	12.36	9.44
3	Return on Sales % ( PAT/ Turnover )	(1.10)	2.77	3.44	2.83	3.65	3.38
4	Return on Net Worth %	(7.59)	20.66	24.99	19.08	19.37	15.95
5	Debt Equity Ratio (Non Current Loans/Equity)	2.85	2.17	1.53	1.50	1.02	0.78
6	Interest Cover Ratio	1.55	2.73	3.19	3.01	3.36	3.24
7	Fixed Assets Cover Ratio	1.26	1.37	1.56	1.73	2.03	2.40

Note: Figures for FY 15-16 & 16-17 are as per Ind AS and for all other earlier periods are as per Previous GAAP.





# STANDALONE FINANCIAL STATEMENTS

# Independent Auditors' Report

To The Members of RSWM Limited

## Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of RSWM LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements")

## 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 state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit 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 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 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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 including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.



# Independent Auditors' Report (Contd..)

2. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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), and the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules made thereunder.
- e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 46 to the standalone Ind AS financial statements;
- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.
- iv. The company has provided requisite disclosures in its standalone Ind AS financial statements as to holding as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016, on the basis of information available with the Company. Based on the audit procedure, and relying on managements representation, we report that disclosures are in accordance with the books of accounts maintained by the company. Refer note 45 of the standalone Ind AS financial statements.

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

Chartered Accountants  
Firm Registration No.  
000756N

**Yogesh K. Gupta**

Partner  
Membership No.: 093214

Place: Noida  
Dated: May 12, 2017

For **S.Bhargava Associates**

Chartered Accountants  
Firm's Registration No.  
003191C

**Sunil Bhargava**

Partner  
Membership No. 070964

# Annexure A to the Independent Auditors' Report to the members of RSWM Limited

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

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has physically verified these fixed assets as per its program of physical verification that covers every item of fixed assets over a period of three years. No material discrepancies were noticed on such verification;
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.
- (ii) The physical verification of inventory has been conducted at reasonable intervals by the management. No material discrepancies were noticed on such physical verification;
- (iii) The Company has not granted loans, secured or unsecured, to companies, firms and limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore sub - clauses (iii) (a), (iii) (b) & (iii) (c) of the Order are not applicable.
- (iv) According to the information and explanation given to us, the company has complied with the provision of section 185 and 186 of Act, with respect to the loans, investments, guarantees, and security made.
- (v) As per information and explanation provided to us, the Company has not accepted any public deposits during the year. Further, we have not come across any such deposit(s) nor the management has reported any such deposit(s), therefore the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable.
- (vi) We have broadly reviewed the books and records required to be maintained as specified by the Central Government under sub-section (l) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie, the prescribed accounts and records are being maintained.
- (vii) (a) The Company is 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 applicable to it to the appropriate authorities. There are no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (b) The particulars of dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute are as under:

Nature of Statute	Nature of dues	Amount (In Lakhs)*	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Demands	322.72	2006-2007	Honorable High Court, Jodhpur Rajasthan
Income Tax Act, 1961	Income Tax Demands	69.38	2007-2008	Honorable High Court, Jodhpur Rajasthan
Income Tax Act, 1961	Income Tax Demands	521.33	2005-2006	Honorable High Court, Jodhpur Rajasthan
Income Tax Act, 1961	Income Tax Demands	519.11	2004-2005	Honorable High Court, Jodhpur Rajasthan
Income Tax Act, 1961	Income Tax Demands	397.93	2003-2004	Honorable High Court, Jodhpur Rajasthan
Income Tax Act, 1961	Income Tax Demands	26.45	2004-2005	Honorable High Court, Karnataka
Income Tax Act, 1961	Income Tax Demands	14.02	2008-2009, 2009-2010	Honorable High Court, Jodhpur Rajasthan
Central Sales Tax Act and Local Sales Tax	Sales Tax Demand	8.48	1998-99	Honorable High Court, Jodhpur Rajasthan
Central Sales Tax Act and Local Sales Tax	Sales Tax Demand	8.14	2001-2002	Honorable High Court, Jodhpur Rajasthan

# Annexure A to the Independent Auditors' Report to the members of RSWM Limited (contd..)

Nature of Statute	Nature of dues	Amount (In Lakhs)*	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act and Local Sales Tax	Sales Tax Demand	2.10	2001-2002	Honorable High Court, Jodhpur Rajasthan
Central Sales Tax Act and Local Sales Tax	Sales Tax Demand	0.59	1995-1996	Dy.Commissioner( A ), Tripur
Central Sales Tax Act and Local Sales Tax	Sales Tax Demand	0.36	1996-1997	Dy.Commissioner( A ), Tripur
Central Sales Tax Act and Local Sales Tax	Sales Tax Demand	0.65	1983-1984	Honorable High Court, Jodhpur Rajasthan
Central Sales Tax Act and Local Sales Tax	Sales Tax Demand	3.47	1983-1984	Honorable High Court, Jodhpur Rajasthan
Central Sales Tax Act and Local Sales Tax	Sales Tax Demand	3.44	2006-07	Honorable High Court, Jodhpur Rajasthan
Central Excise Act	Excise Duty Demand	23.56	2005-06	DC Central Excise, Bhilwara
Custom Act	Custom Duty Demand in Coal	58.55	2013-2014	CESTAT, Ahemdabad

\* Excluding interest and penalty net of amount deposited under protest.

- (viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government. The Company has not issued any debentures.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Term loans were applied for the purposes for which those are raised.
- (x) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
- (xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid or provided for the managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company, hence clause (xii) of para 3 of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause (xv) of para 3 of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

**Yogesh K. Gupta**  
Partner  
Membership No.: 093214

Place: Noida  
Dated: May 12, 2017

For **S. Bhargava Associates**  
Chartered Accountants  
Firm's Registration No.  
003191C

**Sunil Bhargava**  
Partner  
Membership No. 070964

# Annexure B to the Independent Auditors' Report to the members of RSWM Limited

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

We have audited the internal financial controls over financial reporting of RSWM LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

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

## Auditors' Responsibility

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

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing 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 judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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:

- a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and



# Annexure B to the Independent Auditors' Report to the members of RSWM Limited (Contd..)

- c) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

## Opinion

In our opinion, 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, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

**Yogesh K. Gupta**  
Partner  
Membership No.: 093214

Place: Noida  
Dated: May 12, 2017

For **S. Bhargava Associates**  
Chartered Accountants  
Firm's Registration No.  
003191C

**Sunil Bhargava**  
Partner  
Membership No. 070964

# Standalone Balance Sheet

As at March 31, 2017

₹ in Lakhs

Particulars	Note	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>ASSETS</b>				
<b>1 Non-current assets</b>				
a Property, Plant and Equipment	3a	115,338.04	109,925.30	102,743.16
b Capital work-in-progress	3b	1,487.43	3,139.17	12,625.21
c Investment Property	3c	944.58	604.72	612.03
d Goodwill	3d	-	-	37.79
e Other Intangible assets	3e	1,251.18	83.44	80.93
f Intangible Assets Under Development	3f	-	516.46	-
g Financial Assets				
i) Investments	4	11,026.50	10,175.13	10,942.75
ii) Loans	5	167.09	254.98	276.81
iii) Other financial assets	8	41.61 11,235.20	14.13 10,444.24	272.55 11,492.11
h Other non-current assets	11	1,636.33	2,750.29	3,082.90
<b>2 Current assets</b>				
a Inventories	9	54,121.97	42,666.17	39,849.67
b Financial Assets				
i) Trade receivables	6	37,981.19	37,079.60	35,456.72
ii) Cash and cash equivalents	7	281.65	277.07	262.02
iii) Bank balances other than (ii) above	7	514.13	119.23	194.80
iv) Loans	5	247.64	298.05	246.61
v) Other financial assets	8	2,330.36 41,354.97	1,947.05 39,721.00	1,712.14 37,872.29
c Current Tax Assets (Net)	10	1,272.47	1,146.36	846.27
d Other current assets	11	10,332.04	10,210.49	12,335.11
<b>3 Assets classified as held for sale</b>	3g	64.33	50.68	280.00
<b>Total Assets</b>		<b>239,038.54</b>	<b>221,258.32</b>	<b>221,857.47</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
a Equity Share Capital	12	2,355.08	2,314.87	2,314.87
b Other Equity	13	60,964.22	52,889.99	45,875.77
<b>LIABILITIES</b>				
<b>1 Non-current liabilities</b>				
a Financial Liabilities				
i) Borrowings	14	49,693.58	56,392.97	67,942.72
ii) Other financial liabilities	17	373.37 50,066.95	318.94 56,711.91	376.68 68,319.40
b Provisions	18	582.39	553.95	387.08
c Deferred tax liabilities (Net)	20	8,651.61	9,657.68	8,278.04
d Deferred Government Grant	21	325.70	294.55	145.64
e Other non-current liabilities	22	358.30	357.61	341.97
<b>2 Current liabilities</b>				
a Financial Liabilities				
i) Borrowings	15	72,334.42	62,550.71	60,495.96
ii) Trade payables	16	8,016.27	5,009.13	8,824.45
iii) Other financial liabilities	17	31,282.63 111,633.32	26,593.58 94,153.42	22,445.42 91,765.83
b Other current liabilities	22	3,716.06	3,980.11	4,069.41
c Deferred Government Grant	21	57.95	71.29	74.30
d Provisions	18	326.96	272.94	285.16
<b>Total Equity and Liabilities</b>		<b>239,038.54</b>	<b>221,258.32</b>	<b>221,857.47</b>

Accompanying notes form an integral part of the financial statements

As per our report of even date

For **S. Bhargava Associates**  
Chartered Accountants  
Firm Regn. No. 003191C

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

Per **Sunil Bhargava**  
Partner  
M. No. 70964

Per **Yogesh K. Gupta**  
Partner  
M. No. 93214

FOR AND ON BEHALF OF BOARD OF DIRECTORS

**Ravi Jhunjunwala**  
Chairman  
DIN 00060972

**Riju Jhunjunwala**  
Managing Director &  
Chief Executive Officer  
DIN 00061060

**Prakash Maheshwari**  
Executive Director  
DIN 02388988

**B. M. Sharma**  
Chief Financial Officer  
M.No. FCA 35012

**Surender Gupta**  
Company Secretary  
M.No. FCS 2615

Place: Noida, (U.P.)  
Date: May 12, 2017

» » » »

# Standalone Statement of Profit and Loss

for the year ended March 31, 2017

₹ in Lakhs

Particulars	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
<b>Revenue From Operations</b>	23	299,619.61	294,479.03
<b>Other Income</b>	24	3,158.53	2,437.29
<b>Total Revenue</b>		<b>302,778.14</b>	<b>296,916.32</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	25	172,107.07	160,542.28
Purchase of Traded Goods	26	2,937.59	2,058.40
Changes in inventories of Finished Goods, Stock-in -Trade and Work-in-Progress	27	(5,636.08)	(485.46)
Excise duty on sale		956.78	1,151.85
Employee Benefit Expenses	28	34,862.90	31,667.02
Finance cost	29	11,036.20	12,590.28
Depreciation, amortization and impairment expenses	30	13,216.53	14,926.98
Other expenses	31	61,762.41	59,711.88
<b>Total expenses</b>		<b>291,243.40</b>	<b>282,163.23</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>11,534.74</b>	<b>14,753.09</b>
<b>Exceptional items</b>		-	-
<b>Profit/(Loss) Before Tax</b>		<b>11,534.74</b>	<b>14,753.09</b>
<b>Tax Expense</b>			
Current Tax	19	2,429.76	2,872.88
Tax of earlier year provided / written back	19	11.21	(265.77)
Deferred tax	19	(1,003.62)	1,451.20
<b>Profit/(Loss) for the Period</b>		<b>10,097.39</b>	<b>10,694.78</b>
<b>Other Comprehensive Income</b>	32		
(a) (i) Items that will not be reclassified to profit or loss		581.36	(991.88)
(ii) Income tax relating to items that will not be reclassified to profit or loss		93.08	77.61
(b) (i) Items that will be reclassified to profit or loss		261.88	17.46
(ii) Income tax relating to items that will be reclassified to profit or loss		(90.63)	(6.04)
<b>Other Comprehensive Income/(Loss) for the year</b>		<b>845.69</b>	<b>(902.85)</b>
<b>Total Comprehensive Income/(loss) for the year</b>		<b>10,943.08</b>	<b>9,791.93</b>
<b>Earnings per Equity Shares of ₹10/- each</b>			
1) Basic (in ₹)		43.33	46.20
2) Diluted (in ₹)		42.67	45.71

Accompanying notes form an integral part of the financial statements

**As per our report of even date**For **S. Bhargava Associates**

Chartered Accountants

Firm Regn. No. 003191C

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

Chartered Accountants

Firm Regn. No. 000756N

Per **Sunil Bhargava**

Partner

M. No. 70964

Per **Yogesh K. Gupta**

Partner

M. No. 93214

Place: Noida, (U.P.)

Date: May 12, 2017

**FOR AND ON BEHALF OF BOARD OF DIRECTORS****Ravi Jhunjhunwala**

Chairman

DIN 00060972

**Riju Jhunjhunwala**Managing Director &  
Chief Executive Officer  
DIN 00061060**Prakash Maheshwari**

Executive Director

DIN 02388988

**B. M. Sharma**Chief Financial Officer  
M.No. FCA 35012**Surender Gupta**

Company Secretary

M.No. FCS 2615

# Standalone Statement of Cash Flow

for the year ended March 31, 2017

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit / (Loss) Before Tax</b>	<b>11,534.74</b>	<b>14,753.09</b>
Adjustments for:		
Depreciation, amortization and impairment expenses	13,216.53	13,740.73
Impairment Loss on Property, Plant & Equipment and Intangible Assets	-	1,186.25
Net Gain / Loss on Sale of Property, Plant & Equipment	(241.66)	(106.26)
Provision Written Back	(360.44)	(316.70)
Provision for Impairment on Financial Assets	128.01	(24.81)
Property, Plant & Equipment Written off	2.08	0.60
Finance Costs	10,995.61	12,562.12
Interest Income	(664.94)	(606.45)
Dividend Income from Investments	(1.61)	(32.56)
Forex Fluctuation on Translation of Assets & Liabilities	71.35	17.96
	23,144.93	26,420.88
<b>Operating Profit/(loss) before Working Capital changes</b>	<b>34,679.67</b>	<b>41,173.97</b>
(Increase) / Decrease in Trade Receivables	(901.59)	(1,622.88)
(Increase) / Decrease in Current financial assets - Loans	312.45	(51.20)
(Increase) / Decrease in Non Current financial assets - Loans	87.89	21.83
(Increase) / Decrease in Other Current financial assets	(884.85)	(41.20)
(Increase) / Decrease in Other Non Current financial assets	(27.48)	258.42
(Increase) / Decrease in Other Current assets	(185.39)	2,218.23
(Increase) / Decrease in Other Non Current assets	(176.62)	262.04
(Increase)/Decrease in Inventories	(11,455.80)	(2,816.50)
Increase / (Decrease) in Trade Payables	3,007.14	(3,815.32)
Increase / (Decrease) in Other Current Financial Liabilities	854.87	1,092.17
Increase / (Decrease) in Other Non Current Financial Liabilities	54.43	(57.74)
Increase / (Decrease) in Other Current Liabilities	150.41	215.18
Increase / (Decrease) in Other Non Current Liabilities	(239.83)	(41.75)
	(9,404.37)	(4,378.72)
<b>Cash generated from/(used in) Operations before tax</b>	<b>25,275.30</b>	<b>36,795.25</b>
Net Direct Taxes paid	(2567.08)	(2907.20)
<b>Net cash flow from/(used in) Operating Activities</b>	<b>22,708.22</b>	<b>33,888.05</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Property, Plant & Equipment/ Intangible Assets including Capital Advances	(17,245.58)	(13,395.33)
Proceeds from sale of Property, Plant & Equipment	647.99	308.17
Assets classified as held for Sale	(13.65)	229.32
Acquisition of Investments	(1.05)	-
Movement of Fixed Deposit	(3.08)	97.78
Interest Received	703.31	372.57
Dividend Received	1.61	32.56
<b>Net cash flow from/(used in) Investing Activities</b>	<b>(15,910.45)</b>	<b>(12,354.93)</b>
<b>Net cash from/(used in) Operating and Investing Activities</b>	<b>6,797.77</b>	<b>21,533.12</b>

# Standalone Statement of Cash Flow

for the year ended March 31, 2017

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Borrowings	(20,962.70)	(21,601.00)
Proceeds from Borrowings	18,691.55	13,120.11
Repayment of Short Term Borrowings	9,783.71	2,054.75
Receipt of Government Grant	102.54	260.73
Payment of Dividend	(2,893.59)	(2,314.87)
Taxes on Dividend	(589.06)	(462.84)
Finance Costs	(10,925.64)	(12,574.95)
<b>Net cash from/(used in) Financing Activities</b>	<b>(6,793.19)</b>	<b>(21,518.07)</b>
<b>Net cash from/(used in) Operating, Investing &amp; Financing Activities</b>	<b>4.58</b>	<b>15.05</b>
<b>Opening balance of Cash and Cash equivalent</b>	<b>277.07</b>	<b>262.02</b>
<b>Closing balance of Cash and Cash equivalent</b>	<b>281.65</b>	<b>277.07</b>
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (refer note no. 7)		
i) Cash on Hand	43.58	63.55
ii) Balance with Banks :		
- On Current Accounts	143.49	165.17
- Cheques, Draft on Hand	94.58	48.35
<b>Total</b>	<b>281.65</b>	<b>277.07</b>

**Note:**

Non - Cash Item : The holders of 88,54,111 number of 12% Optionally Convertible Redeemable Preference Shares (OCRPS) exercised option to convert Optionally Convertible Redeemable Preference Shares (OCRPS) into Equity Shares. Accordingly, during the year the Company has allotted and issued 4,02,153 number of equity shares of ₹10- each fully paid up.

Accompanying notes form an integral part of the financial statements

**As per our report of even date**

For **S. Bhargava Associates**  
Chartered Accountants  
Firm Regn. No. 003191C

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

Per **Sunil Bhargava**  
Partner  
M. No. 70964

Per **Yogesh K. Gupta**  
Partner  
M. No. 93214

Place: Noida, (U.P.)  
Date: May 12, 2017

**FOR AND ON BEHALF OF BOARD OF DIRECTORS**

**Ravi Jhunjunwala**  
Chairman  
DIN 00060972

**Riju Jhunjunwala**  
Managing Director &  
Chief Executive Officer  
DIN 00061060

**Prakash Maheshwari**  
Executive Director  
DIN 02388988

**B. M. Sharma**  
Chief Financial Officer  
M.No. FCA 35012

**Surender Gupta**  
Company Secretary  
M.No. FCS 2615

# Standalone Statement of Changes in Equity

for the year ended March 31, 2017

## a. Equity Share Capital

₹ in Lakhs

Particulars	Note No.	Amount
<b>Balance as at April 01, 2015</b>		<b>2,314.87</b>
Changes in equity share capital during 2015-16	12	-
<b>Balance as at March 31, 2016</b>		<b>2,314.87</b>
<b>Balance as at April 01, 2016</b>		<b>2,314.87</b>
Changes in equity share capital during 2016-17	12	40.21
<b>Balance as at March 31, 2017</b>		<b>2,355.08</b>

## b. Other Equity

₹ in Lakhs

Particulars	Note	Reserves & Surplus					Other Comprehensive Income		Total
		Capital Reserve	Securities Premium Account	General Reserve	Pref. Share Capital Redemption Reserve	Retained earnings	Equity Instruments through Other Comprehensive Income	Effective portion of Cash flow Hedges	
<b>Balance at April 01, 2015</b>		700.97	8,995.23	4,910.28	5,700.00	23,356.29	2,147.97	65.03	<b>45,875.77</b>
<b>Total comprehensive income for the year ended March 31, 2016</b>									
Profit or Loss during the year						10,694.78			<b>10,694.78</b>
Other comprehensive income for the year	32					(146.65)	(767.62)	11.42	(902.85)
<b>Total comprehensive income</b>		-	-	-	-	<b>10,548.13</b>	<b>(767.62)</b>	<b>11.42</b>	<b>9,791.93</b>
<b>Transaction with owners, recorded directly in equity</b>									
<b>Contribution by and distributions to owners</b>									
Dividend paid during the year	13					(2,314.87)			(2,314.87)
Dividend Distribution Tax (DDT)	13					(462.84)			(462.84)
<b>Total Contribution by and distribution to owners</b>		-	-	-	-	<b>(2,777.71)</b>	-	-	<b>(2,777.71)</b>
<b>Balance at March 31, 2016</b>		<b>700.97</b>	<b>8,995.23</b>	<b>4,910.28</b>	<b>5,700.00</b>	<b>31,126.71</b>	<b>1,380.35</b>	<b>76.45</b>	<b>52,889.99</b>
<b>Balance at April 01, 2016</b>		<b>700.97</b>	<b>8,995.23</b>	<b>4,910.28</b>	<b>5,700.00</b>	<b>31,126.71</b>	<b>1,380.35</b>	<b>76.45</b>	<b>52,889.99</b>
<b>Total comprehensive income for the year ended March 31, 2017</b>									
Profit or Loss during the year						10,097.39			10,097.39
Other comprehensive income for the year	32					(175.87)	850.32	171.25	845.70
<b>Total comprehensive income</b>		-	-	-	-	<b>9,921.52</b>	<b>850.32</b>	<b>171.25</b>	<b>10,943.09</b>
<b>Transaction with owners, recorded directly in equity</b>									
<b>Contribution by and distributions to owners</b>									
Dividend paid during the year	13					(2,893.88)			(2,893.88)
Dividend Distribution Tax (DDT)	13					(598.82)			(598.82)
Transfer to Preference Share Capital Redemption Reserve	13				360.85	(360.85)			-
Conversion of Optionally Convertible Redeemable Preference share into Equity	13	0.51	623.33						623.84
Total Contribution by and distribution to owners		0.51	623.33	-	360.85	(3,853.55)	-	-	(2,868.86)
<b>Balance at March 31, 2017</b>		<b>701.48</b>	<b>9,618.56</b>	<b>4,910.28</b>	<b>6,060.85</b>	<b>37,194.68</b>	<b>2,230.67</b>	<b>247.70</b>	<b>60,964.22</b>

Accompanying notes form an integral part of the financial statements

### As per our report of even date

For **S. Bhargava Associates**  
Chartered Accountants  
Firm Regn. No. 003191C

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

Per **Sunil Bhargava**  
Partner  
M. No. 70964

Per **Yogesh K. Gupta**  
Partner  
M. No. 93214

### FOR AND ON BEHALF OF BOARD OF DIRECTORS

**Ravi Jhunjunwala**  
Chairman  
DIN 00060972

**Riju Jhunjunwala**  
Managing Director &  
Chief Executive Officer  
DIN 00061060

**Prakash Maheshwari**  
Executive Director  
DIN 02388988

**B. M. Sharma**  
Chief Financial Officer  
M.No. FCA 35012

**Surender Gupta**  
Company Secretary  
M.No. FCS 2615

Place: Noida, (U.P.)  
Date: May 12, 2017

» » » »

# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 1 Company Overview and Accounting Policies

### 1.1 Company Overview

RSWM Limited (the “Company”) is a public limited company incorporated and domiciled in India and has its registered office at Kharigram, Gulabpura, District Bhilwara, Rajasthan, India. The Company has its primary listings on the BSE Limited and National Stock Exchange in India.

The Company is one of the largest textile manufacturing company having multiple facilities to produce green fibre, yarn and fabric. The Company is primarily producing the best quality of yarns like synthetic, blended, mélange, cotton, speciality and value added yarns suitable for suiting's, shirting's, hosiery, carpet, denim, technical textiles and industrial applications and Denim Fabric, Synthetic Fabric for renowned brands.

The financial statements of the Company for the year ended March 31, 2017 are approved for issue by the Company's Board of Directors on May 12, 2017.

### 1.2 Basis of Preparation of Financial Statements

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), as prescribed under section 133 of the Companies Act, 2013 (“the Act”) (to the extent notified) read with the Rule 3 of the Companies (Indian Accounting Standard) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and guidelines issued by the Securities and Exchange Board of India (SEBI). The financial statements are prepared on going concern, accrual and historical cost basis except for the following assets and liabilities which have been measured at fair value:

- Defined benefit plans-plan assets measured at fair value.
- Assets classified as held for sale measured at fair value less cost to sell.
- Certain financial assets and liabilities measured at Fair Value (including derivative financial instruments) (Refer Accounting policy 1.10 regarding financial instruments).

The Company has adopted IndAS and the adoption was carried out in accordance with Ind AS101 First time adoption of Indian Accounting Standards. Reconciliations and descriptions of the effect of the transition has been summarized in Note 47.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in INR which is also the Company's functional currency and all values are rounded to the nearest Lakhs (INR 00,000), except when otherwise indicated.

#### A) Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 2

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

#### B) Classification of Assets and Liabilities as Current and Non Current

All Assets and Liabilities have been classified as current or non-current. Based on the nature of product & activities of the Company and their realization in cash and cash equivalent, the Company has determined its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

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

### 1.3 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when the payment made.

The specific recognition criteria described below must also be met before revenue is recognised.

#### Sale of goods

Revenue from the sale of goods is recognised, when all the significant risks and rewards of ownership of the goods have passed to the buyer, the Company no longer retain continuing managerial involvement to the degree usually associated with ownership nor has effective control over the goods sold, the amount of revenue





# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

and costs associated with the transaction can be measured reliably and no significant uncertainty exists regarding the amount of consideration that will be derived from the sales of goods.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates/claims etc. Sales include excise duty and exclude Value added tax/sales tax.

## Revenue from Services

Revenue from job work charges is recognised as per term of the contract with customers based on stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably.

## Other Operating Income

Incentives on exports and other Government incentives related to operations are recognised in books after due consideration of certainty of utilization/receipt of such incentives. For Government grant refer Para 1.4.

## Interest income

Interest income on debt instruments measured at amortized cost is recorded using the effective interest rate method (EIR).

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

## Dividend Income

Dividend income is recognized in profit and loss statement when the right to receive payment is established, which is generally when shareholders approve the dividend.

## Rental Income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis except where the rentals are structured to increase in line with expected general inflation over the lease terms.

## 1.4 Government Grant & Government Assistance

Government grants/subsidies are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant/subsidy relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Grant whose primary condition requires the company to purchase, construct or otherwise acquire long-term assets, is recognised as deferred income and it is recognised as income in equal amounts over the expected useful life of the related asset. If the grants/subsidies are related to subvention a particular expense, it is deducted from that expense in the year of recognition of government grant / subsidy.

## 1.5 Inventory Valuation

Inventories including goods-in-transit are measured at lower of cost and net realizable value. However, Raw materials( Including packing material), and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:-

**Raw materials** (including packing material), stores & spares and Loose Tools: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

**Finished goods and work in progress:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average cost basis.

**Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

**Waste:** is valued at Net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## 1.6 Property, Plant and Equipment

### Transition to Ind AS

On Transition to Ind-AS, the Company has opted to continue with the carrying value of all of its Property, Plant and equipment



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

recognised as at April 01, 2015, measured as per previous GAAP, and use that carrying value as the deemed cost of such property, plant & equipment.

## Recognition and measurement

Property, plant and equipment acquired after the transition date are stated at original cost net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. The cost includes its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. It includes other costs directly attributable to bringing the Property, Plant and Equipment to the location and condition necessary for it to be capable of operating in the manner intended by management.

The present value of the expected cost for the decommissioning of Property, Plant and Equipment after its use is included in the cost of the respective Property, Plant and Equipment if the recognition criteria for a provision are met.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of Property, Plant and Equipment not available for use before such date are disclosed under 'Capital work-in-progress'

## Subsequent expenditure

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the costs of the item can be measured reliably. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the Property, Plant and Equipment and the resultant gain or losses are recognized in the statement of profit and loss.

## Depreciation

Depreciation on Property, Plant and Equipment is calculated on a straight-line basis over the estimated useful life of Property, Plant and Equipment which coincide with Schedule II to the Companies Act, 2013. Estimated useful life of the assets are given below:

Building	5 to 60 years
Plant & Equipment	3 to 30 Years
Furniture & Fixtures	10 years

Office Equipment	3 to 6 years
Vehicles	8 to 10 Years
Electrical Fittings	10 Years

The Company has estimated the useful life different from life prescribed in Schedule II in the following case:-

S. No.	Nature of Property, Plant and Equipment	Effective Useful Lives
1	Property, Plant & Machinery Of Textile Division and Water Supply	9 years 2 months
2	Property, Plant & Machinery Of Power Generation	18 years

The Company, based on technical assessment /management estimate, depreciates all items of Property Plant and Equipment over estimated useful lives which may be different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the Property, Plant and Equipment are likely to be used.

## De- recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the Property, Plant and Equipment) is included in the income statement when the Property, Plant and Equipment is derecognised. Depreciation on additions to or on disposal of Property, Plant and Equipment is calculated on pro-rata basis i.e. from (up to) the date on which the Property, Plant and Equipment is available for use (disposed of).

The Property, Plant and Equipment's residual values, useful life and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. The useful lives and residual values are determined by the management at the time the Property, Plant and Equipment is acquired and reviewed periodically, including at each financial year end. These lives are based on historical experience with similar Property, Plant and Equipment as well as anticipation of future events.

## Leased Assets

Leasehold lands are amortized over the period of lease, Buildings constructed on leasehold land are depreciated based on the useful life of 5 to 60 years, where the lease period of land is beyond the life of the building.



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 1.7 Investment Properties

Investment Property is property held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administration purposes.

### Transition to Ind AS

The company has opted to continue with the carrying value for all of its investment property as recognised in its Indian GAAP financial as deemed cost at the transition date, viz., April 01, 2015.

### Recognition and measurement

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

### Depreciation

Depreciation is provided over the estimated useful life of the investment property lives which may be different from the useful life prescribed in Schedule II to the Companies Act, 2013.

### De-recognition

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined by independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location & category of investment being valued.

## 1.8 Intangible Assets

### Transition to Ind AS

On transition to Ind AS the Company has opted to continue with the carrying value of all of intangible assets recognised as at April 01, 2015 measured as per previous GAAP and used that carrying value as deemed cost.

### Recognition and measurement

An Intangible Assets is recognised when it is probable that the

expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably. All other expenditure is expensed as incurred.

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The cost of a separately acquired intangible asset comprises of its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Goodwill acquired and/or arising upon business combinations initially recognized at cost and at subsequent period at cost less accumulated impairment loss, if any.

### Amortisation

The useful lives of intangible assets are assessed as either finite or indefinite. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

The estimated useful life of the finite intangible assets are given below:

Nature of Assets	Effective Useful Lives	Amortization method used
1. Intangible Assets acquired	6 years	Amortized on a Straight Line Basis over the useful life
2. Intangible Assets being right to use	18 years 4 months	Amortized on a Straight Line Basis over the useful life



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

An intangible asset is derecognised on disposal or when no future economic benefit is expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

## Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

## 1.9 LEASES

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

For arrangements entered into prior to April 01, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

## Where the Company is the lessee

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

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless such payments are structured to increase in line with expected general inflation to compensate for the lessor expected inflationary cost increase. Lease Incentive received are recognised as an integral part of the total lease expense over the lease term.

## Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 1.10 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.

### Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in below mentioned categories:

- Financial assets carried at amortised cost-debt
  - Financial assets at fair value through other comprehensive income –equity
  - Financial assets at fair value through other comprehensive income –debt
  - Financial assets at fair value through profit or loss
- (i) Financial assets carried at amortised cost-debt

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 dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- (ii) Financial assets at fair value through other comprehensive income –equity

The Company measures all its equity investments except for investment in associates at fair value. Where the Company's management has elected to present fair value gain and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividend income from such investments are recognised in the profit or loss as other income when the Company's right to receive payments is established.

- (iii) Financial assets at fair value through other comprehensive income –debt

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit & loss account. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit & loss account. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

- (iv) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

### Trade Receivable

A Receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For some trade receivables the Company may obtain security in the form of guarantee, security deposit or letter of credit which can be called upon if the counterparty is in default under the terms of the agreement. Subsequent recoveries of amounts previously written off are credited to other Income.

### De-recognition

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

### Impairment of 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



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

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 profit or loss.

## Financial liabilities

### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

### Subsequent Measurement.

The measurement of financial liabilities depends on their classification, as described below:

#### a) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

#### b) Trade and Other Payables.

A payable is classified as 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### c) Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

### De-recognition

A Financial Liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

### Embedded derivative

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

If the hybrid contract contains a host that is a financial asset within the scope Ind-AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind-AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss, unless designated as effective hedging instruments.

### Reclassification of Financial Assets and Financial Liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

## Offsetting of financial instruments

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

### 1.11 Impairment of Non-Financial Assets

Intangible assets, property, plant and equipment, investment in subsidiary, associate or joint venture measured at cost and other non-financial assets 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 the Cash Generating Unit (CGU) 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. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

### 1.12 Foreign Exchange Transactions/Translations

The Company's financial statements are presented in Indian Rupees which is the Company's functional currency.

## Transactions and balances

Foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies (except financial instruments designated as Hedge Instruments) are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- Monetary items that are designated as part of the cash flow hedge instrument are recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## Derivative Financial Instruments and Hedge Accounting

The Company uses derivative instruments i.e. Forward contracts to hedge its foreign currency risks. The Company designates these forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The Company has designated forward instruments on spot to spot basis. The Company recognises the forward points in the statement of profit and loss accounts.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement





# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.

## 1.13 EMPLOYEE BENEFITS

### a) Short Term Employee Benefit:

Short-term employee benefits obligation are measured on undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### b) Defined Contribution Plan:

The Company makes defined contribution to employees provident fund organisation, pension fund, superannuation fund and Employees state insurance (ESI), which are accounted on accrual basis as expenses in the statement of Profit and Loss in the period during which the related services are rendered by employees.

Prepaid contribution are recognised as an assets to the extent that a cash refund or reduction in future payments is available.

### c) Defined Benefit Plan:

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year.

Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

In the case of one location, the Company has set up a trust for Contributions to provident fund, a defined benefit plan, in which the Company contribute as specified under the law. The Company is liable for future provident fund benefits to the extent of its annual contribution and any shortfall in fund assets based on government specified minimum rates of return relating to current period service and recognises such contributions and shortfall, if any, as an expense in the year of recognition.

### d) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value and fair value of any related assets is deducted. The liability for other long term employee benefits are provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary. Re-measurements are recognised in profit or loss in the period in which they arise.

### e) Termination benefits

Termination benefits are recognized as an expense in the period in which they are incurred. The Company recognises a liability and expense for termination benefits at the earlier of the following dates:

- (a) When the entity can no longer withdraw the offer of those benefits; and
- (b) When the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

If the benefits are not expected to be settled wholly within twelve months of the reporting date, then they are discounted to present value.

## 1.14 Taxes on Income

### Current income tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act,



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

## Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse

in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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

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

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

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the statement of financial position when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

## 1.15 Provisions, Contingent Liabilities & Contingent Assets

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

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



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities are not recognised but are disclosed in notes.

Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

## 1.16 SEGMENT REPORTING

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with the profit or loss in the financial statements.

The Operating Segments have been identified on the basis of the nature of products/services.

- a) Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.
- b) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment results. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.
- c) Income which relates to the Company as a whole and not allocable to segments is included in unallocable income.
- d) Segment result includes margin on inter-segment sales which are reduced in arriving at the profit before tax of the Company.
- e) Segment assets & liabilities include those directly identifiable with the respective segments. Unallocable assets & liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

### Inter-Segment transfer pricing

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis and are on an arm's length basis in a manner similar to transactions with third parties.

These transfers are eliminated in consolidation.

## 1.17 Earning Per Share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

## 1.18 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

## 1.19 Borrowing Costs

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

## 1.20 Fair Value Measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability and the Company has access to the principal or the most advantageous market.

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

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

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

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

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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

For the purpose of fair value disclosures, the Company has determined classes of assets & liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

## 1.21 Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at

banks and on hand, short-term deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

For the purposes of the presentation of cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft as they being considered as integral part of the Company's cash management system.

## 1.22 Business Combination

In accordance with Ind AS 101 provisions related to first time adoption, the Company has opted to apply Ind AS accounting for business combinations prospectively from April 01, 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward (please refer note 47).

## 1.23 Non-Current assets held for sale

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale / distribution rather than through continuing use and the sale is considered highly probable. Management must be committed to the sale within one year from the date of classification.

The Company treats sale/distribution of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset(or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The assets or disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Action required to complete the plan indicated that it is unlikely that significant change to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/ for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

Property, plant and equipment and intangible assets once classified as held for sale / distribution to owners are not depreciated or amortized.

## 1.24 Investment in Associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The investment in associates are carried at cost less impairments. The cost comprises price paid to acquire investment and directly attributable cost.

## 1.25 Convertible Preference Shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity.

Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

## 2 Use of Critical Judgment, Estimates and Assumptions

The Preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

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

arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

### a. Property, Plant and Equipment & Intangible assets

Internal technical or user team assess the remaining useful life of the Property, Plant and Equipment & Intangible assets. Management believes that assigned useful lives are reasonable.

### b. Embedded Lease

In assessing the applicability to arrangement entered into by the Company, the management has exercised the judgment to evaluate the right to use the asset or assets on substance of the transaction including legally enforced arrangement and other significant terms of the contract to conclude whether the arrangement meets the criteria under Appendix C of the Ind AS 17.

### c. Impairment of non-financial assets

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

### d. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making assumption and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward estimate at the end of each reporting period.

### e. Investment in associates

As per Ind – AS 28 an entity is considered as an associate when the investing Company has significant influence over the entity. The existence of significant influence by an investor is determined based on factors such as, representation on the board of directors or equivalent governing body of investee, participation in policy-making processes, including participation in decisions about dividends or other distributions, material transactions between the entity and its investee, interchange of managerial personnel or provision of essential technical informations. The Company holds 17.78% (which is less than 20 %) of the equity shares of Bhilwara



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

Energy Limited(BEL).As the amount invested in BEL is significant, the board of directors regularly reviews the progress of the BEL and suggestion/comments/concerns of the board of Company are conveyed to the board of directors of BEL by common directors. In order to monitor the progress of BEL, the board of directors has decided to nominate at least one director on the board of BEL. In Light of above, the board of directors have concluded that, the Company has a significant influence on BEL.

## **f. Assets Held for sale**

Management Judgment is required for identifying the assets which are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable which could lead to significant judgment. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

## **g. Income taxes**

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the

amounts reported in the financial statements.

## **h. Contingencies**

Management judgment is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

## **i. Defined Benefit Plans.**

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in future. These Includes the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

## **j. Insurance claims**

Insurance claims are recognized when the Company has reasonable certainty of recovery. Subsequently any change in recoverability is provided for.



