

Independent Auditor's Report

To the Members VMT Spinning Company Limited

Report on the Ind-AS Financial Statements

We have audited the accompanying Ind AS financial statements of **VMT Spinning Company 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 Flow and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income and 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 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 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 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 in accordance with the Standards on Auditing specified under sub-section 10 of section 143 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 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 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 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 financial position of the Company as at 31 March, 2017, and its 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 sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the order.

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

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;



S. S. KOTHARI MEHTA & COMPANY

- (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
- (e) on the basis of 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 sub-section 2 of section 164 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"; and
- (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 Ind AS financial statements – refer note 35 to the Ind-AS financial statements.
 - ii. the Company has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts to the Ind AS financial statements.
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. the Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the management – refer note 47 to the Ind-AS financial statements.

for S S Kothari Mehta & Company
Chartered Accountants
Firm's registration number: 022150N



Harish Gupta
Partner

Membership number: 098336

Place: Ludhiana
Date: May 02, 2017

"Annexure A" to the Independent Auditor's Report

The Annexure as referred in paragraph (1) 'Report on Other Legal and Regulatory Requirements' of our Independent Auditors' Report to the members of **VMT Spinning Company Limited** on the financial statements for the year ended March 31, 2017, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management according to the programme of periodical verification in phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies, if any, noticed on such physical verification have been properly dealt with in the books of accounts.

(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. We have been explained by the management that the inventory have been physically verified at reasonable intervals during the year. As far as we can ascertain and according to information and explanations given to us, the discrepancies, whenever material noticed on such physical verification of inventory as compared to book records were properly dealt within the books of accounts.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company.
- iv. According to the information and explanations given to us, the Company have complied with the provisions of section 185 and 186 of the Act with respect to the loans, investments made.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits with public consequently, the directives issued by the Reserve Bank of India, the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by Central Government for the maintenance of cost records under section 148(1) of the Act in respect to the Company's products to which said rules are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.



vii. (a) According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, sales-tax, income tax, service tax, custom duty, excise duty, value added tax, cess and any other material statutory dues with the appropriate authorities to the extent applicable and further, there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at March 31, 2017.

(b) According to the records and information and explanations given to us, there are no dues in respect of income tax, sales tax, service tax, duty of excise, duty of custom, or value added tax which have not been deposited on account of any dispute except as given below:

Name of the statute	Nature of dues	Amount involved (Rs. In Lakhs)*	Forum where dispute is pending
Entry Tax	Entry tax and Interest	62.38	High Court, Shimla, H.P.
Income Tax Act 1961	Income Tax		
	- AY 2013-14	4.19	CIT (A)
	- AY 2014-15	0.26	CIT (A)

*Net of Payment

viii. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of loan or borrowing to any banks and financial institutions as at Balance Sheet date.

As per information and explanation given to us the Company had not taken any loan or borrowings from the government. Further, the Company had not issued any debenture.

ix. According to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year. The term loans have been applied for the purpose for which they were raised.

x. According to the information and explanations given to us, no instance of fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.



S. S. KOTHARI MEHTA & COMPANY

- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the record of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable Accounting standards.
- xiv. Based upon the audit procedures performed and the information and explanations given to us, the Company has not made any preferential allotment of shares during the year under review. Consequently, requirements of clause (xiv) of Paragraph 3 of the order are not applicable.
- 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, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

for S S Kothari Mehta & Company
Chartered Accountants
Firm's registration number: 022150N


Harish Gupta
Partner

Place: Ludhiana
Date: May 02, 2017

Membership number: 098336

“Annexure B” to the Independent Auditor’s Report

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 **VMT Spinning Company Limited** (“the Company”) as of March 31, 2017 in conjunction with our audit of the 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 (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 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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial 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 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 Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS 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 & Company
Chartered Accountants

Firm's registration number: 022150N



Harish Gupta
Partner

Membership number: 098336

Place: Ludhiana
Date: May 02, 2017

VMT SPINNING COMPANY LIMITED
BALANCE SHEET AS AT MARCH 31, 2017

(All amounts in INR Lakh, unless otherwise stated)

	Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
1 Non-current assets				
(a) Property, Plant and Equipment	3	6,222.27	5,307.26	4,720.95
(b) Capital work-in-progress		18.62	107.28	20.54
(c) Financial Assets				
-Loans	4	0.93	1.29	-
(d) Other non-current Assets	5	60.45	112.58	61.73
Total of Non-current assets		6,302.27	5,528.41	4,803.22
2 Current assets				
(a) Inventories	6	8,531.02	7,017.99	6,145.44
(b) Financial Assets				
-Investments	7	-	-	977.50
-Trade receivables	8	1,019.74	573.67	567.61
-Cash and cash equivalents	9	37.34	106.89	104.33
-Bank Balances other than above	9A	-	-	23.52
-Loans	10	7.14	6.62	7.56
-Other financial assets	11	21.54	36.23	38.68
(c) Current tax assets (net)		59.03	58.22	53.40
(d) Other current assets	12	1,214.07	933.21	1,249.38
Total of Current assets		10,889.88	8,732.83	9,167.42
TOTAL OF ASSETS		17,192.15	14,261.24	13,970.64
EQUITY AND LIABILITIES				
1 Equity				
(a) Equity Share capital	13	2,070.02	2,070.02	2,070.02
(b) Other Equity		8,378.19	7,552.08	7,560.54
Total of Equity		10,448.21	9,622.10	9,630.56
Liabilities				
2 Non-current liabilities				
(a) Financial Liabilities				
-Borrowings	15	2,334.74	1,748.18	2,006.94
(b) Provisions	16	32.73	13.64	120.69
(c) Deferred tax liabilities (Net)	17	475.64	317.89	205.45
(d) Other non-current liabilities	18	4.05	8.10	11.37
Total of Non-current liabilities		2,847.16	2,087.81	2,344.45
3 Current liabilities				
(a) Financial Liabilities				
-Borrowings	19	2,343.55	1,319.88	55.02
-Trade payables:	20			
Total Outstanding dues of micro enterprises & small enterprises		383.35	329.39	136.85
Total Outstanding dues of creditors other than micro enterprises & small enterprises		963.17	810.92	1,686.35
-Other financial liabilities	21	202.27	88.40	111.67
(b) Other current liabilities	22	4.44	2.74	5.74
(c) Short term provisions	23			
Total of Current liabilities		3,896.78	2,551.33	1,995.63
TOTAL OF EQUITY AND LIABILITIES		17,192.15	14,261.24	13,970.64

The accompanying notes referred to above form an integral part of the financial statements

As per our report of even date attached
for S S KOTHARI MEHTA & COMPANY
Chartered Accountants
Firm's registration number: 022150N

Harish Gupta
Partner
Membership number: 098336

Place: Ludhiana
Date: May 02, 2017



Neeraj Jain
Neeraj Jain
Managing Director
DIN: 00340459

Rajeev Thapar
Rajeev Thapar
Chief Financial Officer

For and on behalf of the Board of Directors

S.P. Oswal
S.P. Oswal
Chairman
DIN: 00121737

Satin Katyal
Satin Katyal
Company Secretary
M.No: 40578



VMT SPINNING COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts in INR Lakh, unless otherwise stated)

	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
Income			
Revenue from operations	24	19,112.99	15,663.72
Other income	25	266.40	173.88
I. Total revenue		19,379.39	15,837.60
II. Expenses :			
Cost of materials consumed	26	12,293.49	9,636.53
Purchases of stock-in-trade	27	280.81	160.95
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(998.32)	(383.36)
Employee benefits expense	29	1,235.42	1,101.94
Finance costs	30	350.59	255.06
Depreciation and amortization	3	929.73	673.63
Other expenses	31	4,041.04	3,359.37
Total Expenses		18,132.76	14,804.13
III. Profit/(loss) before tax (I-II)		1,246.63	1,033.47
IV. Tax expense:			
(1) Current tax		273.36	187.86
(2) Deferred tax		157.75	112.44
(3) MAT Credit entitlement Availed/(Arised)		(13.45)	4.20
		828.97	728.97
V. Profit (Loss) for the period (III-IV)			
VI. Other Comprehensive Income			
A Items that will not be reclassified to profit or loss			
Actuarial (loss)/ gain on defined benefit obligation		(4.27)	14.95
Income tax relating to these items		1.41	(4.94)
B Items that will be reclassified to profit or loss			
Income tax relating to items that will be reclassified to profit or loss		-	-
VII. Total Comprehensive Income for the period (V+VI)		826.11	738.97
Earnings per equity share			
Basic - Par value of Rs. 10 per share		4.00	3.52
Diluted - Par value of Rs. 10 per share		4.00	3.52

The accompanying notes referred to above form an integral part of the financial statements

As per our report of even date attached
for **S S KOTHARI MEHTA & COMPANY**
Chartered Accountants
Firm's registration number: 022150N

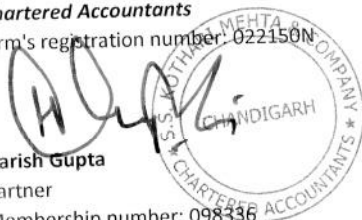
Harish Gupta

Partner

Membership number: 098336

Place: Ludhiana

Date: May 02, 2017



Neeraj Jain

Neeraj Jain
Managing Director
DIN: 00340459

Rajeev Thapar

Rajeev Thapar
Chief Financial Officer

For and on behalf of the Board of Directors

S.P. Oswal

S.P. Oswal
Chairman
DIN: 00121737

Satin Katyal

Satin Katyal
Company Secretary
M.No: 40578



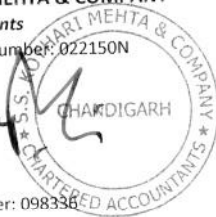
VMT SPINNING COMPANY LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2017

