

## **Independent Auditors' Report**

### **To the Members of VMT Spinning Company Limited**

#### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of VMT Spinning Company Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the order issued under section 143(11) of the Act.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company, as at 31 March 2018, and its profit, total comprehensive income, the changes in equity and the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", which forms a part of this report, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, based on our audit, we report, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of cash flows and statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder;
  - (e) On the basis of the written representations received from the directors of the Company as on 31st



March 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2018 from being appointed as a Director in terms of Section 164(2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer Note 33 to the standalone financial statements.
- ii. The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Ludhiana  
Date: 10<sup>th</sup> May, 2018

For SCV & Co. LLP;  
Chartered Accountants  
Reg. No.000235N/N500089



(Sanjiv Mohan)  
Partner  
M. No. 086066

**Annexure - A to the Independent Auditors' Report**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of VMT Spinning Company Limited of even date)

- (i) In respect of the Company's fixed assets: -
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, a Company has adopted a policy of physical verification of all the items of fixed assets once in block of three years. Pursuant to said policy, the company has physically verified the entire block of Building, Vehicle and Land during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its business. As explained to us, no discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, title deed of the immovable property is held in the name of the Company.
- (ii) We have been explained by the management that inventory have been physically verified at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable and no discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, we report that the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore the provisions of paragraph 3(iii) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act with respect to loans, investments made.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits covered under the provisions of sections 73 to 76 and any other relevant provision of the Companies Act, 2013 and the rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of such 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 the records of the Company examined by us, in our opinion, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax,



sales tax, service tax, duty of custom, duty of excise, value added tax, cess, goods and service tax and other statutory dues applicable to it with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts in respect of statutory dues payable were outstanding as on the last day of the financial year concerned for a period of more than six months from the date they became payable as at 31<sup>st</sup> March, 2018.

(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	Disputed amount (in Rs.)	Amount deposited (in Rs.)	Amount involved (in Rs.)	Period to which relates	Forum where dispute is pending
Entry Tax	Entry tax and Interest	89.30	22.31	66.99	2010-11 to 2017-18	High Court, Himachal Pradesh at shimla

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution bank or government as at balance sheet date.  
As per the information and explanation given to us, company has not taken any loan or borrowings from the government. The Company has not issued any debentures during the year or in the preceding year.
- (ix) In our opinion and according to the information and explanations given to us, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. The term loans have been applied for the purpose for which they have been raised.
- (x) According to the information and explanations given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to information and explanation given to us and based on our examination of 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.

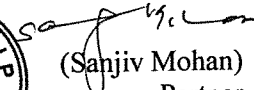


- (xii) According to the information and explanation given to us, the company is not a Nidhi Company. Therefore the provisions of paragraph 3(xii) of the Order are not applicable.
- (xiii) According to the information and explanations given to us, and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details of the transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Thus the provisions of paragraph 3(xiv) of the Order are not applicable.
- (xv) According to information and explanations given to us, and based on our examination of the records of the company, the company has not entered into non-cash transactions with director or person connected with them. Accordingly, provisions of paragraph 3 (xv) of the Order are not applicable.
- (xvi) According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Ludhiana  
Date: 10<sup>th</sup> May, 2018

For SCV & Co. LLP;  
Chartered Accountants  
Reg. No.000235N/N500089



  
(Sanjiv Mohan)  
Partner  
M. No. 086066

**Annexure - B to the Independent Auditors' Report**

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of VMT Spinning Company Limited of even date)

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

We have audited the internal financial control over financial reporting of VMT Spinning Company Limited ("the Company") as of 31<sup>st</sup> March 2018 in conjunction with our audit of standalone financial statements of company for the year ended on that date.

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

The Company 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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



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

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

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Ludhiana  
Date: 10<sup>th</sup> May, 2018

For SCV & Co. LLP;  
Chartered Accountants  
Reg. No.000235N/N500089



(Sanjiv Mohan)  
Partner  
M. No. 086066



**VMT SPINNING COMPANY LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2018**

(All amounts in INR Lakh, unless otherwise stated)

	Note	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	3	5,743.38	6,222.27
(b) Capital work-in-progress		54.14	18.62
(c) Intangible Assets		5.98	-
(d) Financial Assets			
(i) Loans	4	0.03	0.93
(e) Other non-current Assets	5	34.88	60.45
<b>Total of Non-current assets</b>		<b>5,838.41</b>	<b>6,302.27</b>
<b>2 Current assets</b>			
(a) Inventories	6	8,945.10	8,531.02
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade receivables	7	998.93	1,019.74
(iii) Cash and cash equivalents	8	86.37	37.34
(iv) Loans	9	6.70	7.14
(v) Other financial assets	10	10.29	21.54
(c) Current tax assets (Net)		36.49	59.03
(d) Other current assets	11	1,266.29	890.37
<b>Total of Current assets</b>		<b>11,350.17</b>	<b>10,566.18</b>
<b>Total assets</b>		<b>17,188.58</b>	<b>16,868.45</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity Share capital	12	2,070.02	2,070.02
(b) Other Equity	13	8,555.90	8,378.20
<b>Total of Equity</b>		<b>10,625.92</b>	<b>10,448.22</b>
<b>Liabilities</b>			
<b>2 Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	1,422.48	2,334.74
(b) Provisions	15	22.42	32.72
(c) Deferred tax liabilities (Net)	16	199.92	151.95
(d) Other non-current liabilities	17	1.79	4.05
<b>Total of Non-current liabilities</b>		<b>1,646.61</b>	<b>2,523.46</b>
<b>3 Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	2,985.53	2,343.55
(ii) Trade payables	19	365.38	383.35
(iii) Other financial liabilities	20	1,345.10	963.17
(b) Other current liabilities	21	215.49	202.26
(c) Provisions	22	4.55	4.44
<b>Total of Current liabilities</b>		<b>4,916.05</b>	<b>3,896.77</b>
<b>Total liabilities</b>		<b>6,562.66</b>	<b>6,420.23</b>
<b>TOTAL OF EQUITY AND LIABILITIES</b>		<b>17,188.58</b>	<b>16,868.45</b>