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 3a Property, Plant & Equipment

Particulars	Note No.	Land- Freehold	Land- Leasehold	Buildings (including roads)***	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Electric Fitting, Water Supply & Installations	Total
<b>Gross carrying value</b>										
<b>As at April 01, 2015</b>		<b>4,265.24</b>	<b>264.13</b>	<b>28,246.52</b>	<b>62,209.95</b>	<b>2,022.20</b>	<b>979.37</b>	<b>696.40</b>	<b>4,059.35</b>	<b>102,743.16</b>
Additions		3.70	-	6,138.43	14,312.72	321.69	260.14	268.54	1,088.46	22,393.68
Disposals / Deductions*		-	-	(17.07)	(126.25)	(3.48)	(71.11)	(12.32)	(0.05)	(230.28)
Reclassification to assets as held for Sale as part of Disposal		-	-	-	(73.68)	-	-	-	-	(73.68)
<b>Balance at March 31, 2016</b>		<b>4,268.94</b>	<b>264.13</b>	<b>34,367.88</b>	<b>76,322.74</b>	<b>2,340.41</b>	<b>1,168.40</b>	<b>952.62</b>	<b>5,147.76</b>	<b>124,832.88</b>
<b>Balance at April 01, 2016</b>		<b>4,268.94</b>	<b>264.13</b>	<b>34,367.88</b>	<b>76,322.74</b>	<b>2,340.41</b>	<b>1,168.40</b>	<b>952.62</b>	<b>5,147.76</b>	<b>124,832.88</b>
Additions		14.55	-	5,000.94	12,405.00	625.49	469.58	126.32	455.45	19,097.33
Disposals / Deductions*		-	-	(1.47)	(291.98)	(4.86)	(161.81)	(14.50)	(4.94)	(479.56)
Reclassification to assets as held for Sale as part of Disposal		-	-	-	(73.72)	-	-	-	-	(73.72)
<b>Balance at March 31, 2017</b>		<b>4,283.49</b>	<b>264.13</b>	<b>39,367.35</b>	<b>88,362.04</b>	<b>2,961.04</b>	<b>1,476.17</b>	<b>1,064.44</b>	<b>5,598.27</b>	<b>143,376.93</b>
<b>Accumulated Depreciation &amp; Impairment Losses</b>										
Depreciation for the year		-	2.34	1,265.45	10,921.09	371.95	173.88	187.31	887.03	13,809.05
Disposals / Deductions**		-	-	(3.36)	(12.72)	(0.29)	(8.10)	(3.38)	-	(27.85)
Reclassification to assets as held for Sale as part of Disposal		-	-	-	(22.08)	-	-	-	-	(22.08)
Impairment Loss	44	-	-	740.76	323.15	-	-	-	84.55	1,148.46
<b>Balance at March 31, 2016</b>		<b>-</b>	<b>2.34</b>	<b>2,002.85</b>	<b>11,209.44</b>	<b>371.66</b>	<b>165.78</b>	<b>183.93</b>	<b>971.58</b>	<b>14,907.58</b>
<b>Balance at April 01, 2016</b>		<b>-</b>	<b>2.34</b>	<b>2,002.85</b>	<b>11,209.44</b>	<b>371.66</b>	<b>165.78</b>	<b>183.93</b>	<b>971.58</b>	<b>14,907.58</b>
Depreciation for the year		-	2.31	1,349.16	10,233.04	368.94	179.95	258.33	828.70	13,220.43
Disposals / Deductions**		-	-	(0.18)	(46.56)	(0.64)	(25.83)	(4.25)	(0.30)	(77.76)
Reclassification to assets as held for Sale as part of Disposal		-	-	-	(11.36)	-	-	-	-	(11.36)
<b>Balance at March 31, 2017</b>		<b>-</b>	<b>4.65</b>	<b>3,351.83</b>	<b>21,384.56</b>	<b>739.96</b>	<b>319.90</b>	<b>438.01</b>	<b>1,799.98</b>	<b>28,038.89</b>
<b>Net carrying value</b>										
<b>Balance at April 01, 2015</b>		<b>4,265.24</b>	<b>264.13</b>	<b>28,246.52</b>	<b>62,209.95</b>	<b>2,022.20</b>	<b>979.37</b>	<b>696.40</b>	<b>4,059.35</b>	<b>102,743.16</b>
<b>Balance at March 31, 2016</b>		<b>4,268.94</b>	<b>261.79</b>	<b>32,365.03</b>	<b>65,113.30</b>	<b>1,968.75</b>	<b>1,002.62</b>	<b>768.69</b>	<b>4,176.18</b>	<b>109,925.30</b>
<b>Balance at March 31, 2017</b>		<b>4,283.49</b>	<b>259.48</b>	<b>36,045.52</b>	<b>66,977.48</b>	<b>2,221.08</b>	<b>1,156.27</b>	<b>626.43</b>	<b>3,798.29</b>	<b>115,338.04</b>

Notes:

- \* Deduction / Disposal from Gross Block represents Sale/Transfer/Discarding of Fixed Assets/ Lease hold rights written off.
- \*\* Deduction / Disposal in depreciation ₹77.76 Lakhs (previous Year ₹27.85 Lakhs )represents adjustment on account of Sale/Transfer/Discarding of fixed assets.
- \*\*\* Roads and Buildings includes value of Irrevocable Licencing right to use of a flat in New Delhi ₹10.00 Lakhs.
- Depreciation for the year 2016-17 includes ₹84.73 Lakhs (Previous Year ₹114.83 Lakhs) against amortisation of government capital grants.
- On transition date, the Company has opted to continue with carrying value of all of its property, plant and equipment as deemed cost and net carrying value under previous GAAP as on March 31, 2015 is recognised as gross carrying amount in Ind AS as on 01-04-2015
- Assets pledged as security refer Note No. 14





# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 3b Capital Work in Progress

₹ in Lakhs

Particulars	Note No.	Building Under construction	Plant & Machinery under Erection/ commissioning	Pre Operative expenses	TOTAL
<b>As at April 01, 2015</b>		<b>3,159.77</b>	<b>8,897.91</b>	<b>567.53</b>	<b>12,625.21</b>
Additions		3,733.64	5,756.00	355.55	9,845.19
Less: Amount capitalized in Property, Plant & Equipment		5,729.28	12,720.66	881.29	19,331.23
<b>Balance at March 31, 2016</b>		<b>1,164.13</b>	<b>1,933.25</b>	<b>41.79</b>	<b>3,139.17</b>
<b>Balance at April 01, 2016</b>		<b>1,164.13</b>	<b>1,933.25</b>	<b>41.79</b>	<b>3,139.17</b>
Additions		1,625.31	3,487.11	140.56	5,252.98
Less: Amount capitalized in Property, Plant & Equipment		2,259.15	4,511.39	134.18	6,904.72
<b>Balance at March 31, 2017</b>		<b>530.29</b>	<b>908.97</b>	<b>48.17</b>	<b>1,487.43</b>

### Detail of pre-operative Expenses are given below:

₹ in Lakhs

Particulars	2016-17	2015-16
<b>(A) Opening Balance</b>	<b>41.79</b>	<b>567.53</b>
<b>(B) Addition:</b>		
Salaries & Wages	15.96	136.46
Professional & Consultancy Charges	39.99	-
Borrowing Cost	76.23	215.74
Other Expenses	8.38	3.35
<b>Total of B</b>	<b>140.56</b>	<b>355.55</b>
<b>(C) Deduction:</b>		
Plant & Equipment	105.59	538.73
Building	28.59	292.17
Electrical Installation	-	50.39
<b>Total of C</b>	<b>134.18</b>	<b>881.29</b>
<b>Total (A+B-C)</b>	<b>48.17</b>	<b>41.79</b>

On transition date, The Company has opted to continue with carrying value of all of its capital work in progress as deemed cost and carrying value under previous GAAP as on March 31, 2015 is recognised as Gross carrying amount in Ind AS as on 01-04-2015.

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 3c Investment Property

₹ in Lakhs

Particulars	Note No.	Investment Property
<b>As at April 01, 2015</b>	<b>47</b>	<b>612.03</b>
Additions		-
Disposals / Deductions		-
<b>Balance at March 31, 2016</b>		<b>612.03</b>
Balance at April 01, 2016		612.03
Additions		353.98
Disposals / Written Off / Deductions		6.61
<b>Balance at March 31, 2017</b>		<b>959.40</b>
Accumulated Depreciation		
Depreciation for the year		7.31
Disposals / Written Off / Deductions		-
<b>Balance at March 31, 2016</b>		<b>7.31</b>
<b>Balance at April 01, 2016</b>		
Depreciation for the year		7.51
Disposals / Written Off / Deductions		-
<b>Balance at March 31, 2017</b>		<b>14.82</b>
<b>Net Book Value</b>		
<b>Balance at April 01, 2015</b>		<b>612.03</b>
<b>Balance at March 31, 2016</b>		<b>604.72</b>
<b>Balance at March 31, 2017</b>		<b>944.58</b>

On transition date, The company has opted to continue with carrying value of Investment Property as deemed cost and Net carrying value under previous GAAP as on March 31, 2015 is recognised as Gross carrying amount in Ind AS as on 01-04-2015

₹ in Lakhs

FAIR VALUE	Amount
At April 01, 2015	10,412.39
At March 31, 2016	10,991.98
At March 31, 2017	11,786.76

### 3c (i) Measurement of Fair Value

The fair value of the investment property has been determined by external, independent property valuer, having appropriate qualifications and recent experience in the valuation of properties in the relevant locations and category of the property being valued. The fair value was determined [based on the market comparable approach that reflects recent transaction prices for similar properties]. The Fair value measurement is categorised in Level 3 fair value based on the inputs to the valuation technique used. (Refer Note No. 1.20 for definition of Level 3 fair value measurement.)

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The Investment properties consist of commercial properties in India. The Management has determined that the Investment properties as commercial properties based on the nature of usage.

There has been no change to the valuation technique during the year.



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 3c (ii) Information regarding Income and Expenditure of Investment Property

₹ in Lakhs

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
Lease Rental Recognized during the year	35	344.77	274.30
Direct Expenses		25.79	-
Profit arising from investment properties before Depreciation & Indirect Expenses		318.98	274.30
Depreciation for the year		7.51	7.31
(Profit) / Loss on Disposal		6.61	-
<b>Profit arising from investment properties after Depreciation &amp; Direct Expenses</b>		<b>304.86</b>	<b>266.99</b>

## 3d Goodwill

₹ in Lakhs

Particulars	Note No.	Goodwill
<b>Gross Carrying Value</b>		
<b>As at April 01, 2015</b>		<b>37.79</b>
Additions		-
Disposals / Deductions		-
<b>Balance at March 31, 2016</b>		<b>37.79</b>
<b>Balance at April 01, 2016</b>		<b>37.79</b>
Additions		-
Disposal / Deductions		-
<b>Balance at March 31, 2017</b>		<b>37.79</b>
<b>Accumulated Impairment Losses</b>		
Disposals / Deductions		-
Impairment Loss for the year	44	37.79
<b>Balance at March 31, 2016</b>		<b>37.79</b>
<b>Balance at April 01, 2016</b>		<b>37.79</b>
Disposals / Deductions		-
Impairment Loss for the year		-
<b>Balance at March 31, 2017</b>		<b>37.79</b>
<b>Net Carrying Value</b>		
Balance at April 01, 2015		37.79
Balance at March 31, 2016		-
Balance at March 31, 2017		-

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 3e Other intangible assets

₹ in Lakhs

Gross Carrying Value	Note No.	Computer Software
<b>As at April 01, 2015</b>		<b>80.93</b>
Additions		41.79
Disposals / Deductions		2.92
Balance at March 31, 2016		119.80
<b>Balance at April 01, 2016</b>		<b>119.80</b>
Additions		1,241.06
Disposals / Deductions		0.82
<b>Balance at March 31, 2017</b>		<b>1,360.04</b>
<b>Accumulated Amortization and Impairment Losses</b>		
<b>As at April 01, 2015</b>		
Amortization for the year		39.28
Disposals / Deductions		2.92
<b>Balance at March 31, 2016</b>		<b>36.36</b>
<b>Balance at April 01, 2016</b>		<b>36.36</b>
Amortization for the year		73.32
Disposals / Deductions		0.82
<b>Balance at March 31, 2017</b>		<b>108.86</b>
<b>Net Carrying Value</b>		
Balance at April 01, 2015		80.93
Balance at March 31, 2016		83.44
Balance at March 31, 2017		1,251.18

On transition date, The Company has opted to continue with carrying value of all of its Intangible asset as deemed cost and Net carrying value under previous GAAP as on March 31, 2015 is recognised as Gross carrying amount in Ind AS as on 01-04-2015

## 3f Intangible Assets under Development

₹ in Lakhs

Particulars	Note No.	ERP SOFTWARE
<b>As at April 01, 2015</b>		-
Additions		516.46
Less: Amount capitalized in Intangible Assets		-
<b>Balance at March 31, 2016</b>		<b>516.46</b>
<b>Balance at April 01, 2016</b>		<b>516.46</b>
Additions		427.14
Less: Amount capitalized in Intangible Assets		943.60
<b>Balance at March 31, 2017</b>		-
<b>Net Carrying Value</b>		
Balance at April 01, 2015		-
Balance at March 31, 2016		516.46
Balance at March 31, 2017		-

On transition date, The Company has opted to continue with carrying value of all of its Intangible asset under development as deemed cost and net carrying value under previous GAAP as on March 31, 2015 is recognised as Gross carrying amount in Ind AS as on 01-04-2015

For Security clause refer Note No. 14.

## 3g Assets Classified As Held for Sale

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Property, Plant & Equipment held for Sale	64.33	50.68	280.00

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 4 Investments (Non-Current)

₹ in Lakhs

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
<b>Investment in Equity Instruments (Fully Paid up)</b>						
<b>(i) Quoted Equity Shares (At fair value through OCI)</b>						
Equity shares of ₹10/- each (unless stated otherwise)						
BSL Limited	31396	23.06	31396	20.85	31396	9.42
HEG Limited	978000	2,179.47	978000	1,361.37	978000	2,130.06
State Bank of Bikaner & Jaipur	8600	66.38	8600	43.18	8600	50.96
Punjab National Bank (of ₹2 /- each)	4715	7.11	4715	3.99	4715	6.81
Whirlpool (India) Ltd. (of ₹1 /- each)	372	4.55	372	2.61	372	2.74
Vardhaman Hold. Ltd	30	0.85	30	0.27	30	0.23
Tata Construction & Project Ltd	150	0.02	150	0.02	150	0.02
Graphite (India) Ltd. (of ₹2 /- each)	775	0.87	775	0.55	775	0.65
Vardhman Textiles Ltd	180	2.37	180	1.39	180	0.97
Vardhman Special Steel Ltd	36	0.05	36	0.02	36	0.01
Empee Sugar & Chemical Ltd	15000	0.89		-		-
<b>Total</b>		<b>2,285.62</b>		<b>1,434.25</b>		<b>2,201.87</b>
<b>(ii) Un - Quoted Equity Shares (At Cost)</b>						
Investment in Associate						
Equity shares of ₹10/- each (unless stated otherwise)						
Bhilwara Energy Limited	29463559	5,514.88	29463559	5,514.88	29463559	5,514.88
LNJ Power Ventures Limited	260000	26.00	260000	26.00	260000	26.00
<b>Total</b>		<b>5,540.88</b>		<b>5,540.88</b>		<b>5,540.88</b>
<b>Investment in Debentures (At Fair Value through Profit &amp; Loss)</b>						
<b>Un-Quoted Debentures</b>						
<b>Investment in Associate</b>						
LNJ Power Ventures Limited						
13.54% Compulsorily Convertible Debentures of ₹100000/- each, fully paid up @	3200	3,200.00	3200	3,200.00	3200	3,200.00
		<b>3,200.00</b>		<b>3,200.00</b>		<b>3,200.00</b>
<b>TOTAL</b>		<b>11,026.50</b>		<b>10,175.13</b>		<b>10,942.75</b>
<b>Market value of quoted investments</b>		<b>2,285.62</b>		<b>1,434.25</b>		<b>2,201.87</b>
<b>Carrying value of unquoted investments</b>		<b>8,740.88</b>		<b>8,740.88</b>		<b>8,740.88</b>
<b>Aggregate amount of impairment in value of investments</b>		<b>-</b>		<b>-</b>		<b>-</b>

'@ the Compulsorily Convertible Debentures are to be compulsorily converted into equity shares, based on the fair market valuation to be done by an independent agency at the end of 20th year from March 21, 2013. However, subject to the consent of the lenders of the LNJ Power Venture Limited and with a prior notice of 6 months, the Company has the right to put option (i) @ 25% each from 15th to 18th year or (ii) 100% at any date after the 16th year. Similarly, subject to consent of senior lenders, promoters of LNJ Power Venture Limited also has the right to exercise call option at any time.

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 5 Loans

₹ in Lakhs

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Considered Good (unless other wise stated)</b>						
<b>Unsecured</b>						
Security Deposits	149.33	192.62	225.91	3.11	9.11	14.61
<b>A</b>	<b>149.33</b>	<b>192.62</b>	<b>225.91</b>	<b>3.11</b>	<b>9.11</b>	<b>14.61</b>
<b>Unsecured</b>						
Loans & Advance to Staff	17.76	62.36	50.90	244.53	288.94	232.00
<b>B</b>	<b>17.76</b>	<b>62.36</b>	<b>50.90</b>	<b>244.53</b>	<b>288.94</b>	<b>232.00</b>
<b>TOTAL (A+B)</b>	<b>167.09</b>	<b>254.98</b>	<b>276.81</b>	<b>247.64</b>	<b>298.05</b>	<b>246.61</b>

## 6 Trade Receivables

₹ in Lakhs

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured, Considered Good				37,981.19	37,079.60	35,456.72
Doubtful				229.31	97.00	1,260.35
Less: Allowance for Bad and Doubtful Debts				(229.31)	(97.00)	(1,260.35)
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,981.19</b>	<b>37,079.60</b>	<b>35,456.72</b>

Of the above, trade receivables from related parties are given below:

₹ in Lakhs

Particulars	Note No.	Current		
		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured, considered good	39	499.31	43.35	18.63

## Transfer of Financial Assets

During the year, the Company discounted trade receivable with an aggregate carrying amount of ₹12,233.61 Lakhs (for March 31, 2016 ₹14,113.44 Lakhs, as at April 01, 2015 ₹15,760.75 Lakhs), to the banks. If the trade receivables are not paid at maturity, the banks have right to recourse the Company to pay the unsettled balance. As the Company has not transferred significant risk and rewards relating to these trade receivables, it continues to recognise the full carrying amount of the receivables and has recognised amount received on the transfer as a secured borrowing. Refer Note No. 15

# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 7 Cash and Cash Equivalents

₹ in Lakhs

Particulars	Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Cash and Cash Equivalents</b>			
Balance with banks			
On Current Accounts	143.49	165.17	177.16
Cheque, Draft on Hand	94.58	48.35	17.28
Cash on hand	43.58	63.55	67.58
<b>Total</b>	<b>281.65</b>	<b>277.07</b>	<b>262.02</b>
<b>Bank Balance other than Cash and Cash Equivalents</b>			
Fixed deposits	21.71	17.76	19.49
Balance with banks			
Unpaid Dividend and Redemption warrant*	492.26	100.44	78.23
Balance with Bank held as Margin Money **	0.16	1.03	97.08
<b>Total</b>	<b>514.13</b>	<b>119.23</b>	<b>194.80</b>

\* Earmarked against the corresponding provision. Refer note no. 17

\*\* Margin Money Against Bill Discounting

## 8 Other Financial Assets

₹ in Lakhs

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Considered Good (unless otherwise stated)</b>						
Claims and other receivables				16.01	24.98	26.78
Bank Balance more than 12 Month Maturity	0.18	1.68	0.18			
Forward cover receivable				404.27	213.74	214.23
Earnest Money Deposit				102.39	142.10	112.97
Interest Receivable				347.61	385.98	152.10
Security Deposits	41.43	12.45	272.37			
Other Receivable*						
- Related Party (refer note no. 39)				1,303.55	1,093.79	963.62
- Unrelated Party				156.53	86.46	242.44
<b>TOTAL</b>	<b>41.61</b>	<b>14.13</b>	<b>272.55</b>	<b>2,330.36</b>	<b>1,947.05</b>	<b>1,712.14</b>

\* Other receivables include debenture interest, and rent receivable.

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 9 Inventories

₹ in Lakhs

Particulars	Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Raw materials :</b>			
(a) In Godown	26,137.91	20,027.60	18,451.88
(b) In Transit	459.77	441.10	157.94
	<b>26,597.68</b>	<b>20,468.70</b>	<b>18,609.82</b>
Work-in-progress	10,488.77	8,544.48	7,910.71
Finished Goods	14,335.56	10,877.14	10,603.27
Traded Goods	377.16	176.82	297.72
<b>Stores and spares :</b>			
(a) In Godown	1,954.35	2,238.39	2,199.56
(b) In Transit	134.41	153.88	2.98
	<b>2,088.76</b>	<b>2,392.27</b>	<b>2,202.54</b>
Loose tools	86.63	92.38	94.92
Others-Waste	147.41	114.38	130.69
	<b>54,121.97</b>	<b>42,666.17</b>	<b>39,849.67</b>

(i) For basis of valuation of Inventories refer Note No. 1.5

(ii) Above amount includes loss ₹527.81 Lakhs for the year ended March 31, 2017 (₹422.59 Lakhs for the year ended March 31, 2016) in respect of write down of inventory to net realisable value.

(iii) For inventories secured against borrowings, see Note No. 14 & Note No. 15

(iv) The cost of Inventories recognised as expense amount to ₹1,69,408.58 Lakhs during the year ended March 31, 2017 (₹1,62,115.22 Lakhs for the year ended March 31, 2016)

## 10 Current Tax Assets (Net)

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Tax Assets {Net of Provision for Income Tax of ₹10,332.67 Lakhs (Previous Year ₹9,928.83 Lakhs)}	1,272.47	1,146.36	846.27
<b>TOTAL</b>	<b>1,272.47</b>	<b>1,146.36</b>	<b>846.27</b>

# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 11 Other Assets

₹ in Lakhs

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Considered Good (unless otherwise stated)</b>						
Capital Advances	747.65	2,038.23	2,108.80			
Security Deposits	840.93	633.67	540.24			
Advances to Vendors*				3,072.14	1,813.45	3,113.82
Advances to Employees				21.61	38.59	24.75
Claims, Incentives & Other Receivables from Govt. Authorities	46.81	78.06	432.92	6,768.73	8,079.59	8,964.37
Prepaid expenses				469.56	278.86	232.17
Advances to Others						
Considered Good	0.94	0.33	0.94			
Doubtful	0.45	17.22	-			
Less: Allowances for Doubtful Advances	(0.45)	(17.22)	-	-	-	-
<b>TOTAL</b>	<b>1,636.33</b>	<b>2,750.29</b>	<b>3,082.90</b>	<b>10,332.04</b>	<b>10,210.49</b>	<b>12,335.11</b>

\* includes advance to vendors related party ₹174.27 Lakhs for 2016-17 (₹32.60 Lakhs for 2015-16)

## 12 Equity Share Capital

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Authorised</b>	6,000.00	6,000.00	6,000.00
60,000,000 (previous year : 60,000,000) Equity shares of ₹10 each			
<b>Issued, subscribed and fully paid up</b>	2,355.08	2,314.87	2,314.87
23,550,842 (previous year : 23,148,689) Equity Shares of ₹10 each	<b>2,355.08</b>	<b>2,314.87</b>	<b>2,314.87</b>

### Notes:

#### (i) Reconciliation of number of shares outstanding at the beginning and end of the year

₹ in Lakhs

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Opening	23,148,689.00	2,314.87	23,148,689.00	2,314.87	23,148,689.00	2,314.87
Issued During the Year (refer note no. 14,III(d))	402,153.00	40.21				
<b>Closing Balance</b>	<b>23,550,842.00</b>	<b>2,355.08</b>	<b>23,148,689.00</b>	<b>2,314.87</b>	<b>23,148,689.00</b>	<b>2,314.87</b>

#### (ii) Terms and right attached with equity shares

The company has only one class of equity shares, having a par value of ₹10 each. Each holder of the equity share is entitled to one vote per share. There is no restrictions attached to any equity shares. The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. The repayment of equity share capital in the event of liquidation and buy back of shares is possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## (iii) Shares in the Company held by each shareholder holding more than 5% are as under

₹ in Lakhs

Name	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of Shares	% of shares held	No. of Shares	% of shares held	No. of Shares	% of shares held
Microbase Limited	3,650,970	15.50	3,650,970	15.77	3,650,970	15.77
LNJ Financial Services Limited	1,850,462	7.86	1,767,394	7.63	1,767,394	7.63
IDFC Premier Equity Fund	1,560,000	6.62	1,560,000	6.74	1,572,769	6.79
Purvi Vanijya Niyojan Limited	1,218,431	5.17	1,218,431	5.26	1,218,431	5.26
	<b>8,279,863</b>	<b>35.15</b>	<b>8,196,795</b>	<b>35.40</b>	<b>8,209,564</b>	<b>35.45</b>

## (iv) The Company does not have any holding / ultimate holding company

## 13 Other Equity

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>a. Capital Reserve</b>		
Balance at the beginning of the Financial year	700.97	700.97
Addition during the Financial year	0.51	
Deduction during the Financial year		
<b>Balance at the end of the Financial year</b>	<b>701.48</b>	<b>700.97</b>

Balance of Capital Reserve consist of forfeiture of Warrants, cancellation of Investment in BMD Pvt Ltd. on demerger and share in demerged company issued to shareholders of RSWM as per order of the Court and reserve created on account of merger/amalgamation of Mordi Textile Processors Limited (MTPL). The Balance will be utilised for issue of fully paid bonus shares and as per provision of the Companies Act, 2013.

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>b. Securities Premium Reserve</b>		
Balance at the beginning of the Financial year	8,995.23	8,995.23
Addition during the year (refer note no. 14,III(d))	623.33	
<b>Balance at the end of the Financial year</b>	<b>9,618.56</b>	<b>8,995.23</b>

Balance of Security premium reserve consist of premium on issue of share over its face value. The balance will be utilised for issue of fully paid bonus shares , buy-back of its own share as per provision of the Companies Act, 2013.

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>c. Preference Share Capital Redemption Reserve</b>		
Balance at the beginning of the Financial year	5,700.00	5,700.00
Addition during the year (refer note no. 14,III(e))	360.85	
<b>Balance at the end of the Financial year</b>	<b>6,060.85</b>	<b>5,700.00</b>

Preference Share Capital Redemption Reserve represents the statutory reserves created when the capital is redeemed and the same will be utilised for issue of bonus share as per provision of the Companies Act, 2013.



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 13 Other Equity (contd..)

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>d. Hedging Reserve</b>		
Balance at the beginning of the Financial year	76.45	65.03
Change in fair value (net off tax)	171.25	11.42
<b>Balance at the end of the Financial year</b>	<b>247.70</b>	<b>76.45</b>

The Cash Flow Hedging Reserve represents the cumulative effective portion of gain / (losses) arising on changes in fair value of designated portion of hedging instruments entered into for Cash Flow Hedge reserve. The cumulative gain/ (losses) arising on changes in fair value of designated portion of the hedging instruments that are recognised and accumulated under the heading of Cash Flow Hedge Reserve will be reclassified to the Profit and Loss only when the hedge transaction affects the Profit and Loss account.

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>e. General Reserve</b>		
Balance at the beginning of the Financial year	4,910.28	4,910.28
Add: amount transferred from revaluation reserve		
Add: Transferred during the Financial year		
<b>Balance at the end of the Financial year</b>	<b>4,910.28</b>	<b>4,910.28</b>

Free reserve to be utilised as per provisions of The Companies Act, 2013.

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>f. Fair Value Change in Equity Instruments Through Other Comprehensive Income (OCI)</b>		
Balance at the beginning of the Financial year	1,380.35	2,147.97
Addition during the Financial year	850.32	
Deduction during the Financial year		(767.62)
<b>Balance at the end of the Financial year</b>	<b>2,230.67</b>	<b>1,380.35</b>

This reserve represents the cumulative gain/ (losses) arising on fair valuation of equity instrument and the amount will be reclassified to retained earning at the time of disposal of equity shares.

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>g. Retained Earnings</b>		
Balance at the beginning of the Financial year	31,126.71	23,356.29
Addition during the Financial year	10,097.39	10,694.78
Add/ (Less):		
Remeasurements of the defined benefit plans through OCI (refer note no. 32)	(175.87)	(146.65)
Dividend paid including Dividend Distribution Tax (DDT)	(3,492.70)	(2,777.71)
Transfer to Preference Share Redemption Reserve	(360.85)	
<b>Balance at the end of the Financial year</b>	<b>37,194.68</b>	<b>31,126.71</b>

Balance consists of Surplus retained from earned profit after payment of dividend.

Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods."

<b>TOTAL</b>	<b>60964.22</b>	<b>52889.99</b>
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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 13 Other Equity (contd..)

### Detail of Dividend Proposed and Paid

#### Dividend paid

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Dividend Paid ₹12.50/- per share (March 31, 2016 ₹10.00/-)	2,893.88	2,314.87
Dividend Distribution Tax on Dividend to equity shares	598.82	462.84
Preference Share Dividend	103.16	-
Dividend Distribution Tax on Dividend to preference shares	21.00	-
<b>Total</b>	<b>3,616.86</b>	<b>2,777.71</b>

#### Proposed Dividend

After the reporting date, the Board of Directors of the Company has recommended a dividend @ 125% to Equity Shareholders i.e. ₹12.50 per Equity share amounting to ₹2943.86 Lakhs excluding applicable taxes for the year 2016-17. The dividend proposed by the Directors are subject to approval at the annual general meeting. The dividend has not been recognised as liability.

The Board of Directors of the Company has recommended a Preference dividend @ 12% per annum on pro-rata basis for the period from April 01, 2016 to November 10, 2016 i.e. @ ₹0.55 per Optionally Convertible Redeemable Preference Share (OCRPS) amounting to ₹48.70 Lakhs on 88,54,111 OCRPS, which had been opted for conversion into equity share and also on 48,11,324 OCRPS for the period from April 01, 2016 to February 28, 2017 on prorata basis @ ₹0.82 per OCRPS amounting to ₹39.45 Lakhs, which had been redeemed on February 28, 2017. The total preference dividend on preference shares thus aggregates to ₹88.15 Lakhs excluding applicable taxes for the year 2016-17. Since the preference share have been classified as "Financial Liabilities", the amount of preference dividend including DDT has been shown as a part of finance cost.

## 14 Borrowings

₹ in Lakhs

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Secured</b>						
<b>Term Loans :</b>						
from Banks	41,248.69	39,548.06	50,368.33	16041.68	13909.42	12589.1
from Financial Institutions	8,444.89	15,820.00	16,549.48	8681.29	6979.35	5211.2
	<b>49,693.58</b>	<b>55,368.06</b>	<b>66,917.81</b>	<b>24,722.97</b>	<b>20888.77</b>	<b>17800.3</b>
<b>Liability Component of Compound Financial Instruments</b>						
(previous year : 13,665,435) 12% Optionally Convertible Redeemable Preference Shares of ₹7.50 each	-	1,024.91	-			
Preference Shares to be allotted	-	-	1,024.91			
	<b>-</b>	<b>1,024.91</b>	<b>1,024.91</b>			
Less: Current Maturity of Long term Debt (refer note no. 17)				(24,366.07)	(20,601.84)	(17,500.54)
Less: Interest Accrued but not due on borrowings (refer note no. 17)				(356.90)	(286.93)	(299.76)
<b>TOTAL</b>	<b>49,693.58</b>	<b>56,392.97</b>	<b>67,942.72</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 14 Borrowings (contd..)

### (i) Term loans from banks & Financial Institutions

#### Current Year Figures

- I Term loans secured by way of first pari passu charge on the entire immovable properties and movable fixed assets of the Company, present & future and pari passu second charge on the entire current assets of the Company, present & future.

Conditions of Term Loans are summarised below:

#### (A) Floating Rate - Carrying floating interest rate of 1Y MCLR to 1Y MCLR + 2% as on March 31, 2017

₹ in Lakhs

Date of Maturity	Outstanding March 31, 2017			Instalments due after March 31, 2017
	Total Outstanding	Long-term maturity	Current maturity	
<b>(a) From Banks:</b>				
20-Sep-2017	2936.00	0.00	2936.00	2
25-Feb-2018	4560.00	0.00	4560.00	4
20-Jun-2018	2661.13	978.67	1682.45	5
25-Feb-2019	660.00	380.00	280.00	8
20-Feb-2020	780.00	640.00	140.00	12
20-Aug-2020	11790.00	9290.00	2500.00	14
20-Feb-2021	4600.00	3900.00	700.00	16
30-Jan-2023	1000.00	1000.00		20
25-Apr-2024	5529.00	5529.00		24
<b>Sub Total</b>	<b>34516.13</b>	<b>21717.67</b>	<b>12798.45</b>	

#### (B) Floating Rate - Carrying floating interest rate of 6M MCLR as on March 31, 2017

₹ in Lakhs

Date of Maturity	Outstanding March 31, 2017			Instalments due after March 31, 2017
	Total Outstanding	Long-term maturity	Current maturity	
<b>(a) From Banks:</b>				
25-Apr-2024	2500.00	2500.00		16

#### (C) Floating Rate - Carrying floating interest rate of Base Rate to Base Rate+0.75%

₹ in Lakhs

Date of Maturity	Outstanding March 31, 2017			Instalments due after March 31, 2017
	Total Outstanding	Long-term maturity	Current maturity	
<b>(a) From Banks:</b>				
20-Sep-2017	275.00	0.00	275.00	2
20-Jun-2018	1246.24	487.12	759.12	5
25-Feb-2019	619.00	357.00	262.00	8
20-Mar-2020	4215.00	3215.00	1000.00	12
20-Aug-2020	2634.00	2094.00	540.00	14
31-Mar-2023	2850.00	2733.00	117.00	20
30-Jun-2023	3234.00	3144.00	90.00	20
<b>Sub Total</b>	<b>15073.24</b>	<b>12030.12</b>	<b>3043.12</b>	
<b>(b) From Financial Institutions:</b>				
20-Sep-2017	275.00	0.00	275.00	2
20-Feb-2018	4436.00	0.00	4436.00	4
1-Jun-2020	3850.00	3575.00	275.00	12
1-Apr-2021	5430.00	4870.00	560.00	16
<b>Sub Total</b>	<b>13991.00</b>	<b>8445.00</b>	<b>5546.00</b>	

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 14 Borrowings (contd..)

### (D) Floating Rate - Carrying floating interest rate of PLR - 3.25% to PLR -4% as on March 31, 2017.

₹ in Lakhs

Date of Maturity	Outstanding March 31, 2017			Instalments due after March 31, 2017
	Total Outstanding	Long-term maturity	Current maturity	
<b>(a) From Financial Institutions:</b>				
20-Sep-2017	2979.00	0.00	2979.00	2
<b>Total (A to D)</b>	<b>69059.37</b>	<b>44692.79</b>	<b>24366.57</b>	

### II Term loans secured by way of subservient charge on entire current assets and movable fixed assets of the Company (Both present and future)

Conditions of Term Loans are summarised below:

#### (A) Floating Rate - Carrying floating interest rate of 6M MCLR as on March 31, 2017

₹ in Lakhs

Date of Maturity	Outstanding March 31, 2017			Instalments due after March 31, 2017
	Total Outstanding	Long-term maturity	Current maturity	
<b>(a) From Banks:</b>				
1-Mar-2020	5000.00	5000.00	0.00	24
<b>Total A</b>	<b>5000.00</b>	<b>5000.00</b>	<b>0.00</b>	
<b>Total I + II</b>	<b>74059.37</b>	<b>49692.79</b>	<b>24366.57</b>	

### Previous Year Figures

- I Term loans secured by way of first pari passu charge on the entire immovable properties and movable fixed assets of the Company, present & future and pari passu second charge on the entire current assets of the Company, present & future.

Conditions of Term Loans are summarised below:

#### (A) Floating Rate - Carrying floating interest rate of Base Rate to Base Rate+0.75% as on March 31, 2016

₹ in Lakhs

Date of Maturity	Outstanding March 31, 2016			Instalments due after March 31, 2016
	Total Outstanding	Long-term maturity	Current maturity	
<b>(a) From Banks:</b>				
20-Dec-2016	318.58	0.00	318.58	3
20-Sep-2017	7112.00	3211.00	3901.00	6
25-Feb-2018	8040.00	4560.00	3480.00	8
20-Jun-2018	6094.61	3907.35	2187.26	9
25-Feb-2019	1707.00	1279.00	428.00	12
20-Feb-2020	880.00	780.00	100.00	16
20-Mar-2020	4815.00	4215.00	600.00	16
20-Aug-2020	16636.00	14424.00	2212.00	18
20-Feb-2021	5200.00	4600.00	600.00	20
30-Jun-2023	2071.71	2071.71	0.00	24
30-Sep-2023	500.00	500.00	0.00	24
<b>Sub Total</b>	<b>53374.90</b>	<b>39548.06</b>	<b>13826.84</b>	
<b>(b) From Financial Institutions:</b>				
20-Sep-2016	110.00	0.00	110.00	2
20-Sep-2017	600.00	275.00	325.00	6
20-Feb-2018	7820.00	4436.00	3384.00	8
1-Jun-2020	4500.00	4280.00	220.00	20
20-May-2021	4000.00	3850.00	150.00	16
<b>Sub Total</b>	<b>17030.00</b>	<b>12841.00</b>	<b>4189.00</b>	





# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 14 Borrowings (contd..)

### (B) Floating Rate - Carrying floating interest rate of PLR - 3.25% to PLR - 4% as on March 31, 2016

₹ in Lakhs

Date of Maturity	Outstanding March 31, 2016			Instalments due after March 31, 2016
	Total Outstanding	Long-term maturity	Current maturity	
(a) From Banks:				
(b) From Financial Institutions:				
20-Sep-2017	5565.00	2979.00	2586.00	2
<b>Total (A +B)</b>	<b>75969.90</b>	<b>55368.06</b>	<b>20601.84</b>	

### III Particulars about 12% Optionally Convertible Redeemable Preference Shares (OCRPS).

#### a) Rights, preferences and restrictions attached to preference shares

**Basis of allotment :** The preference shares were allotted on May 30, 2015 and credited on completion of corporate action on March 31, 2016 to the erstwhile equity shareholders of Cheslind Textiles Limited (CTL) pursuant to the scheme of merger of CTL into RSWM Limited with effect from April 01, 2013, as approved by the Hon'ble High Courts of Rajasthan & Madras in the ratio of one OCRPS of RSWM Limited for every one equity share of Cheslind Textile Ltd.

**Dividend rate :** 12% per annum on the paid up value per share of ₹7.50 each

**Accumulation of dividend :** Cumulative

**Payment of dividend :** The preference shares will qualify for preferential payment of dividend from the date of allotment (May 30, 2015) up to the date of redemption or conversion.

**Tenure :** 5 years from the date of allotment

**Listing :** The preference shares will, subject to the applicable laws and regulations, be listed and/or admitted to trading on the relevant stock exchange(s), where the existing shares of the Company are listed and/or admitted to trading.

**Convertibility and Conversion Price Ratio :** The said preference shares will carry the right to apply for conversion into the equity shares of the Company in the ratio 1 (one) equity share of ₹10/- (Rupees Ten) each at par of the Company credited as fully paid up for every 22 (Twenty Two) OCRPS of ₹7.50/- (Rupees Seven and Fifty Paise) each to be issued and allotted by the Company. The said right must be exercised by the eligible preference shareholders before the expiry of 6 months from the date of allotment of such preference shares failing which the right shall lapse. No coupons shall be issued by the Company towards any fractional entitlement and all fractional entitlements, if any, shall be ignored.

**Redemption Terms :** The Company shall have an option to redeem by giving not less than 3 months' notice to all the outstanding preference shares (i.e. such preference shares for which the option to convert into equity shares has not been exercised, as mentioned above) at par at any time after the expiry of the conversion period and before the expiry of 5 years from the allotment date. On closure of conversion window, company shall determine the number of remaining OCRPS to be redeemed and credit to Capital Redemption Reserve Account a sum on proportionate basis as required under section 55 of the Companies Act, 2013 and rules made thereunder.