(All amounts in INR Lakh, unless otherwise stated)

	2016-17	2015-16
A. CASH FLOW FROM OPERATING ACTIVITIES	1,246.63	1,033.47
Net Profit before Tax and Extraordinary items		
Adjustments for :		
Depreciation	929.73	673.63
Interest charged	350.59	255.06
Interest/Dividend Received	(4.32)	(111.09)
Excess Provision written Back	(3.70)	(7.53)
Capital Subsidy	(4.00)	(4.00)
(Profit) / Loss on sale of Investments (Net)	(25.43)	(27.08)
(Profit) / Loss on sale of fixed asset (Net)	(196.86)	5.77
Operating Profit before Working Capital Changes	2,292.64	784.76
Movement in Gratuity Provisions	(2.86)	10.01
Decrease/(Increase) in Trade & other Receivables	(722.25)	309.88
Decrease/(Increase) in Inventories	(1,513.03)	(872.55)
(Decrease)/Increase in liabilities	121.31	145.91
Cash Generation from Operations	175.81	1,411.47
Taxes Paid	(274.17)	(192.68)
Net Cash from Operating activities	(98.35)	1,218.79
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including capital work in progress'	(1,762.40)	(1,422.81)
Sale of Investments	25.63	1,004.58
Sale of Fixed Assets	278.60	17.63
Interest/Dividend Received	4.32	111.09
Net Cash used in investing activities	(1,453.85)	(289.51)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of Secured Borrowings(Net)	1,831.68	50.96
Interest Paid	(349.03)	(253.79)
Dividend Paid (including Interim dividend)		(747.42)
Net Cash from Financing Activities	1,482.64	(950.25)
Net Increase in cash & cash equivalents [A+B+C]	(69.56)	(20.97)
Cash & cash equivalents at the beginning of the year	106.89	127.86
Cash & cash equivalents at the end of the year (refer note 9)	37.33	106.90

As per our report of even date attached
for S S KOTHARI MEHTA & COMPANY
Chartered Accountants
Firm's registration number: 022150N

Harish Gupta
Partner
Membership number: 0983356



Place: Ludhiana
Date: May 02, 2017



For and on behalf of the Board of Directors

Neeraj Jain

Neeraj Jain
Managing Director
DIN: 00340459

Rajeev Thapar

Rajeev Thapar
Chief Financial Officer

S.P. Oswal

S.P. Oswal
Chairman
DIN: 00121737

Satin Katyal

Satin Katyal
Company Secretary
M.No: 40578

VMT SPINNING COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(All amounts in INR Lakh, unless otherwise stated)

A. Equity Share Capital

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the reported period	2,070.02	2,070.02	2,070.02
Changes in equity share capital during the year	-	-	-
Balance at the Closing of the reported period	2,070.02	2,070.02	2,070.02

B. Other Equity

Particulars	Reserve & Surplus			Other items of other comprehensive income	Total
	Capital Redemption Reserve	General Reserve	Retained Earnings		
Balance as at 01 April 2015	600.00	3,495.00	3,465.54	-	7,560.54
Profit for the year			728.97		728.97
Other comprehensive income for the year				10.01	10.01
Total Comprehensive Income for the year			728.97	10.01	738.97
Final Dividend for the year ended 31 March 2015 (Rs. 1 per share)			(207.00)		(207.00)
Final Dividend for the year ended 31 March 2015 (Rs. 1 per share)			(43.31)		(43.31)
DDT on above			(414.00)		(414.00)
Interim Dividend for the year ended 31 March 2016 (Rs. 2 per share)			(84.28)		(84.28)
DDT on above			1.17		1.17
Dividend Tax written back				10.01	10.01
Balance as at 31 March 2016	600.00	3,495.00	3,447.08	10.01	7,552.08
Balance as at 01 April 2016	600.00	3,495.00	3,447.08	10.01	7,552.08
Profit for the year			828.97		828.97
Other comprehensive income for the year				(2.86)	(2.86)
Total Comprehensive Income for the year			828.97	(2.86)	826.11
Balance as at 31 March 2017	600.00	3,495.00	4,276.04	7.15	8,378.19

The accompanying notes referred to above form an integral part of the financial statements

As per our report of even date attached

for S S KOTHARI MEHTA & COMPANY
 Chartered Accountants
 Firm's registration number: 0221508

Harish Gupta
 Partner
 Membership number: 098338



Place: Ludhiana
 Date: May 02, 2017

Neeraj Jain

Neeraj Jain
 Managing Director
 DIN: 00340459

Rajeev Thapar
 Rajeev Thapar
 Chief Financial Officer

For and on behalf of the Board of Directors

S.P. Oswal

S.P. Oswal
 Chairman
 DIN: 00121737

Satin Katyal
 Satin Katyal
 Company Secretary
 M.No: 40578



1. CORPORATE INFORMATION

VMT Spinning Company Limited (the company) is a public limited company incorporated under the provisions of erstwhile Companies Act, 1956 on 27.06.1990 & having registered office at Chandigarh Road, Ludhiana. The company is engaged in business of manufacturing and trading of Yarn.

These financial statements were approved and adopted by Board of Directors of the Company in their meeting held on May 02, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES :

(a) Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first the Company has prepared in accordance with Ind AS. Refer to note 33 for information on how the Company adopted Ind AS.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The 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.

(b) 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. 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 consolidated financial statements.

(c) Revenue Recognition



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

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

(i) Sales of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer and the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

(ii) Export Incentives

Revenue in respect of the export incentives is recognized on post export basis.

(iii) Interest

Interest income is recognized using the effective interest rate (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. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

(iv) Dividend

Dividend income is recognized when the right to receive the payment is established which is generally when shareholders approve the dividend.

(v) Insurance and Other Claims

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

(d) Employees Benefits

(i) Short term Employee Benefits :

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

(ii) Post Employment Benefits

(i) Defined Contribution Plans:

Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service



Superannuation

Certain employees of the Company are participants in a defined contribution plan. The Company has no further obligations to the Plan beyond its monthly contributions which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India.

(ii) Defined Benefit Plans

Gratuity

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The company fully contributes all ascertained liabilities to the VMT Gratuity Fund Trust (the Trust). Trustees administer contributions made to the Trusts and contributions are invested in the schemes as permitted by law of India.

The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are recognised in Other Comprehensive Income which are not reclassified to profit or loss in subsequent periods.

(iii) Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

(e) Property, Plant and Equipment

Under the Indian GAAP, Property, Plant and Equipment were carried in the balance sheet on historical cost. The Company has elected to regard those values as deemed cost under Ind AS as on transition date i.e. 1st April 2015.

Property, plant and equipment are stated at cost, less accumulated depreciation. The Cost of an item of Property, Plant and Equipment comprises:

- (a) Its purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates.
- (b) Any attributable expenditure directly attributable for bringing an asset to the location and the working condition for its intended use and



- (c) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation is provided on Straight Line Method on the basis of useful lives of such assets specified in Schedule II to the Companies Act, 2013 except the assets costing Rs. 5000/- or below on which depreciation is charged @ 100% per annum on proportionate basis.

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 assets not put to use before such date are disclosed under 'Capital work-in-progress'. 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 cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

(f) Intangible Assets

Intangible assets are stated at cost less accumulated amount of amortization.

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence etc. The amortization method and useful lives are reviewed periodically at end of each financial year.

(g) Inventories

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- In case of raw materials at weighted average cost and other costs incurred in bringing the inventories to their present location and condition.
- In case of stores and spares at weighted average cost and other costs incurred in bringing the inventories to their present location and condition.
- In case of work in progress at raw material cost plus conversion costs depending upon the stage of completion.
- In case of finished goods at raw material cost plus conversion costs, packing cost, excise duty (if applicable) and other overheads incurred to bring the goods to their present location and condition.

(h) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred. 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.

(i) Earnings per Share

Basic earnings per equity share are 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.

(j) Income Taxes

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets and liabilities are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(k) Government Grants

The government grants are recognized only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in the statement of profit and loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in the statement of



profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

(l) Foreign Currency Transactions

(i) Functional and Presentation currency

The functional currency of the company is Indian rupee. These financial statements are presented in Indian rupee (rounded off to lacs)

(ii) Transaction and balances

The 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.

The foreign currency monetary items are translated using the closing rate at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognised in profit or loss in the period in which they arise.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statements of profit and loss, within finance cost. All other foreign exchange gains and losses are presented in the statement of profit and loss on net basis.

In respect of foreign branch, which is in the nature of integral foreign operations, all transactions are translated using the exchange rate at the date of the transaction. The translation of monetary assets and liabilities is performed using the exchange rate in effect at the balance sheet date. Fixed assets are translated as at the date of transaction. Depreciation is translated at the rates applied for translation of fixed assets.

(m) Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

(n) Leases

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease under which the risks and rewards incidental to ownership are not transferred to lessee is classified as operating lease. Lease payments under operating leases are recognized as an expense on a straight line basis in net profit in the statement of profit and loss over the lease term.

(o) Financial instruments



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

(i) Initial Recognition and measurement

On initial recognition, all the financial assets and liabilities are recognized at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability except trade receivables which are recognized at transaction price.