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

As per our report of even date attached

For SCV & Co. LLP  
Chartered Accountants  
Firm Regn. No.: 000235N/N500000

(Sanjiv Mohan)  
Partner  
M. No. 086066



Place: Ludhiana  
Date: May 10, 2018

For and on behalf of the Board of Directors

Neeraj Jain  
Managing Director  
DIN: 00340459

Rajeev Thapar  
Chief Financial Officer

S.P. Oswal  
Chairman  
DIN: 00121737

Satin Katyal  
Company Secretary  
M.No: 40578

VMT SPINNING COMPANY LIMITED  
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in INR Lakh, unless otherwise stated)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
I. Revenue from operations	23	22,373.98	19,108.99
II. Other income	24	89.14	270.70
III. Total revenue		22,463.12	19,379.69
IV. Expenses :			
Cost of materials consumed	25	15,080.83	12,293.49
Purchases of stock-in-trade	26	265.56	280.81
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	374.79	(998.32)
Employee benefits expense	28	1,275.97	1,235.71
Finance costs	29	403.35	350.59
Depreciation and amortization	30	672.30	929.73
Other expenses	31	3,678.31	4,041.04
Total Expenses		22,181.12	18,133.06
V. Profit before tax (III-IV)		282.00	1,246.63
VI. Tax expense:			
(1) Current tax		105.62	273.36
(2) Deferred tax		0.12	144.30
VII. Profit for the period (V-VI)		176.27	828.97
Other Comprehensive Income			
A Items that will not be reclassified to profit or loss			
(i) Remeasurement (including actuarial (loss)/ gain) on defined benefit obligation		2.19	(4.27)
(ii) Income tax relating to these items		(0.76)	1.41
B (i) Items that may be reclassified to profit or loss			
(ii) Income tax relating to items that may be reclassified to profit or loss		-	-
VIII Total other comprehensive income		1.43	(2.86)
A (i- ii) + B (i-ii)			
IX. Total Comprehensive income for the period (VI+VIII)		177.70	826.11
Earnings per equity share			
Basic - Par value of Rs. 10 per share (Rs.)		0.85	4.00
Diluted - Par value of Rs. 10 per share (Rs.)		0.85	4.00

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

As per our report of even date attached

For SCV & Co. LLP  
Chartered Accountants  
Firm Regn. No.: 000235N/N500089

SCV & Co. LLP  
(Sanjiv Mohan)  
Partner  
M. No. 086066



Place: Ludhiana  
Date: May 10, 2018

Neeraj Jain  
Managing Director  
DIN: 00340459

Rajeev Thapar  
Chief Financial Officer

For and on behalf of the Board of Directors

S.P. Oswal  
Chairman  
DIN: 00121737

Satin Katyal  
Company Secretary  
M.No: 40578

VMT SPINNING COMPANY LIMITED  
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in INR Lakh, unless otherwise stated)

	Year ended March 31, 2018	Year ended March 31, 2017
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary items	282.00	1,246.63
Adjustments for :		
Depreciation and amortization expense	672.30	929.73
Interest charged	403.35	350.59
Interest/Dividend Received	(10.73)	(4.32)
Excess Provision written Back	(1.03)	(3.70)
Amortization of Deferred Govt. Grant	(4.00)	(4.00)
(Profit) / Loss on sale of Investments carried at fair value through profit and loss (Net)	(7.38)	(25.43)
(Profit) / Loss on sale of Property plant and equipment (Net)	(5.21)	(196.86)
	<u>1,051.30</u>	<u>1,046.01</u>
Operating Profit before Working Capital Changes	1,333.30	2,292.64
Movement in Gratuity Provisions	1.43	-2.86
Decrease/(Increase) in Trade and other Receivables	(320.87)	(722.25)
Decrease/(Increase) in Inventories	(414.08)	(1,513.03)
(Decrease)/Increase in liabilities	13.78	121.31
<b>Cash generated from Operations</b>	<u>613.57</u>	<u>175.81</u>
Income taxes paid	(35.22)	(274.17)
<b>Net Cash from (used in)/generated by operating activities</b>	<u>578.35</u>	<u>(98.35)</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for property plant and equipment	(278.90)	(1,762.40)
Proceeds from disposal of Investments	3.38	25.63
Proceeds from disposal of Property, plant and equipment	53.13	278.60
Interest/Dividend Received	10.73	4.32
<b>Net Cash (used in)/ generated by investing activities</b>	<u>(211.67)</u>	<u>(1,453.85)</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of Secured Borrowings(Net)	83.20	1,831.68
Interest Paid	(400.84)	(349.03)
Dividend Paid (including Interim dividend)	0.00	0.00
<b>Net Cash (used in)/generated by financing activities</b>	<u>(317.64)</u>	<u>1,482.64</u>
<b>Net Increase in cash &amp; cash equivalents (A+B+C)</b>	49.04	(69.56)
Cash and cash equivalents at the beginning of the year	37.34	106.89
<b>Cash and cash equivalents at the end of the year (refer note 9)</b>	<u>86.38</u>	<u>37.34</u>