#### b) Shareholders holding more than 5% of Preference shares

₹ in Lakhs

Name	As at March 31, 2017		As at March 31, 2016	
	Number of Shares	Number of Shares	Number of Shares	Number of Shares
Tamilnadu Industrial Development Corporation	-	-	2,062,500	15.09%
PAT Financial Consultants Pvt Ltd	-	-	1,745,083	12.77%
State Bank of Mysore	-	-	1,194,400	8.74%
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,001,983</b>	<b>36.60%</b>

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 14 Borrowings (contd..)

### c) Reconciliation of the number of Preference Shares

₹ in Lakhs

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of Shares	Amount	Number of Shares	Amount
Opening	13,665,435.00	1,024.91	-	-
Issued during the year	-	-	13,665,435.00	1,024.91
Less Converted During the Year (refer note (d) below)	8,854,111	664.06	-	-
Less: Redeemed During the Year (refer note (e) below)	4,811,324	360.85	-	-
<b>Closing</b>	<b>-</b>	<b>-</b>	<b>13,665,435.00</b>	<b>1,024.91</b>

- d) In terms of the clause 2.7(g) of the Scheme of Amalgamation of Cheslind Textile Limited into the Company duly approved by the Hon'ble High Courts of Rajasthan and Madras, the holder of 88,54,111 number of Optionally Convertible Redeemable Preference Shareholders (OCRPS) had exercised the option of conversion of OCRPS into Equity Share of the Company. Consequently, the Company, on November 10, 2016, has allotted and issued the 4,02,153 number of equity shares of ₹10 each aggregating to ₹40.22 Lakhs at a premium of ₹155 per share aggregating to ₹623.34 Lakhs.
- e) The holder of 48,11,324 number of Optionally Convertible Redeemable Preference Shares (OCRPS) had not exercised the option of conversion of OCRPS into Equity Share of the Company. In terms of the clause 2.7(h) of the Scheme of Amalgamation of Cheslind Textile Limited into the Company duly approved by the Hon'ble High Courts of Rajasthan and Madras, the Company, on February 28, 2017, has redeemed the 48,11,324 OCRPS of ₹7.50 each aggregating to ₹360.85 Lakhs.
- f) The presentation of liability and equity portion of the share is explained in summary of significant accounting policy. (refer Note No. 1.25.)

## 15 Borrowings (Current)

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Secured</b>			
<b>a. Loans Repayable on Demand</b>			
From Banks	38,600.81	34,937.27	38,893.70
From Financial Institutions	500.00	3,500.00	5,841.51
<b>b. Commercial Paper</b>	21,000.00	10,000.00	-
<b>c. Bill Discounted from Banks (refer note no. 6)</b>	3,134.84	4,506.22	1,145.51
	<b>63,235.65</b>	<b>52,943.49</b>	<b>45,880.72</b>
<b>Unsecured</b>			
Bill Discounted From Banks (refer note no. 6)	9,098.77	9,607.22	14,615.24
	<b>9,098.77</b>	<b>9,607.22</b>	<b>14,615.24</b>
	<b>72,334.42</b>	<b>62,550.71</b>	<b>60,495.96</b>

Cash credit and other working capital facilities from banks and financial institutions including Commercial Papers are secured by way of hypothecation of stocks of raw materials, work-in progress, finished goods, stores and spares, packing material, goods at port/in transit/ under shipment, outstanding money, book debts, receivables and other current assets of the Company, on pari passu basis, as well as pari passu second charge on all the fixed assets of the Company, present and future.

All loans repayable on demand carry floating interest rate from 8.55% to 11.90% per annum, computed quarterly.



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 16 Trade Payables

₹ in Lakhs

Particulars	Current		
	As at 31 March, 2017	As at 31 March, 2016	As at April 01, 2015
Sundry creditors			
Total outstanding dues of Micro, Small & Medium Enterprises (MSME) (refer note 40)	31.56	40.77	104.55
Total outstanding dues of creditors other than Micro, Small & Medium Enterprises (MSME)			
Related Party (refer note no. 39)	-	122.84	126.02
Unrelated Parties	7,984.71	4,845.52	8,593.88
<b>TOTAL</b>	<b>8,016.27</b>	<b>5,009.13</b>	<b>8,824.45</b>

## 17 Other Financial Liabilities

₹ in Lakhs

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current maturities of long-term debt (refer note 14)				24,366.06	20,601.85	17,500.54
Current maturities of deferred payment liabilities#				-	-	32.49
Interest accrued but not due on borrowings (refer note no. 14)				356.90	286.93	299.76
Unclaimed dividend*				492.26	100.45	78.22
Security deposits from Staff				24.97	15.42	20.61
Security deposits from Outsiders	373.37	318.94	376.68	442.24	403.11	326.67
Liability towards staff and workers				3,009.90	2,729.95	2,167.75
Commission, Incentives etc. Payable on Sale				2,178.08	2,092.81	1,963.25
Other liabilities for expenses				324.07	238.90	56.13
Dividend on Optionally Convertible Redeemable Preference Share Classified as Financial Liability				88.15	124.16	-
<b>TOTAL</b>	<b>373.37</b>	<b>318.94</b>	<b>376.68</b>	<b>31,282.63</b>	<b>26,593.58</b>	<b>22,445.42</b>

Note:

\* There are no outstanding dues to be paid to Investor Education & Protection Fund.

# Under Sales Tax Deferment Scheme of State Government

## 18 Provisions

₹ in Lakhs

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for Employee Benefits						
Gratuity and Earned Leave (refer note no. 34)	582.39	553.95	387.08			
Superannuation (refer note no. 34)				326.96	272.94	285.16
<b>TOTAL</b>	<b>582.39</b>	<b>553.95</b>	<b>387.08</b>	<b>326.96</b>	<b>272.94</b>	<b>285.16</b>

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 19 Income Tax

### a) Income tax recognized in profit or loss

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Current tax expense</b>		
Current year	2,429.76	2,872.88
Tax of the Earlier Years Written Back	11.21	(265.77)
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(1,003.62)	1,451.20
	<b>1,437.35</b>	<b>4,058.31</b>

### b) Reconciliation of effective tax rate

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profit before tax	11,534.74	14,753.09
Tax using the Company's domestic tax rate (34.608%)	3,991.94	5,105.75
Related to earlier years	11.21	(265.77)
Expenses not deductible for tax purpose	(108.01)	390.56
Income Exempt from tax	(0.56)	(11.27)
Tax incentives	(2,457.23)	(1,044.63)
Effect on Deferred tax balances due to the change in Income tax rate from 33.99 to 34.068% (effective from FY 15-16)	-	155.45
MAT credit utilised	-	(271.78)
	<b>1,437.35</b>	<b>4,058.31</b>

## 20 Deferred Tax Liabilities (Net)

₹ in Lakhs

Particulars	As at April 01, 2016	Recognized in P&L	Recognized in OCI	As at March 31, 2017
Deferred tax assets/ liabilities are attributable to the following items;				
<b>Deferred Tax Assets</b>				
Effect of expenditure debited to statement of profit and loss in the current year/earlier years but allowable for tax purposes in the following years	571.14	(398.10)	-	173.04
Allowance for Bad and doubtful debt	43.54	35.82	-	79.36
<b>Sub- Total (a)</b>	<b>614.68</b>	<b>(362.28)</b>	<b>-</b>	<b>252.40</b>
<b>Deferred Tax Liabilities</b>				
Depreciation, Amortization and Impairment Expenses	10,343.93	(30.06)	-	10,313.87
Cash Flow Hedge	6.04	-	90.63	96.67
Remeasurements of the defined benefit plans	(77.61)	-	(93.08)	(170.69)
<b>Sub- Total (b)</b>	<b>10,272.36</b>	<b>(30.06)</b>	<b>(2.45)</b>	<b>10,239.85</b>
Less: MAT Credit Available		(1,335.84)		(1,335.84)
<b>Net Deferred Tax Liability (b)-(a)</b>	<b>9,657.68</b>	<b>(1,003.62)</b>	<b>(2.45)</b>	<b>8,651.61</b>

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 20 Deferred Tax Liabilities (Net) (Contd..)

₹ in Lakhs

Particulars	As at April 01, 2015	Recognized in P&L	Recognized in OCI	As at March 31, 2016
Deferred tax assets/ liabilities are attributable to the following items;				
<b>Deferred Tax Assets</b>				
-Effect of expenditure debited to statement of profit and loss in the current year/earlier years but allowable for tax purposes in the following years	916.84	(345.70)	-	571.14
-Allowance for Bad and doubtful debt	428.39	(384.85)	-	43.54
<b>Sub- Total (a)</b>	<b>1345.23</b>	<b>(730.55)</b>	<b>-</b>	<b>614.68</b>
<b>Deferred Tax Liabilities</b>				
- Depreciation, Amortization and Impairment Expenses	9,895.05	448.88	-	10,343.93
- Cash Flow Hedge	-	-	6.04	6.04
- Remeasurements of the defined benefit plans	-	-	(77.61)	(77.61)
<b>Sub- Total (b)</b>	<b>9,895.05</b>	<b>448.88</b>	<b>(71.57)</b>	<b>10,272.36</b>
Less: MAT Credit Available	(271.78)	271.78	-	-
<b>Net Deferred Tax Liability (b)-(a)</b>	<b>8,278.04</b>	<b>1,451.21</b>	<b>(71.57)</b>	<b>9657.68</b>

## 21 Deferred Government Grant

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>TUF Capital Investment Subsidy</b>		
Opening Balance	365.84	219.94
Grants during the year	102.54	260.72
Released to the statement of profit and loss	(84.73)	(114.82)
<b>Closing Balance</b>	<b>383.65</b>	<b>365.84</b>

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Above includes :</b>			
Current	57.95	71.29	74.30
Non- Current	325.70	294.55	145.64
<b>Total</b>	<b>383.65</b>	<b>365.84</b>	<b>219.94</b>

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 22 Other Liabilities

₹ in Lakhs

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Security Deposit	226.51	220.94	209.61	63.46	-	-
Advances from customers	-	-	-	709.94	948.77	1,243.60
<b>Statutory dues payable</b>						
Service Tax	-	-	-	1.80	8.40	3.67
Sales Tax	-	-	-	66.27	154.54	203.53
Tax deducted at source	-	-	-	170.95	182.54	233.12
Other statutory dues	-	-	-	293.60	356.50	285.53
Other Payables *	131.79	136.67	132.36	2,410.04	2,329.36	2,099.96
<b>Total</b>	<b>358.30</b>	<b>357.61</b>	<b>341.97</b>	<b>3,716.06</b>	<b>3,980.11</b>	<b>4,069.41</b>

\* includes accrued liabilities and legal claims.

## 23 Revenue from Operations

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Revenue from Operations includes</b>		
<b>a) Sale of Products (including Excise Duty):</b>		
Finished Goods	289,366.13	285,923.18
Traded Goods	2,660.85	2,000.75
	<b>292,026.98</b>	<b>287,923.93</b>
<b>b) Sale of Services</b>		
Services	2,514.62	2,450.48
	<b>2,514.62</b>	<b>2,450.48</b>
<b>c) Other Operating Revenues;</b>		
Sale of Waste	3,984.79	3,794.03
Export Benefits / Incentives	1,093.22	310.59
	<b>5,078.01</b>	<b>4,104.62</b>
<b>Revenue From Operations</b>	<b>299,619.61</b>	<b>294,479.03</b>

The above amount includes Excise Duty of ₹956.78 Lakhs (1151.85 Lakhs for previous year)

## 24 Other Income

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Interest income on Financial Assets at amortized cost</b>		
Interest income from Customers	591.98	548.79
Interest income Others	72.96	57.66
Interest received on Debentures	506.56	473.30
<b>Dividend income from investments at FVTOCI</b>		
From other than Subsidiary Company	1.61	32.56
<b>Other Non-operating Income</b>		
Gain on Utilization of SHIS Purchased *	85.04	126.95
Provision Written Back	360.44	340.91
Insurance & Other Claim Received	54.14	44.52
Net Gain on Foreign Currency Fluctuation	381.95	-
Misc. Receipts	409.35	396.30
Rent Receipt from Investment Properties and Others	452.84	310.04
Net Gain / Loss on Sale of Property, Plant & Equipment	241.66	106.26
<b>TOTAL</b>	<b>3,158.53</b>	<b>2,437.29</b>

All dividend from equity investment designated at fair value through OCI relates to the investment held at the end of the reporting period.

\* SHIS represents Status Holder Incentive Scrip

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 25 Cost of Raw Materials Consumed

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Raw Materials</b>		
Opening Stock	20,468.71	18,609.83
Add:		
Purchases	178,236.03	162,401.16
	<b>198,704.74</b>	<b>181,010.99</b>
<b>Less:</b>		
Closing Stock	26,597.67	20,468.71
<b>Total</b>	<b>172,107.07</b>	<b>160,542.28</b>

## 26 Purchase of Traded Goods

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Fabric	2,937.59	1,903.49
Garment	-	61.13
Yarn	-	93.78
<b>Total</b>	<b>2,937.59</b>	<b>2,058.40</b>

## 27 Changes in Inventories of Finished Goods, Stock-In-Trade And Work-In-Progress

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Inventories at the end of the year</b>		
Finished Goods	14,335.56	10,877.14
Traded Goods	377.16	176.82
Work In Progress	10,488.77	8,544.48
Waste	147.41	114.38
	<b>25,348.90</b>	<b>19,712.82</b>
<b>Inventories at the beginning of the year</b>		
Finished Goods	10,877.14	10,676.23
Traded Goods	176.82	297.72
Work In Progress	8,544.48	8,100.74
Waste	114.38	152.67
	<b>19,712.82</b>	<b>19,227.36</b>
<b>(Increase)/ Decrease in Inventory</b>	<b>(5,636.08)</b>	<b>(485.46)</b>

## 28 Employee Benefit Expenses

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus	30,200.63	27,441.47
Contribution to provident & other funds	3,203.89	2,825.99
Expenses related to Post Employment Defined Benefit Plan (refer note no. 34)	566.47	467.24
Expenses related to Earned Leave (refer note no. 34)	231.38	259.49
Workmen & staff welfare expenses	660.53	672.83
<b>Total</b>	<b>34,862.90</b>	<b>31,667.02</b>

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 29 Finance Cost

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest Expenses on Financial Liabilities measured at amortised cost		
On Term Loans *	5,359.50	6,188.92
On Working Capital	4,923.91	5,574.68
Other Borrowing Costs	606.10	674.36
Net Interest on Net Defined Benefit Liability	40.59	28.16
Dividend including DDT on Optionally Convertible Redeemable Preference Share Classified as Financial Liability	106.10	124.16
<b>Total</b>	<b>11,036.20</b>	<b>12,590.28</b>
* Net of TUFs / RIPS subsidy received / receivable	1,882.70	2,918.24

## 30 Depreciation Amortization and Impairment Expenses

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Property, Plant &amp; Equipment *</b>		
Depreciation	13,220.43	13,809.05
Impairment (refer note 44)	-	1,148.46
	<b>13,220.43</b>	<b>14,957.51</b>
<b>Less:</b>		
Amortization - Government Capital Grants	84.73	114.83
Excess Depreciation Written Back		0.08
	<b>84.73</b>	<b>114.91</b>
<b>Investment Property#</b>		
Depreciation	7.51	7.31
	<b>7.51</b>	<b>7.31</b>
	13,143.21	14,849.91
<b>Intangible Assets #</b>		
Impairment - Goodwill (refer note. 44)	-	37.79
Amortization - Other Intangible Assets@	73.32	39.28
	<b>73.32</b>	<b>77.07</b>
<b>TOTAL</b>	<b>13,216.53</b>	<b>14,926.98</b>

\* Refer Note 3a

# Refer Note 3c

@ Refer Note 3e

# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 31 Other Expenses

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Stores and spares consumed	8,170.25	8,204.95
Power and fuel	30,244.47	28,983.16
Packing expenses	4,099.28	4,396.71
Processing and job charges	1,039.19	1,197.71
Research and development	291.76	246.08
Repairs & maintenance - building	839.71	670.31
Repairs & maintenance - plant & machinery	1,843.31	2,119.42
Repair and maintenance - others	517.24	339.67
Rent	164.38	164.49
Insurance @	362.83	483.92
Rates and taxes	140.10	86.12
Director's remuneration and fees	664.79	638.00
Charity and donation	57.57	82.00
Payment to statutory auditors		
As statutory auditors	57.29	74.51
For other services	10.68	8.48
For reimbursement of expenses	13.92	15.88
Legal, Professional & Consultancy Expenses	709.82	487.83
Other miscellaneous expenses	1,573.68	1,252.71
Commission & Brokerage	2,675.23	2,628.74
Freight, forwarding and octroi	5,255.18	4,651.24
Advertisement	381.43	516.13
Travelling Expenses	1,172.64	1,141.68
Other selling expenses	1,256.01	1,115.03
Net loss on foreign currency transactions#	-	126.70
Bad debts and allowances for bad and doubtful debts	132.33	-
Entry Tax	89.32	80.41
<b>TOTAL</b>	<b>61,762.41</b>	<b>59,711.88</b>
# includes (Gain) / Loss on Forward Contracts	71.35	17.96
@ Net of Recovery	71.95	73.31

## 32 Other Comprehensive Income

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>(i) Items that will not be reclassified to profit or loss</b>		
Remeasurements of the defined benefit plans	(268.96)	(224.26)
Equity Instruments through Other Comprehensive Income	850.32	(767.62)
	<b>581.36</b>	<b>(991.88)</b>
<b>Income tax relating to items that will not be reclassified to profit or loss</b>		
Related to Remeasurements of defined benefit plans	93.08	77.61
<b>(ii) Items that will be reclassified to profit or loss</b>		
Change in Fair value of Effective portion of Cash Flow Hedge Recognised during the year (note no. 42)	864.34	662.44
Amount Reclassified to Profit & Loss account during the year (note no. 42)	(602.46)	(644.98)
	<b>261.88</b>	<b>17.46</b>
<b>Income tax relating to items that will be reclassified to profit or loss</b>		
Tax on Cash Flow Hedge recognised during the year	299.13	229.25
Tax on amount reclassified to Profit & Loss account during the year	(208.50)	(223.21)
	<b>(90.63)</b>	<b>(6.04)</b>

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 33. Earning per Share

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Net Profit for Basic EPS (₹ In Lakhs)	10,097.39	10,694.78
Profit attributable to Potential Equity Shares	58.61	124.16
Net Profit for Diluted EPS (₹ In Lakhs)	10,156.00	10,818.94
(b) Number of Equity Shares at the beginning of the year	23,148,689	23,148,689
Add: Weighted No. of New Equity shares issued due to conversion of Optionally Convertible Redeemable Preference Share (OCRPS)	155,352	-
Total Number of Shares outstanding at the end of the year	23,550,842	23,148,689
Weighted Average number of Equity Shares outstanding during the year - Basic	23,304,041	23,148,689
Weighted Average number of Equity Shares arising for optionally convertible preference shares Up to the date of Conversion	495,320	521,024
Weighted Average number of Equity Shares outstanding during the year - Diluted	23,799,361	23,669,713
<b>Earning Per Share - Basic (₹)</b>	<b>43.33</b>	<b>46.20</b>
<b>Earning per share - Diluted (₹)</b>	<b>42.67</b>	<b>45.71</b>
<b>Face value per share (₹)</b>	<b>10</b>	<b>10</b>

## 34 Employee Benefits

The Company participates in defined contribution and benefit schemes, the assets of which are held (where funded) in separately administered funds. For defined contribution schemes the amount charged to the statements of profit or loss is the total of contributions payable in the year.

### Employees provident fund

In accordance with the Employees Provident Fund & Miscellaneous Act, 1952 employees are entitled to receive benefits under the Provident Fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (12% for FY 2016-17) of an employee's basic salary. All employees have an option to make additional voluntary contributions. These contributions are made to the fund administered and managed by the Employees Provident Fund Organisation (EPFO) or to independently managed and approved funds. The Company has no further obligations under the fund managed by the EPFO beyond its monthly contributions which are charged to the statements of profit or loss in the period they are incurred. The benefits are paid to employees on their retirement or resignation from the Company. Provident fund set up by the employer, which require interest shortfall to be met by the employer needs to be treated as defined benefit plan. The Company set up Provident Fund does not have existing deficit of interest shortfall.

### Superannuation

Superannuation, another pension scheme applicable in India, is applicable only to senior executives. RSWM Limited holds a policy with Life Insurance Corporation of India ("LIC"), to which it contributes a fixed amount relating to superannuation and the pension annuity is met by LIC as required, taking into consideration the contributions made. The Company has no further obligations under the scheme beyond its monthly contributions which are charged to the statements of profit or loss in the period they are incurred.

### Gratuity

In accordance with the provision of Payment of Gratuity Act 1972, for its eligible employees, the Company contribute to a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides a lump sum payment to vested employees at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company. Based on actuarial valuations conducted as at year end, a provision is recognised in full for the benefit obligation over and above the funds held in the Gratuity Plan.



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 34 Employee Benefits (Contd..)

### a) Defined Contribution Plans

The Company has recognised an expense of 2,114.31 Lakhs (Previous Year 1,906.30 Lakhs) towards the defined contribution plan.

₹ in Lakhs

	Year ended March 31, 2017	Year ended March 31, 2016
1) Employer's Contribution to Provident Fund	1624.87	1491.24
2) Employer's Contribution to Superannuation Fund	326.96	272.94

### b) Defined Benefit Plans : Provident Fund

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Employer's Contribution to Provident Fund Trust (Managed by PF Trust)	162.48	142.12

### c) Defined benefits plans - as per actuarial valuation

₹ in Lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Gratuity	Earned Leave	Gratuity	Earned Leave
<b>I. Change in present value of obligation during the year</b>				
Present value of obligation at the beginning of the year	3,935.75	936.47	3,455.05	817.92
Current Service Cost	566.47	200.73	467.24	168.88
Interest Cost	313.31	72.74	274.85	63.25
Acquisition cost	0.30	0.27	4.83	
Actuarial loss/(gains) on Obligation	316.75	29.91	128.41	90.72
Benefits Paid	(391.71)	(134.75)	(394.63)	(204.30)
<b>Present Value of obligation as at year-end</b>	<b>4,740.87</b>	<b>1,105.37</b>	<b>3,935.75</b>	<b>936.47</b>
<b>II. Change in Fair Value of Plan Assets during the year</b>				
Plan assets at the beginning of the year	3,602.70	715.57	3,198.09	676.20
Expected Return on Plan Assets	288.22	57.24	255.85	54.10
Employer's contribution	513.69	147.74	247.15	76.33
Benefits paid	(1.96)	(106.40)	(2.54)	(90.97)
Actuarial Gain / (Loss) on Assets	47.79	(0.74)	(95.85)	(0.09)
<b>Plan assets at the end of the year</b>	<b>4,450.44</b>	<b>813.41</b>	<b>3,602.70</b>	<b>715.57</b>

₹ in Lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Gratuity	Earned Leave	Gratuity	Earned Leave
<b>III. Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets</b>				
1. Present Value of obligation as at year-end	4,740.87	1,105.37	3,935.75	936.47
2. Fair value of plan assets at year -end	4,450.44	813.41	3,602.70	715.57
3. Funded status {Surplus/(Deficit)}	<b>(290.43)</b>	<b>(291.96)</b>	<b>(333.05)</b>	<b>(220.90)</b>

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 34 Employee Benefits (Contd..)

₹ in Lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Gratuity	Earned Leave	Gratuity	Earned Leave
<b>IV. Expenses recognised in the Statement of Profit and Loss</b>				
1. Current Service Cost	566.47	200.73	467.24	168.68
2. Interest Cost	25.10	15.49	19.01	9.15
3. Past service Cost	-	-	-	-
4. Expected return on plan assets	-	-	-	-
5. Actuarial (Gain) / Loss	-	30.65	-	90.81
<b>Total Expenses</b>	<b>591.57</b>	<b>246.87</b>	<b>486.25</b>	<b>268.64</b>

₹ in Lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Gratuity	Earned Leave	Gratuity	Earned Leave
<b>V. Expenses recognised in the Statement of Other Comprehensive Income</b>				
1. Net Actuarial (Gain)/Loss	268.96	-	224.26	-

₹ in Lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Gratuity	Earned Leave	Gratuity	Earned Leave
<b>VI. Bifurcation of PBO at the end of the year</b>				
1. Current Liability	755.15	154.39	657.61	130.31
2. Non-Current Liability	3,985.72	950.98	3,278.14	806.16

₹ in Lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Gratuity	Earned Leave	Gratuity	Earned Leave
<b>VII. Actuarial Assumptions</b>				
1. Discount Rate	7.35%	7.35%	8.00%	8.00%
2. Mortality Table	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
3. Salary Escalation	5.50%	5.50%	5.50%	5.50%



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 34 Employee Benefits (Contd..)

### VIII Expected Contribution for Next Financial Year

The expected contribution for Defined Benefit Plan for the next financial year will be 920.04 Lakhs

The Estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by the actuary. The Actual return on plan Assets for the year and estimate of contribution for the next year as per Actuarial Valuation is as under:

₹ in Lakhs

Particulars	Actual Return on Plan Assets		Estimates of Contribution for next year	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
1. Gratuity	336.01	160.00	696.36	577.61
2. Earned Leave	57.11	54.09	223.68	188.83

### IX. Experience Adjustment:

₹ in Lakhs

	Year ended March 31, 2017	Year ended March 31, 2016
<b>Gratuity</b>		
Present Value of obligation	4,740.87	3,935.75
Fair value of Plan assets	4,450.44	3,602.70
Net Asset/(Liability)	(290.43)	(333.05)
Actuarial (Gain)/Loss on plan obligation	316.75	128.41
Actuarial Gain/(Loss) on plan assets	47.79	(95.85)
<b>Earned Leave</b>		
Present Value of obligation	1,105.37	936.47
Fair value of Plan assets	813.41	715.57
Net Asset/(Liability)	(291.96)	(220.90)
Actuarial (Gain)/Loss on plan obligation	29.91	90.72
Actuarial Gain/(Loss) on plan assets	(0.74)	(0.09)

### X. Sensitivity Analysis

₹ in Lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Increase	Decrease	Increase	Decrease
<b>Gratuity</b>				
Discount rate (.50 % movement)	(218.43)	242.01	(211.32)	231.37
Future salary growth (.50 % movement)	245.22	(223.14)	234.14	(215.57)
<b>Earned Leave</b>				
Discount rate (.50 % movement)	(53.83)	58.94	(35.07)	38.45
Future salary growth (.50 % movement)	59.73	(54.98)	38.91	(35.77)



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 34 Employee Benefits (Contd..)

### XI. Maturity Profile of Defined Benefit Obligation

₹ in Lakhs

Particulars	Year ended March 31, 2017	
	Gratuity	Earned Leave
April 2017 - March 2018	755.15	154.39
April 2018 - March 2019	89.87	56.20
April 2019 - March 2020	96.41	73.44
April 2020 - March 2021	112.41	56.87
April 2021 - March 2022	103.23	44.79
April 2022 - March 2023	104.14	32.85
April 2023 Onwards	3,351.24	688.70

### XII. Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follows -

- A) Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- B) Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- C) Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.
- D) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- E) Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

**XIII.** The plan assets of "Gratuity Fund" are managed by the Gratuity Trust formed by the Company. The management of 100% of the funds for Earned Leave is entrusted with the Life Insurance Corporation of India. Investment Detail of Plan Assets for each major category plan assets is as below:

Name of Retirement Benefit	Particulars Investment with	Sharing of Investment	
		Year ended March 31, 2017	Year ended March 31, 2016
(1) Gratuity	ICICI Prudential Life Insurance Co. Ltd.	64.87%	76%
	Bajaj Allianz Life Insurance Company Ltd.	9.82%	-
	Kotak Mahindra Old Mutual Life Insurance Limited	9.33%	-
	Reliance Life Insurance Company Limited	15.98%	24%
(2) Earned Leave	LIC of India	100%	100%



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 35 Leases

The Company has given office space on operating lease. The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend up to a maximum of 9 years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clause. and all other leases are cancellable.

### Obligations on long-term, non-cancellable operating leases:

The lease rentals received during the year is as under:

₹ in Lakhs		
Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Lease rentals recognized during the year	344.77	274.30

The obligations on long-term, non-cancellable operating leases receivable as per the rentals stated in the respective agreements are as follows:

₹ in Lakhs			
Future minimum lease receivable	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Not later than one year	142.80	-	-
Later than one year and not later than five years	142.80	-	-
Later than five years	-	-	-

## 36. CSR Expenditure

₹ in Lakhs		
Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Gross amount required to be spent by the Company during the year	283.54	248.55
(b) Amount spent during the year :		
(i) Construction or acquisition of any assets	-	-
(ii) On purpose other than above (i)	-	-
Preventive Health care and Safe Drinking Water	30.00	18.92
Promotion of Education	184.43	98.61
Promotion for Empowering Women	1.16	3.35
Environment sustainability ecology balance	1.89	2.53
Protection of national Heritage, Art & Culture	42.90	43.98
Benefit for Armed forces veterans, war widows	1.17	1.05
Training to promote Rural Sports	41.93	17.91
Contribution to Prime Minister's National Relief Fund	-	12.94
Contribution to technology incubators	11.00	-
<b>Total</b>	<b>314.48</b>	<b>199.29</b>

# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 37. Contingent Liabilities & Commitments (to the extent not provided for)

₹ in Lakhs

Particulars	Carrying amount as at 31.03.16	Additional provisions during the year	Amount used during the year	Unused & reverted during the year	Carrying amount as at March 31, 2017
<b>A. Provisions</b>	826.89	326.96	(826.89)		326.96
<b>B. Contingent Liability not Provided For:</b>					
(a) Guarantees (excluding financial guarantee)					
(i) Guarantee by ICICI Bank Ltd to LNJ Power Venture Ltd	1,000.00	-	-	-	1000.00
(ii) Counter Guarantees given by the Company in respect of Guarantees given by the Company's Bankers	996.36	911.49	453.34	-	1454.51
(b) Other money for which the company is contingently liable.					
(i) Excise & Customs Duties, Sales tax and Other demands disputed by the Company.	386.68	26.45	-	211.65	201.48
(c) Financial Guarantee *					
(i) Guarantee in favour of International Finance Corporation with M/s HEG Ltd on joint and several basis on behalf of M/s A. D. Hydro Power Ltd.	600.00	-	-	-	600.00
* The Company does not expect any outflow of resources in respect of financial guarantee given to A.D. Hydro Power Ltd.					
<b>C. Commitments Outstanding:</b>					
(i) Estimated Value of contracts remaining to be executed on Capital Accounts and not provided for	1,629.40	969.25	1675.51	239.80	683.34
(ii) Commitment in 2012-13 to buy 350 Lakhs unit per year at a fixed rate of ₹ 5.75 per unit for 20 years (Balance 16 Years)					
(a) Current Commitment (for next 12 Months)	2,013.00	-	-	-	2013.00
(b) Non.-current commitment (for next 16 years)	32,199.00	-	2013.00	-	30186.00
(iii) Future Export Obligation Against EPCG	611.53	4472.10	611.53		4472.10

**D.** The Rajasthan Government had imposed surcharge on shortfall in meeting Renewable Energy Obligation on the power produced from Captive Power Plants vide their Notification dated 23rd March, 2007 and amended later on May 24, 2011, which was stayed by Hon'ble high Court of Rajasthan. In its judgement dated August 31, 2012, Hon'ble High Court of Rajasthan upheld the validity of the aforesaid Notification and amended Notification issued thereafter. The Hon'ble Supreme Court in May, 2015 dismissed appeal filed by HZL, RTMA and others challenging constitutional validity of Notification issued in 2007 and thereafter. The Nodal Agency, Rajasthan Renewable Electricity Corporation Ltd (RREC) filed two petitions (nos 839/2016 and 840/2016) before Rajasthan Electricity Regulatory Commission (RERC) wherein it was stated that RSWM Ltd had surplus non-solar RE power on account of Co-generation but shortfall in solar RE up to 31.03.15. Regulatory commission passed an order on 23.03.2017 allowing adjustment of WHRS/Co generation against solar power obligation. After passing of this order, we have not received any recovery notice in this matter. In view of above, the Company does not foresee any liability on account of RPO. The Company has a captive 20 MW wind power unit generating 350 Lakhs units per annum. The Company has also commissioned Solar Power Point Unit of 1.80 MW during the year. Another Solar Power Unit of 1.50 MW is under installation.



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

- E.** TNEB limited the electricity supply to all their HT consumers based on their previous three years consumption and introduced cross subsidy surcharge for the unutilized portion of “units quota” so fixed, whenever Power was purchased by a consumer from 3rd party or from Energy Exchange. On being legally challenged, Supreme Court by its order dated 20.07.2015 directed that the status quo has to be maintained i.e. no cross subsidy charges to be collected. Therefore, management does not foresee any possible liability in this regards.
- F.** The Payment of Bonus Act, 1965 was amended with retrospective effect from 01-4-2014 vide notification no. 06/2016 published in the Official Gazette dated 01.01.2016. On the basis of the legal opinion obtained by the Company, such amendment with retrospective operation was illegal, arbitrary and contrary to the Article 14, 19(1)(g) and 300 A of the Constitution of India.. Applicability of the amendment notification retrospectively was challenged in various High Courts including the Rajasthan High Court, which in case of the civil writ petition filed by Employers’ Association of Rajasthan, has granted interim stay against the applicability of the amendment notification retrospectively by giving direction that it would take effect only from the financial year 2015-16. In view of the stay granted and the direction given by the Rajasthan High Court together with the aforementioned legal opinion, the management doesn’t foresee any possible obligation in future for payment of bonus as per amended act for the period 01/04/2014 to 31/03/2015. However pending final judgement of the Court, the Company is contingently liable of ₹116.94 Lakhs for the aforesaid period.
- G.** The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company also believes that the above issues, when finally settled are not likely to have any significant impact on the financial position of the Company. The Company does not expect any third party reimbursements in respect of above contingent liabilities (all see note no. 46 on litigation).

## 38. Segment information

For management purposes, the Company is organised into business units based on its products and services and has following reportable segments:

Yarn

Fabric

No operating segments have been aggregated to form the above reportable operating segments.

### Identification of Segments

The Board of Directors of the Company has been identified as Chief Operating Decision Maker who monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with the profit or loss in the financial statements. Accounting policy in respect of Segments is in conformity with the accounting policy of the company as a whole.

### Intersegment Transfer

Segment revenue resulting from transactions with other business segments is accounted for on the basis of transfer price agreed between the segments. Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties. These transfers are eliminated in consolidation.

### Segment Revenue and Results

The Revenue and Expenditures in relation to the respective segments have been identified and allocated to the extent possible. Other revenue and expenditure non allocable to specific segments are being disclosed separately as unallocated and adjusted directly against the Total Income of the Company.

### Segment Assets and Liabilities

Segment Assets includes all operating assets used by the operating segment and mainly consisting of property, plant & equipment, trade receivables, cash and cash equivalents and inventory etc. Segment liabilities primarily include trade payables and other liabilities. Common assets and liabilities which can not be allocated to specific segments are shown as a part of unallocable assets/liabilities.



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 38. Segment information (Contd..)

₹ in Lakhs

Particulars	As at March 31, 2017			As at March 31, 2016		
	YARN	FABRIC	Total	YARN	FABRIC	Total
<b>Segment Revenue</b>						
External customers	251,291.21	48,328.40	299,619.61	248,182.88	46,296.15	294,479.03
Inter-segment	10,060.87	0.38	10,061.25	9,773.79	0.23	9,774.02
<b>Total Revenue</b>	<b>261,352.08</b>	<b>48,328.78</b>	<b>309,680.86</b>	<b>257,956.67</b>	<b>46,296.38</b>	<b>304,253.05</b>
Segment Expenses*	241,894.03	45,831.50	287,725.53	235,400.07	41,547.49	276,947.56
<b>Segment Results</b>	<b>19,458.05</b>	<b>2,497.28</b>	<b>21,955.33</b>	<b>22,556.60</b>	<b>4,748.89</b>	<b>27,305.49</b>
Un-allocable Expenses	-	-	2,542.92	-	-	2,399.42
Other Income (Note 24)	-	-	3,158.53	-	-	2,437.29
Finance Costs (Note 29)	-	-	11,036.20	-	-	12,590.27
<b>Profit Before Tax</b>	-	-	<b>11,534.74</b>	-	-	<b>14,753.09</b>
Tax Expenses	-	-	1,437.35	-	-	4,058.31
<b>Profit After Tax</b>	-	-	<b>10,097.39</b>	-	-	<b>10,694.78</b>
* Includes Depreciation, amortization and impairment						
<b>Other Information :</b>						
<b>Depreciation, Amortization and Impairment</b>						
Allocable	9711.07	3350.45	13,061.52	11451.47	3321.45	14,772.92
Unallocable	-	-	155.01	-	-	154.06
<b>Total</b>	<b>9,711.07</b>	<b>3,350.45</b>	<b>13,216.53</b>	<b>11,451.47</b>	<b>3,321.45</b>	<b>14,926.98</b>
<b>Capital Expenditure</b>						
Allocable	11513.03	2056.87	13,569.90	8875.97	3378.42	12,254.39
Unallocable	-	-	3752.49	-	-	1127.55
<b>Total</b>	<b>11,513.03</b>	<b>2,056.87</b>	<b>17,322.39</b>	<b>8,875.97</b>	<b>3,378.42</b>	<b>13,381.94</b>
Impairment Loss				1,176.80	-	1,176.80
<b>Segment Assets</b>						
Allocable Assets	175,887.16	40,255.85	216,143.01	165,732.68	35,586.96	201,319.64
Unallocable Assets	-	-	22,895.53	-	-	19,938.68
<b>Total Assets</b>	<b>175,887.16</b>	<b>40,255.85</b>	<b>239,038.54</b>	<b>165,732.68</b>	<b>35,586.96</b>	<b>221,258.32</b>
<b>Segment Liabilities</b>						
Allocable Liabilities	143,755.10	18,475.32	162,230.42	136,323.61	18,347.31	154,670.92
Unallocable Liabilities	-	-	13,488.82	-	-	11,382.54
<b>Total Liabilities</b>	<b>143,755.10</b>	<b>18,475.32</b>	<b>175,719.24</b>	<b>136,323.61</b>	<b>18,347.31</b>	<b>166,053.46</b>

## Geographical Information

The company is domiciled in India. Based on the location of the customers, the amount of its revenue from external customers are broken down by major foreign countries as below: -

₹ in Lakhs

Revenue from external customers		India	Europe	Middle East	Africa, South East & Far East Asia	America	Total
Based on location of the customers	<b>Year ended March 31, 2017</b>	208,799.61	29578.00	3036.00	56256.00	1950.00	<b>299,619.61</b>
	<b>Year ended March 31, 2016</b>	204,058.03	34883.00	3932.00	50450.00	1156.00	<b>294,479.03</b>

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 38. Segment information (Contd..)

### Non-current Assets

There is no non current assets outside India.

### Information about major customers

No single customer represents 10% or more of the total revenue during the year ended March 31, 2017 and March 31, 2016.