(ii) Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified 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

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

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories is subsequently measured at fair valued through profit or loss.

(iv) Financial liabilities

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

b. Derivative financial instruments

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

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

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



c. Equity Share capital

(i) Equity Shares

Equity shares issued by the company are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

(iii) Derecognition of financial instruments

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled or expired.

(iv) Fair value measurement of financial instruments

The fair value of financial instruments is determined using the 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.

Based on the three level fair value hierarchy, the methods used to determine the fair value of financial assets and liabilities include quoted market price, discounted cash flow analysis and valuation certified by the external valuer.

In case of financial instruments where the carrying amount approximates fair value due to the short maturity of those instruments, carrying amount is considered as fair value.

(p) Impairment of assets

a. Financial assets

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

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

b. Non-financial assets

Intangible assets and property, plant and equipment

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

(q) Cash and cash equivalents

The Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity period of three months or less from the balance sheet date, which are subject to an insignificant risk of changes in value.

(r) Cash flow statement

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows" using the indirect method for operating activities.

(s) Provisions

(i) A provision shall be recognised when:

(a) An entity has a present obligation as a result of a past event;

(b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(c) A reliable estimate can be made of the amount of the obligation.

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.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgements which have significant effect on the amounts recognized in the financial statement:

a. CONTINGENCIES

Judgment of the Management 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.



b. ALLOWANCE FOR UNCOLLECTED ACCOUNTS RECEIVABLE AND ADVANCES

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not collectible. Impairment is made on ECL, which are the present value of the cash shortfall over the expected life of the financial assets.

c. 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.

d. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(V) RECENT ACCOUNTING PRONOUNCEMENTS

a) Standards Issued but not yet effective

Amendments to Ind AS 7, 'Statement of cash flows' as per notification issued by the Ministry of Corporate Affairs in March, 2017 in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows' is applicable to the Company from April 1, 2017.

b) 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 Company is evaluating the requirements of the amendment.



VMT SPINNING COMPANY LIMITED
Notes to the Financial Statements for the year ended March 31, 2017

3. Property, Plant and Equipment

(All amounts in INR Lakh, unless otherwise stated)

Description	Gross Carrying Value				Depreciation			Net Carrying Value		
	As at March 31, 2016	Additions	Adjustments/ Sale	As at March 31, 2017	As at 1 April 2016	For the year Adjustments / Sale	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016	
Land	63.40	-	-	63.40	-	-	-	63.40	63.40	
Buildings	1,951.34	84.67	5.04	2,030.97	721.54	69.73	4.78	786.49	1,244.48	
Plant and equipment	12,293.36	1,814.38	931.75	13,176.00	8,304.75	846.75	833.97	8,317.53	4,858.46	
Office equipment	26.68	5.18	(28.54)	60.40	15.38	10.80	(10.33)	36.51	23.89	
Computer equipment	48.94	14.56	10.31	53.20	43.39	-	9.79	33.60	19.60	
Furniture and fixtures	37.96	3.59	5.18	36.37	30.86	1.82	4.87	27.80	8.57	
Vehicles	5.83	4.11	2.68	7.26	4.33	0.63	1.58	3.39	3.87	
	14,427.51	1,926.49	926.40	15,427.60	9,120.25	929.73	844.66	9,205.33	6,222.27	5,307.26

Description	Gross Carrying Value				Depreciation			Gross Carrying Value		
	As at April 1, 2015	Additions	Adjustments	As at March 31, 2016	As at April 1, 2015	For the year Adjustments	As at March 31, 2016	As at March 31, 2016	As at April 1, 2015	
Land	63.40	-	-	63.40	-	-	-	63.40	63.40	
Buildings	1,917.19	34.15	-	1,951.34	677.98	43.56	-	721.54	1,229.79	
Plant and equipment	11,522.86	1,235.66	465.16	12,293.36	8,127.03	619.48	441.76	8,304.75	3,988.61	
Office equipment	19.73	7.37	0.42	26.68	12.83	2.95	0.40	15.38	11.30	
Computer equipment	45.19	3.76	-	48.94	38.92	4.47	-	43.39	5.55	
Furniture and fixtures	35.53	2.43	-	37.96	28.56	2.30	-	30.86	7.10	
Vehicles	5.83	-	-	5.83	3.45	0.88	-	4.33	1.49	
	13,609.72	1,283.36	465.57	14,427.51	8,888.77	673.63	442.15	9,120.25	5,307.26	4,720.95



(All amounts in INR Lakh, unless otherwise stated)

4 Loans (Non-Current)

(unsecured, considered good)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets at amortized cost			
Loans to employees	0.93	1.29	-
Total	0.93	1.29	-

5 Other non-current assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital advances	11.40	86.84	34.12
Security deposits	27.20	23.20	22.90
Prepaid (Deferred) Expenses for employee benefits	0.60	0.17	0.17
Prepaid Expenses	21.25	2.38	4.55
Total	60.45	112.58	61.73

6 Inventories

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(at cost or net realisable value whichever is lower)			
Raw materials	5,644.70	5,347.92	5,113.37
Raw Materials in transit	409.04	253.36	11.61
Stores and spares	198.35	136.11	123.21
Stores and spares in Transit	-	-	-
Finished goods	1,928.52	1,035.84	682.80
Work in progress	350.41	244.76	214.44
Total	8,531.02	7,017.99	6,145.44

7 Investments (Current)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets measured at Fair value through Profit and loss			
Investment in Liquid Funds / Debt Funds/ Monthly Income Plans (unquoted)			
NII (31.03.2016: NII,01.04.2015-51866.15 units) of SBI Premiur Liquid Fund- Regular Plan- Daily Dividend	-	-	520.35
NII (31.03.2016: NII,01.04.2015- 45567.21 units) of SBI Premiur Liquid Fund- Daily Plan- Daily Dividend	-	-	457.15
Total	-	-	977.50
Aggregate value of unquoted investment	-	-	977.50

8 Trade receivables

PARTICULARS	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good	1,019.74	573.67	567.61
Total	1,019.74	573.67	567.61

9 Cash and cash equivalents

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) Balances with banks			
- In current accounts	36.98	98.74	68.12
b) Cheques on hand	-	6.33	35.51
c) Cash on hand	0.36	1.81	0.70
Total	37.34	106.89	104.33

9A Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deposits with more than three months but less than twelve months maturity	-	-	23.52
Total	-	-	23.52

10 Loans (Current)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets at amortized cost			
Loans to employees	7.14	6.62	7.56
Total	7.14	6.62	7.56



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in INR Lakh, unless otherwise stated)

13	Share capital	As at 31st March, 2017		As at 31st March, 2016		As at 1st April 2015	
		Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
	Authorised						
	Equity shares of Rs. 10 each	2,50,00,000	2,500.00	2,50,00,000	2,500.00	2,50,00,000	2,500.00
	Redeemable Cumulative Preference Shares of Rs.10/- each	1,00,00,000	1,000.00	1,00,00,000	1,000.00	1,00,00,000	1,000.00
		3,50,00,000	3,500.00	3,50,00,000	3,500.00	3,50,00,000	3,500.00
	Issued, subscribed and paid up						
	Equity shares of Rs. 10 each fully paid up	2,07,00,240	2,070.02	2,07,00,240	2,070.02	2,07,00,240	2,070.02
	Add : Issued during the year	-	-	-	-	-	-
	Less : Bought back during the year	-	-	-	-	-	-
	Total - At the end of the year	2,07,00,240	2,070.02	2,07,00,240	2,070.02	2,07,00,240	2,070.02

13 (a) The Aggregate number of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash in the last five years immediately preceding the balance sheet date is NIL

13 (b) Equity Shares calls unpaid by directors and officers of the company. NIL

13 (c) Shares held by ultimate holding company/ holding company and their subsidiaries/ associates

	As at 31st March, 2017		As at 31st March, 2016		As at 1st April 2015	
	Number of shares	% holding in the class	Number of shares	% holding in the class	Number of shares	% holding in the class
Equity shares of Rs. 10/- each fully paid up held by Holding company - Vardhman Textiles Limited.	1,85,15,060	89.44%	1,85,15,060	89.44%	1,85,15,060	89.44%
Total	1,85,15,060	89.44%	1,85,15,060	89.44%	1,85,15,060	89.44%

13 (d) Details of shareholders holding more than 5% shares of the Company

	As at 31st March, 2017		As at 31st March, 2016		As at 1st April 2015	
	Number of shares	% holding in the class	Number of shares	% holding in the class	Number of shares	% holding in the class
Equity shares of Rs. 10/-each fully paid up held by Vardhman Textiles Limited	1,85,15,060	89.44%	1,85,15,060	89.44%	1,85,15,060	89.44%
Marubeni Corporation, Japan	13,80,000	6.67%	13,80,000	6.67%	13,80,000	6.67%



11 Other financial assets (Current)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets at amortized cost			
Advances to employees	0.47	0.18	0.21
Other recoverable	21.08	36.06	38.47
Total	21.54	36.23	38.68

12 Other current assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(unsecured, considered good)			
Balance with government authorities	151.45	80.29	101.66
Others:			
Mat Credit	323.70	310.25	314.45
Advances to suppliers	569.00	336.70	654.18
Prepaid (Deferred) Expenses for employee benefits	0.22	0.08	0.17
Prepaid expenses	0.65	9.06	23.42
Other recoverables	169.05	196.83	155.49
Total	1,214.07	933.21	1,249.38

15 Borrowings (Non-Current)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Term loans (Secured):			
From banks	2,897.00	2,089.00	3,302.90
Less: Current maturities of Long term borrowings (refer note-21)	558.00	335.00	1,288.90
	2,339.00	1,754.00	2,014.00
Less: Processing charges amortised	4.26	5.82	7.06
Total	2,334.74	1,748.18	2,006.94

15.1 The requisite particulars in respect of secured borrowings are as under:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	Particulars of security / guarantees // default	Terms of Repayment
SBoP - Term Loan Rs 19.25 Crs				PRIMARY SECURITY 1st Pari Passu charge on entire fixed assets of the company (Both present & future)	
Balance Outstanding	1,845.00	782.00	707.00		1. 2016-17- 4 nos. of quarterly installments of Rs 20,00,000/- each
Current Maturity	160.00	80.00	-		2. 2017-18- 4 nos. of quarterly installments of Rs 40,00,000/- each
Non-Current Maturity	1,685.00	702.00	707.00	COLLATERAL SECURITY 2nd pari Passu charge on entire current assets of the company	3. 2018-19- 4 nos. of quarterly installments of Rs 65,00,000/- each
					4. 2019-20- 4 nos. of quarterly installments of Rs 100,00,000/- each
					5. 2020-21- 3 nos. of quarterly installments of Rs 256,00,000/- each & 1 no of quarterly installment of 257,00,000/-
SBoP - Term Loan Rs 13.00 Crs				PRIMARY SECURITY 1st Pari Passu charge on entire fixed assets of the company (Both present & future)	
Balance Outstanding	1,052.00	1,169.00	1,245.00		1. 2013-14- 1 nos. of quarterly installments of Rs 9,00,000/- each
Current Maturity	398.00	117.00	76.00		2. 2014-15- 3 nos. of quarterly installments of Rs 9,00,000/- each & 1 no of qtrly installment of Rs 19,00,000/-
Non-Current Maturity	654.00	1,052.00	1,169.00	COLLATERAL SECURITY 2nd pari Passu charge on entire current assets of the company	3. 2015-16- 4 nos. of quarterly installments of Rs 19,00,000/- each
					4. 2016-17- 3 nos of quarterly installments of Rs 19,00,000/- each & 1 no of qtrly installment of Rs 60,00,000/-
					5. 2017-18- 3 nos of quarterly installments of Rs 60,00,000/- each & 1 no of qtrly installment of Rs 218,00,000/-
					6. 2018-19- 3 nos of quarterly installments of Rs 218,00,000/- each
SBoP - Term Loan Rs 14.80 Crs				PRIMARY SECURITY 1st Pari Passu charge on entire fixed assets of the company (Both present & future)	
Balance Outstanding	-	138.00	632.00		1. 2008-09- 3 nos. of quarterly installments of Rs 16,00,000/- each
Current Maturity	-	138.00	494.00		2. 2009-10- 4 nos. of quarterly installments of Rs 16,00,000/- each
Non-Current Maturity	-	-	138.00	COLLATERAL SECURITY 2nd pari Passu charge on entire current assets of the company	3. 2010-11- 1 no of 16,00,000 lac each & 3 nos. of quarterly installments of Rs 20,00,000/- each
					4. 2011-12- 4 nos. of quarterly installments of Rs 20,00,000/- each
					5. 2012-13- 1 no of 20,00,000 lac each & 3 nos. of quarterly installments of Rs 40,00,000/- each
					6. 2013-14- 4 nos. of quarterly installments of Rs 40,00,000/- each
					7. 2014-15- 1 no of 40,00,000 lac each & 3 nos. of quarterly installments of Rs 80,00,000/- each
					8. 2015-16- 1 no of 80,00,000 lac each & 3 nos. of quarterly installments of Rs 138,00,000/- each
					9. 2016-17- 1 nos. of quarterly installment of Rs 138,00,000/- each



PNB - Term Loan Rs 22.20 Crs				PRIMARY SECURITY 1st Pari Passu charge on entire fixed assets of the company (Both present & future)	1. 2007-08- 1 no. of quarterly installments of Rs 24,00,000/- each 2. 2008-09- 4 nos. of quarterly installments of Rs 24,00,000/- each 3. 2009-10- 3 nos. of quarterly installments of Rs 24,00,000/- each & 1 no of quarterly installment of Rs 30,00,000/- each 4. 2010-11- 4 nos. of quarterly installments of Rs 30,00,000/- each 5. 2011-12- 3 nos. of quarterly installments of Rs 30,00,000/- each & 1 no of quarterly installment of Rs 60,00,000/- each 6. 2012-13- 4 nos. of quarterly installments of Rs 60,00,000/- each 7. 2013-14- 3 nos. of quarterly installments of Rs 60,00,000/- each & 1 no of quarterly installment of Rs 120,00,000/- each 8. 2014-15- 3 nos. of quarterly installments of Rs 120,00,000/- each & 1 no of quarterly installment of Rs 207,00,000/- each 9. 2015-16- 3 nos. of quarterly installments of Rs 207,00,000/- each
Balance Outstanding	-	-	621.00		
Current Maturity	-	-	621.00		
Non-Current Maturity	-	-	-		
				COLLATERAL SECURITY 2nd pari Passu charge on entire current assets of the company	
PNB - Term Loan Rs 4.20 Crs				PRIMARY SECURITY 1st Pari Passu charge on entire fixed assets of the company (Both present & future)	1. 2007-08- 1 no. of quarterly installments of Rs 4,50,000/- each 2. 2008-09- 4 nos. of quarterly installments of Rs 4,50,000/- each 3. 2009-10- 3 nos. of quarterly installments of Rs 4,50,000/- each & 1 no of quarterly installment of Rs 5,70,000/- each 4. 2010-11- 4 nos. of quarterly installments of Rs 5,70,000/- each 5. 2011-12- 3 nos. of quarterly installments of Rs 5,70,000/- each & 1 no of quarterly installment of Rs 11,40,000/- each 6. 2012-13- 4 nos. of quarterly installments of Rs 11,40,000/- each 7. 2013-14- 3 nos. of quarterly installments of Rs 11,40,000/- each & 1 no of quarterly installment of Rs 22,50,000/- each 8. 2014-15- 3 nos. of quarterly installments of Rs 22,50,000/- each & 1 no of quarterly installment of Rs 39,30,000/- each 9. 2015-16- 2 nos. of quarterly installments of Rs 39,30,000/- each & 1 no of quarterly installment of 19,30,000/-
Balance Outstanding	-	-	97.90		
Current Maturity	-	-	97.90		
Non-Current Maturity	-	-	-		
				COLLATERAL SECURITY 2nd pari Passu charge on entire current assets of the company	

16 Provisions (Non-Current)

(All amounts in INR Lakh, unless otherwise stated)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits :			
- Leave encashment	19.18	12.89	11.35
- Gratuity (refer note: 38)	13.55	0.74	109.33
Total	32.73	13.64	120.69

17 Deferred tax liabilities (net)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax liability	531.44	348.55	219.99
Gross deferred tax liability	531.44	348.55	219.99
Deferred tax asset	55.80	30.66	14.54
Gross deferred tax asset	55.80	30.66	14.54
Deferred tax liability (Net) (Refer Note 43)	475.64	317.89	205.45



(All amounts in INR Lakh, unless otherwise stated)

18 Other non current liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Due to employees	-	-	1.37
Other liabilities	2.05	2.10	-
Deferred Income of capital subsidy	2.00	6.00	10.00
Total	4.05	8.10	11.37

19 Borrowings (Short- term)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Working capital loans from Banks			
- From banks (secured)	1,643.55	1,319.88	55.02
Borrowed from related party- unsecured	700.00	-	-
Total	2,343.55	1,319.88	55.02

*Working Capital Borrowings from Banks are secured by hypothecation of entire present and future tangible current assets of the Company as well as a second charge on the entire present and future fixed assets of the company.

20 Trade Payable

PARTICULARS	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Payable			
(i) Total outstanding dues of micro enterprises and small enterprises (Refer note 37)	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises.	383.35	329.06	136.85
Trade Payable (Related party)			
	-	0.33	-
Total	383.35	329.39	136.85

21 Other financial liabilities (Current)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current maturities of long-term debt	558.00	335.00	1,288.90
Interest accrued but not due on borrowings	-	0.03	-
Other Payables	397.71	472.93	397.15
Financial liabilities measured at fair value through Profit and loss			
Derivative Financial Instruments	7.46	2.96	0.30
Total	963.17	810.92	1,686.35

22 Other current liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Deposits & Advances	110.29	12.59	35.94
Deferred Income of capital subsidy	4.00	4.00	4.00
Other Payables	87.98	71.81	71.74
Total	202.27	88.40	111.67

23 Short term Provisions

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits Leave encashment	4.44	2.74	5.74
Total	4.44	2.74	5.74



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in INR Lakh, unless otherwise stated)

24 Revenue from operations

PARTICULARS	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of products		
Yarn	16,440.48	13,401.98
Cotton	204.92	181.31
Synthetic fibre	97.20	366.48
Waste	1,544.32	1,033.12
Others	35.36	16.43
Sale of services		
Processing charges	424.87	480.30
Other operating Revenue : Export Incentives	361.85	178.58
Amortization of Deferred Govt. Grant	4.00	4.00
Net Gain On Forex Fluctuation	-	1.53
Revenue from operations (Gross)	19,112.99	15,663.72