### Revenue from Products and Services:

The detail of revenue from products and services are given below:

	₹ in Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Yarn	250,482.36	247,231.10
Fabric	46,622.63	44,797.45
Services	2,514.62	2,450.48
<b>Total</b>	<b>299,619.61</b>	<b>294,479.03</b>

## 39 a. Related Party Disclosure

### List of Related Parties as per Ind AS 24

S.No	Name of Related Party	Nature of Relationship
<b>A (i)</b>	<b>A person or a close member of that person's family of a reporting entity has control or joint control over the reporting entity</b>	
	Shri Ravi Jhunjhunwala	Promoter
	Shri Riju Jhunjhunwala	Promoter
<b>(ii)</b>	<b>A person or a close member of that person's family of a reporting entity has significant influence over the reporting entity</b>	
	Lakshmi Niwas Jhunjhunwala	
	Ravi Jhunjhunwala	
	Mani Devi Jhunjhunwala	
	Riju Jhunjhunwala	
	Rita Jhunjhunwala	
	Rishab Jhunjhunwala	
<b>(iii)</b>	<b>A person or a close member of that person's family of a reporting entity is a member of the Key Management Personnel of the reporting entity or of a parent of the reporting entity.</b>	
	Shri Ravi Jhunjhunwala	Directors of the Company
	Shri Shekhar Agarwal	
	Shri Riju Jhunjhunwala	
	Shri Prakash Maheshwari	
	Shri Arun Kumar Churiwal	
	Shri Jagdish Chandra Laddha	
	Dr. Kamal Gupta	
	Shri Dharmender Nath Davar	
	Shri Priya Shankar Dasgupta	
	Shri Amar Nath Chaudhary	
	Shri Deepak Jain	
	Smt. Geeta Mathur	

# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 39 a. Related Party Disclosure (Contd..)

S.No	Name of Related Party	Nature of Relationship
<b>B (i)</b>	<b>The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)</b>	
	N.A.	
<b>(ii)</b>	<b>One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)</b>	
	LNJ Power Venture Ltd	Associate
	Bhillwara Energy Limited	Associate
	A D Hydro Power Limited	Subsidiary of Associate
	Malana Power Corporation Limited	Subsidiary of Associate
	Bhilwara Green Energy Limited	Subsidiary of Associate
	Chango Yang Thang Hydro Power Limited	Subsidiary of Associate
	NJC Hydro Power Limited	Subsidiary of Associate
	Indo Canadian Consultancy Services Pvt Limited	Subsidiary of Associate
	B G Wind Power Limited	Subsidiary of Associate
<b>(iii)</b>	<b>Associates and other entities are joint ventures of the same third party.</b>	
	N.A.	
<b>(iv)</b>	<b>One Entity is a joint venture of a third party and the other entity is an associate of the third entity</b>	
	N.A.	
<b>(v)</b>	<b>The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.</b>	
	RSWM Limited Senior Executive Superannuation Fund Trust	Trust
	Rajasthan Spinning Gratuity Fund Trust	Trust
	Cheslind Textiles Ltd. Employees-Gratuity Fund trust	Trust
	Cheslind Textiles Ltd. Employees-Superannuation Fund trust	Trust
	Rajspin Employees Contributory Provident Fund	Trust
<b>(vi)</b>	<b>The entity is controlled or jointly controlled by a person identified in (a).</b>	
	Aadi Marketing Company Pvt. Ltd.	Shareholding along with relatives in the Company.
	Agarwal Finestate Private Ltd	
	Akunth Textile Processors Private Ltd.	
	Anant Management Consultants Pvt. Ltd.	
	Backcountry estatea Pvt. Ltd.	
	Bhilwara Technical Textiles Limited	
	BSL Limited	
	Captain Trade & Agencies Pvt. Ltd.	
	Churiwala Properties and Investments Pvt. Ltd.	
	Elapara Investment Private Ltd.	
	Essay Marketing Co. Ltd.	
	Glorious Commodeal Pvt. Ltd.	
	HEG Ltd.	
	Investors India Limited	
	Kalati Holdings Pvt. Ltd.	
	Mandapam Vikash Pvt. Ltd.	
	Mandawa Niyojan Pvt. Ltd.	
	Maral Overseas Ltd.	
	Prapti Apparels Co. Pvt. Ltd.	
	PRC Niyojan Pvt. Ltd	
	RANDR Trustee Pvt. Ltd.	
	RLJ Family Trusteeship Pvt. Ltd.	
	RRJ Family Trustee Pvt. Ltd.	
	SKLNJ Family Trusteeship Pvt. Ltd.	
	Sudiva Spinners Pvt. Ltd.	
	Tinsukia estate Private Ltd.	
	Vitarich Agro Foods (India) Ltd.	
	Zongoo Commercial Co. Pvt. Ltd	

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 39 a. Related Party Disclosure (Contd..)

S.No	Name of Related Party	Nature of Relationship
(vii)	<b>A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).</b>	
	AKJ Apparels Pvt. Ltd.	Shareholding along with relatives in the Company.
	Bhilwara Services Pvt. Ltd.	
	Giltedged Industrial Securities Ltd.	
	India TexFab Marketing Ltd.	
	Nikita Electrotrades Pvt. Ltd.	
	Nivedan Vanijya Niyojan Ltd.	
	Purvi Vanijya Niyojan Limited	
	Raghav Commercial Limited	
	RANDR Trustee Pvt. Ltd.	
	Shashi Commercial Co. Ltd.	
	Veronia Tie up Pvt. Ltd.	

## 39 b. Related Party Disclosure

₹ in Lakhs

Transaction	Associates		Key Management Personnel		A Person & Enterprises over which any person described other than A-(i-iii) and B-(i-vi) whom able to exercise significant influence over the reporting enterprises.	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(a)		(b)		(c)	
Sale of Finished Goods (includes sales to BSL Ltd ₹6249.57 Lakhs)	-	-	-	-	6542.71	3149.59
Sales of Raw Material	-	-	-	-	70.85	19.45
Purchases of Raw Material & Finished Goods (includes purchase from BSL Ltd ₹2220.67 Lakhs)	-	-	-	-	5025.56	1972.71
Purchase of Stores Items	-	-	-	-	4.89	8.45
Rent Received	45.07	82.79	-	-	124.61	114.01
Rent Paid	-	-	-	-	103.32	89.44
Reimbursement received of revenue expenditure	47.71	52.52	-	-	240.91	378.00
Reimbursement made of revenue expenditure	-	-	-	-	44.08	87.98
Job Charges Received (includes ₹663.53 Lakhs received from BSL Ltd)	-	-	-	-	665.13	240.59
Job Charges Paid	-	-	-	-	14.22	7.48
Commission on Sale of IEX Power received	-	-	-	-	13.67	19.06
Interest received	481.85	473.30	-	-	3.64	0.59
Purchase of Wind Power	1592.32	1639.58	-	-	-	-
RSWM Limited Senior Executive Superannuation Fund Trust	-	-	-	-	326.28	226.08
Rajasthan Spinning Gratuity Fund Trust	-	-	-	-	513.69	247.14
Rajspin Employees Contributory Provident Fund	-	-	-	-	162.48	142.12
<b>Remuneration and other perquisites :-</b>	-	-	-	-	-	-
(a) short-term employee benefits;	-	-	647.30	620.14	-	-
(b) post-employment benefits;	-	-	30.39	22.53	-	-
(c) other long-term benefits;	-	-	-	-	-	-
(d) termination benefits; and	-	-	-	-	-	-
(e) share-based payment.	-	-	-	-	-	-
Director Sitting Fee	-	-	63.00	54.00	-	-

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 39 b. Related Party Disclosure (Contd..)

### Outstanding Balances to / from Related Parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Trade Receivable</b>			
A Person & Enterprises over which any person described other than A-(i-iii) and B-(i-vi) whom able to exercise significant influence over the reporting enterprises.	499.31	43.35	18.63
<b>Other Receivable</b>			
Associate	1296.89	933.53	880.90
From BSL Limited	6.66	4.89	0.99
A Person & Enterprises over which any person described other than A-(i-iii) and B-(i-vi) whom able to exercise significant influence over the reporting enterprises.	-	155.37	81.73
<b>Trade Payable</b>			
Associate	-	122.84	119.50
A Person & Enterprises over which any person described other than A-(i-iii) and B-(i-vi) whom able to exercise significant influence over the reporting enterprises.	-	-	6.52
<b>Advance to Vendor</b>			
Associate	133.14	-	-
A Person & Enterprises over which any person described other than A-(i-iii) and B-(i-vi) whom able to exercise significant influence over the reporting enterprises.	41.13	32.60	-

### Terms & Conditions of transactions with related Parties:

The sales and purchases, services rendered to/from related parties and interest are made on terms equivalent to those that prevail in arms length transaction. Outstanding balances at the year end are unsecured and settlement occurs in cash. For the year ended March 31, 2017, the Company has not recorded any impairment of receivables relating to amount owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate.

₹ in Lakhs

Details of Financial Guarantee	As at March 31, 2017	As at March 31, 2016
RSWM has provided guarantee on behalf of its reporting entity:-		
<b>Name of Reporting Entity</b>	<b>Amount</b>	<b>Amount</b>
LNJ Power Venture Limited - India*	1000.00	1000.00
A D Hydro Power Limited - India**	600.00	600.00

\*Guarantee given to lender bank of LNJ Power Venture Limited in terms of power purchase agreements.

\*\*Guarantee given to International Financial Corporation in terms of loan agreement related to A D Hydro Power Limited. The Company does not expect any outflow of resources in respect of above financial guarantee of A D Hydro Power Limited.



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 40 The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

The information regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the company:

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Principal amount and Interest due thereon remaining unpaid to any supplier as on March 31,	31.56	40.77	104.55
b) Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	-	0.03	-
c) The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-	-
d) The amount of interest accrued and remaining unpaid	-	-	-
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	-	-	-

## 41 Net Dividend Remitted in Foreign Exchange

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Period to which dividend relates to	2015-16	2014-15
Number of non-resident shareholders (Nos.)	5	5
Number of equity shares held on which dividend was due (Nos.)	5,353,270	5,353,270
Amount remitted (in Lakhs)	669.16	535.33
Amount remitted USD	10.00	8.22

## 42

### A: Financial Instruments

#### a Financial instrument by category.

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

₹ in Lakhs

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/li- abilities at fair value through OCI	Total carrying value	Total fair value
<b>Assets:</b>					
Cash and cash equivalents (Refer Note 7)	281.65	-	-	281.65	281.65
Bank Balances other than above (Refer Note 7)	514.13	-	-	514.13	514.13
Investments (Refer note 4)	-	-	-	-	-
Equity	-	-	2,285.62	2,285.62	2,285.62
Debenture *	-	3,200.00	-	3,200.00	3,200.00
Trade receivables (Refer Note 6)	37,981.19	-	-	37,981.19	37,981.19
Loans (Refer note 5)	414.73	-	-	414.73	414.73
Other financial assets (Refer Note 8)	1,967.70	-	404.27	2,371.97	2,371.97
<b>Total</b>	<b>41,159.40</b>	<b>3,200.00</b>	<b>2,689.89</b>	<b>47,049.29</b>	<b>47,049.29</b>
<b>Liabilities:</b>					
Borrowings (Refer note 14 & 15)	122,028.00	-	-	122,028.00	122,028.00
Trade payables (Refer note 16)	8,016.27	-	-	8,016.27	8,016.27
Other financial liabilities (Refer Note 17)	31,656.00	-	-	31,656.00	31,656.00
<b>Total</b>	<b>161,700.27</b>	<b>-</b>	<b>-</b>	<b>161,700.27</b>	<b>161,700.27</b>

\* Excluding accrued interest on debenture, shown separately under other financial assets as at March 31, 2017 ₹881.87 Lakhs.

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 42 A (Contd..)

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

₹ in Lakhs

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
<b>Assets:</b>					
Cash and cash equivalents (Refer Note 7)	277.07	-	-	277.07	277.07
Bank Balances other than above (Refer Note 7)	119.23			119.23	119.23
Investments (Refer note 4)	-	-	-		
Equity			1,434.25	1,434.25	1,434.25
Debenture *		3,200.00	-	3,200.00	3,200.00
Trade receivables (Refer Note 6)	37,079.60	-	-	37,079.60	37,079.60
Loans (Refer note 5)	553.03	-	-	553.03	553.03
Other financial assets (Refer Note 8)	1,747.44	-	213.74	1,961.18	1,961.18
<b>Total</b>	<b>39,776.37</b>	<b>3,200.00</b>	<b>1,647.99</b>	<b>44,624.36</b>	<b>44,624.36</b>
<b>Liabilities:</b>					
Borrowings (Refer note 14 & 15)	118,943.68			118,943.68	118,943.68
Trade payables (Refer note 16)	5,009.13	-	-	5,009.13	5,009.13
Other financial liabilities (Refer Note 17)	26,912.52	-	-	26,912.52	26,912.52
<b>Total</b>	<b>150,865.33</b>	<b>-</b>	<b>-</b>	<b>150,865.33</b>	<b>150,865.33</b>

\* Excluding accrued interest on debenture, shown separately under other financial assets as at March 31, 2016 ₹425.97 Lakhs

The carrying value and fair value of financial instruments by categories as of April 01, 2015 were as follows:

₹ in Lakhs

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
<b>Assets:</b>					
Cash and cash equivalents (Refer Note 7)	262.02	-	-	262.02	262.02
Bank Balances other than above (Refer Note 7)	194.80			194.80	194.80
Investments (Refer note 4)	-	-	-		
Equity		-	2,201.87	2,201.87	2,201.87
Debenture *		3,200.00	-	3,200.00	3,200.00
Trade receivables (Refer Note 6)	35,456.72	-	-	35,456.72	35,456.72
Loans (Refer note 5)	523.42	-	-	523.42	523.42
Other financial assets (Refer Note 8)	1,770.46	-	214.23	1,984.69	1,984.69
<b>Total</b>	<b>38,207.42</b>	<b>3,200.00</b>	<b>2,416.10</b>	<b>43,823.52</b>	<b>43,823.52</b>
<b>Liabilities:</b>					
Borrowings (Refer note 14 & 15)	128,438.68			128,438.68	128,438.68
Trade payables (Refer note 16)	8,824.45	-	-	8,824.45	8,824.45
Other financial liabilities (Refer Note 17)	22,822.10	-	-	22,822.10	22,822.10
<b>Total</b>	<b>160,085.23</b>	<b>-</b>	<b>-</b>	<b>160,085.23</b>	<b>160,085.23</b>

\* Excluding accrued interest on debenture, shown separately under other financial assets as at April 01, 2015 ₹427.81 Lakhs

## b 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).



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 42 A (Contd..)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2017:

₹ in Lakhs

Particulars	As of March 31, 2017	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Investments in equity instruments (Refer Note 4)	2,285.62	2,285.62	-	
Investment in Debentures (Refer Note 4)*	3,200.00			3,200.00
Derivative financial instruments - foreign currency forward (Refer Note 8)	404.27		404.27	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2016:

₹ in Lakhs

Particulars	As of March 31, 2017	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Investments in equity instruments (Refer Note 4)	1,434.25	1,434.25		
Investment in Debentures (Refer Note 4)*	3,200.00			3,200.00
Derivative financial instruments - foreign currency forward (Refer Note 8)	213.74		213.74	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of April 01, 2015:

₹ in Lakhs

Particulars	As of March 31, 2017	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Investments in equity instruments (Refer Note 4)	2,201.87	2,201.87	-	
Investment in Debentures (Refer Note 4)*	3,200.00			3,200.00
Derivative financial instruments - foreign currency forward (Refer Note 8)	214.23		214.23	-

### Valuation Technique used to determine Fair Value

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values:

- 1) Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities measured at amortized cost is approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair value of other non-current financial assets and liabilities (security deposit taken/given and advance to employees) carried at amortized cost is approximately equal to fair value. Hence carrying value and fair value is taken same.
- 2) Long-term variable-rate borrowings measured at amortized cost are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. Fair value of variable interest rate borrowings approximates their carrying values. Risk of other factors for the company is considered to be insignificant in valuation.
- 3) The fair values of the forward contract is determined using the forward exchange rate at the balance sheet date based on quotes from banks and financial institutions. Management has evaluated the credit and non-performance risks associated with its derivative counterparties and believe them to be insignificant and not warranting a credit adjustment.
- 4) The fair values of the Quoted Equity shares have been done on quoted price of stock exchange as on reporting date.
- 5) Investment in the Unquoted Debenture have been valued considering the market coupon rate of similar financial instruments.

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 42 A (Contd..)

### c Financial Risk Management

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the board of directors on its activities. The Company's risk management policies are established to identify and analyses the risk faced by the Company, to set appropriate risks limits and controls and to monitors risks and adherence to limits. Risk Management policies and systems are reviewed regularly to reflect changes in the market condition and Company's Activities.

The audit committee oversees how management monitors compliances with the Company's risk management policies and procedures and review the adequacy of the risk management framework in relation to risks faced by the Company. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes review of risks management controls and procedures, the results of which are reported to the audit committee.

#### Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

#### (i) Market Risk:

Market risk is the risk that changes in the market prices such as foreign currency risk, interest risk, equity price and commodity prices. The market risk will affect the company's income or value of its holding of financial instruments. The objective of the market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the returns.

#### (i)a Foreign Currency Risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to USD and EURO. Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

#### Foreign Currency Risk Exposure

The Company exposure to foreign currency risk at the end of reporting period ended March 31, 2017 is given below.

Amount in Lakhs

Particulars	USD	Euro	Other currencies *	INR
<b>Non Derivative</b>				
Trade receivables	70.35	5.07	-	4,912.18
Trade payables	(9.84)	(0.13)	-	(646.93)
Other financial liabilities	(16.92)	(1.36)	(0.03)	(1,193.53)
<b>Net assets / (liabilities)</b>	<b>43.59</b>	<b>3.58</b>	<b>(0.03)</b>	<b>3,071.72</b>

The Company exposure to foreign currency risk at the end of reporting period ended March 31, 2016 is given below.

Amount in Lakhs

Particulars	USD	Euro	Other currencies *	INR
<b>Non Derivative</b>				
Trade payables	36.96	4.19	-	2,764.69
Other financial liabilities	(0.09)	-	(0.02)	(7.34)
Net assets / (liabilities)	(26.34)	(1.20)	(0.04)	(1,839.51)
<b>Net assets / (liabilities)</b>	<b>10.53</b>	<b>2.99</b>	<b>(0.06)</b>	<b>917.84</b>

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 42 A (Contd..)

The Company exposure to foreign currency risk at the end of reporting period ended April 01, 2015 is given below.

Amount in Lakhs

Particulars	USD	Euro	Other currencies *	INR
<b>Non Derivative</b>				
Trade payables	11.17	1.64	0.95	896.17
Other financial liabilities	-	(0.31)	-	(20.58)
Net assets / (liabilities)	(26.33)	(0.73)	(0.06)	(1,698.69)
<b>Net assets / (liabilities)</b>	<b>(15.16)</b>	<b>0.60</b>	<b>0.89</b>	<b>(823.10)</b>

\* Other currency includes currency such as Japanese Yen, Swiss franc etc.

The following significant exchange rates has been applied during the year

₹

Spot Rate (in INR)	Year ended March 31, 2017	Year ended March 31, 2016	As on April 01, 2015
USD	64.8500	66.2550	62.5000
EURO	69.2925	75.3950	67.1900

## Sensitivity Analysis

The sensitivity of profit or loss to changes in the exchange rate arises mainly from foreign currency denominated financial instruments. This analysis assumes that all other variables remain constant.

₹ in Lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Increase	Decrease	Increase	Decrease
<b>USD Sensitivity</b>				
INR/USD-Increase/(Decrease) by 2%	36.97	(36.97)	9.12	(9.12)
<b>EURO Sensitivity</b>				
INR/EURO-Increase/(Decrease) by 1%	1.62	(1.62)	1.47	(1.47)

The sensitivity analysis is computed by comparing average exchange rate for the period ended March 31, 2017 and March 31, 2016.

## (i) b Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will lead to changes in interest income and expense for the Company. Based on market intelligence, study of research analysis reports, company reviews its short/long position to avail working capital loans and minimise interest rate risk.

In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest risk, the Company performs comprehensive corporate interest risk management by balancing the proportion of fix rate and floating rate financial instruments.

## Exposure to Interest Rate Risk

The exposure of the interest rate changes at the end of the reporting period are given below:

₹ in Lakhs

	Year ended March 31, 2017	Year ended March 31, 2016	As on April 01, 2015
<b>Fixed rate instruments</b>			
Financial Assets			
Fixed Deposits with Banks	21.89	19.44	19.67
<b>Variable rate instruments</b>			
Financial Liabilities			
Borrowings	146,394.06	139,545.53	145,971.71

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 42 A (Contd..)

### Sensitivity Analysis

#### Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through Profit or Loss, therefore change in interest rate at the reporting date would not affect profit or Loss.

#### Cash Flow Sensitivity Analysis for Variable Rate Instruments

A increase of 45 basis point in interest rate at the reporting date would have increased, (decreased) Profit or Loss by the amount shown below. This analysis assumes that all other variables, remain constant.

The sensitivity analysis is computed by comparing weighted average interest rate for the period ended March 31, 2017 and March 31, 2016.

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Increase	Decrease	Increase	Decrease
Interest rates - increase/decrease by 45 basis points	430.79	(430.79)	410.63	(410.63)

### (i)c Price Risk

#### Exposure

The Company is exposed to equity securities price risk arises from investments held by the Company and classified in the balance sheet at fair value through Other Comprehensive Income. Material investments are managed on individual basis and all buy and sell decisions are approved by the management. The primary goal of the investment strategy is to maximize investment returns.

#### Sensitivity Analysis

Increase/decrease of 10% in the equity prices would have impact of ₹228.56 Lakhs (143.43 Lakhs in previous year) on the Other Comprehensive Income and Equity. These changes would not have an effect on Profit or Loss.

### (ii) Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivable) and from its financing activities including deposit with banks and financial institutions, loans, investment in debt securities, forward exchange contract and other financial instruments.

The Company considered the probability of default upon initial recognition of assets and when there has been significant increase in credit risk and on an on going basis through out each reporting date to assess whether there is an significant increase in credit risk, the Company compare the risk of default occurring on assets as at reporting date with the risk of default as at the date of initial recognition by considering reasonable forward looking estimations.

Financial assets are written off when there is no reasonable expectation of recovery. Whereas the loans and receivables are written off and subsequently recoveries are made, these are recognised as an income in the financial statements.

#### Trade Receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company evaluates the concentration of risk with respects to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. A default on a financial assets is when a counter party fails to make the payment within 365 days, when they fall due. This definition of default is determined by considering the business environment in which the entity operates and other macro economic factors. The company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors such as financial condition, ageing of outstanding and the Company's historical experience for customers.





# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 42 A (Contd..)

### (ii) a Credit risk exposure

The following table shows the exposure to the credit risk at the reporting date :

₹ in Lakhs

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
Loans	167.09	247.64	254.98	298.05	276.81	246.61
Trade Receivables		37,981.19		37,079.60		35,456.72
Cash and cash equivalents		281.65		277.07		262.02
Bank Balances		514.13		119.23		194.80
Other financial assets	41.61	2,330.36	14.13	1,947.05	272.55	1,712.14
<b>Total</b>	<b>208.70</b>	<b>41,354.97</b>	<b>269.11</b>	<b>39,721.00</b>	<b>549.36</b>	<b>37,872.29</b>

Expected credit loss for trade receivables using simplified approach are given below:

₹ in Lakhs

Age Bracket	As at	As at	As at
	March 31, 2017	March 31, 2016	April 01, 2015
0-180	37,720.13	36,881.19	35,358.23
181-365	283.76	218.52	108.82
Above 365	206.61	76.89	1,250.02
<b>Total</b>	<b>38,210.50</b>	<b>37,176.60</b>	<b>36,717.07</b>
Allowance for Bad and Doubtful Debts	229.31	97.00	1,260.35
<b>Closing Balance</b>	<b>37,981.19</b>	<b>37,079.60</b>	<b>35,456.72</b>

### The movement in the allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables is given below

₹ in Lakhs

Particulars	As at	As at
	March 31, 2017	March 31, 2016
Balance of provision for expected credit loss at the beginning	97.00	1,260.35
Impairment loss recognised/ (reversed)	132.31	(61.86)
Amounts written off	-	1,101.49
<b>Balance at the end</b>	<b>229.31</b>	<b>97.00</b>

### Financial assets to which loss allowances measured using 12 months expected credit loss.

For financial assets (other than trade receivables) which are not measured fair value through Profit and Loss account, 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 Company does not have any expected credit loss on financial assets which are measured on 12 month ECL and also has not observed any significant increase in credit risk since initial recognition of the financial assets.

### Cash and Cash Equivalents, Deposit with Banks

Credit risk on cash and cash equivalents and deposit with banks is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

### Derivatives (Forward Contracts)

Derivatives are entered with banks, counter parties which have low credit risk, based on external credit ratings of counter parties.

For other financial assets the company monitors ratings, credit spreads and financial strengths of its counterparties. Based on its ongoing assessment of the counter party's risk, the company adjust its exposures to various counter parties. Based on the assessment there is no impairment in other financial assets.

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 42 A (Contd..)

### (iii) Liquidity risk

The Company's objective is at all times to maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risk are overseen by senior management. The Company relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

#### (iii) a The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017

₹ in Lakhs

Particulars	Less than 1 year	1-2 years	2-4 years	4-8 years	Total
Borrowings	72334.42	14164.58	26202.00	9327.00	122028.00
Trade payables	8016.27				8016.27
Other financial liabilities	31282.63	373.37			31656.00

#### The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016

₹ in Lakhs

Particulars	Less than 1 year	1-2 years	2-4 years	4-8 years	Total
Borrowings	62,550.71	24051.07	22564.90	9777.00	118943.68
Trade payables	5009.13				5009.13
Other financial liabilities	26593.58	318.94			26912.52

#### The table below provides details regarding the contractual maturities of significant financial liabilities as of April 01, 2015

₹ in Lakhs

Particulars	Less than 1 year	1-2 years	2-4 years	4-8 years	Total
Borrowings	60,495.96	21589.72	32359.00	13994.00	128438.68
Trade payables	8824.45				8824.45
Other financial liabilities	22445.42	376.68			22822.10

#### (iii) b The table below provides details regarding the undrawn limit of various facilities sanction from bank/financial institutions:

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Secured Bank Cash Credit Facility</b>			
Amount Unused	21899.19	33562.72	37264.79
<b>Secured Non Fund Based Facility</b>			
Amount Unused	10481.44	9115.90	11567.85
<b>Secured Term Loan Facility</b>			
Amount Unused	2067.00	6750.00	8848.00



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

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## B: Financial Instruments

### (iv) Derivative financial instruments

#### (iv) a Disclosure of effects of hedge accounting on financial position:

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The objective of hedges is to minimize the volatility of INR cash flows of highly probable forecast transaction. The Company's risk management policy is to hedge around 70% to 90% of the net exposure with forward exchange contract, having a maturity upto 12 months.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

#### As on March 31, 2017:

Type of hedge and risks	Nominal value (Foreign Currency)				Carrying amount of hedging instrument (₹ in Lakhs) (Refer Note No. 8)	Maturity date	Hedge ratio*	Weighted average	
	USD		EURO					strike price / rate	
	No. of Outstanding Contracts	Amount (in Lakhs)	No. of Outstanding Contracts	Amount (in Lakhs)				USD	USD
Cash flow hedge	75	175.79	13	12.18	404.27	April 2017-September 2017	1:1	₹67.90	₹73.27

#### As on March 31, 2016:

Type of hedge and risks	Nominal value (Foreign Currency)				Carrying amount of hedging instrument (₹ in Lakhs)(Refer Note No. 8)	Maturity date	Hedge ratio*	Weighted average		
	USD		EURO					strike price / rate	USD	USD
	No. of	Amount	No. of	Amount						
	Outstanding Contracts	(in Lakhs)	Outstanding Contracts	(in Lakhs)						
Cash flow hedge	57	204.29	7	14.82	213.74	April 2016-September 2016	1:1	₹68.82	₹76.11	

#### As on April 01, 2015:

Type of hedge and risks	Nominal value (Foreign Currency)				Carrying amount of hedging instrument (₹ in Lakhs) (Refer Note No. 8)	Maturity date	Hedge ratio*	Weighted average		
	USD		EURO					strike price / rate	USD	USD
	No. of	Amount	No. of	Amount						
	Outstanding Contracts	(in Lakhs)	Outstanding Contracts	(in Lakhs)						
Cash flow hedge	74	226.20	8	17.10	214.23	April 2015-March 2016	1:1	₹63.90	₹74.68	

#### (iv) b Disclosure of effects of hedge accounting on financial performance

₹ in Lakhs

Cash flow hedge	Changes in the value of the hedging instruments recognised in other Comprehensive Income	Hedge Ineffectiveness recognised in profit & Loss	Amount reclassified from cash flow hedging reserve to Profit & Loss	Line item affected in the statement of profit and loss because of reclassification
March 31, 2017	864.34	-	602.46	Revenue
March 31, 2016	662.44	-	644.98	Revenue

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 42 B (Contd..)

(iv) c The movement in hedging reserve during the year ended March 31, 2017 for derivatives designated as cash flow hedge (refer note 32) is as follows:

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Balance at the beginning of the year	76.45	65.03
Change in Fair value of Effective portion of Cash Flow Hedge Recognised during the year	864.34	662.44
Amount Reclassified to Profit & Loss account during the period	(602.46)	(644.98)
Tax Impact on Above	(90.63)	(6.04)
<b>Closing Balance</b>	<b>247.70</b>	<b>76.45</b>

It is anticipated that sales will take place during the first six months of next financial year, at which time the amount shown in cash flow hedge reserve will be reclassified to profit & loss account.

## (iv) d Sensitivity Analysis

The following table demonstrates the sensitivity in the foreign exchange rate (USD & EURO) to the Indian Rupees with all other variables held constant. The impact on the other component of Equity arises from foreign forward exchange contract designated as cash flow hedge reserve is given below:

The sensitivity analysis is computed by comparing average exchange rate for the period ended March 31, 2017 and March 31, 2016.

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Increase	Decrease	Increase	Decrease
<b>USD Sensitivity</b>				
INR/USD-Increase/(Decrease) by 2%	55.05	(55.05)	45.00	(45.00)
<b>EURO Sensitivity</b>				
INR/EURO-Increase/(Decrease) by 1%	78.39	(78.39)	94.29	(94.29)

## 43 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 60% and 80%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Borrowings other than convertible preference shares	122,028.00	117,918.77	127,413.77
Trade payables	8,016.27	5,009.13	8,824.45
Other payables	31,656.00	26,912.52	22,822.10
Less: cash and cash equivalents	281.65	277.07	262.02
<b>Net debt</b>	<b>161,418.62</b>	<b>149,563.35</b>	<b>158,798.30</b>
Convertible Preference Shares		1,024.91	1,024.91
Equity	63,319.30	55,204.86	48,190.64
<b>Capital and Net debt</b>	<b>224,737.92</b>	<b>205,793.12</b>	<b>208,013.85</b>
Gearing Ratio	72%	73%	76%

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 43 Capital Management (Contd..)

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017 and March 31, 2016.

## 44 Impairment Loss on Fixed Assets & Goodwill

In terms of Indian Accounting Standard 36- Impairment of Asset, as on reporting date, the Company evaluated each CGU's Intangible Assets and PPE Based on such evaluation, which is also supported by external information, more particularly the market value and economic performance of the assets, no indication of impairment has been determined. However, in one of its cash generating unit (CGU) being a plant of its 'Yarn' reportable segment, the company had recognised in its statement of profit & loss under the line item 'depreciation, impairment & amortization expense' an impairment loss of ₹ Nil (prev year ₹1176.80 Lakhs) under the line item- Impairment of Assets on its goodwill ₹ Nil (Prev year ₹37.79 Lakhs), buildings ₹ Nil (Prev year ₹740.76 Lakhs), plant & machinery ₹ Nil (Previous year ₹323.15 Lakhs) & other assets ₹ Nil (Previous year ₹84.55 Lakhs) as disclosed in Note No. 3a of Property, Plant and Equipment, Note No. 3d of Goodwill and Note No. 38 on Segment Reporting.

## 45 Detail of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016 as provided in the table Below:

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016. The details of SBNs and other denomination notes transacted during the above mentioned period is given below:

₹ in Lakhs

Particulars	SBNs (₹)	Other Denomination Notes	Total
Closing Cash Balance as on 08-11-2016	49.45	21.24	70.69
Add: Receipts for Permitted Transactions+ Cash Withdrawal from Bank	1.19	192.92	194.11
Less: Deposited into Bank	50.62	4.59	55.21
Less: Paid for Permitted Transactions	0.02	163.50	163.52
Closing Cash Balance as on 30-12-2016	0.00	46.07	46.07

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 08, 2016.

## 46 Legal Cases

### Against the Company

₹ in Lakhs

S. No.	Nature of Dispute	Amount Involved	Provision Made	Disclosed as Contingent Liability	Amount Deposited Under Protest	Claim not acknowledged as debt
1	Indirect Taxation	119.83 (287.72)	39.80 (178.39)	15.00 (19.76)	0.00	65.03 (89.57)
2	Direct Taxation	1870.94 (2387.72)	0.00	26.45 0.00	0.00	1844.49 (2387.72)
3	State Dues / levies	15.00 (15.00)	0.00	15.00 (15.00)	0.00	0.00 0.00
4	Labour laws	103.35 (102.14)	0.00	2.15 (2.15)	0.00	101.20 (99.99)
5	Commercial matters	11.99 (11.99)	7.74 (7.74)	4.25 (4.25)	7.74 (7.74)	0.00
6	Others	27.04 (27.04)	17.25 (17.25)	8.99 (8.99)	0.00	0.80 (0.80)
	<b>Total</b>	<b>2148.15</b> <b>(2831.61)</b>	<b>64.79</b> <b>(203.38)</b>	<b>71.84</b> <b>(50.15)</b>	<b>7.74</b> <b>(7.74)</b>	<b>2011.52</b> <b>(2578.08)</b>

Figures in brackets in aforesaid note represent previous year figures

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 46 Legal Cases (Contd..)

### By the Company

₹ in Lakhs

S. No.	Nature of Dispute	Amount Involved	Provision Made	Disclosed as Contingent Liabilities	Amount Decreed in favour of the Company	Remarks
1	Indirect Taxation	959.95 (718.96)	185.57 (148.11)	32.82 (239.72)		
2	Direct Taxation	1191.25 (676.40)	5.39 (5.39)	0.00		
3	State Dues / levies					
4	Labour laws	7.97 (7.95)	0.00	0.00		
5	Commercial matters	844.93 (780.04)	35.31 (35.31)	96.82 (96.82)		
6	Others	1224.21 (1283.50)	28.87 (55.06)	0.00		
	<b>Total</b>	<b>4228.31</b> <b>(2681.35)</b>	<b>255.14</b> <b>(243.87)</b>	<b>129.64</b> <b>(336.54)</b>		

Figures in brackets in aforesaid note represent previous year figures

## 47 Reconciliation of Equity as reported under previous GAAP and Ind AS

As stated in Note 1, these are the Company's first financial statements prepared in accordance with Ind AS

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS statement of financial position at April 01, 2015 (the Company's date of transition). In preparing its opening Ind AS statement of financial position, the Company has adjusted amount reported previously in financial statements prepared in accordance with Indian GAAP (previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

### Exemptions and Exceptions availed:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

#### A Ind AS Optional Exemptions:

##### (i) Property, plant and equipment, Investment Property & Intangible assets

Ind AS 101 permits a first-time adopter opted to continue with the carrying value for all of its Property, Plant and Equipment, Intangible Assets and Investment Property as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities if there has been no change in its functional currency on the date of transition.

Accordingly, the Company has opted to measure all of its Property, Plant and Equipment, Investment Property and Intangible Assets at their previous GAAP carrying value.

##### (ii) Investment in Subsidiaries, Joint Ventures and Associates

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its investment in Subsidiaries, Joint Ventures and Associates as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has opted to measure all of its investments in Associates at their previous GAAP carrying value.



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 47 Reconciliation of Equity as reported under previous GAAP and Ind AS (Contd..)

### (iii) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has opted to apply this exemption for such contracts/arrangements.

### (iv) Business Combination

As per Ind AS 101, at the date of transition, an entity may opt not to restate business combinations that occurred before the date of transition. If the entity restates any business combinations that occurred before the date of transition, then it restates all later business combinations, and also applies Ind AS 110, Consolidated Financial Statements, from that same date. The Company has opted to restate business combinations on or after April 01, 2015.

### (v) Designation of Previously recognised Financial Instruments

Ind-AS 101 permits an entity to designate particular equity investment ( Other than equity investment in subsidiaries, joint ventures and associates ) as at fair value through Other Comprehensive Income (FVOCI) based on facts and circumstances as the date of transition to Ind AS ( rather than at initial recognition). Other equity investment are classified at Fair Value through Profit & Loss (FVTPL). The Company has availed this exemption to designate certain equity investment as FVOCI on the date of transition.

## B. Ind AS Mandatory Exceptions

### (i) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies. As per Ind AS, where application of Ind AS require an entity to make certain estimates that were not required under previous GAAP, those estimates should reflect condition that existed at the date of transition ( for preparing opening Ind AS balance sheet or at the end of the comparative period ( for presenting comparative information as per Ind-AS).

Ind AS estimates as at April 01, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for Impairment of financial assets based on expected credit loss model, fair valuation of financial instruments carried at FVTPL and FVOCI in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

### (ii) Classification and Measurement of Financial Assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, Company has determined the classification of financial assets based on facts and circumstances that existed on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

### iii) Hedge Accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of April 01, 2015 are reflected as hedges in the company's results under Ind AS.





# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 47 Reconciliation of Equity as reported under previous GAAP and Ind AS (Contd..)

The Company had designated various hedging relationships as cash flow hedges under the previous GAAP. On date of transition to Ind AS, the entity had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

### (iv) Derecognition of Financial Assets and Liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has opted to apply the derecognition principles of Ind AS 109 prospectively.

### (v) Impairment of Financial Assets

An entity shall determine an approximate credit risk at the date when the financial instrument were initially recognised and compare that to the credit risk at the date of transition to Ind ASs. This should be based on reasonable and supportable information that is available without undue cost or effort. If the entity is unable to make this determination without undue cost or effort, it shall recognise a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2015 and the financial statements as at and for the year ended March 31, 2016.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

47 (Contd..)

₹ in Lakhs

Particulars		Footnote no.	As at March 31, 2016				As at April 01, 2015			
			Previous GAAP		Adjustments		Ind AS		Adjustments	
			Transition date	Reclassification	Remeasurement		Previous GAAP	Reclassification	Remeasurement	
ASSETS										
1 Non Current Asset										
a	Property, Plant & Equipment	1, 2	109,982.51	(588.18)	535.31	(4.34)	109,925.30	102,777.28	(57.97)	23.85
b	Capital work-in-progress		3,139.17							102,743.16
c	Investment Property	1		612.03	(7.31)		3,139.17	12,625.21	612.03	12,625.21
d	Goodwill						-	37.79		612.03
e	Other Intangible assets		598.03		(514.59)		83.44	635.03	(554.10)	37.79
f	Intangible assets under development		516.46				516.46			80.93
g	Financial Assets						-			-
i)	Investments	3	8,807.24	2,147.96	(12.46)	(767.62)	10,175.13	9,067.16	(272.37)	2,147.96
ii)	Loans		2,927.22		(2,672.24)		254.98	2,926.78	(2,649.97)	10,942.75
iii)	Other financial assets				14.13		14.13	-	272.55	276.81
h	Other non-current assets		79.74		2,670.55		2,750.29	433.11	2,649.79	272.55
2 Current Asset							-			-
a	Inventories	2	42,693.83	(14.24)	(13.42)		42,666.17	39,863.91	(14.24)	39,849.67
b	Financial Assets						-			-
i)	Trade receivables	11	22,966.16		14,113.44		37,079.60	19,695.97	15,760.75	35,456.72
ii)	Cash and equivalents		396.30		(119.23)		277.07	456.81	(194.80)	262.02
iii)	Bank balances other than (ii) above				119.23		119.23		194.80	194.80
iv)	Loans		5,118.93		(4,820.88)		298.05	5,998.77	(5,752.16)	246.61
v)	Other financial assets		-		1,947.05		1,947.05		1,712.14	1,712.14
c	Current Tax Assets (Net)				1,146.36		1,146.36		846.27	846.27
d	Other current assets		8,483.00		1,727.49		10,210.49	9,141.35	3,193.76	12,335.11
3 Assets classified as held for sale and discontinued operation			50.68				50.68	280.00		280.00
TOTAL			205,759.27	2,157.58	14,113.43	(771.96)	221,258.32	203,939.17	15,760.72	2,157.58
										221,857.47

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

47 ( Contd..)

₹ in Lakhs

Particulars	Footnote no.	As at march 31, 2016				As at March 31, 2015				
		Previous GAAP	Adjustments		Ind AS	Previous GAAP	Adjustments		Ind AS	
			Transition date	Reclassification			Remeasurement	Reclassification		Remeasurement
EQUITY & LIABILITIES										
EQUITY										
a Equity Share Capital		3,339.78	(1,024.91)			2,314.87	3,339.78	(1,024.91)	2,314.87	
b Other Equity		47,950.16	2,157.58	2,782.25		52,889.99	40,940.48	4,935.29	45,875.77	
		51,289.94	1,132.67	-	2,782.25	55,204.86	44,280.26	(1,024.91)	48,190.64	
LIABILITIES										
1 Non Current Liabilities										
a Financial Liabilities										
i)Borrowings	9	55,368.06	1,024.91			56,392.97	66,917.81	1,024.91	67,942.72	
ii)Other financial liabilities		-		318.94		318.94	-	376.68	-	
b Provisions		553.95				553.95	387.08	-	387.08	
c Deferred tax liabilities (Net)	4	9,729.24	-		(71.56)	9,657.68	8,278.04	-	8,278.04	
d Deferred Government Grant		365.84		(71.29)		294.55	219.94	(74.30)	145.64	
e Other non-current liabilities		676.55		(318.94)		357.61	718.65	(376.68)	341.97	
2 Current Liabilities										
a Financial Liabilities										
i)Borrowings	11	48,437.28		14,113.43		62,550.71	44,735.24	15,760.72	60,495.96	
ii)Trade payables		5,009.13				5,009.13	8,824.45	-	8,824.45	
iii)Other financial liabilities	9	-		26,469.42		26,593.58	-	22,445.42	22,445.42	
b Other current liabilities		30,449.53		(26,469.42)		3,980.11	26,514.83	(22,445.42)	4,069.41	
c Deferred Government Grant				71.29		71.29		74.30	74.30	
d Provisions	5	3,879.75		(3,606.81)		272.94	3,062.87	(2,777.71)	285.16	
TOTAL		205,759.27	2,157.58	14,113.43	(771.96)	221,258.32	203,939.17	15,760.72	221,857.47	



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 47 (Contd..)

Reconciliation of Statement of Total Comprehensive Income as previously reported under IGAAP to Ind AS for the year ended March 31, 2016

₹ in Lakhs

Particulars	Footnote no.	Previous GAAP	Adjustments		Ind AS
			Reclassification	Remeasurement	
<b>I Revenue From Operations</b>	7	295,467.23	(988.20)	-	294,479.03
<b>II Other Income</b>		2,457.81	(20.52)		2,437.29
<b>III Total Revenue (I+II)</b>		<b>297,925.04</b>	<b>(1,008.72)</b>	<b>-</b>	<b>296,916.32</b>
<b>IV EXPENSES</b>					
Cost of materials consumed		160,542.28			160,542.28
Purchases of Stock-in-Trade		2,058.40			2,058.40
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress		(485.46)			(485.46)
Excise duty on sale	7		1,151.85		1,151.85
Employee benefits expense	6	31,919.44	(252.42)		31,667.02
Finance costs	6, 9	12,437.95	28.17	124.16	12,590.28
Depreciation and amortization expense	2	14,922.68		4.30	14,926.98
Other expenses	7	61,872.42	(2,160.54)		59,711.88
<b>Total expenses</b>		<b>283,267.71</b>	<b>(1,232.94)</b>	<b>128.46</b>	<b>282,163.23</b>
<b>V Profit/(loss) before exceptional items and tax (III-IV)</b>		<b>14,657.33</b>	<b>224.22</b>	<b>(128.46)</b>	<b>14,753.09</b>
<b>VI Profit/(loss) before tax (V-VI)</b>		<b>14,657.33</b>	<b>224.22</b>	<b>(128.46)</b>	<b>14,753.09</b>
<b>VIII Tax expense</b>					
Current Tax		2,872.88			2,872.88
Tax of earlier years provided (written back)		(265.77)			(265.77)
Deferred tax		1,451.20			1,451.20
<b>VIII Profit/(loss) for the period</b>		<b>10,599.02</b>			<b>10,694.78</b>
<b>IX Other Comprehensive Income</b>	10				
A (i) Items that will not be reclassified to profit or loss	3, 6		(224.26)	(767.62)	(991.88)
(ii) Income tax relating to items that will not be reclassified to profit or loss	4		77.61	-	77.61
B (i) Items that will be reclassified to profit or loss	8			17.46	17.46
(ii) Income tax relating to items that will be reclassified to profit or loss	4			(6.04)	(6.04)
<b>X Total Comprehensive Income(VIII+IX)</b>		<b>10,599.02</b>	<b>(146.65)</b>	<b>(756.20)</b>	<b>9,791.93</b>

## Reconciliation of Equity as reported under Previous GAAP to Ind AS

₹ in Lakhs

Particulars	Note no.	As at	As at
		March 31, 2016	April 01, 2015
<b>Equity as reported under Previous GAAP</b>		<b>51,289.94</b>	<b>44,280.26</b>
Changes consequent to Ind AS adoption:-			
a) 12% OCRPS recognised as Liability (as per Ind AS 109)	9	(1,024.91)	(1,024.91)
b) Proposed Dividend on Equity Shares and Dividend Tax thereon	5	3,482.65	2,777.71
c) Fair Valuation of Investment through OCI	3	1,380.35	2,147.96
d) Adjustment due to spare capitalised	2	5.26	9.62
e) Tax Adjustment	4	71.57	-
<b>Equity as reported under Ind AS</b>		<b>55,204.86</b>	<b>48,190.64</b>
Equity Attributable to:			
Paid up equity share capital		2,314.87	2,314.87
Other Equity		52,889.99	45,875.77

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# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 47 ( Contd..)

### Footnotes to the reconciliation of equity as at April 01, 2015 and statement of Profit & Loss for the year ended March 2016

#### 1 Investment Property:

Based on Ind AS 40, the Company has classified certain land and building as Investment property . Under Previous GAAP, there was no requirement to present investment property separately and the same was included under property, plant & equipment. There is no impact on equity and profit & loss account as a result of this adjustment.

#### 2 Capitalization of Stores and Spares

As per requirement of Ind AS 16, “Property , Plant & Equipment”, the Company has Capitalised the stores and spares which meets the definition of property , plant and equipment and depreciated the same from the date of capitalisation.Under the previous GAAP, the same has been shown as Inventories.

#### 3 Fair Valuation of Investment

Under the previous GAAP, investments in equity instruments were classified as long-term investments based on the intended holding period and reliability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Under Ind AS, these investments are required to be measured at fair value. The Company has designated investment in equity shares( other than investment in Associates) at Fair Value Through Other Comprehensive Income(FVTOCI) and the resulting fair value changes of these investments as at the date of transition has been recognized in retained earning and subsequently in Other Comprehensive Income. Further the Company has measured investment in debentures in associates at Fair value through profit & loss account.

#### 4 Deferred Tax

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences, which was not required under previous GAAP.

#### 5 Proposed Dividend

Under the previous GAAP, dividends proposed by the Board of Directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the General Meeting.

#### 6 Remeasurements of Post-employment Benefit Obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses excluding amounts included in the net interest expense on the net defined benefit liability are recognised in Other Comprehensive Income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

#### 7 Excise duty, Discount, Rebate & Claims

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty, while discount, rebate and claim were presented as expenses. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty and net off discount, rebate and claim. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. There is no impact on the total equity and profit.

#### 8 Cash Flow Hedge Reserve

Under Ind AS, the effective portion of the cash flow hedge to be recognised in other comprehensive income and however in the previous GAAP same has been recognised under Reserve and Surplus under the head “ Cash Flow Hedge Reserve”. There is no impact on the total equity and profit.



# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 47 (Contd..)

### 9 Compound Financial Instruments

#### Convertible preference shares

The Company has issued optionally convertible redeemable preference shares(OCRPS). Under previous GAAP, the preference shares were classified as equity and dividend payable thereon was treated as distribution of profit. Under Ind AS, convertible preference shares are separated into liability and equity components based on the terms of the contract. Interest on liability component is recognised using the effective interest method. The Optionally Convertible Redeemable Preference Share(OCRPS) has been classified as Debt and dividend on optionally convertible redeemable preference shares(OCRPS) along with dividend distribution tax has been recognised to Statement of Profit & Loss as interest cost.

### 10 Other Comprehensive Income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss includes remeasurements of defined benefit plans, fair value measurement impact of Investments and effective portion of gains and losses on cash flow hedging instruments. The concept of other comprehensive income did not exist under previous GAAP.

11 Under previous GAAP, trade receivables derecognised by way of bills of exchange have been shown as contingent liability since there is recourse clause. Under Ind AS, trade receivables has been restated with corresponding recognition of short term borrowings as on March 31.

12 There is no significant reconciliation items between cash flow prepared under Previous GAAP and those prepared under Ind AS.

## 48 Recent Accounting Pronouncement

### Standards issued but not yet effected

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 01, 2017.

#### Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The said amendment being only a disclosure requirement has not any impact either on the profit and loss for the period or any assets and liabilities recognised in the balance sheet.

# Notes to the Standalone Financial Statement

for the year ended March 31, 2017

## 48 Recent Accounting Pronouncement (Contd..)

### Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

As on date, there are no transactions to be settled through share based payments. Accordingly there is no impact of the amendments on the company.

Accompanying notes form an integral part of the financial statements

#### As per our report of even date

For **S. Bhargava Associates**  
Chartered Accountants  
Firm Regn. No. 003191C

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

Per **Sunil Bhargava**  
Partner  
M. No. 70964

Per **Yogesh K. Gupta**  
Partner  
M. No. 93214

Place: Noida, (U.P.)  
Date: May 12, 2017

#### FOR AND ON BEHALF OF BOARD OF DIRECTORS

**Ravi Jhunjunwala**  
Chairman  
DIN 00060972

**Riju Jhunjunwala**  
Managing Director &  
Chief Executive Officer  
DIN 00061060

**Prakash Maheshwari**  
Executive Director  
DIN 02388988

**B. M. Sharma**  
Chief Financial Officer  
M.No. FCA 35012

**Surender Gupta**  
Company Secretary  
M.No. FCS 2615





# **CONSOLIDATED FINANCIAL STATEMENTS**

# Consolidated Independent Auditors' Report

To the Members of RSWM Limited

## Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of RSWM LIMITED (hereinafter referred to as “the Investor Company”) and its associates, comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including other Comprehensive Income), the Consolidated Statement of Cash Flow and Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated Ind AS financial statements”).

## Management's Responsibility for the Consolidated Ind AS Financial Statements

The Investor 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 (financial position), consolidated profit or loss (financial performance including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Investor Company and its Associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

The respective Board of Directors of the Investor Company and of its Associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Investor Company and its Associates 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 Investor 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 of the consolidated 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 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 Investors 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 by the Investor Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and unaudited financial information and financial statement certified by the management as 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.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of unaudited financial informations and financial statements certified by the management as referred to in Other Matters paragraph,

# Consolidated Independent Auditors' Report (Contd..)

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 including Ind AS, of the consolidated state of affairs( financial position) of the Investor Company and its Associates as at March 31, 2017, and their consolidated profit (financial performance including other comprehensive income), their consolidated cash flows and the consolidated statement of changes in the equity for the year then ended.

## Other Matters

The consolidated Ind AS financial statements include the Investor Company's share of net profit of ₹312.50 Lakhs and other comprehensive loss of ₹2.16 Lakhs for the year ended March 31, 2017 as considered in the consolidated Ind AS financial statements, in respect of two associates, whose financial statements have not been audited by us.

These financial statement and other financial informations are unaudited and have been furnished to us by the management and 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 associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid associates, is based solely on the unaudited financial statement and other financial information certified by the 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 financial statements and other financial information certified by the Management.

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of unaudited financial statement and other financial information certified by the management, as noted in the Other Matters paragraph, we report, to the extent applicable, 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 certificate received from the management as referred to in Other Matters paragraph
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss( Including other Comprehensive Income), the Consolidated Statement of Cash Flow and Consolidated Statement of Changes in Equity 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 Accounting Standards specified under Section 133 of the Act read with relevant rules made thereunder.
- (e) On the basis of the written representations received from the directors of the Investor Company as on March 31, 2017 taken on record by the Board of Directors of the Investor Company and the certificate received from the management of its associate companies incorporated in India, none of the directors of the Investor company and its associate companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Investor Company and its associate companies incorporated in India and the operating effectiveness of such controls refer to our separate report in Annexure 'A'.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and

# Consolidated Independent Auditors' Report (Contd..)

based on the consideration of unaudited financial statement and other financial information certified by the management, as noted in the Other Matters paragraph:

- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Investor Company and its Associates – Refer Note No 46 to the consolidated Ind AS financial statements.
- ii. The Investor Company and its Associates did not have any material foreseeable losses 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 Investor Company and its Associates companies incorporated in India during the year ended March, 31 2017.
- iv. The Investor Company and its Associates has provided requisite disclosures in its consolidated Ind AS financial statements as to holding as well as dealings in Specified

Bank Notes during the period from November 08, 2016 to December 30, 2016, on the basis of information available with the Investor Company and its Associates. Based on the audit procedure, and relying on managements representation and these are in accordance with the books of accounts maintained by the Investor Company and its Associates. Refer note 45 of the consolidated Ind AS financial statements

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

**Yogesh K. Gupta**  
Partner  
Membership No.: 093214

Place: Noida  
Dated: May 12, 2017

For **S.Bhargava Associates**  
Chartered Accountants  
Firm's Registration No.  
003191C

**Sunil Bhargava**  
Partner  
Membership No. 070964

# Annexure A to the Consolidated Independent Auditor's Report to the members of RSWM Limited (Investor Company) on its Consolidated Ind AS Financial Statement

Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 1(f) of 'Report on Other Legal and Regulatory Requirements' section of our report referred above

In conjunction with our audit of the consolidated Ind AS financial statements of the Investor Company and its associates as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of RSWM Limited (hereinafter referred to as "the Investor Company") and its associates, which are companies incorporated in India, as of that date.

## Management's Responsibility for Internal Financial Controls

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

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI 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 and certificate received from management as referred to in Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Investor Company and its associates, incorporated in India.

## 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

# Annexure A to the Consolidated Independent Auditor's Report to the members of RSWM Limited (Investor Company) on its Consolidated Ind AS Financial Statement (Contd..)

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

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of management certificate, as referred to in Other Matters paragraph, the Investor Company and its associate companies which are incorporated in India, have, 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, 2017, based on the internal control over financial reporting criteria established by the Investor Company and its associates, 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.

## Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the two associate companies, which are companies incorporated in India, is based on the management certificate.

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

**Yogesh K. Gupta**  
Partner  
Membership No.: 093214

Place: Noida  
Dated: May 12, 2017

For **S. Bhargava Associates**  
Chartered Accountants  
Firm's Registration No.  
003191C

**Sunil Bhargava**  
Partner  
Membership No. 070964

# Consolidated Balance Sheet

As at March 31, 2017

₹ in Lakhs

Particular	Note No.	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
ASSETS							
1 Non-current assets							
a Property, Plant and Equipment	3a	115,338.04		109,925.30		102,743.16	
b Capital work-in-progress	3b	1,487.43		3,139.17		12,625.21	
c Investment Property	3c	944.58		604.72		612.03	
d Goodwill	3d	-		-		37.79	
e Other Intangible assets	3e	1,251.18		83.44		80.93	
f Intangible Assets Under Development	3f	-		516.46		-	
g Financial Assets							
i) Investments *	4	18,540.70		17,378.99		17,616.96	
ii) Loans	5	167.09		254.98		276.81	
iii) Other financial assets	8	41.61	18,749.40	14.13	17,648.10	272.55	18,166.32
h Other non-current assets	11	1,636.33		2,750.29		3,082.90	
2 Current assets							
a Inventories	9	54,121.97		42,666.17		39,849.67	
b Financial Assets							
i)Trade receivables	6	37,981.19		37,079.60		35,456.72	
ii)Cash and cash equivalents	7	281.65		277.07		262.02	
iii)Bank balances other than (ii) above	7	514.13		119.23		194.80	
iv)Loans	5	247.64		298.05		246.61	
v)Other financial assets	8	2,330.36	41,354.97	1,947.05	39,721.00	1,712.14	37,872.29
c Current Tax Assets (Net)	10		1,272.47		1,146.36		846.27
d Other current assets	11		10,332.04		10,210.49		12,335.11
3 Assets classified as held for sale	3g		64.33		50.68		280.00
Total Assets		246,552.74		228,462.18		228,531.68	
EQUITY AND LIABILITIES							
EQUITY							
a Equity Share Capital	12		2,355.08		2,314.87		2,314.87
b Other Equity	13		68,478.42		60,093.85		52,549.98
LIABILITIES							
1 Non-current liabilities							
a Financial Liabilities							
i)Borrowings	14	49,693.58		56,392.97		67,942.72	
ii)Other financial liabilities	17	373.37	50,066.95	318.94	56,711.91	376.68	68,319.40
b Provisions	18		582.39		553.95		387.08
c Deferred tax liabilities (Net)	20		8,651.61		9,657.68		8,278.04
d Deferred Government Grant	21		325.70		294.55		145.64
e Other non-current liabilities	22		358.30		357.61		341.97
2 Current liabilities							
a Financial Liabilities							
i)Borrowings	15	72,334.42		62,550.71		60,495.96	
ii)Trade payables	16	8,016.27		5,009.13		8,824.45	
iii)Other financial liabilities	17	31,282.63	111,633.32	26,593.58	94,153.42	22,445.42	91,765.83
b Other current liabilities	22		3,716.06		3,980.11		4,069.41
c Deferred Government Grant	21		57.95		71.29		74.30
d Provisions	18		326.96		272.94		285.16
Total Equity and Liabilities		246,552.74		228,462.18		228,531.68	

\* Investment includes investment in Associate accounted for using the Equity method.

Accompanying notes form an integral part of the financial statements

As per our report of even date

For **S. Bhargava Associates**  
Chartered Accountants  
Firm Regn. No. 003191C

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

Per **Sunil Bhargava**  
Partner  
M. No. 70964

Per **Yogesh K. Gupta**  
Partner  
M. No. 93214

FOR AND ON BEHALF OF BOARD OF DIRECTORS

**Ravi Jhunjunwala**  
Chairman  
DIN 00060972

**Riju Jhunjunwala**  
Managing Director &  
Chief Executive Officer  
DIN 00061060

**Prakash Maheshwari**  
Executive Director  
DIN 02388988

**B. M. Sharma**  
Chief Financial Officer  
M.No. FCA 35012

**Surender Gupta**  
Company Secretary  
M.No. FCS 2615

Place: Noida, (U.P.)  
Date: May 12, 2017

» » » »



# Consolidated Statement of Profit and Loss

for the year ended March 31, 2017

₹ in Lakhs

Particular	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
<b>Revenue From Operations</b>	23	299,619.61	294,479.03
<b>Other Income</b>	24	3,158.53	2,437.29
<b>Total Revenue</b>		<b>302,778.14</b>	<b>296,916.32</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	25	172,107.07	160,542.28
Purchase of Traded Goods	26	2,937.59	2,058.40
Changes in inventories of Finished Goods, Stock-in -Trade and Work-in-Progress	27	(5,636.08)	(485.46)
Excise duty on sale		956.78	1,151.85
Employee Benefit Expenses	28	34,862.90	31,667.02
Finance cost	29	11,036.20	12,590.28
Depreciation, amortization and impairment expenses	30	13,216.53	14,926.98
Other expenses	31	61,762.41	59,711.88
<b>Total expenses</b>		<b>291,243.40</b>	<b>282,163.23</b>
<b>Profit/(loss) before exceptional items, tax &amp; share of profit/(Loss) of Associates</b>		<b>11,534.74</b>	<b>14,753.09</b>
<b>Exceptional items</b>			
<b>Profit/(Loss) Before Tax &amp; Share of Profit/(Loss) of Associates</b>		<b>11,534.74</b>	<b>14,753.09</b>
Share of Profit/ (Loss) of Associates		312.50	525.93
<b>Profit/(Loss) Before Tax</b>		<b>11,847.24</b>	<b>15,279.02</b>
<b>Tax Expense</b>			
Current Tax	19	2,429.76	2,872.88
Tax of earlier year provided / written back	19	11.21	(265.77)
Deferred tax	19	(1,003.62)	1,451.20
<b>Profit/(Loss) for the Period</b>		<b>10,409.89</b>	<b>11,220.71</b>
<b>Other Comprehensive Income</b>	32		
(a) (i) Items that will not be reclassified to profit or loss		581.36	(991.88)
(ii) Income tax relating to items that will not be reclassified to profit or loss		93.08	77.61
Share in OCI of Associates that will not be reclassified to Profit or loss		(2.16)	3.72
(b) (i) Items that will be reclassified to profit or loss		261.88	17.46
(ii) Income tax relating to items that will be reclassified to profit or loss		(90.63)	(6.04)
<b>Other Comprehensive Income/(Loss) for the year</b>		<b>843.53</b>	<b>(899.13)</b>
<b>Total Comprehensive Income/(loss) for the year</b>		<b>11,253.42</b>	<b>10,321.58</b>
<b>Earnings per Equity Shares of ₹10/- each</b>			
1) Basic (in ₹)		44.67	48.47
2) Diluted (in ₹)		43.99	47.93

Accompanying notes form an integral part of the financial statements

**As per our report of even date**

For **S. Bhargava Associates**  
Chartered Accountants  
Firm Regn. No. 003191C

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

Per **Sunil Bhargava**  
Partner  
M. No. 70964

Per **Yogesh K. Gupta**  
Partner  
M. No. 93214

Place: Noida, (U.P.)  
Date: May 12, 2017

**FOR AND ON BEHALF OF BOARD OF DIRECTORS**

**Ravi Jhunjhunwala**  
Chairman  
DIN 00060972

**Riju Jhunjhunwala**  
Managing Director &  
Chief Executive Officer  
DIN 00061060

**Prakash Maheshwari**  
Executive Director  
DIN 02388988

**B. M. Sharma**  
Chief Financial Officer  
M.No. FCA 35012

**Surender Gupta**  
Company Secretary  
M.No. FCS 2615

# Consolidated Statement of Cash Flow

for the year ended March 31, 2017

₹ in Lakhs

Particular	Year ended March 31, 2017	Year ended March 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit / (Loss) Before Tax</b>	<b>11,847.24</b>	<b>15,279.02</b>
Adjustments for:		
Share in Profit of Associates	(312.50)	(525.93)
Depreciation, amortization and impairment expenses	13 216.53	13 740.73
Impairment Loss on Property, Plant & Equipment and Intangible Assets	-	1,186.25
Net Gain / Loss on Sale of Property, Plant & Equipment	(241.66)	(106.26)
Provision Written Back	(360.44)	(316.70)
Provision for Impairment on Financial Assets	128.01	(24.81)
Property, Plant & Equipment Written off	2.08	0.60
Finance Costs	10,995.61	12,562.12
Interest Income	(664.94)	(606.45)
Dividend Income from Investments	(1.61)	(32.56)
Forex Fluctuation on Translation of Assets & Liabilities	71.35	17.96
	22,832.43	25,894.95
<b>Operating Profit/(loss) before Working Capital changes</b>	<b>34,679.67</b>	<b>41,173.97</b>
(Increase) / Decrease in Trade Receivables	(901.59)	(1,622.88)
(Increase) / Decrease in Current financial assets - Loans	312.45	(51.20)
(Increase) / Decrease in Non Current financial assets - Loans	87.89	21.83
(Increase) / Decrease in Other Current financial assets	(884.85)	(41.20)
(Increase) / Decrease in Other Non Current financial assets	(27.48)	258.42
(Increase) / Decrease in Other Current assets	(185.39)	2,218.23
(Increase) / Decrease in Other Non Current assets	(176.62)	262.04
(Increase)/Decrease in Inventories	(11,455.80)	(2,816.50)
Increase / (Decrease) in Trade Payables	3,007.14	(3,815.32)
Increase / (Decrease) in Other Current Financial Liabilities	854.87	1,092.17
Increase / (Decrease) in Other Non Current Financial Liabilities	54.43	(57.74)
Increase / (Decrease) in Other Current Liabilities	150.41	215.18
Increase / (Decrease) in Other Non Current Liabilities	(239.83)	(41.75)
	(9,404.37)	(4,378.72)
<b>Cash generated from/(used in) Operations before tax</b>	<b>25,275.30</b>	<b>36,795.25</b>
Net Direct Taxes paid	(2567.08)	(2907.20)
<b>Net cash flow from/(used in) Operating Activities</b>	<b>22,708.22</b>	<b>33,888.05</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Property, Plant & Equipment/ Intangible Assets including Capital Advances	(17,245.58)	(13,395.33)
Proceeds from sale of Property, Plant & Equipment	647.99	308.17
Assets classified as held for Sale	(13.65)	229.32
Acquisition of Investments	(1.05)	-
Movement of Fixed Deposit	(3.08)	97.78
Interest Received	703.31	372.57
Dividend Received	1.61	32.56
<b>Net cash flow from/(used in) Investing Activities</b>	<b>(15,910.44)</b>	<b>(12,354.93)</b>
<b>Net cash from/(used in) Operating and Investing Activities</b>	<b>6,797.77</b>	<b>21,533.12</b>

# Consolidated Statement of Cash Flow

for the year ended March 31, 2017

₹ in Lakhs

Particular	Year ended March 31, 2017	Year ended March 31, 2016
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Borrowings	(20,962.70)	(21,601.00)
Proceeds from Borrowings	18,691.55	13,120.11
Repayment of Short Term Borrowings	9,783.71	2,054.75
Receipt of Government Grant	102.54	260.73
Payment of Dividend	(2,893.59)	(2,314.87)
Taxes on Dividend	(589.06)	(462.84)
Finance Costs	(10,925.64)	(12,574.95)
<b>Net cash from/(used in) Financing Activities</b>	<b>(6,793.19)</b>	<b>(21,518.07)</b>
<b>Net cash from/(used in) Operating, Investing &amp; Financing Activities</b>	<b>4.58</b>	<b>15.05</b>
<b>Opening balance of Cash and Cash equivalent</b>	<b>277.07</b>	<b>262.02</b>
<b>Closing balance of Cash and Cash equivalent</b>	<b>281.65</b>	<b>277.07</b>
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (refer note no. 7)		
i) Cash on Hand	43.58	63.55
ii) Balance with Banks :		
- On Current Accounts	143.49	165.17
- Cheques, Draft on Hand	94.58	48.35
<b>Total</b>	<b>281.65</b>	<b>277.07</b>

**Note:**

Non - Cash Item : The holders of 88,54,111 number of 12% Optionally convertible Redeemable preference shares (OCRPS) exercising option to convert Optionally Convertible Redeemable Preference Share (OCRPS) into Equity Share. Accordingly, during the year the Company has allotted and issued 4,02,153 number of equity share of ₹10- each fully paid up.

**As per our report of even date**

For **S. Bhargava Associates**  
Chartered Accountants  
Firm Regn. No. 003191C

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

Per **Sunil Bhargava**  
Partner  
M. No. 70964

Per **Yogesh K. Gupta**  
Partner  
M. No. 93214

Place: Noida, (U.P.)  
Date: May 12, 2017

**FOR AND ON BEHALF OF BOARD OF DIRECTORS**

**Ravi Jhunjunwala**  
Chairman  
DIN 00060972

**Riju Jhunjunwala**  
Managing Director &  
Chief Executive Officer  
DIN 00061060

**Prakash Maheshwari**  
Executive Director  
DIN 02388988

**B. M. Sharma**  
Chief Financial Officer  
M.No. FCA 35012

**Surender Gupta**  
Company Secretary  
M.No. FCS 2615

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2017

## a. Equity Share Capital

Particular	Note No.	Amount
<b>Balance as at April 01, 2015</b>		<b>2,314.87</b>
Changes in equity share capital during 2015-16	12	-
<b>Balance as at March 31, 2016</b>		<b>2,314.87</b>
<b>Balance as at April 01, 2016</b>		<b>2,314.87</b>
Changes in equity share capital during 2016-17	12	40.21
<b>Balance as at March 31, 2017</b>		<b>2,355.08</b>

## b. Other Equity

Particular	Note	Reserves & Surplus						Other Comprehensive Income		Total
		Capital Reserve	Securities Premium Account	General Reserve	Pref. Share Capital Redemption Reserve	Retained earnings	Share in Reserves & Surplus of Associates	Equity Instruments through Other Comprehensive Income	Effective portion of Cash flow Hedges	
<b>Balance at April 01, 2015</b>		700.97	8,995.23	4,910.28	5,700.00	23,356.29	6,674.21	2,147.97	65.03	<b>52,549.98</b>
<b>Total comprehensive income for the year ended March 31, 2016</b>										
Profit or Loss during the year		-	-	-	-	10,694.78	525.93	-	-	11,220.71
Other comprehensive income for the year	32	-	-	-	-	(146.65)	3.72	(767.62)	11.42	(899.13)
<b>Total comprehensive income</b>		-	-	-	-	<b>10,548.13</b>	<b>529.65</b>	<b>(767.62)</b>	<b>11.42</b>	<b>10,321.58</b>
<b>Transaction with owners, recorded directly in equity</b>										
<b>Contribution by and distributions to owners</b>										
Dividend paid during the year	13	-	-	-	-	(2,314.87)	-	-	-	(2,314.87)
Dividend Distribution Tax (DDT)	13	-	-	-	-	(462.84)	-	-	-	(462.84)
<b>Total Contribution by and distribution to owners</b>		-	-	-	-	<b>(2,777.71)</b>	-	-	-	<b>(2,777.71)</b>
<b>Balance at March 31, 2016</b>		<b>700.97</b>	<b>8,995.23</b>	<b>4,910.28</b>	<b>5,700.00</b>	<b>31,126.71</b>	<b>7,203.86</b>	<b>1,380.35</b>	<b>76.45</b>	<b>60,093.85</b>
<b>Balance at April 01, 2016</b>		<b>700.97</b>	<b>8,995.23</b>	<b>4,910.28</b>	<b>5,700.00</b>	<b>31,126.71</b>	<b>7,203.86</b>	<b>1,380.35</b>	<b>76.45</b>	<b>60,093.85</b>
<b>Total comprehensive income for the year ended March 31, 2017</b>										
Profit or Loss during the year		-	-	-	-	10,097.39	312.50	-	-	10,409.89
Other comprehensive income for the year	32	-	-	-	-	(175.87)	(2.16)	850.32	171.25	843.54
<b>Total comprehensive income</b>		-	-	-	-	<b>9,921.52</b>	<b>310.34</b>	<b>850.32</b>	<b>171.25</b>	<b>11,253.43</b>
<b>Transaction with owners, recorded directly in equity</b>										
<b>Contribution by and distributions to owners</b>										
Dividend paid during the year	13	-	-	-	-	(2,893.88)	-	-	-	(2,893.88)
Dividend distribution Tax	13	-	-	-	-	(598.82)	-	-	-	(598.82)
Transfer to Preference Share Capital Redemption Reserve	13	-	-	-	360.85	(360.85)	-	-	-	-
Conversion of Optionally Convertible Redeemable Preference share into Equity	13	0.51	623.33	-	-	-	-	-	-	623.84
<b>Total Contribution by and distribution to owners</b>		<b>0.51</b>	<b>623.33</b>	-	<b>360.85</b>	<b>(3,853.55)</b>	-	-	-	<b>(2,868.86)</b>
<b>Balance at March 31, 2017</b>		<b>701.48</b>	<b>9,618.56</b>	<b>4,910.28</b>	<b>6,060.85</b>	<b>37,194.68</b>	<b>7,514.20</b>	<b>2,230.67</b>	<b>247.70</b>	<b>68,478.42</b>

Accompanying notes form an integral part of the financial statements

### As per our report of even date

For **S. Bhargava Associates**  
Chartered Accountants  
Firm Regn. No. 003191C

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

Per **Sunil Bhargava**  
Partner  
M. No. 70964

Per **Yogesh K. Gupta**  
Partner  
M. No. 93214

### FOR AND ON BEHALF OF BOARD OF DIRECTORS

**Ravi Jhunjhunwala**  
Chairman  
DIN 00060972

**Riju Jhunjhunwala**  
Managing Director &  
Chief Executive Officer  
DIN 00061060

**Prakash Maheshwari**  
Executive Director  
DIN 02388988  
**Surender Gupta**  
Company Secretary  
M.No. FCS 2615

**B. M. Sharma**  
Chief Financial Officer  
M.No. FCA 35012

Place: Noida, (U.P.)  
Date: May 12, 2017

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 1 Company Overview and Accounting Policies

### 1.1 Company Overview

RSWM Limited (the "Company") is a public limited company incorporated and domiciled in India and has its registered office at Kharigram, Gulabpura, Bhilwara, Rajasthan, India. The Company has its primary listings on the BSE Limited and National Stock Exchange in India.

The Company is one of the largest textile manufacturing Company having multiple facilities to produce green fibre, yarn and fabric. The Company is primarily producing the best quality of yarns like synthetic, blended, mélange, cotton, Speciality and value added yarns suitable for suittings, shirtings, hosiery, carpet, denim, technical textiles and industrial applications and Denim fabric, Synthetic fabric for renowned brands.

The Following Associates are considered for preparation of consolidated financial statement.

Name	Country	Ownership Percent	Period	Audited/ Board Approved
LNJ Power Ventures Ltd	India	26.00%	April 01, 2016 to March 31, 2017	Unaudited
Bhilwara Energy Ltd	India	17.78%	April 01, 2016 to March 31, 2017	Unaudited

The associates are engaged in the business of power generation, establishment, operation and maintenance of power generating stations and tie-lines, sub-stations and main transmission lines connected therewith itself and through its subsidiaries/associates.

RSWM Ltd together with its Associate Companies is herein after referred to as the Group.

The consolidated financial statement of the Group for the year ended March 31, 2017 is approved for issue by the Company's Board of Directors on May 12, 2017.

### 1.2 Basis of Preparation of Consolidated Financial Statements

The Consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), as prescribed under section 133 of the Companies Act, 2013 ('Act') (to the extent notified) read with the Rules 3 of the Companies (Indian accounting standard) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and guidelines issued by the Securities and Exchange Board of India (SEBI). The consolidated financial statements are prepared on going concern, accrual and historical cost basis except for the following assets and liabilities

which have been measured at fair value:

- Defined benefit plans-plan assets measured at fair value.
- Assets classified as held for sale measured at fair value less cost to sell.
- Certain Financial assets and liabilities measured at Fair Value (including derivative financial instruments) (Refer Accounting policy 1.10 regarding financial instruments).

The Group has adopted IndAS and the adoptions were carried out in accordance with Ind AS101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Sec 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in Note 47.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The consolidated financial statements are presented in INR which is also the Company's functional currency and all values are rounded to the nearest Lakhs (INR 00,000), except when otherwise indicated.

### A) Basis Of Consolidation

The consolidated financial statement comprises the financial statement of the Company and its associate companies.

Associates are entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting.

### Equity Method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group. The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in Note 1.24 below.

## b) Use of Estimates

The preparation of the Consolidated Financial Statement in conformity with IND AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 2 annexed to the standalone financial statement.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

## c) Classification of Assets and Liabilities as Current and Non Current

All Assets and Liabilities have been classified as current or non-current. Based on the nature of product & activities of the Group and their realization in cash and cash equivalent, the Group has determined its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities

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

d) For significant accounting policies, please refer Note No. 1.3 to 1.25 annexed to the standalone financial statement.