25 Other income

PARTICULARS	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income on		
Bank deposits	1.05	2.18
Others	3.27	0.42
Rent	31.59	26.40
Other income	3.95	1.73
Claims Received	0.55	0.05
Dividend Income	-	108.50
Provision No Longer Required Written Back	3.70	7.53
Net Gain on sale of Current Investments	25.43	27.08
Net Gain on sale of Fixed Assets	196.86	-
	266.40	173.88

26 Cost of raw materials consumed

PARTICULARS	For the year ended March 31, 2017	For the year ended March 31, 2016
Cost of raw materials consumed	12,293.49	9,636.53
	12,293.49	9,636.53

27 Purchase of stock-in-trade

PARTICULARS	For the year ended March 31, 2017	For the year ended March 31, 2016
Yarn	280.81	160.95
	280.81	160.95



28 Changes in inventories of finished goods, work in progress and stock-in-trade

PARTICULARS	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening stock		
Work-in-progress	244.76	214.44
Finished goods - own manufactured	1,035.84	682.80
Less :Closing stock		
Work-in-progress	350.41	244.76
Finished goods - own manufactured	1,928.52	1,035.84
Net increase/ decrease	(998.32)	(383.36)

29 Employee Benefit Expense

PARTICULARS	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and Bonus	1,102.32	985.67
Contribution to provident and other funds	114.18	95.78
Staff welfare expense	18.71	20.19
Amortisation of deferred employee benefit expense on ¹ -employee loan	0.21	0.30
	1,235.42	1,101.94

30 Finance Cost

PARTICULARS	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expense (Net of Interest Income)	299.69	222.79
Other borrowing cost	50.91	32.27
	350.59	255.06

32 Other Expenses

PARTICULARS	For the year ended March 31, 2017	For the year ended March 31, 2016
Power and Fuel	1,805.92	1,780.49
Packing Material and Charges	308.03	281.15
Stores & Spares Consumed	96.62	117.74
Repairs to Plant and Machinery	353.34	364.07
Fees,Rates and Taxes	1.98	1.38
Building Repairs and Maintenance	240.23	72.44
Insurance	19.00	17.31
Net Gain/(Loss) On Forex Fluctuation	27.57	-
Payment to Auditors		
Audit Fee	1.84	1.51
Tax Audit Fee	0.46	0.38
Reimbursement of Expenses	0.52	0.29
Cost Audit Fee	0.41	0.41
Excise duty on sales	0.43	0.32
Net Loss on sale of Fixed Assets	-	5.77
Forwarding Charges and Octroi	379.04	240.52
Bad debts written off	6.30	0.07
Commission to Selling Agents	149.47	145.88
Miscellaneous Expenses	649.88	329.63
	4,041.04	3,359.37



33. First time adoption of Ind AS

These financial statements, for the year ended 31st March 2017, are the first the company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for period ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 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 1 April 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 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Exemptions applied

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

- a) The Company has elected to consider Gross carrying amount of all items of Property, Plant and Equipments (PPE) as per Indian GAAP, as deemed cost at the date of transition.
- b) The Company has availed the exemption of fair value measurement of financial assets or liabilities at initial recognition and accordingly will apply fair value measurement of financial assets or liabilities at initial recognition prospectively to transactions entered into on or after 01st April 2015.
- c) The estimates at 1st April 2015 and at 31st March, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items under Indian GAAP did not require estimation:
 - Impairment of financial assets based on expected credit loss model
 - Discount rates

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions that existed as at 1st April, 2015 and 31st March, 2016.



Notes to the reconciliation of equity as at 1st April 2015 and 31st March 2016 and Total comprehensive income for the year ended 31st March 2016

1. Financial instruments measured at amortized cost

Under Indian GAAP, interest free loan to employees are recorded at their transaction value. Under Ind AS, these loans are to be measured at amortized cost on the basis of effective interest rate method. Due to this, long term loans to employees and short term loans to employees has been decreased and difference between carrying amount and amortized cost has been recognized as 'Deferred employee cost' under the head 'Other non-current assets'/'Other current assets'.

2. Derivative Instruments

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

3. Capital subsidy

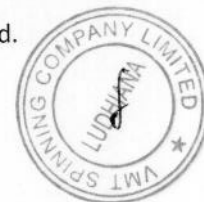
Under Indian GAAP, certain capital grant received from Government is considered as 'Promoter Contribution' and is shown under the head 'Capital reserve'. Under Ind AS, such grant is treated as deferred income and is recognized as income over the useful life of the assets for which such grant is received. Accordingly, the capital grant pertaining to the expired useful life of respective assets has been recognized in retained earnings.

4. Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method. Therefore, borrowings as at 1st April 2015 and 31st March 2016 have been reduced with corresponding adjustment in retained earnings.

5. Proposed Dividend

Under Indian GAAP, proposed dividend (including DDT) is recognized as a liability in the period to which it relates, irrespective of when it is declared. Under Ind AS, proposed dividend is recognized as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid.



In the case of the Company, the declaration of dividend occurs after period end. Therefore, the liability for the year ended 31st March 2015 recorded for the proposed dividend for the year along with dividend distribution tax is de-recognized and provided in the financial year in which it is declared or paid under IND AS.

6. Defined benefit obligation

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gain and loss, are charged to profit and loss. Under Ind AS, such actuarial gain and loss is to be recognized separately through Other Comprehensive Income. Thus, employee cost has been reduced and actuarial gain/loss has been recognized in OCI net of taxes.

7. Sale of goods

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

8. Deferred tax

Indian 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 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 has resulted in recognition of deferred tax on temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

9. Statement of cash flows

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

10. Rectification of previous period errors

Under Ind AS previous period errors are corrected by restating the figures of the period to which the error pertains. Opening figures that is on 01-April-2015 has been adjusted through



other equity with corresponding adjustment in trade payables on account of previous period errors. The profit for the year ended 31-March-2016 decreased with corresponding adjustment in trade payable on account of errors identified during the year 2016-17 which pertains to the year 2015-16



33 (A) Reconciliation of Equity as on 1st April 2015

(All amounts in INR Lakh, unless otherwise stated)

Particulars	Note No.	As per previous GAAP	IND AS Adjustments	As per IND AS
ASSETS				
1 Non-current assets				
(a) Property, Plant and Equipment		4,720.95	-	4,720.95
(b) Capital work-in-progress		20.54	-	20.54
(c) Intangible Assets		-	-	-
(d) Financial Assets		-	-	-
-Long term Investments		-	-	-
-Long term Loans		-	-	-
-Others financial non-current assets		-	-	-
(e) Other non-current Assets	1	61.57	0.16	61.73
Total of Non-current assets		4,803.06	0.16	4,803.22
2 Current assets				
(a) Inventories		6,145.44	-	6,145.44
(b) Financial Assets		-	-	-
-Current Investments		977.50	-	977.50
-Trade receivables		567.61	-	567.61
-Cash and bank balances		127.86	-	127.86
-Short term Loans	1	7.90	(0.34)	7.56
-Other financial current assets		38.68	-	38.68
(c) Current tax assets (net)		53.40	-	53.40
(d) Other current assets	1	1,249.21	0.17	1,249.38
Total of Current assets		9,167.59	(0.17)	9,167.42
TOTAL OF ASSETS		13,970.65	(0.01)	13,970.64
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital		2,070.02	-	2,070.02
(b) Other Equity	1 to 5	7,339.35	221.19	7,560.54
Total of Equity		9,409.37	221.19	9,630.56
Liabilities				
1 Non-current liabilities				
(a) Financial Liabilities				
-Long term borrowings	4	2,014.00	(7.06)	2,006.94
-Other financial non current liabilities		-	-	-
(b) Long Term Provisions		120.69	-	120.69
(c) Deferred tax liabilities (Net)		159.45	46.00	205.45
(d) Other non-current liabilities	3	1.37	10.00	11.37
Total of Non-current liabilities		2,295.51	48.94	2,344.45
2 Current liabilities				
(a) Financial Liabilities				
-Short term borrowings		55.02	-	55.02
-Trade payables		160.64	(23.79)	136.85
-Other financial current liabilities	2	1,686.37	(0.02)	1,686.35
(b) Other current liabilities	2,3	107.67	4.00	111.67
(c) Short term provisions	5	256.06	(250.32)	5.74
Total of Current liabilities		2,265.76	(270.14)	1,995.63
TOTAL OF EQUITY AND LIABILITIES		13,970.65	(0.01)	13,970.64

Note:

The Previous GAAP figures have been reclassified to conform to presentation requirements of Schedule III applicable to a company whose financial statements are required to be drawn up in compliance of the Companies (Indian Accounting Standards) Rules, 2015



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2017

33(b) Reconciliation of Equity as on 31st March 2016

(All amounts in INR Lakh, unless otherwise stated)

Particulars	Note No.	As per previous GAAP	IND AS Adjustments	As per IND AS
ASSETS				
1 Non-current assets				
(a) Property, Plant and Equipment		5,307.26	-	5,307.26
(b) Capital work-in-progress		107.28	-	107.28
(c) Intangible Assets		-	-	-
(d) Financial Assets		-	-	-
-Long term Investments		-	-	-
-Long term Loans	1	1.29	(0.00)	1.29
-Others financial non-current assets		-	-	-
(e) Other non-current Assets	1	112.41	0.17	112.58
Total of Non-current assets		5,528.23	0.17	5,528.41
2 Current assets				
(a) Inventories		7,017.99	-	7,017.99
(b) Financial Assets		-	-	-
-Current Investments		-	-	-
-Trade receivables		573.67	-	573.67
-Cash and bank balances		105.89	-	106.89
-Short term Loans	1	6.88	(0.26)	6.62
-Other financial current assets		36.23	-	36.23
(c) Current tax assets (net)		58.22	-	58.22
(d) Other current assets	1	933.13	0.08	933.21
Total of Current assets		8,733.01	(0.18)	8,732.83
TOTAL OF ASSETS		14,261.24	(0.01)	14,261.24
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital		2,070.02	-	2,070.02
(b) Other Equity		7,578.59	(26.51)	7,552.08
Total of Equity		9,648.61	(26.51)	9,622.10
Liabilities				
1 Non-current liabilities				
(a) Financial Liabilities				
-Long term borrowings	4	1,754.00	(5.82)	1,748.18
-Other financial non current liabilities		-	-	-
(b) Long Term Provisions		13.64	-	13.64
(c) Deferred tax liabilities (Net)		276.08	41.81	317.89
(d) Other non-current liabilities	3	2.10	6.00	8.10
Total of Non-current liabilities		2,045.82	41.99	2,087.81
2 Current liabilities				
(a) Financial Liabilities				
-Short term borrowings	10	1,319.88	-	1,319.88
-Trade payables		349.28	(19.89)	329.39
-Other financial current liabilities	2	810.51	0.41	810.92
(b) Other current liabilities	3	84.40	4.00	88.40
(c) Short term provisions		2.74	-	2.74
(d) Current tax liabilities (net)		-	-	-
Total of Current liabilities		2,566.81	(15.48)	2,551.33
TOTAL OF EQUITY AND LIABILITIES		14,261.24	-	14,261.24

Note:

The Previous GAAP figures have been reclassified to confirm to presentation requirements of Schedule III applicable to a company whose financial statements are required to be drawn up in compliance of the Companies (Indian Accounting Standards) Rules, 2015



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2017

33(c) Reconciliation of Total Comprehensive Income for the year ended 31st March 2016

(All amounts in INR Lakh, unless otherwise stated)

	Particulars	Note No.	As per previous GAAP	IND AS Adjustments	As per IND AS
	Revenue from operations	7	15,657.87	5.85	15,663.72
	Other income	1,3,10	204.46	(30.58)	173.88
I.	Total revenue		15,862.33	(24.73)	15,837.60
II.	Expenses :		-	-	
	Cost of materials consumed	10	9,636.28	0.25	9,636.53
	Purchases of stock-in-trade		160.95	-	160.95
	Changes in inventories of finished goods, work-in-progress and stock-in-trade		(383.36)	-	(383.36)
	Employee benefits expense	1,6	1,086.70	15.25	1,101.94
	Finance costs	4	253.82	1.24	255.06
	Depreciation and amortization		673.63	-	673.63
	Other expenses	2,7,10	3,384.32	(24.95)	3,359.37
	Total Expenses		14,812.34	(8.21)	14,804.13
III.	Profit/(loss) before tax (I-II)		1,049.99	(16.52)	1,033.47
IV.	Tax expense:				
	(1) Current tax		192.80	(4.94)	187.86
	(2) Deferred tax		116.63	(4.19)	112.44
	(3) MAT Credit entitlement Availed		4.20	-	4.20
V.	Profit (Loss) for the period (III-IV)		736.36	(7.39)	728.97
VI.	Other Comprehensive Income				
A	Items that will not be reclassified to profit or loss		-	-	
	Actuarial gain on defined benefit obligation	6	-	14.95	14.95
	Income tax relating to these items		-	(4.94)	(4.94)
			-	-	
B	Items that will be reclassified to profit or loss				
	Income tax relating to items that will be reclassified to profit or loss				
VII.	Total Comprehensive Income for the period (V+VI)		736.36	2.61	738.97



34 Disclosures of Financial instruments

(a) The carrying value and fair value of financial instruments by categories at the end of each reporting period is as follows:

As at 31st March 2017

(All amounts in INR Lakh, unless otherwise stated)

Particulars	Amortized cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Long term investments							
Long term loans	0.93					0.93	0.93
Other financial non-current assets						-	-
Current Investments	-					-	-
Trade receivables	1,019.74					1,019.74	1,019.74
Cash and bank balances	37.34					37.34	37.34
Short term loans	7.14					7.14	7.14
Other financial current assets	21.54					21.54	21.54
Total	1,086.69	-	-	-	-	1,086.69	1,086.69
Liabilities:							
Long term borrowings	2,334.74					2,334.74	2,334.74
Short term borrowings	2,343.55					2,343.55	2,343.55
Trade Payables	383.35					383.35	383.35
Other financial current liabilities	955.71		7.46			963.17	963.17
Total	6,017.35	-	7.46	-	-	6,024.81	6,024.81

As at 31st March 2016

Particulars	Amortized cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Long term investments							
Long term loans	1.29					1.29	1.29
Other financial non-current assets						-	-
Current Investments	-					-	-
Trade receivables	573.67					573.67	573.67
Cash and bank balances	106.89					106.89	106.89
Short term loans	6.62					6.62	6.62
Other financial current assets	36.23					36.23	36.23
Total	724.70	-	-	-	-	724.70	724.70
Liabilities:							
Long term borrowings	1,748.18					1,748.18	1,748.18
Short term borrowings	1,319.88					1,319.88	1,319.88
Trade Payables	329.39					329.39	329.39
Other financial current liabilities	807.96		2.96			810.92	810.92
Total	4,205.41	-	2.96	-	-	4,208.37	4,208.37



As at 1st April 2015

Particulars	Amortized cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Long term Investments						-	-
Long term loans						-	-
Other financial non-current assets						-	-
Current Investments			977.50			977.50	977.50
Trade receivables	567.61					567.61	567.61
Cash and bank balances	104.33					104.33	104.33
Short term loans	7.56					7.56	7.56
Other financial current assets	38.68					38.68	38.68
Total	718.19	-	977.50	-	-	1,695.69	1,695.69
Liabilities:							
Long term borrowings	2,006.94					2,006.94	2,006.94
Short term borrowings	55.02					55.02	55.02
Trade Payables	136.85					136.85	136.85
Other financial current liabilities	1,686.05		0.30			1,686.35	1,686.35
Total	3,884.86	-	0.30	-	-	3,885.16	3,885.16

(b) Basis of Fair value of Financial assets and liabilities

(i) Fair Value hierarchy

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

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

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

(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value:

As at 31st March 2017

Particulars	Fair Value As at 31st March 2017	Fair Value measurement using		
		Level 1	Level 2	Level 3

Long term Investments
Fair Value through Profit and Loss

Current Investments
Fair Value through Profit and Loss

Other financial current liabilities
-Derivative financial instruments 7.46 7.46

As at 31st March 2016

Particulars	Fair Value As at 31st March 2016	Fair Value measurement using		
		Level 1	Level 2	Level 3

Long term Investments
Fair Value through Profit and Loss

Current Investments
Fair Value through Profit and Loss

Other financial current liabilities
-Derivative financial instruments 2.96 2.96



As at 1st April 2015

Particulars	Fair Value As at 1st April 2015	Fair Value measurement using		
		Level 1	Level 2	Level 3

Long term Investments

Fair Value through Profit and Loss

Current Investments

Fair Value through Profit and Loss

977.50 977.50

Other financial current liabilities

-Derivative financial instruments

0.30 0.30



VMT Spinning Company Limited

Notes to the financial statements for the year ended March 31, 2017

35. Contingent liabilities and provisions (to the extent not provided for)

(Rs in Lacs)

Particulars	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
I Contingent Liabilities			
(i) Bank Guarantees and Letters of Credit Outstanding	161.79	227.79	65.59
(ii) Export / Domestic Bills discounted with Banks against irrevocable letters of Credit	Nil	Nil	Nil
(iii) Other Contingent Liabilities ☆	22.42	8.95	Nil

☆ The Company has contested the additional demand in respect of Excise Duty/Custom Duty/Income Tax amounting to Rs. 22.36 Lacs (31 March 2016: Rs.10.70 lacs, 1 April 2015: Rs.11.40lacs) in different cases. The Company has filed an appeal with the Appellate Authorities for which, provision of Rs. 22.42 Lacs (31 March 2016: Rs.8.95Lacs, 1 April 2015: NIL) has not been made in the books of accounts in respect thereof as the company is confident to get the desired relief.

Particulars	AS AT 31.03.2017	AS AT 31.03.2016
Commitments		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) (Rs in Lacs)	115.86	1229.45

The Company has executed bonds for aggregate amount of Rs.5893.06 Lacs (31 March 2016: Rs.4954.83 lacs, 1 April 2015: Rs.2634.12 lacs) in favor of the President of India under Sections 59 (2) and 67 of the Customs Act, 1962 and Central Excise Act, 1944 for fulfillment of obligations under the said Acts. However, Rs.1255.19 Lacs (31 March 2016: Rs.4954.83 lacs, 1 April 2015: Rs.2,551.08lacs) is outstanding to be discharged against these bonds.

36. Balances of Sundry Debtors and Sundry creditors are subject to reconciliation and confirmation. In the opinion of the management, the value on realization in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet and provisions for all known liabilities have been made.



VMT Spinning Company Limited

Notes to the financial statements for the year ended March 31, 2017

37. Sundry creditors include amount of Rs.Nil (Previous Year Rs.Nil) owed to Small Scale Industries Undertakings However the amount of which is outstanding for a period of more than 30 days is RS. Nil (Previous year Rs. Nil). The company has not made any delays in settlement of balance due to Small Scale Industrial undertakings and hence no provision for interest on delayed payment is required. Further there are no outstanding amount payable beyond the agreed period to micro small and medium enterprises as on the Balance Sheet date to the extent such enterprises have been identified, based on the information available with the company.