(for Note No 2, please refer Standalone Financial Statements)

# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 3a Property, Plant & Equipment

Particulars	Note No.	Land-Freehold	Land-Leasehold	Buildings (including roads)***	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Electric Fitting, Water Supply & Installations	Total
₹ in Lakhs										
<b>Gross carrying value</b>										
<b>As at April 01, 2015</b>		<b>4,265.24</b>	<b>264.13</b>	<b>28,246.52</b>	<b>62,209.95</b>	<b>2,022.20</b>	<b>979.37</b>	<b>696.40</b>	<b>4,059.35</b>	<b>102,743.16</b>
Additions		3.70	-	6,138.43	14,312.72	321.69	260.14	268.54	1,088.46	22,393.68
Disposals * / Deductions		-	-	(17.07)	(126.25)	(3.48)	(71.11)	(12.32)	(0.05)	(230.28)
Reclassification to assets as held for Sale as part of Disposal		-	-	-	(73.68)	-	-	-	-	(73.68)
<b>Balance at March 31, 2016</b>		<b>4,268.94</b>	<b>264.13</b>	<b>34,367.88</b>	<b>76,322.74</b>	<b>2,340.41</b>	<b>1,168.40</b>	<b>952.62</b>	<b>5,147.76</b>	<b>124,832.88</b>
<b>Balance at April 01, 2016</b>		<b>4,268.94</b>	<b>264.13</b>	<b>34,367.88</b>	<b>76,322.74</b>	<b>2,340.41</b>	<b>1,168.40</b>	<b>952.62</b>	<b>5,147.76</b>	<b>124,832.88</b>
Additions		14.55	-	5,000.94	12,405.00	625.49	469.58	126.32	455.45	19,097.33
Disposals * / Deductions		-	-	(1.47)	(291.98)	(4.86)	(161.81)	(14.50)	(4.94)	(479.56)
Reclassification to assets as held for Sale as part of Disposal		-	-	-	(73.72)	-	-	-	-	(73.72)
<b>Balance at March 31, 2017</b>		<b>4,283.49</b>	<b>264.13</b>	<b>39,367.35</b>	<b>88,362.04</b>	<b>2,961.04</b>	<b>1,476.17</b>	<b>1,064.44</b>	<b>5,598.27</b>	<b>143,376.93</b>
<b>Accumulated Depreciation &amp; Impairment Losses</b>										
Depreciation for the year		-	2.34	1,265.45	10,921.09	371.95	173.88	187.31	887.03	13,809.05
Disposals ** / Deductions		-	-	(3.36)	(12.72)	(0.29)	(8.10)	(3.38)	-	(27.85)
Reclassification to assets as held for Sale as part of Disposal		-	-	-	(22.08)	-	-	-	-	(22.08)
Impairment Loss	44	-	-	740.76	323.15	-	-	-	84.55	1,148.46
<b>Balance at March 31, 2016</b>		<b>-</b>	<b>2.34</b>	<b>2,002.85</b>	<b>11,209.44</b>	<b>371.66</b>	<b>165.78</b>	<b>183.93</b>	<b>971.58</b>	<b>14,907.58</b>
<b>Balance at April 01, 2016</b>		<b>-</b>	<b>2.34</b>	<b>2,002.85</b>	<b>11,209.44</b>	<b>371.66</b>	<b>165.78</b>	<b>183.93</b>	<b>971.58</b>	<b>14,907.58</b>
Depreciation for the year		-	2.31	1,349.16	10,233.04	368.94	179.95	258.33	828.70	13,220.43
Disposals ** / Deductions		-	-	(0.18)	(46.56)	(0.64)	(25.83)	(4.25)	(0.30)	(77.76)
Reclassification to assets as held for Sale as part of Disposal		-	-	-	(11.36)	-	-	-	-	(11.36)
<b>Balance at March 31, 2017</b>		<b>-</b>	<b>4.65</b>	<b>3,351.83</b>	<b>21,384.56</b>	<b>739.96</b>	<b>319.90</b>	<b>438.01</b>	<b>1,799.98</b>	<b>28,038.89</b>
<b>Net carrying value</b>										
<b>Balance at April 01, 2015</b>		<b>4,265.24</b>	<b>264.13</b>	<b>28,246.52</b>	<b>62,209.95</b>	<b>2,022.20</b>	<b>979.37</b>	<b>696.40</b>	<b>4,059.35</b>	<b>102,743.16</b>
<b>Balance at March 31, 2016</b>		<b>4,268.94</b>	<b>261.79</b>	<b>32,365.03</b>	<b>65,113.30</b>	<b>1,968.75</b>	<b>1,002.62</b>	<b>768.69</b>	<b>4,176.18</b>	<b>109,925.30</b>
<b>Balance at March 31, 2017</b>		<b>4,283.49</b>	<b>259.48</b>	<b>36,015.52</b>	<b>66,977.48</b>	<b>2,221.08</b>	<b>1,156.27</b>	<b>626.43</b>	<b>3,798.29</b>	<b>115,338.04</b>

### Notes:

- \* Deduction from Gross Block represents Sale/Transfer/Discarding of Fixed Assets/ Lease hold rights written off.
- \*\* Deduction in depreciation ₹77.76 Lakhs (previous Year ₹27.85 Lakhs) represents adjustment on account of Sale/Transfer/Discarding of fixed assets.
- \*\*\* Roads and Buildings includes value of Irrevocable Licencing right to use of a flat in New Delhi ₹10.00 Lakhs.
- Depreciation for the year 2016-17 includes ₹84.73 Lakhs (Previous Year ₹14.83 Lakhs) against amortisation of government capital grants.
- On transition date, the Company has opted to continue with carrying value of all of its property, plant and equipment as deemed cost and net carrying value under previous GAAP as on March 31, 2015 is recognised as gross carrying amount in Ind AS as on 01-04-2015
- Assets pledged as security refer Note No. 14





# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 3b Capital Work in Progress

₹ in Lakhs

Particulars	Note No.	Building Under construction	Plant & Machinery under Erection/ commissioning	Pre Operative expenses	TOTAL
<b>As at April 01, 2015</b>		<b>3,159.77</b>	<b>8,897.91</b>	<b>567.53</b>	<b>12,625.21</b>
Additions		3,733.64	5,756.00	355.55	9,845.19
Less: Amount capitalized in Property, Plant & Equipment		5,729.28	12,720.66	881.29	19,331.23
<b>Balance at March 31, 2016</b>		<b>1,164.13</b>	<b>1,933.25</b>	<b>41.79</b>	<b>3,139.17</b>
<b>Balance at April 01, 2016</b>		<b>1,164.13</b>	<b>1,933.25</b>	<b>41.79</b>	<b>3,139.17</b>
Additions		1,625.31	3,487.11	140.56	5,252.98
Less: Amount capitalized in Property, Plant & Equipment		2,259.15	4,511.39	134.18	6,904.72
<b>Balance at March 31, 2017</b>		<b>530.29</b>	<b>908.97</b>	<b>48.17</b>	<b>1,487.43</b>

### Detail of pre-operative Expenses are given below:

₹ in Lakhs

Particulars	2016-17	2015-16
<b>(A) Opening Balance</b>	<b>41.79</b>	<b>567.53</b>
<b>(B) Addition:</b>		
Salaries & Wages	15.96	136.46
Professional & Consultancy Charges	39.99	-
Borrowing Cost	76.23	215.74
Other Expenses	8.38	3.35
<b>Total of B</b>	<b>140.56</b>	<b>355.55</b>
<b>(C) Deduction:</b>		
Plant & Equipment	105.59	538.73
Building	28.59	292.17
Electrical Installation	-	50.39
<b>Total of C</b>	<b>134.18</b>	<b>881.29</b>
<b>Total (A+B-C)</b>	<b>48.17</b>	<b>41.79</b>

On transition date, the Company has opted to continue with carrying value of all of its capital work in progress as deemed cost and carrying value under previous GAAP as on March 31, 2015 is recognised as Gross carrying amount in Ind AS as on 01-04-2015

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 3c Investment Property

₹ in Lakhs

Particulars	Note no.	Investment Property
<b>As at April 01, 2015</b>	<b>47</b>	<b>612.03</b>
Additions		-
Disposals		-
<b>Balance at March 31, 2016</b>		<b>612.03</b>
Balance at April 01, 2016		612.03
Additions		353.98
Deduction / Disposals / Written Off		6.61
<b>Balance at March 31, 2017</b>		<b>959.40</b>
<b>Accumulated Depreciation</b>		
Depreciation for the year		7.31
Deduction / Disposals / Written Off		-
<b>Balance at March 31, 2016</b>		<b>7.31</b>
<b>Balance at April 01, 2016</b>		
Depreciation for the year		7.51
Deduction / Disposals / Written Off		-
<b>Balance at March 31, 2017</b>		<b>14.82</b>
<b>Net Book Value</b>		
<b>Balance at April 01, 2015</b>		<b>612.03</b>
<b>Balance at March 31, 2016</b>		<b>604.72</b>
<b>Balance at March 31, 2017</b>		<b>944.58</b>

On transition date, The Company has opted to continue with carrying value of Investment Property as deemed cost and net carrying value under previous GAAP as on March 31, 2015 is recognised as gross carrying amount in Ind AS as on 01-04-2015

₹ in Lakhs

FAIR VALUE	Amount
At April 01, 2015	10,412.39
At March 31, 2016	10,991.98
At March 31, 2017	11,786.76

### 3c (i) Measurement of Fair Value

The fair value of the investment property has been determined by external, independent property valuer, having appropriate qualifications and recent experience in the valuation of properties in the relevant locations and category of the property being valued. The fair value was determined [based on the market comparable approach that reflects recent transaction prices for similar properties . The Fair value measurement is categorised in Level 3 fair value based on the inputs to the valuation technique used. ( Refer Note No. 1.20 for definition of Level 3 fair value measurement. )

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The investment properties consist of commercial properties in India. The Management has determined that the Investment properties consists of assets - Office and retail - based on the nature of usage.

There has been no change to the valuation technique during the year.

# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 3c Investment Property (contd..)

### 3c (ii) Information regarding Income and Expenditure of Investment Property

₹ in Lakhs

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
Lease Rental Recognized during the year	35	344.77	274.30
Direct Expenses		25.79	-
Profit arising from investment properties before Depreciation & Indirect Expenses		318.98	274.30
Depreciation for the year		7.51	7.31
(Profit) / Loss on Disposal		6.61	-
<b>Profit arising from investment properties after Depreciation &amp; Direct Expenses</b>		<b>304.86</b>	<b>266.99</b>

## 3d Goodwill

₹ in Lakhs

Particulars	Note no.	Goodwill
<b>Gross Carrying Value</b>		
<b>As at April 01, 2015</b>		<b>37.79</b>
Additions		-
Disposals / Deductions		-
<b>Balance at March 31, 2016</b>		<b>37.79</b>
<b>Balance at April 01, 2016</b>		<b>37.79</b>
Additions		-
Disposal / Deductions		-
<b>Balance at March 31, 2017</b>		<b>37.79</b>
Accumulated Impairment Losses		-
Disposals / Deductions		-
Impairment Loss for the year	44	37.79
<b>Balance at March 31, 2016</b>		<b>37.79</b>
<b>Balance at April 01, 2016</b>		<b>37.79</b>
Disposals / Deductions		-
Impairment Loss for the year		-
<b>Balance at March 31, 2017</b>		<b>37.79</b>
<b>Net Carrying Value</b>		
Balance at April 01, 2015		37.79
Balance at March 31, 2016		-
Balance at March 31, 2017		-



# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 3e Other intangible assets

₹ in Lakhs

Gross Carrying Value	Note no.	Computer Software
<b>As at April 01, 2015</b>		<b>80.93</b>
<b>Additions</b>		41.79
Disposals / Deductions		2.92
<b>Balance at March 31, 2016</b>		<b>119.80</b>
<b>Balance at April 01, 2016</b>		<b>119.80</b>
Additions		1,241.06
Disposals / Deductions		0.82
<b>Balance at March 31, 2017</b>		<b>1,360.04</b>
<b>Accumulated Amortization and Impairment Losses</b>		
<b>As at April 01, 2015</b>		
Amortization for the year		39.28
Disposals / Deductions		2.92
<b>Balance at March 31, 2016</b>		<b>36.36</b>
<b>Balance at April 01, 2016</b>		<b>36.36</b>
Amortization for the year		73.32
Disposals / Deductions		0.82
<b>Balance at March 31, 2017</b>		<b>108.86</b>
<b>Net Carrying Value</b>		
Balance at April 01, 2015		80.93
Balance at March 31, 2016		83.44
Balance at March 31, 2017		1,251.18

On transition date, the Company has opted to continue with carrying value of all of its intangible asset as deemed cost and net carrying value under previous GAAP as on March 31, 2015 is recognised as gross carrying amount in Ind AS as on 01-04-2015

## 3f Intangible Assets under Development

₹ in Lakhs

Particulars	Note no.	ERP SOFTWARE
<b>As at April 01, 2015</b>		-
Additions		516.46
Less: Amount capitalized in Intangible Assets		
<b>Balance at March 31, 2016</b>		<b>516.46</b>
<b>Balance at April 01, 2016</b>		<b>516.46</b>
Additions		427.14
Less: Amount capitalized in Intangible Assets		943.60
<b>Balance at March 31, 2017</b>		-
<b>Net Carrying Value</b>		
Balance at April 01, 2015		-
Balance at March 31, 2016		516.46
Balance at March 31, 2017		-

On transition date, the Company has opted to continue with carrying value of all of its Intangible asset under development as deemed cost and gross carrying value under previous GAAP as on March 31, 2015 is recognised as Gross carrying amount in Ind AS as on 01-04-2015

For security clause refer Note No. 14.

## 3g Assets Classified as Held for Sale

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Property, Plant & Equipment held for Sale	64.33	50.68	280.00

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 4 Investments (Non-Current)

₹ in Lakhs

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
<b>(a) Investment in Equity Instruments (Fully Paid up)</b>						
<b>(i) Quoted Equity Shares (At fair value through OCI)</b>						
Equity shares of ₹10/- each (unless stated otherwise)						
BSL Limited	31396	23.06	31396	20.85	31396	9.42
HEG Limited	978000	2,179.47	978000	1,361.37	978000	2,130.06
State Bank of Bikaner & Jaipur	8600	66.38	8600	43.18	8600	50.96
Punjab National Bank (of ₹2 /- each)	4715	7.11	4715	3.99	4715	6.81
Whirlpool (India) Ltd. (of ₹1 /- each)	372	4.55	372	2.61	372	2.74
Vardhaman Hold. Ltd	30	0.85	30	0.27	30	0.23
Tata Construction & Project Ltd	150	0.02	150	0.02	150	0.02
Graphite (India) Ltd. (of ₹2 /- each)	775	0.87	775	0.55	775	0.65
Vardhman Textiles Ltd	180	2.37	180	1.39	180	0.97
Vardhman Special Steel Ltd	36	0.05	36	0.02	36	0.01
Empee Sugar & Chemical Ltd	15000	0.89		-		-
<b>Total</b>		<b>2,285.62</b>		<b>1,434.25</b>		<b>2,201.87</b>
<b>(ii) Un - Quoted Equity Shares (Using Equity Method)</b>						
Investment in Associate						
Equity shares of ₹10/- each (unless stated otherwise)						
Bhilwara Energy Limited	29463559	5,514.88	29463559	5,514.88	29463559	5,514.88
LNJ Power Ventures Limited	260000	26.00	260000	26.00	260000	26.00
<b>Total</b>		<b>5,540.88</b>		<b>5,540.88</b>		<b>5,540.88</b>
<b>Add - Increase in Value of Investment in Associates *</b>						
Opening Balance		7,203.86		6,674.21		6,674.21
Addition - During the year		310.34		529.65		
Closing Balance		7,514.20		7,203.86		6,674.21
<b>Total</b>		<b>13,055.08</b>		<b>12,744.74</b>		<b>12,215.09</b>
<b>Investment in Debentures (At Fair Value through Profit &amp; Loss)</b>						
<b>Un-Quoted Debentures</b>						
<b>Investment in Associate</b>						
LNJ Power Ventures Limited						
13.54% Compulsorily Convertible Debentures of ₹100000/- each, fully paid up @	3200	3,200.00	3200	3,200.00	3200	3,200.00
		<b>3,200.00</b>		<b>3,200.00</b>		<b>3,200.00</b>
<b>Total</b>		<b>18,540.70</b>		<b>17,378.99</b>		<b>17,616.96</b>

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 4 Investments (Non-Current) (contd..)

₹ in Lakhs

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Market value of quoted investments		2,285.62		1,434.25		2,201.87
Aggregate amount of unquoted investments		8,740.88		8,740.88		8,740.88
Aggregate amount of impairment in value of investments		-		-		-

\* Investments includes investment in Associate accounted for using the equity method

@ the compulsorily convertible debentures are to be compulsorily converted into equity shares, based on the fair market valuation to be done by an independent agency at the end of 20th year from 21st March, 2013. However, subject to the consent of the lenders of the LNJ Power Venture Limited and with a prior notice of 6 months, the Company has the right to put option (i) @ 25% each from 15th to 18th year or (ii) 100% at any date after the 16th year. Similarly, subject to consent of senior lender, promoters of LNJ Power Venture Limited also has the right to exercise call option at any time.

## 5 Loans

₹ in Lakhs

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Considered Good (unless other wise stated)						
Unsecured						
Security Deposits	149.33	192.62	225.91	3.11	9.11	14.61
<b>A</b>	<b>149.33</b>	<b>192.62</b>	<b>225.91</b>	<b>3.11</b>	<b>9.11</b>	<b>14.61</b>
Unsecured						
Loans & Advance to Staff	17.76	62.36	50.90	244.53	288.94	232.00
<b>B</b>	<b>17.76</b>	<b>62.36</b>	<b>50.90</b>	<b>244.53</b>	<b>288.94</b>	<b>232.00</b>
<b>TOTAL (A+B)</b>	<b>167.09</b>	<b>254.98</b>	<b>276.81</b>	<b>247.64</b>	<b>298.05</b>	<b>246.61</b>

## 6 Trade Receivables

₹ in Lakhs

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured, Considered Good				37,981.19	37,079.60	35,456.72
Doubtful				229.31	97.00	1,260.35
Less: Allowance for Bad and Doubtful Debts				(229.31)	(97.00)	(1,260.35)
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,981.19</b>	<b>37,079.60</b>	<b>35,456.72</b>

Of the above, trade receivable from related parties are given below.

₹ in Lakhs

Particulars	Note No.	Current		
		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured, considered good	39	499.31	43.35	18.63

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 6 Trade Receivables (Contd..)

### Transfer of Financial Assets

During the year, the Company discounted trade receivable with an aggregate carrying amount of ₹12,233.61 Lakhs (for March 31, 2016 ₹14,113.44 Lakhs, for April 01, 2015 ₹15,760.75 Lakhs), to the banks. If the trade receivables are not paid at maturity, the banks have right to recourse the Company to pay the unsettled balance. As the Company has not transferred significant risk and rewards relating to these trade receivables, it continues to recognise the full carrying amount of the receivables and has recognised amount received on the transfer as a secured borrowing. Refer Note No. 15

## 7 Cash and Cash Equivalents

₹ in Lakhs

Particulars	Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Cash and Cash Equivalents</b>			
- Balance with banks			
On Current Accounts	143.49	165.17	177.16
Cheque, Draft on Hand	94.58	48.35	17.28
- Cash on hand	43.58	63.55	67.58
<b>Total</b>	<b>281.65</b>	<b>277.07</b>	<b>262.02</b>
<b>Bank Balance other than Cash and Cash Equivalents</b>			
- Fixed deposits	21.71	17.76	19.49
- Balance with banks			
Unpaid Dividend and Redemption warrant*	492.26	100.44	78.23
Balance with Bank held as Margin Money **	0.16	1.03	97.08
<b>Total</b>	<b>514.13</b>	<b>119.23</b>	<b>194.80</b>

\* Earmarked against the corresponding provision. Refer Note No. 17

\*\* Margin Money Against Bill Discounting

## 8 Other Financial Assets

₹ in Lakhs

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Considered Good (unless otherwise stated)</b>						
Claims and other receivables				16.01	24.98	26.78
Bank Balance more than 12 Month Maturity	0.18	1.68	0.18			
Forward cover receivable				404.27	213.74	214.23
Earnest Money Deposit				102.39	142.10	112.97
Interest Receivable				347.61	385.98	152.10
Security Deposits	41.43	12.45	272.37			
Other Receivable *						
- Related Party (refer note no. 39)				1,303.55	1,093.79	963.62
- Unrelated Party				156.53	86.46	242.44
<b>Total</b>	<b>41.61</b>	<b>14.13</b>	<b>272.55</b>	<b>2,330.36</b>	<b>1,947.05</b>	<b>1,712.14</b>

\* Other receivables includes debenture interest, and rent receivable.





# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 9 Inventories

₹ in Lakhs

Particulars	Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Raw materials :</b>			
(a) In Godown	26,137.91	20,027.60	18,451.88
(b) In Transit	459.77	441.10	157.94
	<b>26,597.68</b>	<b>20,468.70</b>	<b>18,609.82</b>
Work-in-progress	10,488.77	8,544.48	7,910.71
Finished Goods	14,335.56	10,877.14	10,603.27
Traded Goods	377.16	176.82	297.72
<b>Stores and spares :</b>			
(a) In Godown	1,954.35	2,238.39	2,199.56
(b) In Transit	134.41	153.88	2.98
	<b>2,088.76</b>	<b>2,392.27</b>	<b>2,202.54</b>
Loose tools	86.63	92.38	94.92
Others-Waste	147.41	114.38	130.69
	<b>54,121.97</b>	<b>42,666.17</b>	<b>39,849.67</b>

(i) For basis of valuation of Inventories refer Note No. 1.5

(ii) Above amount includes loss ₹527.81 Lakhs for the year ended March 31, 2017 (₹422.59 Lakhs for the year ended March 31, 2016) in respect of write down of inventory to net realisable value.

(iii) For inventories secured against borrowings, see Note No. 14 & Note No. 15

(iv) The cost of Inventories recognised as expense amount to ₹1,69,408.58 Lakhs during the year ended March 31, 2017 (₹1,62,115.22 Lakhs for the year ended March 31, 2016)

## 10 Current Tax Assets (Net)

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Tax Assets {Net of Provision for Income Tax of ₹10,332.67 Lakhs (Previous Year ₹9,928.83 Lakhs)}	1,272.47	1,146.36	846.27
<b>Total</b>	<b>1,272.47</b>	<b>1,146.36</b>	<b>846.27</b>

# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 11 Other Assets

₹ in Lakhs

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Considered Good (unless otherwise stated)</b>						
Capital Advances	747.65	2,038.23	2,108.80			
Security Deposits	840.93	633.67	540.24			
Advances to Vendors*				3,072.14	1,813.45	3,113.82
Advances to Employees				21.61	38.59	24.75
Claims, Incentives & Other Receivables from Govt. Authorities	46.81	78.06	432.92	6,768.73	8,079.59	8,964.37
Prepaid expenses				469.56	278.86	232.17
Advances to Others						
Considered Good	0.94	0.33	0.94	-	-	-
Doubtful	0.45	17.22	-	-	-	-
Less: Allowances for Doubtful Advances	(0.45)	(17.22)	-	-	-	-
<b>TOTAL</b>	<b>1,636.33</b>	<b>2,750.29</b>	<b>3,082.90</b>	<b>10,332.04</b>	<b>10,210.49</b>	<b>12,335.11</b>

\* includes advance to vendors related party ₹174.27 Lakhs for 2016-17 (₹32.60 Lakhs for 2015-16)

## 12 Equity Share Capital

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Authorised</b>	6,000.00	6,000.00	6,000.00
60,000,000 (previous year : 60,000,000) Equity shares of ₹10 each			
<b>Issued, subscribed and fully paid up</b>	2,355.08	2,314.87	2,314.87
23,550,842 (previous year : 23,148,689) Equity Shares of ₹10 each	<b>2,355.08</b>	<b>2,314.87</b>	<b>2,314.87</b>

### Notes:

#### (i) Reconciliation of number of shares outstanding at the beginning and end of the year

₹ in Lakhs

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Opening	23,148,689.00	2,314.87	23,148,689.00	2,314.87	23,148,689.00	2,314.87
Issued During the Year (refer note no. 14,III(d))	402,153.00	40.21				
<b>Closing Balance</b>	<b>23,550,842.00</b>	<b>2,355.08</b>	<b>23,148,689.00</b>	<b>2,314.87</b>	<b>23,148,689.00</b>	<b>2,314.87</b>

#### (ii) Terms and right attached with equity shares

The Company has only one class of equity shares, having a par value of ₹10 each. Each holder of the equity share is entitled to one vote per share. There is no restrictions attached to any equity shares. The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 12 Equity Share Capital (Contd..)

(iii) Shares in the Company held by each shareholder holding more than 5% are as under

₹ in Lakhs

Name	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of Shares	% of shares held	No. of Shares	% of shares held	No. of Shares	% of shares held
Microbase Limited	3,650,970	15.50	3,650,970	15.77	3,650,970	15.77
LNJ Financial Services Limited	1,850,462	7.86	1,767,394	7.63	1,767,394	7.63
IDFC Premier Equity Fund	1,560,000	6.62	1,560,000	6.74	1,572,769	6.79
Purvi Vanijya Niyojan Limited	1,218,431	5.17	1,218,431	5.26	1,218,431	5.26
	<b>8,279,863</b>	<b>35.15</b>	<b>8,196,795</b>	<b>35.40</b>	<b>8,209,564</b>	<b>35.45</b>

(iv) The Company does not have any holding / ultimate holding company

## 13 Other Equity

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>a. Capital Reserve</b>		
Balance at the beginning of the year	700.97	700.97
Addition during the year	0.51	-
Deduction during the year	-	-
<b>Balance at the end of the year</b>	<b>701.48</b>	<b>700.97</b>

Balance of Capital Reserve consist of forfeiture of Warrants, cancellation of Investment in BMD Pvt Ltd. on demerger and share in demerged Company issued to shareholders of RSWM as per order of the Court and reserve created on account of merger/amalgamation of Mordi Textile Processors Limited (MTPL). The Balance will be utilised for issue of fully paid bonus shares and as per provision of the Companies Act, 2013

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>b. Securities Premium Reserve</b>		
Balance at the beginning of the year	8,995.23	8,995.23
Addition during the year (refer note no. 14,III(d))	623.33	
<b>Balance at the end of the year</b>	<b>9,618.56</b>	<b>8,995.23</b>

Balance of Security Premium Reserve consist of premium on issue of share over its face value. The Balance will be utilised for issue of fully paid bonus shares, buy-back of its own share as per provision of the Companies Act, 2013

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>c. Preference Share Capital Redemption Reserve</b>		
Balance at the beginning of the year	5,700.00	5,700.00
Addition during the year (refer note no. 14,III(e))	360.85	
<b>Balance at the end of the year</b>	<b>6,060.85</b>	<b>5,700.00</b>

Preference Share Capital Redemption Reserve represents the statutory reserves when the capital is redeemed and the same will be utilised for issue of bonus share as per provision of the Companies Act, 2013.



# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 13 Other Equity (Contd..)

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>d. Hedging Reserve</b>		
Balance at the beginning of the year	76.45	65.03
Change in fair value (net off tax)	171.25	11.42
<b>Balance at the end of the year</b>	<b>247.70</b>	<b>76.45</b>

The Cash Flow Hedging Reserve represents the cumulative effective portion of gain / (losses) arising on changes in fair value of designated portion of hedging instruments entered into for Cash Flow Hedge Reserve. The cumulative gain/ (losses) arising on changes in fair value of designated portion of the hedging instruments that are recognised and accumulated under the heading of Cash Flow Hedge Reserve will be reclassified to the Profit and Loss only when the hedge transaction affects the Profit and Loss account.

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>e. General reserve</b>		
Balance at the beginning of the year	4,910.28	4,910.28
Add: amount transferred from revaluation reserve	-	-
Add: Transferred during the year	-	-
<b>Balance at the end of the year</b>	<b>4,910.28</b>	<b>4,910.28</b>

Free reserve to be utilised as per provisions of The Companies Act, 2013.

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>f. Fair Value Change in Equity Instruments Through Other Comprehensive Income (OCI)</b>		
Balance at the beginning of the year	1,380.35	2,147.97
Addition during the year	850.32	
Deduction during the year		(767.62)
<b>Balance at the end of the year</b>	<b>2,230.67</b>	<b>1,380.35</b>

This reserves represents the cumulative gain/ (losses) arising on fair valuation of equity instrument and the amount will be reclassified to retained earning at the time of disposal of equity shares.

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>g. Retained Earnings</b>		
Balance at the beginning of the year	31,126.71	23,356.29
Addition during the year	10,097.39	10,694.78
Add/ (Less):		
"Remeasurements of the defined benefit plans through OCI (refer note no. 32)"	(175.87)	(146.65)
Dividend paid including Dividend Distribution Tax (DDT)	(3,492.70)	(2,777.71)
Transfer to Preference Share Redemption Reserve	(360.85)	
<b>Balance at the end of the year</b>	<b>37,194.68</b>	<b>31,126.71</b>

Balance consist of Surplus retained from earned profit after payment of dividend.

Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 13 Other Equity (Contd..)

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>h. Share in Reserve and Surplus of Associates</b>		
Balance at the beginning of the year	7203.86	6674.21
Addition during the year		
- Share of Profit/(Loss)	312.50	525.93
- Share of Other Comprehensive Income	(2.16)	3.72
Closing Balance at the end of the year	<b>7514.20</b>	<b>7203.86</b>
<b>TOTAL</b>	<b>68478.42</b>	<b>60093.85</b>

### Detail of Dividend Proposed and Paid

#### Dividend paid

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Dividend Paid ₹12.50/- per share (March 31, 2016 ₹10.00/-)	2,893.88	2,314.87
Dividend Distribution Tax on Dividend to equity shares	598.82	462.84
Preference Share Dividend	103.16	-
Dividend Distribution Tax on Dividend to preference shares	21.00	
<b>Total</b>	<b>3,616.86</b>	<b>2,777.71</b>

#### Proposed Dividend

After the reporting date, the Board of Directors of the Company has recommended a dividend @ 125% to Equity Shareholders i.e. ₹12.50 per Equity share amounting to ₹2943.86 Lakhs excluding applicable taxes for the year 2016-17. The dividend proposed by the Directors is subject to approval at the annual general meeting. The dividend has not been recognised as liability.

The Board of Directors of the Company has recommended a Preference dividend @ 12% per annum on pro-rata basis for the period from April 01, 2016 to November 10, 2016 i.e. @ ₹0.55 per Optionally Convertible Redeemable Preference share (OCRPS) amounting to ₹48.70 Lakhs on 88,54,111 OCRPS, which had been opted for conversion into equity share and also on 48,11,324 OCRPS for the period from April 01, 2016 to February 28, 2017 on prorata basis @ ₹0.82 per OCRPS amounting to ₹39.45 Lakhs, which had been redeemed on February 28, 2017. The total preference dividend thus aggregate to ₹88.15 Lakhs excluding applicable taxes for the year 2016-17. Since the preference share have been classified as "Financial Liabilities", the amount of preference dividend including DDT has been shown as a part of finance cost.

## 14 Borrowings

₹ in Lakhs

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Secured</b>						
<b>Term Loans :</b>						
- from Banks	41,248.69	39,548.06	50,368.33	16,041.68	13,909.42	12,589.10
- from Financial Institutions	8,444.89	15,820.00	16,549.48	8,681.29	6,979.35	5,211.20
	<b>49,693.58</b>	<b>55,368.06</b>	<b>66,917.81</b>	<b>24,722.97</b>	<b>20,888.77</b>	<b>17,800.30</b>
<b>Liability Component of Compound Financial Instruments</b>						
(previous year : 13,665,435) 12% Optionally Convertible Redeemable Preference Shares of ₹7.50 each	-	1,024.91	-			
Preference Shares to be allotted	-	-	1,024.91			
	-	<b>1,024.91</b>	<b>1,024.91</b>			
Less: Current Maturity of Long term Debt (refer note no. 17)				(24,366.07)	(20,601.84)	(17,500.54)
Less: Interest Accrued but not due on borrowings (refer note no. 17)				(356.90)	(286.93)	(299.76)
<b>TOTAL</b>	<b>49,693.58</b>	<b>56,392.97</b>	<b>67,942.72</b>	<b>-</b>	<b>-</b>	<b>-</b>

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 14 Borrowings (Contd..)

### (i) Term loans from banks & Financial Institutions

#### Current Year Figures

- I Term loans secured by way of first pari passu charge on entire immovable properties and movable fixed assets of the Company, present & future and pari passu second charge on the entire current assets of the Company, present & future.

Conditions of Term Loans are summarised below:

#### (A) Floating Rate - Carrying floating interest rate of 1Y MCLR to 1Y MCLR + 2% as on March 31, 2017

₹ in Lakhs

Date of Maturity	Outstanding March 31, 2017			Instalments due after March 31, 2017
	Total Outstanding	Long-term maturity	Current maturity	
<b>(a) From Banks:</b>				
20-Sep-2017	2936.00	0.00	2936.00	2
25-Feb-2018	4560.00	0.00	4560.00	4
20-Jun-2018	2661.13	978.67	1682.45	5
25-Feb-2019	660.00	380.00	280.00	8
20-Feb-2020	780.00	640.00	140.00	12
20-Aug-2020	11790.00	9290.00	2500.00	14
20-Feb-2021	4600.00	3900.00	700.00	16
30-Jan-2023	1000.00	1000.00		20
25-Apr-2024	5529.00	5529.00		24
<b>Sub Total</b>	<b>34516.13</b>	<b>21717.67</b>	<b>12798.45</b>	

#### (B) Floating Rate - Carrying floating interest rate of 6M MCLR as on March 31, 2017

₹ in Lakhs

Date of Maturity	Outstanding March 31, 2017			Instalments due after March 31, 2017
	Total Outstanding	Long-term maturity	Current maturity	
<b>(a) From Banks:</b>				
25-Apr-2024	2500.00	2500.00		16

#### (C) Floating Rate - Carrying floating interest rate of Base Rate to Base Rate+0.75%

₹ in Lakhs

Date of Maturity	Outstanding March 31, 2017			Instalments due after March 31, 2017
	Total Outstanding	Long-term maturity	Current maturity	
<b>(a) From Banks:</b>				
20-Sep-2017	275.00	0.00	275.00	2
20-Jun-2018	1246.24	487.12	759.12	5
25-Feb-2019	619.00	357.00	262.00	8
20-Mar-2020	4215.00	3215.00	1000.00	12
20-Aug-2020	2634.00	2094.00	540.00	14
31-Mar-2023	2850.00	2733.00	117.00	20
30-Jun-2023	3234.00	3144.00	90.00	20
<b>Sub Total</b>	<b>15073.24</b>	<b>12030.12</b>	<b>3043.12</b>	
<b>(b) From Financial Institutions:</b>				
20-Sep-2017	275.00	0.00	275.00	2
20-Feb-2018	4436.00	0.00	4436.00	4
1-Jun-2020	3850.00	3575.00	275.00	12
1-Apr-2021	5430.00	4870.00	560.00	16
<b>Sub Total</b>	<b>13991.00</b>	<b>8445.00</b>	<b>5546.00</b>	

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 14 Borrowings (Contd..)

### (D) Floating Rate - Carrying floating interest rate of PLR - 3.25% to PLR -4% as on March 31, 2017.

₹ in Lakhs

Date of Maturity	Outstanding March 31, 2017			Instalments due after March 31, 2017
	Total Outstanding	Long-term maturity	Current maturity	
<b>(a) From Financial Institutions:</b>				
20-Sep-2017	2979.00	0.00	2979.00	2
<b>Total ( A to D)</b>	<b>69059.37</b>	<b>44692.79</b>	<b>24366.57</b>	

### II Term loans secured by way of subservient charge on entire current assets and movable fixed assets of the Company, present and future

Conditions of Term Loans are summarised below:

#### (A) Floating Rate - Carrying floating interest rate of 6M MCLR as on March 31, 2017

₹ in Lakhs

Date of Maturity	Outstanding March 31, 2017			Instalments due after March 31, 2017
	Total Outstanding	Long-term maturity	Current maturity	
<b>(a) From Banks:</b>				
1-Mar-2020	5000.00	5000.00	0.00	24
<b>Total A</b>	<b>5000.00</b>	<b>5000.00</b>	<b>0.00</b>	
<b>Total I + II</b>	<b>74059.37</b>	<b>49692.79</b>	<b>24366.57</b>	

### Previous Year Figures

- I Term loans secured by way of first pari passu charge on entire immovable properties and movable fixed assets of the Company, present & future and pari passu second charge on the entire current assets of the Company, present & future.

Conditions of Term Loans are summarised below:

#### (A) Floating Rate - Carrying floating interest rate of Base Rate to Base Rate+0.75% as on March 31, 2016

₹ in Lakhs

Date of Maturity	Outstanding March 31, 2016			Instalments due after March 31, 2016
	Total Outstanding	Long-term maturity	Current maturity	
<b>(a) From Banks:</b>				
20-Dec-2016	318.58	0.00	318.58	3
20-Sep-2017	7112.00	3211.00	3901.00	6
25-Feb-2018	8040.00	4560.00	3480.00	8
20-Jun-2018	6094.61	3907.35	2187.26	9
25-Feb-2019	1707.00	1279.00	428.00	12
20-Feb-2020	880.00	780.00	100.00	16
20-Mar-2020	4815.00	4215.00	600.00	16
20-Aug-2020	16636.00	14424.00	2212.00	18
20-Feb-2021	5200.00	4600.00	600.00	20
30-Jun-2023	2071.71	2071.71	0.00	24
30-Sep-2023	500.00	500.00	0.00	24
<b>Sub Total</b>	<b>53374.90</b>	<b>39548.06</b>	<b>13826.84</b>	
<b>(b) From Financial Institutions:</b>				
20-Sep-2016	110.00	0.00	110.00	2
20-Sep-2017	600.00	275.00	325.00	6
20-Feb-2018	7820.00	4436.00	3384.00	8
1-Jun-2020	4500.00	4280.00	220.00	20
20-May-2021	4000.00	3850.00	150.00	16
<b>Sub Total</b>	<b>17030.00</b>	<b>12841.00</b>	<b>4189.00</b>	





# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 14 Borrowings (Contd..)

**(B) Floating Rate - Carrying floating interest rate of PLR - 3.25% to PLR -4% as on March 31, 2016.**

₹ in Lakhs

Date of Maturity	Outstanding March 31, 2016			Instalments due after March 31, 2016
	Total Outstanding	Long-term maturity	Current maturity	
<b>(a) From Banks:</b>				
20-Sep-2017	5565.00	2979.00	2586.00	2
<b>Total (A +B)</b>	<b>75969.90</b>	<b>55368.06</b>	<b>20601.84</b>	

### III Particulars about 12% Optionally Convertible Redeemable Preference Shares (OCRPS).

#### a) Rights, preferences and restrictions attached to preference shares

**Basis of allotment :** The preference shares were allotted on May 30, 2015 and credited on completion of corporate action on March 31, 2016 to the erstwhile equity shareholders of Cheslind Textiles Limited (CTL) pursuant to the scheme of merger of CTL into RSWM Limited with effect from April 01, 2013, as approved by the Hon'ble High Courts of Rajasthan & Madras in the ratio of one OCRPS of RSWM Limited for every one equity share of Cheslind Textile Ltd.

**Dividend rate :** 12% per annum on the paid up value per share of ₹7.50 each

**Accumulation of dividend :** Cumulative

**Payment of dividend :** The preference shares will qualify for preferential payment of dividend from the date of allotment (May 30, 2015) up to the date of redemption or conversion.

**Tenure :** 5 years from the date of allotment

**Listing :** The preference shares will, subject to the applicable laws and regulations, be listed and/or admitted to trading on the relevant stock exchange(s), where the existing shares of the Company are listed and/or admitted to trading.

**Convertibility and Conversion Price Ratio :** The said preference shares will carry the right to apply for conversion into the equity shares of the Company in the ratio 1(one)equity share of ₹10/- (Rupees Ten) each at par of the Company credited as fully paid up for every 22 (Twenty Two) OCRPS of ₹7.50/- (Rupees Seven and Fifty Paise) each to be issued and allotted by the Company. The said right must be exercised by the eligible preference shareholders before the expiry of 6 months from the date of allotment of such preference shares failing which the right shall lapse. No coupons shall be issued by the Company towards any fractional entitlement and all fractional entitlements, if any, shall be ignored.

**Redemption Terms :** The Company shall have an option to redeem by giving not less than 3 months' notice to all the outstanding preference shares (i.e. such preference shares for which the option to convert into equity shares has not been exercised, as mentioned above) at par at any time after the expiry of the conversion period and before the expiry of 5 years from the allotment date. On closure of conversion window, company shall determine the number of remaining OCRPS to be redeemed and credit to Capital Redemption reserve Account a sum on proportionate basis as required under section 55 of the Companies Act, 2013 and rules made thereunder.

#### b) Shareholders holding more than 5% of Preference shares

Name	As at March 31, 2017		As at March 31, 2016	
	Number of Shares	Number of Shares	Number of Shares	Number of Shares
Tamilnadu Industrial Development Corporation	-	-	2,062,500	15.09%
PAT Financial Consultants Pvt Ltd	-	-	1,745,083	12.77%
State Bank of Mysore	-	-	1,194,400	8.74%
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,001,983</b>	<b>36.60%</b>

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 14 Borrowings (Contd..)

### c) Reconciliation of the number of Preference Shares

₹ in Lakhs

Name	As at March 31, 2017		As at March 31, 2016	
	Number of Shares	Amount	Number of Shares	Amount
Opening	13,665,435.00	1,024.91	-	-
Issued during the year			13,665,435.00	1,024.91
Less Converted During the Year (refer note (d) below)	8,854,111	664.06	-	-
Less: Redeemed During the Year (refer note (e) below)	4,811,324	360.85		
<b>Closing</b>	<b>-</b>	<b>-</b>	<b>13,665,435.00</b>	<b>1,024.91</b>

d) In terms of the clause 2.7(g) of the Scheme of Amalgamation of Cheslind Textile Limited into the Company duly approved by the Hon'ble High Courts of Rajasthan and Madras, the holder of 88,54,111 number of Optionally Convertible Redeemable Preference Shares (OCRPS) had exercised the option of conversion of OCRPS into Equity share of the Company. Consequently, the Company, on November 10, 2016, has allotted and issued the 4,02,153 number of equity shares of ₹10 each aggregating to ₹40.22 Lakhs at a premium of ₹155 per share aggregating to ₹623.34 Lakhs.

e) The holder of 48,11,324 number of Optionally Convertible Redeemable Preference Shares (OCRPS) had not exercised the option of conversion of OCRPS into Equity share of the Company. In terms of the clause 2.7(h) of the Scheme of Amalgamation of Cheslind Textile Limited into the Company duly approved by the Hon'ble High Courts of Rajasthan and Madras, the Company, on February 28, 2017, has redeemed the 48,11,324 OCRPS of ₹7.50 each aggregating to ₹360.85 Lakhs.

f) The presentation of liability and equity portion of the share is explained in summary of significant accounting policy. (refer note no. 1.25)

## 15 Borrowings (Current )

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Secured</b>			
<b>a. Loans Repayable on Demand</b>			
From Banks	38,600.81	34,937.27	38,893.70
From Financial Institutions	500.00	3,500.00	5,841.51
<b>b. Commercial Paper</b>	21,000.00	10,000.00	-
<b>c. Bill Discounted from Banks (refer note no. 6)</b>	3,134.84	4,506.22	1,145.51
	<b>63,235.65</b>	<b>52,943.49</b>	<b>45,880.72</b>
<b>Unsecured</b>			
Bill Discounted From Banks (refer note no. 6)	9,098.77	9,607.22	14,615.24
	<b>9,098.77</b>	<b>9,607.22</b>	<b>14,615.24</b>
	<b>72,334.42</b>	<b>62,550.71</b>	<b>60,495.96</b>

Cash credit and other working capital facilities from banks and financial institutions including Commercial Papers are secured by way of hypothecation of stocks of raw materials, work-in progress, finished goods, stores and spares, packing material, goods at port/in transit/ under shipment, outstanding money, book debts, receivables and other current assets of the Company, on pari passu basis, as well as pari passu second charge on all the fixed assets of the Company, present and future.

All loans repayable on demand carry floating interest rate from 8.55% to 11.90% per annum, computed quarterly.



# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 16 Trade Payables

₹ in Lakhs

Particulars	Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Sundry creditors			
Total outstanding dues of Micro, Small & Medium Enterprises (MSME) (refer note 40 )	31.56	40.77	104.55
Total outstanding dues of creditors other than Micro, Small & Medium Enterprises (MSME)			
Related Party (refer note no. 39)	-	122.84	126.02
Other than Related Party	7,984.71	4,845.52	8,593.88
<b>TOTAL</b>	<b>8,016.27</b>	<b>5,009.13</b>	<b>8,824.45</b>

## 17 Other Financial Liabilities

₹ in Lakhs

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current maturities of long-term debt (refer note 14)				24,366.06	20,601.85	17,500.54
Current maturities of deferred payment liabilities#				-	-	32.49
Interest accrued but not due on borrowings (refer note no. 14)				356.90	286.93	299.76
Unclaimed dividend*				492.26	100.45	78.22
Security deposits from Staff				24.97	15.42	20.61
Security deposits from Outsiders	373.37	318.94	376.68	442.24	403.11	326.67
Liability towards staff and worker				3,009.90	2,729.95	2,167.75
Commission, Incentives Payable on Sale				2,178.08	2,092.81	1,963.25
Other liabilities for expenses				324.07	238.90	56.13
Dividend on Optionally Convertible Redeemable Preference Share Classified as Financial Liability				88.15	124.16	-
<b>TOTAL</b>	<b>373.37</b>	<b>318.94</b>	<b>376.68</b>	<b>31,282.63</b>	<b>26,593.58</b>	<b>22,445.42</b>

### Note:

\* There are no outstanding dues to be paid to Investor Education & Protection Fund.

# Under Sales Tax Deferment Scheme of State Government

## 18 Provisions

₹ in Lakhs

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Provision for employee benefits</b>						
Gratuity and Earned Leave (refer note no. 34 )	582.39	553.95	387.08			
Superannuation (refer note no. 34)				326.96	272.94	285.16
<b>TOTAL</b>	<b>582.39</b>	<b>553.95</b>	<b>387.08</b>	<b>326.96</b>	<b>272.94</b>	<b>285.16</b>

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 19 Income Tax

### a) Income tax recognized in profit or loss

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Current tax expense</b>		
Current year	2,429.76	2,872.88
Tax of the Earlier Years Written Back	11.21	(265.77)
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(1,003.62)	1,451.20
	<b>1,437.35</b>	<b>4,058.31</b>

### b) Reconciliation of effective tax rate

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Profit before tax</b>	<b>11,534.74</b>	<b>14,753.09</b>
Tax using the Company's domestic tax rate (34.608%)	3,991.94	5,105.75
Related to earlier years	11.21	(265.77)
Expenses not deductible for tax purpose	(108.01)	390.56
Income Exempt from tax	(0.56)	(11.27)
Tax incentives	(2,457.23)	(1,044.63)
Effect on Deferred tax balances due to the change in Income tax rate from 33.99 to 34.068% (effective from FY 15-16)	-	155.45
MAT credit utilised	-	(271.78)
	<b>1,437.35</b>	<b>4,058.31</b>

## 20 Deferred Tax Liabilities (Net)

₹ in Lakhs

Particulars	As at April 01, 2016	Recognized in P&L	Recognized in OCI	As at March 31, 2017
Deferred tax assets/ liabilities are attributable to the following items;				
<b>Deferred Tax Assets</b>				
-Effect of expenditure debited to statement of profit and loss in the current year/earlier years but allowable for tax purposes in the following years	571.14	(398.10)	-	173.04
Allowance for Bad and doubtful debt	43.54	35.82	-	79.36
<b>Sub- Total (a)</b>	<b>614.68</b>	<b>(362.28)</b>	<b>-</b>	<b>252.40</b>
<b>Deferred Tax Liabilities</b>				
Depreciation, Amortization and Impairment Expenses	10,343.93	(30.06)	-	10,313.87
Cash Flow Hedge	6.04	-	90.63	96.67
Remeasurements of the defined benefit plans	(77.61)	-	(93.08)	(170.69)
<b>Sub- Total (b)</b>	<b>10,272.36</b>	<b>(30.06)</b>	<b>(2.45)</b>	<b>10,239.85</b>
Less: MAT Credit Available		(1,335.84)		(1,335.84)
<b>Net Deferred Tax Liability (b)-(a)</b>	<b>9,657.68</b>	<b>(1,003.62)</b>	<b>(2.45)</b>	<b>8,651.61</b>

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 20 Deferred Tax Liabilities (Net) (Contd..)

₹ in Lakhs

Particulars	As at April 01, 2015	Recognized in P&L	Recognized in OCI	As at March 31, 2016
Deferred tax assets/ liabilities are attributable to the following items;				
<b>Deferred Tax Assets</b>				
-Effect of expenditure debited to statement of profit and loss in the current year/earlier years but allowable for tax purposes in the following years	916.84	(345.70)	-	571.14
-Allowance for Bad and doubtful debt	428.39	(384.85)	-	43.54
<b>Sub- Total (a)</b>	<b>1345.23</b>	<b>(730.55)</b>	<b>-</b>	<b>614.68</b>
<b>Deferred Tax Liabilities</b>				
- Depreciation, Amortization and Impairment Expenses	9,895.05	448.88	-	10,343.93
- Cash Flow Hedge	-	-	6.04	6.04
- Remeasurements of the defined benefit plans	-	-	(77.61)	(77.61)
<b>Sub- Total (b)</b>	<b>9,895.05</b>	<b>448.88</b>	<b>(71.57)</b>	<b>10,272.36</b>
Less: MAT Credit Available	(271.78)	271.78	-	-
<b>Net Deferred Tax Liability (b)-(a)</b>	<b>8,278.04</b>	<b>1,451.21</b>	<b>(71.57)</b>	<b>9657.68</b>

## 21 Deferred Government Grant

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>TUF Capital Investment Subsidy</b>		
Opening Balance	365.84	219.94
Grants during the year	102.54	260.72
Released to the statement of profit and loss	(84.73)	(114.82)
<b>Closing Balance</b>	<b>383.65</b>	<b>365.84</b>

₹ in Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Above includes :</b>			
Current	57.95	71.29	74.30
Non- Current	325.70	294.55	145.64
<b>Total</b>	<b>383.65</b>	<b>365.84</b>	<b>219.94</b>

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 22 Other Liabilities

₹ in Lakhs

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Security Deposit	226.51	220.94	209.61	63.46	-	-
Advances from customers	-	-	-	709.94	948.77	1,243.60
Statutory dues payable						
Service Tax	-	-	-	1.80	8.40	3.67
Sales Tax	-	-	-	66.27	154.54	203.53
Tax deducted at source	-	-	-	170.95	182.54	233.12
Other statutory dues	-	-	-	293.60	356.50	285.53
Other Payables *	131.79	136.67	132.36	2,410.04	2,329.36	2,099.96
<b>Total</b>	<b>358.30</b>	<b>357.61</b>	<b>341.97</b>	<b>3,716.06</b>	<b>3,980.11</b>	<b>4,069.41</b>

\* includes accrued liabilities and legal claims.

## 23 Revenue from Operations

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Revenue from Operations includes</b>		
<b>a) Sale of products (including Excise Duty):</b>		
Finished Goods	289,366.13	285,923.18
Traded Goods	2,660.85	2,000.75
	<b>292,026.98</b>	<b>287,923.93</b>
<b>b) Sale of Services</b>		
Services	2,514.62	2,450.48
	<b>2,514.62</b>	<b>2,450.48</b>
<b>c) Other Operating Revenues;</b>		
Sale of Waste	3,984.79	3,794.03
Export Benefits / Incentives	1,093.22	310.59
	<b>5,078.01</b>	<b>4,104.62</b>
<b>Revenue From Operations</b>	<b>299,619.61</b>	<b>294,479.03</b>

The above amount includes Excise Duty of ₹956.78 Lakhs (1151.85 Lakhs for previous year)

## 24 Other Income

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Interest income on Financial Assets at amortized cost</b>		
Interest income from customers	591.98	548.79
Interest income Others	72.96	57.66
Interest received on Debentures	506.56	473.30
<b>Dividend income from investments at FVTOCI</b>		
From Other Than Subsidiary Company	1.61	32.56
<b>Other Non-operating Income</b>		
Gain on Utilization of SHIS Purchased *	85.04	126.95
Provision Written Back	360.44	340.91
Insurance & Other Claim Received	54.14	44.52
Net Gain on Foreign Currency Fluctuation	381.95	-
Misc. Receipts	409.35	396.30
Rent Receipt from Investment Properties and Others	452.84	310.04
Net Gain / Loss on Sale of Property, Plant & Equipment	241.66	106.26
<b>TOTAL</b>	<b>3,158.53</b>	<b>2,437.29</b>

All dividend from equity investment designated at fair value through OCI relates to the investment held at the end of the reporting period.

\* SHIS represents Status Holder Incentive Scrip



# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 25 Cost of Raw Materials Consumed

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Raw Materials</b>		
Opening Stock	20,468.71	18,609.83
Add:		
Purchases	178,236.03	162,401.16
	<b>198,704.74</b>	<b>181,010.99</b>
<b>Less:</b>		
Closing Stock	26,597.67	20,468.71
<b>Total</b>	<b>172,107.07</b>	<b>160,542.28</b>

## 26 Purchase of Traded Goods

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Fabric	2,937.59	1,903.49
Garment	-	61.13
Yarn	-	93.78
<b>Total</b>	<b>2,937.59</b>	<b>2,058.40</b>

## 27 Changes in Inventories of Finished Goods, Stock-In-Trade And Work-In-Progress

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Inventories at the end of the year</b>		
Finished Goods	14,335.56	10,877.14
Traded Goods	377.16	176.82
Work In Progress	10,488.77	8,544.48
Waste	147.41	114.38
	<b>25,348.90</b>	<b>19,712.82</b>
<b>Inventories at the beginning of the year</b>		
Finished Goods	10,877.14	10,676.23
Traded Goods	176.82	297.72
Work In Progress	8,544.48	8,100.74
Waste	114.38	152.67
	19,712.82	19,227.36
<b>(Increase)/ Decrease in Inventory</b>	<b>(5,636.08)</b>	<b>(485.46)</b>

## 28 Employee Benefit Expenses

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus	30,200.63	27,441.47
Contribution to provident & other funds	3,203.89	2,825.99
Expenses related to Post employment Defined Benefit Plan (refer note no. 34)	566.47	467.24
Expenses related to Earned Leave (refer note no. 34)	231.38	259.49
Workmen & staff welfare expenses	660.53	672.83
<b>Total</b>	<b>34,862.90</b>	<b>31,667.02</b>

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 29 Finance Cost

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest Expenses on Financial Liabilities measured at amortised cost		
On Term Loans *	5,359.50	6,188.92
On Working Capital	4,923.91	5,574.68
Other Borrowing Costs	606.10	674.36
Net Interest on Net Defined Benefit Liability	40.59	28.16
Dividend including DDT on Optionally Convertible Redeemable Preference Share Classified as Financial Liability	106.10	124.16
<b>Total</b>	<b>11,036.20</b>	<b>12,590.28</b>
* Net of TUFs / RIPS subsidy received / receivable	1,882.70	2,918.24

## 30 Depreciation Amortization and Impairment Expenses

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Property, Plant &amp; Equipment *</b>		
Depreciation	13,220.43	13,809.05
Impairment (refer Note 44)	-	1,148.46
	<b>13,220.43</b>	<b>14,957.51</b>
<b>Less:</b>		
Amortization - Government Capital Grants	84.73	114.83
Excess Depreciation Written Back		0.08
	<b>84.73</b>	<b>114.91</b>
<b>Investment Property#</b>		
Depreciation	7.51	7.31
	<b>7.51</b>	<b>7.31</b>
	13,143.21	14,849.91
<b>Intangible Assets #</b>		
Impairment - Goodwill (refer Note. 44)	-	37.79
Amortization - Other Intangible Assets@	73.32	39.28
	<b>73.32</b>	<b>77.07</b>
<b>TOTAL</b>	<b>13,216.53</b>	<b>14,926.98</b>

\* Refer Note 3a

# Refer Note 3c

@ Refer Note 3e

# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 31 Other Expenses

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Stores and spares consumed	8,170.25	8,204.95
Power and fuel	30,244.47	28,983.16
Packing expenses	4,099.28	4,396.71
Processing and job charges	1,039.19	1,197.71
Research and development	291.76	246.08
Repairs & maintenance - building	839.71	670.31
Repairs & maintenance - plant & machinery	1,843.31	2,119.42
Repair and maintenance - others	517.24	339.67
Rent	164.38	164.49
Insurance @	362.83	483.92
Rates and taxes	140.10	86.12
Director's remuneration and fees	664.79	638.00
Charity and donation	57.57	82.00
Payment to statutory auditors		
As statutory auditors	57.29	74.51
For other services	10.68	8.48
For reimbursement of expenses	13.92	15.88
Legal, Professional & Consultancy Expenses	709.82	487.83
Other miscellaneous expenses	1,573.68	1,252.71
Commission & Brokerage	2,675.23	2,628.74
Freight, forwarding and octroi	5,255.18	4,651.24
Advertisement	381.43	516.13
Travelling Expenses	1,172.64	1,141.68
Other selling expenses	1,256.01	1,115.03
Net loss on foreign currency Transaction#	-	126.70
Bad debts and allowances for bad and doubtful debts	132.33	-
Entry Tax	89.32	80.41
<b>TOTAL</b>	<b>61,762.41</b>	<b>59,711.88</b>
# includes (Gain) / Loss on Forward Points	71.35	17.96
@ Net of Recovery	71.95	73.31

## 32 Other Comprehensive Income

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>(i) Items that will not be reclassified to profit or loss</b>		
Remeasurements of the defined benefit plans	(268.96)	(224.26)
Equity Instruments through Other Comprehensive Income	850.32	(767.62)
Share in OCI of Associates that will not be reclassified to Profit or loss	(2.16)	3.72
	<b>579.20</b>	<b>(988.16)</b>
<b>Income tax relating to items that will not be reclassified to profit or loss</b>		
Related to Remeasurements of defined benefit plans	93.08	77.61
<b>(ii) Items that will be reclassified to profit or loss</b>		
Change in Fair value of Effective portion of Cash Flow Hedge Recognised during the year (Note No. 42)	864.34	662.44
Amount Reclassified to Profit & Loss account during the year (Note No. 42)	(602.46)	(644.98)
	<b>261.88</b>	<b>17.46</b>
<b>Income tax relating to items that will be reclassified to profit or loss</b>		
Tax on Cash Flow Hedge recognised during the year	299.13	229.25
Tax on amount reclassified to Profit & Loss account during the year	(208.50)	(223.21)
	<b>(90.63)</b>	<b>(6.04)</b>

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 33. Earning per Share

₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Net Profit for Basic EPS (₹ In Lakhs)	10,409.89	11,220.71
Profit attributable to Potential Equity Shares	58.61	124.16
Net Profit for Diluted EPS (₹ In Lakhs)	10,468.50	11,344.87
(b) Number of Equity Shares at the beginning of the year	23,148,689	23,148,689
Add: Weighted No. of New Equity shares issued due to conversion of Optionally Convertible Redeemable Preference Share (OCRPS)	155,352	-
Total Number of Shares outstanding at the end of the year	23,550,842	23,148,689
Weighted Average number of Equity Shares outstanding during the year - Basic	23,304,041	23,148,689
Weighted Average number of Equity Shares arising for optionally convertible preference shares Up to the date of Conversion	495,320	521,024
Weighted Average number of Equity Shares outstanding during the year - Diluted	23,799,361	23,669,713
<b>Earning Per Share - Basic (₹)</b>	<b>44.67</b>	<b>48.47</b>
<b>Earning per share - Diluted (₹)</b>	<b>43.99</b>	<b>47.93</b>
<b>Face value per share (₹)</b>	<b>10</b>	<b>10</b>

Note: Note 34 to 37 please refer notes on Accounts annexed to Standalone Financial Statements

## 38. Segment information

For management purposes, the Company is organised into business units based on its products and services and has following reportable segments:

Yarn

Fabric

No operating segments have been aggregated to form the above reportable operating segments.

### Identification of Segments

The Board of Directors of the Company has been identified as Chief Operating Decision maker who monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with the profit or loss in the financial statements.

Accounting policy in respect of Segments is in conformity with the accounting policy of the Group as a whole.

### Intersegment Transfer

Segment revenue resulting from transactions with other business segments is accounted for on the basis of transfer price agreed between the segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. These transfers are eliminated in consolidation.

### Segment Revenue and Results

The Revenue and Expenditures in relation to the respective segments have been identified and allocated to the extent possible. Other revenue and expenditure non allocable to specific segments are being disclosed separately as unallocated and adjusted directly against the Total Income of the Company.

### Segment Assets and Liabilities

Segment Assets includes all operating assets used by the operating segment and mainly consisting of Property, Plant & Equipment, trade receivables, Cash and Cash Equivalents and inventory etc. Segment Liabilities primarily include trade payables and other liabilities. Common assets and liabilities which can not be allocated to specific segments are shown as a part of unallocable.



# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 38. Segment information (Contd..)

₹ in Lakhs

Particulars	As at March 31, 2017			As at March 31, 2016		
	YARN	FABRIC	Total	YARN	FABRIC	Total
<b>Segment Revenue</b>						
External customers	251,291.21	48,328.40	299,619.61	248,182.88	46,296.15	294,479.03
Inter-segment	10,060.87	0.38	10,061.25	9,773.79	0.23	9,774.02
<b>Total Revenue</b>	<b>261,352.08</b>	<b>48,328.78</b>	<b>309,680.86</b>	<b>257,956.67</b>	<b>46,296.38</b>	<b>304,253.05</b>
Segment Expenses*	241,894.03	45,831.50	287,725.53	235,400.07	41,547.49	276,947.56
<b>Segment Results</b>	<b>19,458.05</b>	<b>2,497.28</b>	<b>21,955.33</b>	<b>22,556.60</b>	<b>4,748.89</b>	<b>27,305.49</b>
Un-allocable Expenses			2,542.92			2,399.42
Other Income (Note 24)			3,158.53			2,437.29
Finance Costs (Note 29)			11,036.20			12,590.27
Profit/(Loss) Before Tax & Share of Profit/(Loss) of Associates			11,534.74			14,753.09
Share of Profit/ (Loss) of Associates			312.50			525.93
<b>Profit Before Tax</b>			<b>11,847.24</b>			<b>15,279.02</b>
Tax Expenses			1,437.35			4,058.31
<b>Profit After Tax</b>			<b>10,409.89</b>			<b>11,220.71</b>
* Includes Depreciation, amortization and impairment						
<b>Other Information :</b>						
<b>Depreciation, Amortization and Impairment</b>						
Allocable	9711.07	3350.45	13,061.52	11451.47	3321.45	14,772.92
Unallocable			155.01			154.06
<b>Total</b>	<b>9,711.07</b>	<b>3,350.45</b>	<b>13,216.53</b>	<b>11,451.47</b>	<b>3,321.45</b>	<b>14,926.98</b>
<b>Capital Expenditure</b>						
Allocable	11513.03	2056.87	13,569.90	8875.97	3378.42	12,254.39
Unallocable			3752.49			1127.55
<b>Total</b>	<b>11,513.03</b>	<b>2,056.87</b>	<b>17,322.39</b>	<b>8,875.97</b>	<b>3,378.42</b>	<b>13,381.94</b>
Impairment Loss				1,176.80		1,176.80
<b>Segment Assets</b>						
Allocable Assets	175,887.16	40,255.85	216,143.01	165,732.68	35,586.96	201,319.64
Unallocable Assets			30,409.73			27,142.54
<b>Total Assets</b>	<b>175,887.16</b>	<b>40,255.85</b>	<b>246,552.74</b>	<b>165,732.68</b>	<b>35,586.96</b>	<b>228,462.18</b>
<b>Segment Liabilities</b>						
Allocable Liabilities	143,755.10	18,475.32	162,230.42	136,323.61	18,347.31	154,670.92
Unallocable Liabilities			13,488.82			11,382.54
<b>Total Liabilities</b>	<b>143,755.10</b>	<b>18,475.32</b>	<b>175,719.24</b>	<b>136,323.61</b>	<b>18,347.31</b>	<b>166,053.46</b>

## Geographical Information

The company is domiciled in India. Based on the location of the Customers, the amount of its revenue from external customers are broken down by major foreign country as below: -

₹ in Lakhs

Revenue from external customers		India	Europe	Middle East	Africa, South East & Far East Asia	America	Total
Based on location of the customers	<b>Year ended March 31, 2017</b>	208,799.61	29578.00	3036.00	56256.00	1950.00	<b>299,619.61</b>
	<b>Year ended March 31, 2016</b>	204,058.03	34883.00	3932.00	50450.00	1156.00	<b>294,479.03</b>

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 38. Segment information (Contd..)

### Non-current Assets

There is no non current assets outside India.

### Information about major customers

No single customer represents 10% or more of the total revenue during the year ended March 31, 2017 and March 31, 2016.

### Revenue from Products and Services:

The detail of revenue from products and services are given below:

₹ in Lakhs

	Year ended March 31, 2017	Year ended March 31, 2016
Yarn	250,482.36	247,231.10
Fabric	46,622.63	44,797.45
Services	2,514.62	2,450.48
<b>Total</b>	<b>299,619.61</b>	<b>294,479.03</b>

**Note: Note 39 to 46 please refer notes on Accounts annexed to the Standalone Financial Statement**

## 47 First Time Adoption of Ind AS

As stated in Note 1, these are the Group's first financial statements prepared in accordance with Ind AS

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS statement of financial position at April 01, 2015 (the Group's date of transition). In preparing its opening Ind AS statement of financial position, the Group has adjusted amount reported previously in financial statements prepared in accordance with Indian GAAP (previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

### Exemptions and Exceptions availed:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

#### A Ind AS Optional Exemptions:

##### (i) Property, plant and equipment, Investment Property & Intangible assets

Ind AS 101 permits a first-time adopter to opt to continue with the carrying value for all of its Property, Plant and Equipment, Intangible Assets and Investment Property as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities if there has not been change in its functional currency on the date of transition.

Accordingly, the Group has opted to measure all of its Property, Plant and Equipment, Investment Property and Intangible Assets at their previous GAAP carrying value.

##### (ii) Investment in Subsidiaries, Joint Ventures and Associates

Ind AS 101 permits a first-time adopter to opt to continue with the carrying value for all of its investment in Subsidiaries, Joint Ventures and Associates as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Accordingly, the Group has opted to measure all of its investments in Associates at their previous GAAP carrying value.



# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 47 First Time Adoption of Ind AS (Contd..)

### (iii) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Group has opted to apply this exemption for such contracts/arrangements.

### (iv) Business Combination

As per Ind AS 101, at the date of transition, an entity may opt not to restate business combinations that occurred before the date of transition. If the entity restates any business combinations that occurred before the date of transition, then it restates all later business combinations, and also applies Ind AS 110, Consolidated Financial Statements, from that same date.

The Group has opted to restate business combinations on or after April 01, 2015.

### (v) Designation of Previously recognised Financial Instruments

Ind-AS 101 permits an entity to designate particular equity investment ( Other than equity investment in subsidiaries, joint ventures and associates ) as at fair value through Other Comprehensive Income (FVOCI) based on facts and circumstances as the date of transition to Ind AS ( rather than at initial recognition). Other equity investment are classified at Fair Value through Profit & Loss (FVTPL). The Group has availed this exemption to designate certain equity investment as FVOCI on the date of transition.

## B. Ind AS Mandatory Exceptions

### (i) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS , where application of Ind AS require an entity to make certain estimates that were not required under previous GAAP, those estimates should reflect condition that existed at the date of transition( for preparing opening Ind AS balance sheet. or at the end of the comparative period ( for presenting comparative information as per Ind-AS).

Ind AS estimates as at April 01, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for Impairment of financial assets based on expected credit loss model, fair valuation of financial instruments carried at FVTPL and FVOCI in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

### (ii) Classification and Measurement of Financial Assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.



# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 47 First Time Adoption of Ind AS (Contd..)

### iii) Hedge Accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of April 01, 2015 are reflected as hedges in the Group's results under Ind AS

The Group had designated various hedging relationships as cash flow hedges under the previous GAAP. On date of transition to Ind AS, the entity had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Group continues to apply hedge accounting on and after the date of transition to Ind AS.

### (iv) Derecognition of Financial Assets and Liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has opted to apply the derecognition principles of Ind AS 109 prospectively.

### (v) Impairment of Financial Assets

An entity shall determine an approximate credit risk at the date when the financial instrument were initially recognised and compare that to the credit risk at the date of transition to Ind AS. This should be based on reasonable and supportable information that is available without undue cost or effort. If the entity is unable to make this determination without undue cost or effort, it shall recognise a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised.

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at April 01, 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2015 and the financial statements as at and for the year ended March 31, 2016.



## for the year ended March 31, 2017

Reconciliation of Equity as reported under previous GAAP to Ind AS

₹ in Lakhs

# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 4.7 First Time Adoption of Ind AS (Contd..)

		As at march 31,2016				As at April 01, 2015				
Particulars	FootNote No.	Previous GAAP	Adjustments		Ind AS	Previous GAAP	Remeasurement		Ind AS	
			Transition date	Reclassification			Reclassification	Remeasurement		
EQUITY & LIABILITIES										
EQUITY										
a	Equity Share Capital	3,339.78	(1,024.91)		2,314.87	3,339.78	(1,024.91)		2,314.87	
b	Other Equity	47,987.89	2,157.58	7,166.13	2,782.25	60,093.85	41,025.33	6,589.36	4,935.29	
		51,327.67	1,132.67	7,166.13	2,782.25	62,408.72	44,365.11	5,564.45	4,935.29	
									54,864.85	
LIABILITIES										
1	Non Current Liabilities					-			-	
a Financial Liabilities										
	i)Borrowings	9	55,368.06	1,024.91		56,392.97	66,917.81	1,024.91	67,942.72	
	ii)Other financial liabilities		-	318.94		318.94	-	376.68	-	
									376.68	
b	Provisions		553.95			553.95	387.08	-	387.08	
c	Deferred tax liabilities (Net)	4	9,729.24	-	(71.56)	9,657.68	8,278.04		-	
									8,278.04	
d	Deferred Government Grant		365.84	(71.29)		294.55	219.94	(74.30)	145.64	
e	Other non-current liabilities		676.55	(318.94)		357.61	718.65	(376.68)	341.97	
2 Current Liabilities										
a Financial Liabilities										
	i)Borrowings	11	48,437.28	14,113.43		62,550.71	44,735.21	15,760.75	60,495.96	
	ii)Trade payables		5,009.13			5,009.13	8,824.45	-	8,824.45	
	iii)Other financial liabilities	9	-	26,469.42	124.16	26,593.58	-	22,445.42	22,445.42	
b	Other current liabilities		30,449.53	(26,469.42)		3,980.11	26,514.85	(22,445.44)	4,069.41	
c	Deferred Government Grant			71.29		71.29		74.30	74.30	
d	Provisions	5	3,879.75	(3,606.81)		272.94	3,062.87	(2,777.71)	285.16	
	TOTAL		205,797.00	2,157.58	21,279.56	228,462.18	204,024.01	22,350.09	2,157.58	
									228,531.68	

₹ in Lakhs



# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 47 First Time Adoption of Ind AS (Contd..)

### Reconciliation of Statement of Total Comprehensive Income as previously reported under IGAAP to Ind AS for the year ended March 31, 2016

₹ in Lakhs

Particulars	FootNote No.	Previous GAAP	Reclassification	Adjustments Remeasurement	Ind AS
<b>I Revenue From Operations</b>	7	295,467.23	(988.20)	-	294,479.03
<b>II Other Income</b>		2,457.81	(20.52)		2,437.29
<b>III Total Revenue (I+II)</b>		<b>297,925.04</b>	<b>(1,008.72)</b>	<b>-</b>	<b>296,916.32</b>
<b>IV EXPENSES</b>					
Cost of materials consumed		160,542.28			160,542.28
Purchases of Stock-in-Trade		2,058.40			2,058.40
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress		(485.46)			(485.46)
Excise duty on sale	7		1,151.85		1,151.85
Employee benefits expense	6	31,919.44	(252.42)		31,667.02
Finance costs	6, 9	12,437.95	28.17	124.16	12,590.28
Depreciation and amortization expense	2	14,922.68		4.30	14,926.98
Other expenses	7	61,872.42	(2,160.54)		59,711.88
<b>Total expenses</b>		<b>283,267.71</b>	<b>(1,232.94)</b>	<b>128.46</b>	<b>282,163.23</b>
<b>V Profit/(Loss) Before exceptional items and tax(III - IV)</b>		<b>14,657.33</b>	<b>224.22</b>	<b>(128.46)</b>	<b>14,753.09</b>
Share of Profit/ (Loss) of Associates		(47.12)	573.05		525.93
<b>VI Profit/(loss) before tax (V-VI)</b>		<b>14,610.21</b>	<b>797.27</b>	<b>(128.46)</b>	<b>15,279.02</b>
<b>VIII Tax expense</b>					
Current Tax		2,872.88			2,872.88
Tax of earlier years provided (written back)		(265.77)			(265.77)
Deferred tax		1,451.20			1,451.20
<b>VIII Profit/(loss) for the period</b>		<b>10,551.90</b>			<b>11,220.71</b>
<b>IX Other Comprehensive Income</b>	10				
A (i) Items that will not be reclassified to profit or loss	3, 6		(224.26)	(767.62)	(991.88)
(ii) Income tax relating to items that will not be reclassified to profit or loss	4		77.61	-	77.61
Share in OCI of Associates that will not be reclassified to Profit or loss			3.72		3.72
B (i) Items that will be reclassified to profit or loss	8			17.46	17.46
(ii) Income tax relating to items that will be reclassified to profit or loss	4			(6.04)	(6.04)
<b>X Total Comprehensive Income(VIII+IX)</b>		<b>10,551.90</b>	<b>(142.93)</b>	<b>(756.20)</b>	<b>10,321.58</b>

### Reconciliation of Equity as reported under Previous GAAP to Ind AS

₹ in Lakhs

Particulars	Note No.	As at March 31, 2016	As at April 01, 2015
<b>Equity as reported under Previous GAAP</b>		<b>51,327.67</b>	<b>44,365.11</b>
Changes consequent to Ind AS adoption :-			
a) 12% OCRPS recognised as Liability (as per Ind AS 109)	9	(1,024.91)	(1,024.91)
b) Proposed Dividend on Equity Shares and Dividend Tax thereon	5	3,482.65	2,777.71
c) Fair Valuation of Investment through OCI	3	1,380.35	2,147.96
d) Adjustment due to spare capitalised	2	5.26	9.62
e) Share of Associate		7,166.13	6,589.36
f) Tax Adjustment	4	71.57	-
<b>Equity as reported under Ind AS</b>		<b>62,408.72</b>	<b>54,864.85</b>
Equity Attributable to:			
Paid up equity share capital		2,314.87	2,314.87
Other Equity		60,093.85	52,549.98

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 47 First Time Adoption of Ind AS (Contd..)

### Footnotes to the reconciliation of equity as at April 01, 2015 and Consolidated statement of Profit & Loss for the year ended March 2016

#### 1 Investment Property:

Based on Ind AS 40, the Group has classified certain land and building as Investment property. Under Previous GAAP, there was no requirement to present investment property separately and the same was included under property, plant & equipment. There is no impact on equity and profit & loss account as a result of this adjustment.

#### 2 Capitalization of Stores and Spares

As per requirement of Ind AS 16, "Property, Plant & Equipment", the Group has Capitalised the stores and spares which meets the definition of property, plant and equipment and depreciated the same from the date of capitalisation. Under the previous GAAP, the same has been shown as Inventories.

#### 3 Fair Valuation of Investment

Under the previous GAAP, investments in equity instruments were classified as long-term investments based on the intended holding period and reliability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Under Ind AS, these investments are required to be measured at fair value. The Group has designated investment in equity shares (other than investment in Associates) at Fair Value Through Other Comprehensive Income (FVTOCI) and the resulting fair value changes of these investments as at the date of transition has been recognized in retained earning and subsequently in Other Comprehensive Income.

Further the Group has measured investment in debentures in associates at Fair value through profit & loss account.

#### 4 Deferred Tax

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences, which was not required under previous GAAP.

#### 5 Proposed Dividend

Under the previous GAAP, dividends proposed by the Board of Directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the General Meeting.

#### 6 Remeasurements of Post-employment Benefit Obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses excluding amounts included in the net interest expense on the net defined benefit liability are recognised in Other Comprehensive Income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

#### 7 Excise duty, Discount, Rebate & Claims

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty, while discount, rebate and claim were presented as expenses. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty and net off discount, rebate and claim. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. There is no impact on the total equity and profit.

#### 8 Cash Flow Hedge Reserve

Under Ind AS, the effective portion of the cash flow hedge to be recognised in other comprehensive income and however in the previous GAAP same has been recognised under Reserve and Surplus under the head "Cash Flow Hedge Reserve". There is no impact on the total equity and profit.

# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 47 First Time Adoption of Ind AS (Contd..)

### 9 Compound Financial Instruments

#### Convertible preference shares

The Group has issued optionally convertible redeemable preference shares (OCRPS). Under previous GAAP, the preference shares were classified as equity and dividend payable thereon was treated as distribution of profit.

Under Ind AS, convertible preference shares are separated into liability and equity components based on the terms of the contract. Interest on liability component is recognised using the effective interest method. The Optionally Convertible Redeemable Preference Share (OCRPS) has been classified as Debt and dividend on optionally convertible redeemable preference shares (OCRPS) along with dividend distribution tax has been recognised to Statement of Profit & Loss as interest cost.

### 10 Other Comprehensive Income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss includes remeasurements of defined benefit plans, fair value measurement impact of Investments and effective portion of gains and losses on cash flow hedging instruments. The concept of other comprehensive income did not exist under previous GAAP.

11 Under previous GAAP, trade receivables derecognised by way of bills of exchange have been shown as contingent liability since there is recourse clause. Under Ind AS, trade receivables has been restated with corresponding recognition of short term borrowings as on March 31.

12 There is no significant reconciliation items between cash flow prepared under Previous GAAP and those prepared under Ind AS.

## 48 Recent Accounting Pronouncement

### Standards issued but not yet effected

In March, 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Group from April 01, 2017.

#### Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The said amendment being only a disclosure requirement has not any impact either on the profit and loss for the period or any assets and liabilities recognised in the balance sheet.

#### Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

As on date, there are no transactions to be settled through share based payments. Accordingly there is no impact of the amendments on the Group.



# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 49 Investment In Associate

Details of the Companies at the end of the reporting period is as follows:

₹ in Lakhs

Name of the Company	Relationship	Principal Activity	Accounting Method	Principal place of Business	Place of Incorporation	Proportion of Ownership interest and Voting Rights held by the Investor Company		
						As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
LNJ Power Ventures Ltd.	Associate	Power	Equity Method	Jaisalmer	Bhilwara Bhawan, New Delhi	26.00%	26.00%	26.00%
Bhilwara Energy Ltd.	Associate	Power	Equity Method	Pathankot	Bhilwara Bhawan, New Delhi	17.78%	17.78%	17.78%

### i) Significant judgement: existence of significant influence

Please refer Significant judgement Note no. 2(e) of standalone financial statement

### ii) Summarised financial information in respect of the Associate is set out below. The summarised financial information below represents amounts shown in the Associate's financial statements prepared in accordance with Ind AS.

#### a) Summarised Balance Sheet

₹ in Lakhs

Particulars	LNJ Power Ventures Ltd			Bhilwara Energy Ltd		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current assets	1,812.90	1,462.00	1,488.47	36,734.77	25,598.29	22,466.47
Non-current assets	9,746.21	10,254.44	10,865.72	251,700.16	262,144.72	269,147.50
Current liabilities	1,715.77	1,135.99	1,138.04	24,853.96	22,741.07	29,319.40
Non-current liabilities	9,654.91	10,123.53	10,557.35	139,391.11	146,166.23	151,250.49
<b>Net Assets (including non controlling interest)</b>	<b>188.43</b>	<b>456.92</b>	<b>658.80</b>	<b>124,189.86</b>	<b>118,835.71</b>	<b>111,044.08</b>
Less: Non controlling Interest				51,039.73	47,823.63	43,306.18
Net Assets (Net off non controlling Interest)	188.43	456.92	658.80	73,150.13	71,012.08	67,737.90
Share of RSWM Limited	48.99	118.80	171.29	13,006.09	12,625.95	12,043.80

#### b) Summarised statement of Profit & Loss

₹ in Lakhs

Particulars	LNJ Power Ventures Ltd		Bhilwara Energy Ltd	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Revenue	1,799.52	1,896.17	44,057.41	47,837.30
Profit/(Loss) after Tax	(268.00)	(201.81)	5,369.60	7,750.87
Other comprehensive income for the year	(0.49)	(0.07)	(15.45)	40.76
<b>Total comprehensive income for the year (Excluding Non Controlling Interest)</b>	<b>(0.49)</b>	<b>(0.07)</b>	<b>5,354.15</b>	<b>7,791.63</b>

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

## 49 Investment In Associate (Contd..)

### c) Reconciliation of Net Assets:

₹ in Lakhs

Particulars	LNJ Power Ventures Ltd		Bhilwara Energy Ltd	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Opening Net Assets	456.92	658.80	118,835.71	111,044.08
Less: Non Controlling Interest	-	-	47,823.63	43,306.18
Net Assets after Non Controlling Interest	-	-	71,012.08	67,737.90
Profit for the year (Excluding Non Controlling Interest)	(268.00)	(201.81)	2,149.50	3,253.09
Other Comprehensive Income (Excluding Non Controlling Interest)	(0.49)	(0.07)	(11.45)	21.09
<b>Closing Net Assets (Excluding Non Controlling Interest)</b>	<b>188.43</b>	<b>456.92</b>	<b>73,150.13</b>	<b>71,012.08</b>
Share of RSWM Limited	<b>48.99</b>	<b>118.80</b>	<b>13,006.09</b>	<b>12,625.95</b>

### iii) Commitments and Contingent liabilities in respect of Associates:

Refer Note 37 annexed to the standalone financial statement

₹ in Lakhs

Particulars	LNJ Power Ventures Ltd		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Commitments			
Power Purchase Agreement			
Current Commitment	2,013.00	2,013.00	2,013.00
Non-Current Commitment	30,186.00	32,199.00	34,212.00
	<b>32,199.00</b>	<b>34,212.00</b>	<b>36,225.00</b>
<b>Contingencies</b>			
Guarantee provided on behalf of LNJ Power Ventures Ltd	1,000.00	1,000.00	1,000.00
	<b>1,000.00</b>	<b>1,000.00</b>	<b>1,000.00</b>

## 50 For Disclosures mandated by Schedule III of Companies Act, 2013, by way of additional information, refer below:

₹ in Lakhs

Name of the Entities	As at April 01, 2015	
	Net Assets i.e. Total Assets minus Total Liabilities	
	As a % of Consolidated Net Assets	Amount
Parent:		
RSWM Limited	100%	48,190.64
Associates (Investment as per Equity method):		
<b>Indian</b>		
LNJ Power Ventures Limited		171.29
Bhilwara Energy Limited		12,043.80

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# Notes to the Consolidated Financial Statement

for the year ended March 31, 2017

50 For Disclosures mandated by Schedule III of Companies Act, 2013, by way of additional information, refer below (Contd..)