38. Employee Benefits :

Gratuity plan: The Company has a gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act or as per the Company's plan, whichever is more beneficial.

The following tables set out the disclosures in respect of the gratuity plan as required under Ind AS AS 19.

(a) Changes in the present value of the obligations:

(Amount In Lacs)

Particulars	Gratuity		
	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
Present value obligation as at beginning of the year	110.07	109.33	89.52
Interest cost	8.80	8.46	6.83
Current service cost	17.06	14.52	13.91
Benefits Paid	(7.84)	(7.29)	(6.12)
Actuarial (gain)/ loss on Obligations	3.21	(14.95)	5.19
Present value obligation as at end of the year	131.31	110.07	109.33



VMT Spinning Company Limited

Notes to the financial statements for the year ended March 31, 2017

(b) Change in Fair Value of Plan Asset :

(Amount Rs. In Lacs)

Particulars	Gratuity		
	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
Fair value of Plan Assets as at beginning of the year	109.32	-	-
Actual return on Plan Assets	7.70	-	-
Contributions	0.74	109.33	-
Benefits Paid	(0.00)	(0.01)	-
Fair value of Plan Assets as at end of the year	117.76	109.32	-
Present value of Obligation at end of the year	131.31	110.07	-
Funded Status	(13.55)	(0.75)	-

(c) Amount recognized in Balance Sheet:

(Amount Rs. In Lacs)

Particulars	Gratuity		
	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
Present value obligation as at end of the year	131.31	110.07	-
Fair value of Plan Assets as at end of the year	117.76	109.33	-
Funded Status	(13.55)	(0.74)	-
Present value of unfunded obligation as at end of the year	-	-	109.33
Unfunded Actuarial (gains)/ losses	-	-	-
Unfunded Net Asset/ (Liability) recognized in Balance Sheet.	(13.55)	(0.74)	(109.33)



VMT Spinning Company Limited

Notes to the financial statements for the year ended March 31, 2017

(d) Expenses Recognized in Profit & Loss:

(Rs in Lacs)

Particulars	Gratuity	
	Financial Year ended 31.03.2017	Financial Year ended 31.03.2016
Current service cost	17.06	14.52
Interest cost	0.06	8.46
Total Expenses recognized in Profit & Loss Account	17.12	22.98

(e) OCI Recognized:

Particulars	(Rs in Lacs)	
	Financial Year ended 31.03.2017	Financial Year ended 31.03.2016
Net cumulative unrecognized actuarial gain/(loss) opening	14.94	-
OCI recognized during the year	(4.26)	14.94
Unrecognized actuarial gain/(loss) at the end of the year	10.68	14.94

(f) Investment details of Fund :

Particulars	Gratuity (Rs. In Lacs)		
	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
Mutual Funds	15.97	-	-
Government Securities	52.43	-	-
Bank Balance	0.19	109.32	-
Bonds	49.17	-	-
TOTAL	117.76	109.32	-



VMT Spinning Company Limited

Notes to the financial statements for the year ended March 31, 2017

(g) Principal actuarial assumption at the Balance Sheet Date (expressed as weighted average):

Particulars	Gratuity		
	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
Discount Rate (per annum)	7.54%	8.00%	7.90%
Rate of increase in compensation levels (per annum)	6.00%	6.00%	6.00%
Rate of return on plan assets (per annum)	7.04%	N.A.	N.A.
Expected Average remaining working lives of employees (years)	26.00	25.95	26.03
Method Used	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employee market.

(h) The quantitative sensitivity analysis on net liability recognized on account of change in significant assumptions: **(Rs. In Lacs)**

Particulars	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
Discount Rate			
0.50% Increase	(5.21)	(4.38)	(4.37)
0.50% decrease	5.62	4.72	4.73
Future Salary increase			
0.50% Increase	5.67	4.79	4.79
0.50% decrease	(5.31)	(4.47)	(4.46)
Life expectancy*			
Increase by 1 year			
Decrease by 1 year			

*As per Actuarial Certificate, sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.



VMT Spinning Company Limited

Notes to the financial statements for the year ended March 31, 2017

- (i) The following payments are expected contributions to the defined benefit plan in future years:
(Rs in Lacs)

Particulars	Financial Year 2016-17	Financial Year 2015-16
Within 1 year	22.07	15.96
1-5 years	29.05	29.80
Beyond 5 years	80.18	64.29
Total expected payments	131.31	110.07

- (j) The average duration of the defined benefit plan obligation at the end of the reporting period is 13.34 years (31 March 2016: 13.40 years).

39. The tax paid u/s 115JB (MAT) of Income Tax Act, 1961 has been treated as an asset in accordance with the provisions of the guidance note on accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961 issued by Companies (Accounting Standards) Rules, 2006.

40. Segments Reporting:

The Company is in the business of manufacture and sales of Yarn business. This is the only activity performed and is thus also the main source of risks and returns. The Company has a single reportable segment which is reviewed by top management. Further company operates in more than one geographical segment hence the relevant disclosures as per IND AS 108 are applicable to the company.

Geographical information

The geography wise revenue and assets based on domicile of customer and location of assets respectively are as follows:

Year ended 31 March 2017 and (31 March 2016)

Rs. in Lacs

Particulars	India	China	Japan	Vietnam	Others	Total
Revenue from sale of products	7310.75 (9622.65)	2417.74 (1288.31)	4963.28 (4192.42)	1947.94 (112.24)	2469.30 (442.57)	19108.98 (15658.19)
Non-current assets	6302.27 (5528.40)	Nil Nil	Nil Nil	Nil Nil	Nil Nil	6302.27 (5528.40)



VMT Spinning Company Limited**Notes to the financial statements for the year ended March 31, 2017****41. Related Party Disclosure :**

Details of transactions entered into with related parties during the year as required by Ind AS- 24 on "Related Party Disclosures":

			Current Year	Previous Year
1	(a)	Holding Company	Vardhman Textiles Limited	Vardhman Textiles Limited
	(b)	Fellow Subsidiary Companies	-VTL Investments Limited -Vardhman Yarns & Threads Limited (upto 31.08.2016) -Vardhman Acrylics Limited	-VTL Investments Limited -Vardhman Yarns & Threads Limited -Vardhman Acrylics Limited
	(c)	Associates of Holding Company	-Vardhman Special Steels	-Vardhman Special Steels
	(d)	Joint Venture of Holding Company	-Vardhman Nisshinbo Garments Company Limited	-Vardhman Nisshinbo Garments Company Limited
2		Key Management Personnel	Mr Neeraj Jain, Managing Director Mr. Rajeev Thapar (CFO) Mr. Satin Katyal (CS)	Mr Neeraj Jain, Managing Director Mr. Rajeev Thapar (CFO) -



in Lacs)

Particulars	Holding Company		Fellow Subsidiary Company- Vardhman Yarns & Threads Ltd		Fellow Subsidiary Company- Vardhman Special Steel Ltd		Key Management Personnel (KMP)		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase/Processing of goods	1,290.47	1,002.06		-					1,290.47	1,002.06
Purchase of assets	114.31	228.94	-	0.48					114.31	229.42
Purchase of Focus/DEPB					6.55				6.55	-
Sale/Processing of goods	3,901.54	8,145.98	28.24	3.72	0.56	4.83			3,930.35	8,154.53
Sale of assets	20.45	14.77	58.77						79.22	14.77
Interest received									-	-
Interest Paid	36.40	16.78							36.40	16.78
Managerial Remuneration							38.24	26.37	38.24	26.37
Common Corporate & ERP Expenses (Excluding Service Tax)	73.15	73.00							73.15	73.00
Loan taken including opening balance	2,225.00	-							2,225.00	-
Loan Repayment	1,525.00	-							1,525.00	-
Closing Balance of Loan	700.00	-							700.00	-
Dividend Paid	-	555.45							-	555.45
Reimbursement of Exp. Paid	42.18	54.90	-	-	-				42.18	54.90
Reimbursement of Exp. Received	127.94	119.48	-	-	0.04				127.98	119.48



VMT Spinning Company Limited

Notes to the financial statements for the year ended March 31, 2017

42. Earnings Per Share :

The calculation of Earnings per Share (EPS) as disclosed in the Profit & Loss Account has been made in accordance with the requirements of Ind AS- 33 on Earnings per Share issued by the 'Ministry of Corporate Affairs'.

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Total comprehensive income attributable to Equity shareholders (In Lacs)	828.97	728.97
Number of weighted average equity shares	20,700,240.00	20,700,240.00
Earnings per equity share		
Basic – Par Value of Rs. 10 per share	4.00	3.52
Diluted — Par Value of Rs. 10 per share	4.00	3.52
		-

43. Deferred Tax:

(a) Reconciliation of Deferred tax liabilities (net)

(Rs. In Lacs)

Particulars	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
Balance at the beginning of the year	317.89	205.45	331.95
Deferred tax income/expenses during the year recognized in Statement of Profit and loss	157.75	112.44	(126.50)
Deferred tax income/expenses during the year recognized in Other Comprehensive income	-	-	-
Deferred tax income/expenses during the year recognized directly in equity	-	-	-
Balance at the end of the year	475.64	317.89	205.45



VMT Spinning Company Limited

Notes to the financial statements for the year ended March 31, 2017

(b) Reconciliation of tax expense and the Profit before tax multiplied by statutory tax rate :
(Rs. In Lacs)

Particulars	Financial Year 2016-17	Financial Year 2015-16
Accounting profit before tax	1,248.12	1,037.36
Tax at statutory income tax rate of 33.063% (31 March 2016: 33.063%/16.5315%)	412.67	342.71
	-	-
Tax effect of the amounts not deductible for computing taxable income	-	-
DEPRECIATION DIFFERENCE	(103.44)	(33.84)
DISALLOWANCE U/S 43B	11.81	(27.70)
PROFIT ON SALE OF ASSETS	(66.57)	0.73
CAPITAL SUBSIDY RECOGNISED AS INCOME IN BOOKS ALREADY CAPITALISED IN INCOME TAX EARLIER	(1.32)	-
OTHERS	1.52	(23.60)
Deduction u/s 80IC	-	(53.47)
Adjustment of current tax of prior periods	-	(7.87)
Interest U/S 234 C	3.83	0.04
Income tax expense	258.50	197.00

(c) Unrecognized temporary differences, unused tax losses and deferred tax asset/liability thereon:

Particulars	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
Brought forward losses and unabsorbed depreciation	-	-	-
Deferred tax asset on above			



VMT Spinning Company Limited

Notes to the financial statements for the year ended March 31, 2017

44. In accordance with the Ind AS-36 on Impairment of Assets, the Company has assessed as on the balance sheet date, whether there are any indications with regard to the impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.

45. Financial Risk Management

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

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

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

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: interest rate risk, foreign currency risk.

(i) Foreign currency risk

The company operates internationally and business is transacted in several currencies. The export sales of company comprise around 60% of the total sales of the company, Further the company also imports certain assets and material from outside India. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently the company is exposed to foreign currency risk and the results of the company may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than company's functional currency.

The Company uses foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The Company's exposure to foreign currency risk was based on the following amounts as at the reporting dates:



VMT Spinning Company Limited

Notes to the financial statements for the year ended March 31, 2017

(In Lacs)

Particulars	Financial Year ended 31.03.2017	Financial Year ended 31.03.2016
Trade receivables		
-In USD	9.21	7.15
Advance to suppliers		
-In USD	0.02	0.83
-In JPY	14.40	-
Net exposure to foreign currency risk (assets)		
-In USD	9.23	7.98
-In JPY	14.40	-
Trade Payables		
-In CHF	0.14	0.04
-In EURO	0.06	0.08
-In JPY	-	3.36
-In USD	7.26	4.10
-Foreign Exchange Forward Contracts bought foreign Currency in USD	-7.26	-4.10
Net exposure to foreign currency risk (Asset/(Liability))		
-In CHF	-0.14	-0.04
-In Euro	-0.06	-0.08
-In JPY	14.40	-3.36
-In USD	9.23	7.98

The following significant exchange rates applied during the year:

Particulars	2016-17	2015-16	2016-17	2015-16
	(Average exchange rate)	(Average exchange rate)	(Year end rates)	(Year end rates)
INR/USD	65.55	64.38	64.86	66.25
INR/JPY	0.58	0.55	0.58	0.58
INR/CHF	66.88	66.47	64.84	68.92
INR/EURO	72.2	71.01	69.31	75.09



VMT Spinning Company Limited**Notes to the financial statements for the year ended March 31, 2017****Foreign currency sensitivity analysis**

Any changes in the exchange rate of JPY and USD against INR is not expected to have significant impact on the Company's profit due to the less exposure of these currencies. Accordingly, a 10% appreciation/depreciation of the INR as indicated below, against the JPY and USD would have increased/reduced profit by the amounts shown below. This analysis is based on the foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variable remains constant:

Amount (Rs. In lacs)

Particulars	Financial Year ended 31.03.2017	Financial Year ended 31.03.2016
10% Strengthening/weakening of USD against INR	59.86	52.86
10% Strengthening/weakening of JPY against INR	0.84	0.19
10% Strengthening/weakening of CHF against INR	0.91	0.28
10% Strengthening/weakening of EURO against INR	0.42	0.60

The following table gives details in respect of outstanding foreign currency forward held by the company to mitigate the risk of changes in exchange rates on foreign currency exposures.

Particulars	Financial Year ended 31.03.2017	Financial Year ended 31.03.2016
Contracts against export		
-In USD	-	-
Contracts against Import		
-In USD	7.26	4.10



VMT Spinning Company Limited**Notes to the financial statements for the year ended March 31, 2017****(ii) Interest Rate Risk**

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

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

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

Particulars	Carrying amount (INR Rs. In lacs)	
	Financial Year ended 31.03.2017	Financial Year ended 31.03.2016
Variable rate instruments		
Long term borrowings	2,334.74	1,748.18
Current maturities of long term debt	558.00	335.00
Short term borrowings	2343.55	1,319.88

Cash flow sensitivity analysis for variable rate instruments

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

Particulars	Financial Year ended 31.03.2017	Financial Year ended 31.03.2016
Increase/ (decrease) in 100 basis point (In Lacs)	52.36	34.03



VMT Spinning Company Limited**Notes to the financial statements for the year ended March 31, 2017****Liquidity Risk**

The financial liabilities of the company, other than derivatives, include loans and borrowings, trade and other payables. The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company monitors its risk of shortage of funds to meet the financial liabilities using a liquidity planning tool.

The below is the detail of contractual maturities of the financial liabilities of the company at the end of each reporting period:

(Rs In Lacs)

Particulars	Financial Year ended 31.03.2017	Financial Year ended 31.03.2016
Long Term Borrowings including current maturity of long term debts (Carrying amount)	2897.00	2089.00
0-12 months	558.00	335.00
1-2 years	1314.00	1472.00
2-5 years	1025.00	282.00
More than 5 years	-	-
Short Term Borrowings (Carrying amount)	2343.55	1319.88
0-12 months	2343.55	1319.88
1-2 years	-	-
2-5 years	-	-
More than 5 years	-	-
Trade Payables (Carrying amount)	383.35	329.38
0-12 months	383.35	329.38
1-2 years	-	-
2-5 years	-	-
More than 5 years	-	-
Other Financial liabilities (Carrying amount)	405.17	475.92
0-12 months	405.17	475.92



VMT Spinning Company Limited**Notes to the financial statements for the year ended March 31, 2017**

1-2 years	-	-
2-5 years	-	-
More than 5 years	-	-

Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables which are typically unsecured. Credit risk on cash and bank balances is limited as the company generally invests in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies.

The company assesses the creditworthiness of the customers internally to whom goods are sold on credit terms in the normal course of business. The credit limit of each customer is defined in accordance with this assessment.

The impairment analysis is performed on client to client basis for the debtors that are past due at the end of each reporting date. The company has not considered an allowance for doubtful debts in case of Trade receivables that are past due but there has not been a significant change in the credit quality and the amounts are still considered recoverable. The following is the detail of revenues generated from top five customers of the company and allowance for lifetime expected credit loss:

Particulars	Financial Year ended 31.03.2017	Financial Year ended 31.03.2016
(a)Revenue from top five customers		
- Amount of sales (Rs . Lacs)	7206.93	5906.06
-% of total sales	37.65%	37.72%
(b)Allowance for doubtful debt		
-Balance at the beginning of the period	-	-
-Impairment loss recognized	-	-
-Amount written off	-	-
-Balance at the end of the period	-	-



VMT Spinning Company Limited

Notes to the financial statements for the year ended March 31, 2017

Capital Management

The capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maintain optimum capital structure to reduce cost of capital and to maximize 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 which otherwise would permit the banks to immediately call loans and borrowings. In order 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 gearing ratio was as follows:

Particulars	Financial Year ended 31.03.2017	Financial Year ended 31.03.2016
Borrowings	5,236.30	3,403.06
Less: Cash and cash equivalents	37.34	106.89
Net debt	5,198.96	3,296.17
Total equity	10,448.21	9,622.11
Capital and Net debt	15,647.17	12,918.28
Gearing ratio	33%	26%

Further, there have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

There were no changes in the objectives, policies or processes for managing capital during the year ended 31 March 2017 and 31 March 2016.



VMT Spinning Company Limited
Notes to the financial statements for the year ended March 31, 2017

47. Disclosure on Specified Bank Notes (SBNs)

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 30th March, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:


Particulars	<i>Rupees in Lacs</i>		
	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	1.30	0.03	1.33
(+) Permitted receipts	-	2.34	2.34
(-) Permitted payments	-	1.64	1.64
(-) Amount deposited in Bank	1.30	-	1.30
Closing cash in hand as on 30 December 2016	-	0.73	0.73

*For the purpose 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 8 November 2016.

48. Previous Year figures have been regrouped/ reclassified wherever considered necessary

As per our separate report of even date attached

For **S.S.KOTHARI MEHTA & COMPANY**
 Chartered Accountants
 Firm Registration No.: 022150N


 (Harish Gupta)
 Partner

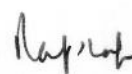
Membership No.: 098336
 Place: Ludhiana

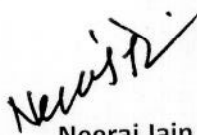



 Satin Katyal
 Company Secretary


M.No.:40578

For and on behalf of the Board of Directors


 Rajeev Thapar
 Chief Financial Officer


 Neeraj Jain
 Managing Director

DIN: 00340459


 S.P. Oswal
 Chairman

DIN: 00121737