₹ in Lakhs

Name of the Entities	2015-16							
	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit / (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit	Amount	As a % of Consolidated Profit	Amount	As a % of Consolidated Profit	Amount
<b>Parent:</b>								
RSWM Limited	100%	55,204.86	100%	10,694.78	100%	(902.85)	100%	9,791.93
<b>Associates (Investment as per Equity method):</b>								
<b>Indian</b>								
LNJ Power Ventures Limited		118.80		(52.47)		(0.02)		(52.49)
Bhilwara Energy Limited		12,625.95		578.40		3.74		582.14

Accompanying notes form an integral part of the financial statements

## As per our report of even date

For **S. Bhargava Associates**  
Chartered Accountants  
Firm Regn. No. 003191C

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

Per **Sunil Bhargava**  
Partner  
M. No. 70964

Per **Yogesh K. Gupta**  
Partner  
M. No. 93214

Place: Noida, (U.P.)  
Date: May 12, 2017

## FOR AND ON BEHALF OF BOARD OF DIRECTORS

**Ravi Jhunjhunwala**  
Chairman  
DIN 00060972

**Riju Jhunjhunwala**  
Managing Director &  
Chief Executive Officer  
DIN 00061060

**Prakash Maheshwari**  
Executive Director  
DIN 02388988

**B. M. Sharma**  
Chief Financial Officer  
M.No. FCA 35012

**Surender Gupta**  
Company Secretary  
M.No. FCS 2615

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# Corporate information

**L. N. Jhunjhunwala**

**Chairman-Emeritus**

## Board of Directors

**Ravi Jhunjhunwala**

Chairman

**Arun Churiwal**

Director

**A. N. Choudhary**

Director

**J. C. Laddha**

Director

**Shekhar Agarwal**

Vice Chairman

**Kamal Gupta**

Director

**P. S. Dasgupta**

Director

**Deepak Jain**

Director

**Riju Jhunjhunwala**

Managing Director

**D. N. Davar**

Director

**Geeta Mathur**

Director

**Prakash Maheshwari**

Executive Director

## Key Managerial Personnel

**Riju Jhunjhunwala**

Managing Director & Chief  
Executive Officer

**Surender Gupta**

Company Secretary

**B. M. Sharma**

Chief Financial Officer

## Business Heads and Key Executives

**Prakash Maheshwari**

Chief Executive  
(Corporate Affairs & TPP)

**S. C. Garg**

Chief Executive  
(Yarn Business)

**Prabir Bandyopadhyay**

Chief Executive  
(Denim & Fabric)

**M. L. Jhunjhunwala**

President, Mumbai Office

**Sudhir Sood**

Group President & CHRO

## Auditors

S. Bhargava Associates  
S. S. Kothari Mehta & Co.

## Registered Office

Kharigram,  
P.O. Gulabpura - 311 021  
Dist. Bhilwara (Rajasthan)

## Corporate Office

Bhilwara Towers,  
A-12, Sector - 1,  
Noida - 201 301 (U.P.)

## Bankers

Bank of Baroda  
Central Bank of India  
Dena Bank  
Export-Import Bank of India

HDFC Bank  
ICICI Bank Limited  
Oriental Bank of Commerce  
Punjab National Bank

State Bank of India  
Syndicate Bank  
Union Bank of India  
Yes Bank

## Plant Locations

Kharigram,  
P.O. Gulabpura - 311 021,  
Dist. Bhilwara, Rajasthan  
  
LNJ Nagar, Mordī,  
Dist. Banswara - 327 001  
Rajasthan (Denim, Fabric and TPP)  
  
Mayur Nagar, Lodha,  
Dist. Banswara - 327 001  
Rajasthan

Mandpam,  
Dist. Bhilwara - 311 001  
Rajasthan  
  
Kanya Kheri,  
Dist. Bhilwara - 311 025  
Rajasthan  
  
Rishabhdev,  
Dist. Udaipur - 313 802  
Rajasthan

Ringas,  
Dist. Sikar - 332 404, Rajasthan  
(Green Fibre and Spinning)  
  
Puducherry,  
No.26/8, Perumal Kovil Street,  
Thirubuvanai,  
Puducherry - 605 107

Bagalur,  
B. Muduganapalli,  
Bagalur, Hosur Taluk,  
Dist. Krishnagiri - 635 103  
Tamil Nadu



**Registered Office**

Kharigram, P.O. Gulabpura - 311 021

Dist. Bhilwara (Rajasthan), India

Website: [www.rswm.in](http://www.rswm.in)/[www.lnjbhilwara.com](http://www.lnjbhilwara.com)

CIN: L17115RJ1960PLC008216



**RSWM LIMITED**

**CIN:L17115RJ1960PLC008216**

Registered Office: Kharigram, P.O. Gulabpura – 311 021, Distt. Bhilwara, Rajasthan

Phone: +91-1483-223144 to 223150, 223478, Fax:+91-1483-223361, 223479

Corporate Office: Bhilwara Towers, A-12, Sector – 1, Noida – 201 301 (U.P)

Phone: +91-120-4390300 (EBABX), Fax:+91-120-4277841

E-mail: rswm.investor@lnjbhilwara.com

Website: <http://www.rswm.in>

**NOTICE**

Notice is hereby given that the Fifty-Sixth Annual General Meeting of the members of the Company will be held on Wednesday the 27th day of September, 2017 at 11:30 A.M. at the Registered Office of the Company at Kharigram, P.O. Gulabpura -311 021, District Bhilwara, Rajasthan to transact the following businesses:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) for the financial year ended the 31st March, 2017 and the Report of Directors and Auditors thereon.
2. To declare the Dividend on 12% Optionally Convertible Redeemable Preference Shares (since converted/redeemed) for the financial year ended 31st March, 2017.
3. To declare the Dividend on Equity Shares for the financial year ended 31st March, 2017.
4. To appoint a Director in place of Shri Shekhar Agarwal (DIN: 00066113) who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Prakash Maheshwari (DIN: 02388988) who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint M/s. Lodha & Co., Chartered Accountants (Firm Registration No.301051E) as the Joint Statutory Auditors of the Company, and in this connection, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 139, 141, 142 and all other applicable provisions of the Companies Act, 2013 and The Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. Lodha & Co., Chartered Accountants (Firm Registration No.301051E), be and is hereby appointed as Joint Statutory Auditors of the Company for

a period of consecutive five years commencing from the conclusion of this meeting until the conclusion of the 61st Annual General Meeting subject to the ratification in every subsequent AGM and to fix their remuneration.”

7. To ratify the appointment of M/s S. S. Kothari Mehta & Co. Chartered Accountants (Firm Registration No. 000756N) as the Joint Statutory Auditors of the Company and in this connection, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, the Company hereby ratifies the appointment of M/s S. S. Kothari Mehta & Co. Chartered Accountants (Firm Registration No. 000756N), as the Joint Statutory Auditors of the Company who were appointed as the auditors to hold office for a term of 5 years from the conclusion of Fifty third Annual general Meeting till the conclusion of Fifty eight Annual General Meeting subject to ratification of the appointment by the members at every Annual General Meeting, to hold office from the conclusion of this meeting until the conclusion of the 58th Annual General Meeting subject to the ratification in every subsequent AGM and to fix their remuneration.”

**SPECIAL BUSINESS**

8. To consider and if thought fit, to pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

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

9. To consider and if thought fit, to pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT the consent of the members of the Company be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, to the Board of Directors of the Company for creation of such mortgage(s) and charge(s) in addition to the existing mortgages, charges and hypothecations created by the Company as the Board may direct on the assets of the Company, both present and future and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of:

- Central Bank of India (Central Bank) in connection with Term Loan of ₹72.00 crore under Technology Up-gradation Fund Scheme (TUFS).
- HDFC Bank Limited (HDFC Bank) in connection with Term Loan of ₹12.00 crore under Technology Up-gradation Fund Scheme (TUFS).
- Yes Bank Limited (Yes Bank) in connection with Term Loan of ₹25.00 crore for financing capex incurred/to be incurred.

together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and other monies payable by the Company to Central Bank, HDFC Bank and Yes Bank under the Loan Agreement entered into by the Company in respect of the said borrowing.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with Central Bank, HDFC Bank and Yes Bank the documents for creating the aforesaid mortgage(s) and/or charges and to do all such acts and things as may be necessary for giving effect to the above resolution.”

10. To consider and if thought fit, to pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 180 (1)(a) and other applicable provisions, if any, of the Companies Act, 2013, for creation of mortgage(s) and / or charge(s), on such terms and conditions and at such time(s) and in such form and manner, and with such ranking as to priority as the Board of Directors of the Company (“Board”) in its absolute

discretion may deem fit, on the whole or substantially the whole of the undertaking of the Company’s present or future properties, whether immovable or movable, wheresoever situated as may be agreed to in favour of the Bank(s), Financial Institution(s) or other person(s), hereinafter referred to as the lenders, and/or trustees to secure the borrowings by way of loans or by issue of non-convertible debentures, bonds, term loans, working capital facilities and / or other instruments including foreign currency borrowings, as the Board may in its absolute discretion deem fit and upon such terms and conditions, as may be decided by the Board upto an aggregate amount of ₹2000 crore, including any increase as a result of fluctuation in the rates of exchange, together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other monies covered by the aforesaid financial assistance under the respective documents, entered into by the Company in respect of the said debentures / bonds / term loans/ working capital facilities / other instrument(s) in term of their issue.

RESOLVED FURTHER THAT the mortgage and/or charge to be created by the Company aforesaid may rank prior / pari passu/ subservient with / to the mortgages and / or charges already created or to be created in future by the Company and as may be agreed to between the Company and the lenders”.

11. To consider and if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any modification(s) or re-enactment thereof), M/s N. D. Birla & Co. Cost Accountants (Firm Registration No.000028) appointed 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, 2018, be paid the remuneration of ₹6,00,000/- (Rupees Six lac only) plus service tax and out of pocket expenses that may be incurred by them during the course of audit”.

12. To consider and if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT

- a) pursuant to the provisions of Section 196, 197 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Act and subject to such approval as may be necessary, approval of the members be and is hereby accorded to the revision in remuneration of Shri Prakash Maheshwari (DIN:02388988) as Executive Director of the Company with effect from the 1st July, 2017 as set out in the Explanatory Statement annexed hereto.



b) The Board of Directors of the Company be and is hereby also authorised to :

i) Agree to such increase or decrease or variations, modifications or amendments in the terms of remuneration set out in Explanatory Statement annexed hereto as considered reasonable by the Board and acceptable to Shri Prakash Maheshwari, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

ii) take all such steps and actions as may be considered necessary by the Board for the purpose of implementing this resolution”.

13. To consider and if thought fit, to pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the rules made thereunder, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and other applicable Regulations, including any amendment, modifications, variations or re-enactment thereof and the provisions of the Memorandum and Articles of the Company, consent of the Members be and is hereby accorded to the Board of Directors (hereinafter referred to as the “Board”, which term shall be deemed to include any committee of the Board constituted/to be constituted to exercise its powers, including the powers conferred by this resolution) for issuing, making offer(s) or invitation(s) to subscribe to Redeemable Non-Convertible Debentures (NCDs) on private placement basis, in one or more tranches, such that the total amount does not exceed ₹150 Crores during a period of one year from the date of passing of this resolution.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to determine the terms of issue, including the class of investors to whom the NCDs may be issued/offered, time, number of NCDs, tranches, issue/offer price, tenor, interest rates, premium/discount on redemption, listing and to appoint Debenture Trustees and / or Registrar & Transfer Agents, if necessary , and to do all such acts, deeds and things and deal with all such matters as may be necessary in this regard.”

**For RSWM LIMITED**

**Surender Gupta**

Company Secretary

M. No. FCS - 2615

Place: Noida

Date: 30th August, 2017

## NOTES

1. The relevant Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, relating to Special Business to be transacted at the Meeting is annexed.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING. A person can act as a proxy on behalf of Members not exceeding fifty (50) and the holding not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

3. Corporate Members intending to send their authorized representative(s) to attend the meeting are requested to send to the Company, a duly certified Board Resolution authorizing their said representative(s) to attend and vote on their behalf at the meeting.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 21st September, 2017 to Wednesday, the 27th September, 2017 (both days inclusive).

5. (a) The dividend on 88,54,111 Optionally Convertible Redeemable Preference Shares (OCRPS) which had been opted for conversion will be paid on pro-rata basis for the period from 1st April, 2016 to 10th November, 2016, to the holders of OCRPS whose name appeared on the Company's Register of OCRPS on 10th November, 2016 .

(b) The dividend on 48,11,324 OCRPS which had not been opted for conversion will be paid for the period from 1st April, 2016 to 28th February, 2017, to the holders of OCRPS whose name appeared on the Company's Register of OCRPS on 28th February, 2017.

The dividend on OCRPS if declared shall be paid within 30 days of Annual General Meeting (AGM).

6. The equity dividend as recommended by the Board of Directors, if declared at the meeting, will be paid within a period of 30 days from the date of declaration, by the members in the AGM.

7. The relevant documents accompanying the Notice are open for inspection to the members at the Registered Office of the Company during the normal business hours of the Company up to the date of the Meeting.

8. Members are requested to bring their attendance slip with their copy of Annual Report to the meeting.

9. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

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10. Members are requested to:
  - (i) Quote their folio number/client ID in all correspondence with the Company.
  - (ii) Notify immediately to the Company all changes with respect to their bank details, mandate, nomination, Power of Attorney and Change of Address. Members holding shares in electronic form should send their requests regarding the same to their respective Depository Participants.
11. Members who are holding Company's shares in electronic form are required to bring details of their Depository Account such as Client ID and DP ID Numbers for identification.
12. Members seeking any information/clarification with regard to accounts and audit are requested to write to the Company in advance and their queries should reach the Registered Office of the Company at least seven days prior to the date of meeting, so as to enable the Management to keep the information/clarification ready.
13. Members wishing to claim dividends that remain unclaimed are requested to correspond with the Registrar and Share Transfer Agent. Members are requested to note that dividends that are not claimed within 7 years from the date of transfer to the Companies Unpaid Dividend Account, will, as per Section 124 of the Act, be transferred to the Investor Education and Protection Fund (IEPF). Shares on which dividend remain unclaimed for seven consecutive years will be transferred to the IEPF as per Section 124 of the Act, and the applicable rules.
14. Members holding shares in physical form are requested to furnish their email ID through e-mail at [rswm.investor@lnjbhilwara.com](mailto:rswm.investor@lnjbhilwara.com) and/or send letter to us quoting their Folio No. and e-mail ID to enable us to serve any document, notice, communication, annual reports etc. through e-mail. For members who have not registered their email addresses, physical copies of the Annual Report 2017 are being sent by the permitted mode. Members holding shares in demat form may get their email ID updated with their respective Depository Participants. We request the members to continue to support the Green Initiative introduced by MCA and make it a success.
15. The Notice and Annual Report of the Company will also be available on the website of the Company, [www.rswm.in](http://www.rswm.in)
16. Members holding shares in physical form are requested to dematerialize their holdings in their own interest.
17. In case of transfer of Shares, transferor and transferee are requested to furnish a copy of the PAN card to the RTA for registration of transfer of shares in physical form.
18. Details as required in sub-regulation (3) of Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice.
19. Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment, Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by NSDL, on all the resolutions set forth in this Notice. The member may cast their votes using an electronic voting system from a place other than the venue of the Meeting (remote e-voting). The facility for voting through ballot paper will also be made available at the Meeting and members attending the Meeting, who have not already cast their votes by remote e-voting shall be able to exercise their right at the Meeting through ballot paper. Members who have cast their votes by remote e-voting prior to the Meeting may attend the Meeting but shall not be entitled to cast their votes again.

The instructions for remote e-voting are as under:

- (a) In case the Member receives an email from NSDL (for members whose email IDs are registered with the Company/DP):
  - (i) Open the e-mail and then open the PDF file namely "RSWM remote e-voting.pdf" with your Client ID or Folio No. as password. The PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password provided in PDF is an 'Initial Password'.
  - (ii) Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>
  - (iii) Click on Shareholder-Login.
  - (iv) Put user ID and password as initial password/PIN provided in the PDF file.
  - (v) The password change menu will appear on your screen. Change to a new password of your choice with minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \* etc). Please take utmost care to keep your password confidential.
  - (vi) Home page of remote e-voting appears. Click on remote e-voting: Active Voting Cycles.
  - (vii) Select "EVEN" (E-Voting Event Number) of RSWM Limited.
  - (viii) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (ix) Members holding shares under multiple folios/ demat accounts shall choose the voting process separately for each folio/ demat account.





- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF NRI etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/ Authority Letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at mkg1999@gmail.com, with a copy marked to e-voting@nsdl.co.in
- (b) In case a Member receives physical copy of the Notice of AGM (for members whose email IDs are not registered with the Company/Depository Participants):
- (i) Initial password is provided in the attached sheet on the 'Process and manner for e-voting'.
- | <b>EVEN (E Voting Event Number)</b> | <b>USER ID</b> | <b>PASSWORD/PIN</b> |
|-------------------------------------|----------------|---------------------|
| -                                   | -              | -                   |
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xi) above, to cast vote.
- (c) If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/ Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free No.: 1800-222-990.
- (d) The remote e-voting period commences at 9.00 A.M. on Sunday, the 24th September, 2017 and will end at 5.00 P.M. on Tuesday, the 26th September, 2017. During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 20th September, 2017, may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (e) A person whose name is recorded in the Register of Members or in the Register of beneficial owners maintained by the depositories as on the cut-off date i.e. 20th September, 2017 only shall be entitled to avail the facility of remote e-voting as well as voting at the Annual General Meeting through ballot paper. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date of 20th September, 2017.
- (f) In case a person has become the Member of the Company after the dispatch of Notice but on or before the cut-off date i.e. 20th September, 2017, may write to M/s MCS Share Transfer Agent Ltd. on the e-mail ID: [helpdeskdelhi@mcsregistrars.com](mailto:helpdeskdelhi@mcsregistrars.com) or [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com) or [mcssta@rediffmail.com](mailto:mcssta@rediffmail.com) or [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) After receipt of the above credentials, please follow the instructions for e-voting to cast the vote. If the member is already registered with NSDL remote e-voting platform then he can use his/her existing User ID and Password for casting the vote through remote e-voting.
- (g) Shri Mahesh Kumar Gupta, Practicing Company Secretary (Membership No. FCS 2870), has been appointed as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.
- (h) The Scrutinizer, after scrutinizing the votes cast at the meeting, will not later than three days of conclusion of the Meeting, makes a consolidated Scrutinizer's Report and submit the same to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the results of the voting forthwith. The scrutinizer shall unblock the votes in the presence of at least two witnesses not in the employment of the Company.
- (i) Subject to the receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting i.e. 27th September, 2017.
- (j) The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.rswm.in](http://www.rswm.in) and on the website of NSDL and communicated to the BSE Limited and National Stock Exchange of India Limited for placing the same on their respective website.
- (k) Members, who are not casting their vote electronically, may cast their vote at the Annual General meeting by means of ballot.
- (l) Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- (m) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and remote e-voting user manual for Shareholders available at the Downloads Section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free No.: 1800-222-990.

By Order of the Board  
**For RSWM LIMITED**

**Surender Gupta**

Company Secretary  
M. No. FCS - 2615

Place: Noida  
Date: 30th August, 2017

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## Information with respect to Item No.6

As regards appointment of Statutory Auditor referred to in item no. 6 of the notice, the following disclosures are made for the information of the members:

In terms of the provisions of Section 139 of the Companies Act, 2013, which came into effect from 1st April, 2014, it was mandatory to rotate the statutory auditors upon completion of two terms of five consecutive years. Further a transition period of three years was stipulated for implementing the rotation of auditors.

Accordingly, M/s S. Bhargava Associates, Chartered Accountants (Firm Registration No. 003191C), existing joint statutory auditor will complete their term (including transition period) as Statutory Auditor and will hold the office till the conclusion of the ensuing AGM and shall not be eligible for reappointment. In view of the retirement of M/s S. Bhargava Associates, Chartered Accountants

(Firm Registration No. 003191C) and their non-eligibility for further appointment, the Board of Directors of the Company upon commendation of Audit Committee have recommended the appointment of M/s. Lodha & Co., Chartered Accountants (Firm Registration No.301051E) as joint statutory auditor to hold office for a period of five consecutive years from the conclusion of 56th Annual General Meeting till the conclusion of the 61st Annual General Meeting of the Company subject to ratification in every subsequent Annual General Meeting.

The Company has received the consent and eligibility certificate from M/s. Lodha & Co., Chartered Accountants (Firm Registration No.301051E). The resolution is placed before the members for their approval.

None of the Directors and Key Managerial Personnel of the Company including their relatives are, in any way concerned or interested, financially or otherwise, in the said Resolution.

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

### ITEM NO. 8

The existing Article of Association(AoA) are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to the specific provisions of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013 (the "Act"). The Act is now largely in force with the Rules enacted thereon.

Hence, with the new Act coming into force and considering most of the sections under the Companies Act, 2013 have been notified by the Ministry of Corporate Affairs it is expedient to replace existing AoA by adopting new set of AoA.

The draft AoA have been uploaded on the Company's website for inspection of the Members. The proposed new draft AoA is also available for inspection at the Registered Office of the Company on all working days except Saturdays between 9.00 A.M. to 5.00 P.M. upto the date of the AGM and will also be available for inspection at AGM.

Your Directors recommend the Special Resolution under item No.8 of the Notice.

None of the Directors and Key Managerial Personnel of the Company including their relatives are, in any way concerned or interested, financially or otherwise, in the said Resolution.

### ITEM NO. 9

The Company had approached Central Bank of India (Central Bank), for financial assistances in the form of Rupee Term Loans of ₹72.00 crore for technology upgradation, debottlenecking, value addition equipment and new office at Mumbai, ₹12.00 crore from HDFC Bank Limited for reimburse/fund ongoing capital expenditure for Solar Power project of 3.3 MW and ₹25.00 crore from Yes Bank Limited for financing capex

incurred/to be incurred on various units of the Company. The above financial assistance(s) are to be secured by mortgage/charge of the assets of the Company, both present and future.

Section 180(1)(a) of the Companies Act, 2013, provides inter-alia that the Board of Directors of the Company shall not, without the consent of members of the Company in general meeting sell, lease or otherwise dispose off the whole of the undertaking of the Company or where the Company owns more than one undertaking of the whole or substantially the whole, of any such undertaking. Since the mortgaging by the Company of its immovable and moveable properties as aforesaid in favour of Central Bank, HDFC Bank and Yes Bank may be regarded as disposal of Company's properties/undertaking, it is necessary for the Company's members to pass a resolution under Section 180(1)(a) of the Companies Act, 2013.

Copies of sanction letters received from the lenders and copies of relevant documents/correspondence are open for inspection at the Registered Office of the Company during the office hours on any working day prior to the date of meeting.

Your Directors recommend the Special Resolution under item No.9 of the Notice.

None of the Directors and Key Managerial Personnel of the Company including their relatives are, in any way concerned or interested, financially or otherwise, in the said Resolution.

### ITEM NO. 10

The Company has borrowed/shall borrow funds from time to time to meet its requirements for project based capital expenditure, normal capital expenditure, general corporate purposes and working capital etc., within the borrowing powers of the Board of Directors as delegated by the Shareholders.



However, pursuant to the provisions of section 180(1)(a) of the Companies Act, 2013 (the 'Act') since notified, the Board can exercise such power to create mortgage and/ or charge on the immovable and movable properties of the Company, only with the approval of members of the Company by way of Special Resolution.

In order to enable the Company to create mortgage/charges on the assets of the Company from time-to-time, your Directors recommend the Special Resolution under item No.10 of the Notice.

None of the Directors and Key Managerial Personnel of the Company including their relatives are, in any way concerned or interested, financially or otherwise, in the said Resolution.

#### **ITEM NO. 11**

The Board of Directors of the Company had approved the appointment and remuneration of M/s N. D. Birla & Co., Cost Accountants upon the recommendation of Audit Committee to conduct the Cost Audit of the Cost records of the Company for the financial year ending 31st March, 2018, in terms of rules framed in this regard by the Ministry of Corporate Affairs.

Pursuant to the provisions of Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, the resolution under item No. 11 is proposed for the purpose.

None of the Directors & Key Managerial Personnel of the Company including their relatives are concerned or interested, financially or otherwise, in the said resolution.

#### **ITEM NO. 12**

The terms of remuneration of Shri Prakash Maheshwari, Executive Director of the Company be and are hereby amended as follows with effect from 1st July, 2017.

1. Salary : ₹ 4,18,670/- per month.
2. Personal Pay : ₹ 6,18,819/- per month.
3. Perquisite: In addition to the salary and personal pay, Shri Prakash Maheshwari shall be entitled to the following perquisites:

##### **Category 'A'**

###### **i) Housing :**

- a) The expenditure incurred by the Company on hiring unfurnished accommodation for him shall be subject to a ceiling, namely (for residence in Delhi/outside Delhi), 60% of the basic salary, over and above 10% payable by him, or

- b) In case the accommodation is owned by the Company 10% of the basic salary shall be deducted by the Company, or
- c) In case no accommodation is provided by the Company, a house rent allowance subject to a ceiling laid down in (a) above shall be paid.

The expenditure incurred by the Company on Gas, Electricity, Water and furnishing shall be valued as per Income Tax Rules, 1962 and shall be subject to a ceiling of 10% of the salary.

###### **ii) Medical Reimbursement:**

Expenditure incurred for the Executive Director and his family, subject to a ceiling of ₹1250/- per month.

###### **iii) Leave Travel Concession:**

For the self and family once in a year incurred subject to a ceiling of ₹5833/- per month.

###### **iv) Club fees:**

Fees for clubs subject to maximum of two clubs will be allowed. This will not include admission and life membership fees.

###### **v) Medical Insurance and Personal Accident Insurance:**

As per the Policy of the Company.

For the purpose of this category "family" means the spouse, the dependent children and dependent parents.

##### **Category 'B'**

###### **i) Provident Fund:**

Company's contribution to Provident Fund shall be as per the scheme of the Company.

###### **ii) Superannuation/Annuity Funds:**

Company's contribution to Superannuation /Annuity fund shall be in accordance with the scheme of the Company.

###### **iii) Gratuity:**

Payable as per the rules of the Company.

###### **iv) Leave and other benefits etc. as applicable to other Employees of the Company.**

##### **Category 'C'**

###### **i) Car:**

Provision of car for use on Company's business. Use of car for private purpose shall be billed by the Company.

###### **ii) Telephone:**

Telephone at residence. Personal long distance calls shall be billed by the Company.

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## MINIMUM REMUNERATION

Notwithstanding anything to the contrary hereinabove contained, where, in any financial year during the currency of the tenure of the Executive Director, the Company had no profits or had inadequate profits, the Company will pay remuneration to the Executive Director by way of salary, personal pay, perquisites and allowances not exceeding the sum specified in Para 1(A) of Section II of Part II of the Schedule V of the Companies Act, 2013.

The revision of remuneration of Shri Prakash Maheshwari Executive Director of the Company requires the approval by the Company in General Meeting by Ordinary Resolution in accordance with the relevant provisions of the Companies Act, 2013 read with Schedule V to the said Act. The Resolution set out in the notice at item No. 12 is intended for the purpose.

Your Directors recommend the Resolution under item No. 12 of the Notice.

Except Shri Prakash Maheshwari and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the proposed resolution.

## ITEM NO. 13

The Board of Directors of your Company intend to raise funds to the extent of ₹150 Crore to meet its various requirements of fund including repayment of existing loans, and for other general corporate purposes.

In accordance with the provisions of Section 42 and 71 of the Companies Act, 2013 ("the Act") read with the rules framed thereunder, a Company offering or making invitation to subscribe to NCDs on private placement basis is required to obtain the prior approval of the shareholders by way of Special Resolution.

Accordingly, the Board of Directors of the Company at its meeting held on 30th August, 2017 approved the issue of Non- Convertible Debentures (NCDs) to the extent of ₹150 Crore subject to the approval of the shareholders of the Company. It is also proposed to issue NCDs in one or more tranches within a period of one year from the date of passing this Special Resolution.

The fund raised through NCDs will be within the overall borrowing limits of the Company as already approved by the shareholders from time to time.

The Board recommends the Resolution in item No, 13 for your approval as Special Resolution.

None of the Directors & Key Managerial Personnel of the Company including their relatives are concerned or interested, financially or otherwise, in the said resolution.

By Order of the Board  
**For RSWM LIMITED**

**Surender Gupta**

Company Secretary  
M. No. FCS - 2615

Place: Noida

Date: 30th August, 2017



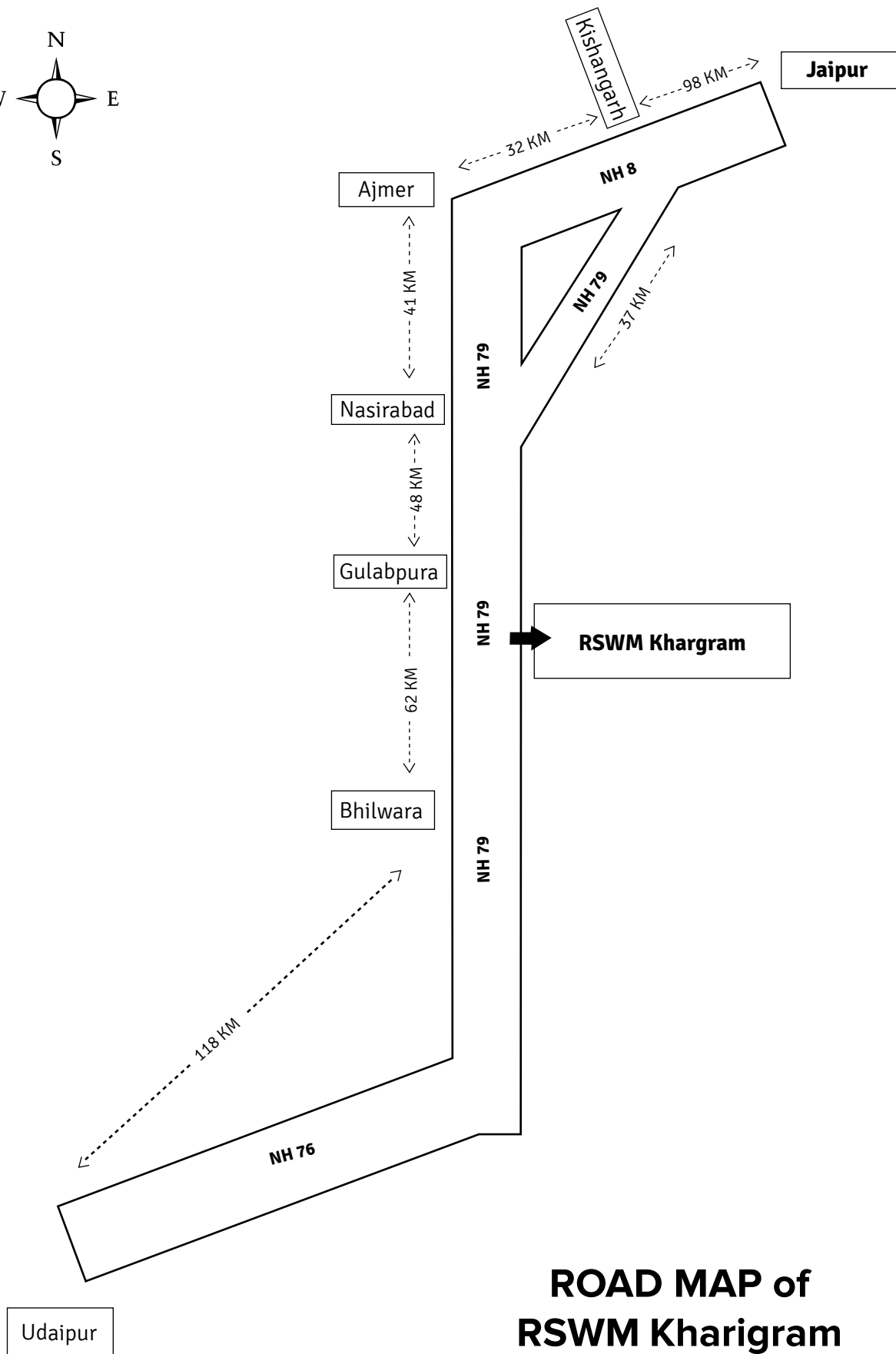
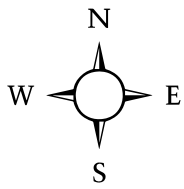
## ANNEXURE TO NOTICE

In pursuance of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

### DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT IN FORTHCOMING ANNUAL GENERAL MEETING

<b>Name of Director</b>	<b>Shri Shekhar Agarwal</b>	<b>Shri Prakash Maheshwari</b>
Category	Promoter - Non-Executive	Non Promoter - Executive
Interse relationship	N.A.	N.A.
Date of Birth	9th October, 1952	15th September, 1955
Date of Appointment	13th February, 1984	1st April, 2015
Qualification	B.Tech (M.E), M.Sc (Chicago)	B.Sc, FCA
Expertise in specific functional areas	Industrialist with rich experience of Textile Industry	Possesses rich experience in Textile Industry
List of Other Public Companies in which Directorships held#	1. Bhilwara Technical Textiles Ltd. 2. BSL Limited 3. Essay Marketing Company Ltd. 4. HEG Limited 5. Maral Overseas Limited	None
Chairman/Member of the Committee of the Board of Directors of the Company	Stakeholders' Relationship Committee - Member	None
Chairman/Member of the Committees of Directors of other Companies:		
a) Audit Committee	1. BSL Limited - Member 2. HEG Limited - Member	None
b) Stakeholders' Relationship Committee	Maral Overseas Limited - Member	None
No. of Equity Shares held in the Company	1,500	Nil

# Excludes Directorships in Private Limited Companies, Foreign Companies, membership of Management Committee of various chambers/Bodies and Section 8 Companies.



**ROAD MAP of  
RSWM Kharigram**



**RSWM LIMITED**  
**CIN:L17115RJ1960PLC008216**

Registered Office: Kharigram, P.O. Gulabpura – 311 021, Distt. Bhilwara, Rajasthan  
Phone:+91-1483-223144 to 223150, 223478, Fax:+91-1483-223361, 223479  
Corporate Office: Bhilwara Towers, A-12, Sector – 1, Noida – 201 301 (U.P)  
Phone:+91-120-4390300 (EPABX), Fax:+91-120-4277841  
E-mail:rswm.investor@lnjbhilwara.com, Website:http://www.rswm.in

**ATTENDANCE SLIP**

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

DPld\* .....

Folio No .....

Client Id\* .....

No. of Share(s) held .....

Name and address of the Shareholders :

I hereby record my presence at the 56th Annual General Meeting of the Company to be held on Wednesday, September 27, 2017 at 11.30 a.m. at the Registered Office of the Company at Kharigram, P.O. Gulabpura – 311 021, Distt. Bhilwara, Rajasthan.

\* Applicable for investors holding Shares in electronic form

\*\* Strike out whichever is not applicable

\_\_\_\_\_  
Signature of the Shareholder/Proxy/Representative\*\*

Notes: Members are requested to produce this attendance slip, duly signed in accordance with their specimen signatures registered with the Company, for admission to the meeting.



**RSWM LIMITED**  
**CIN:L17115RJ1960PLC008216**

Registered Office: Kharigram, P.O. Gulabpura – 311 021, Distt. Bhilwara, Rajasthan  
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**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 Member(s) :

Email ID :

Registered Address :

Folio No. Client ID :

\*DP ID :

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

(1) Name:..... Address:.....  
E-mail ID:..... Signature:....., or failing him;

(2) Name:..... Address:.....  
E-mail ID:..... Signature:....., or failing him;

(3) Name:..... Address:.....  
E-mail ID:..... Signature:.....,

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 56th Annual General Meeting of the Company, to be held on Wednesday, 27th September, 2017, at 11.30 a.m. at the Registered Office of the Company at Kharigram, P.O. Gulabpura – 311 021, Distt. Bhilwara, Rajasthan and at any adjournment thereof in respect of such resolutions as are indicated below:

\* Applicable for members holding Shares in electronic form.

\*\* I wish my above proxy to vote in the manner as indicated in the box below:

Resolutions Number	Resolutions	For	Against
<b>Ordinary Business</b>			
1	To receive, consider and adopt standalone and consolidated Annual Financial Statements as at the 31st March, 2017 and the Report of Directors and Auditors thereon.		
2	To declare the Dividend on 12% Optionally Convertible Redeemable Preference Shares for the financial year ended 31st March, 2017.		
3	To declare the Dividend on Equity Shares for the financial year ended 31st March, 2017.		
4	To appoint a Director in place of Shri Shekhar Agarwal (DIN: 00066113) who retires by rotation and, being eligible, offers himself for reappointment.		
5	To appoint a Director in place of Shri Prakash Maheshwari (DIN: 02388988) who retires by rotation and being eligible, offers himself for reappointment.		
6	Appointment of M/s Lodha & Co., Chartered Accountants (FRN: 301051E) as Joint Statutory Auditor and to fix their remuneration.		
7	To ratify the appointment of M/s S. S. Kothari Mehta & Co. Chartered Accountants (Firm Registration No. 000756N) as the Joint Statutory Auditor and to fix their remuneration.		
<b>Special Business</b>			
8	Adoption of new Articles of Association.		
9	Special Resolution under Section 180(1)(a) for creation of mortgage(s) and charges in addition to the existing mortgages, charges and hypothecations created on the assets of the Company in favour of: <ul style="list-style-type: none"> <li>Central Bank of India (Central Bank) in connection with Term Loan of ₹72.00 crore under Technology Up-gradation Fund Scheme (TUFS).</li> <li>HDFC Bank Ltd (HDFC Bank) in connection with Term Loan of ₹12.00 crore under Technology Up-gradation Fund Scheme (TUFS).</li> <li>Yes Bank Limited (Yes Bank) in connection with Term loan of ₹25.00 crore for financing capex incurred / to be incurred.</li> </ul>		
10	Special Resolution under Section 180(1)(a) for creation of mortgage(s) and charges on such terms and conditions as may be decided by the Board up to an aggregate amount of ₹2000 crore.		
11	Approval of the remuneration payable to M/s. N. D. Birla & Co., Cost Accountants (Firm Registration No. 000028) as Cost Auditor of the Company for the financial year ending 31st March, 2018.		
12	Revision in remuneration of Shri Prakash Maheshwari (DIN:02388988) as Executive Director of the Company.		
13	Approval of the issue of Redeemable Non-Convertible Debentures on private placement basis for an amount not exceeding ₹150 crores.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Signature of Shareholder\_\_\_\_\_

Signature of Proxy holder(s)\_\_\_\_\_

Affix  
Revenue  
Stamp

**Notes :**

- The proxy Form 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.
- \*\* It is optional to indicate your preference . If you leave the 'for' or 'against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
- For the Resolutions, Explanatory Statements and Notes, please refer to the Notice of 56th Annual General Meeting.