As per our report of even date attached  
For SCV & Co. LLP  
Chartered Accountants  
Firm Regn. No.: 000235N/NS0008

(Sanjiv Mohan)  
Partner  
M. No. 086066



Place: Ludhiana  
Date: May 10, 2018

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 Kalyal*  
Satin Kalyal  
Company Secretary  
M.No: 40578

VMT SPINNING COMPANY LIMITED  
Statement of Changes in Equity for the year ended March 31, 2018

(All amounts in INR Lakh, unless otherwise stated)

	Equity Share Capital	Reserve and Surplus			Items of other comprehensive income		Total
		Capital Redemption Reserve	General Reserves	Retained Earnings	Remeasurement on defined benefit obligation		
Balance as at 1st April 2016	2070.02	600.00	3,495.00	3,447.08	10.01	9,622.11	
Profit for the Year	-	-	-	828.97	(7.86)	828.97	
Other Comprehensive Income for the year	-	-	-	-	(2.86)	(2.86)	
Total Comprehensive Income for the year (2016-17)	-	-	-	828.97	(2.86)	826.11	
Balance as at 31 March 2017	2,070.02	600.00	3,495.00	4,276.05	7.15	10,448.22	
Balance as at 1st April 2017	2,070.02	600.00	3,495.00	4,276.05	7.15	10,448.22	
Profit for the Year	-	-	-	176.27	1.43	176.27	
Other Comprehensive Income for the year	-	-	-	-	1.43	1.43	
Total Comprehensive Income for the year	-	-	-	176.27	1.43	177.70	
Balance as at 31 March 2018	2,070.02	600.00	3,495.00	4,452.32	8.58	10,625.92	

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

As per our report of even date attached

For SCV & Co. LLP

Chartered Accountants

Firm Regn. No.: 000235N/NS000089



(Sanjiv Mohan)

Partner

M. No. 086066

For and on behalf of the Board of Directors

Neeraj Jain

Managing Director

DIN: 00340459

S.P. Oswal

Chairman

DIN: 00121737

Rajeev Thapar

Chief Financial Officer

PAN: ADFPT3478D

Satin Katyal

Company Secretary

M.No: 40578

Place: Ludhiana

Date: May 10, 2018

## 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 and having registered office at Chandigarh Road, Ludhiana. The company is engaged in business of manufacturing and trading of Yarn.

These financial statements are approved for issue by Board of Directors of the Company in their meeting held on May 10, 2018.

## 1. 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) under the historical cost convention on accrual basis, except for the following financial instruments, which have been measured at fair value:

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

and the provisions of Companies Act 2013 (the Act) to the extent notified. The Ind As are prescribed under section 133 of the Act, read with Rule 3 of Companies (Indian Accounting Standards) Rules 2015 and relevant amendment rules issued thereafter.

Effective April 1, 2016, the company has adopted all the Ind As and the adoption was carried out in accordance with Ind AS 101, First time adoption of Indian Accounting standards with effect from 01<sup>st</sup> April, 2015 as transition date. The transition was carried out from Indian Accounting principles generally accepted in India as prescribed under section 133 of the act read with Rule 7 of Companies (Accounts) Rules 2014 (GAAP) which was previously GAAP.

The accounting policies have been consistently applied except when a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

Amounts for the year ended and as at 31<sup>st</sup> March, 2017 were audited by previous auditors S.S Kothari Mehta & Co.

### 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 financial statements.

**(b) Revenue Recognition**

Revenue is recognised at the fair value of the consideration received or receivable. The amount disclosed as revenue are presented gross of excise duty and net of Goods and service tax (GST) and Value added Tax (VAT) 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.

In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013 Sales for the previous year ended 31<sup>st</sup> March 2017 and for the period 1 April to 30 June 2017 were reported gross of excise duty and net of value added taxes. Excise duty was reported as a separate expense line item, Consequent to the introduction of Goods and Service Tax (GST) with effect from 1<sup>st</sup> July 2017, Excise Duty etc have been subsumed into GST and accordingly the same is not as recognised as part of sales as per requirements of IND AS 18.

**(ii) Export Incentives**

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

**(iii) Interest**

Revenue in respect of interest from customers is recognised when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof. Other interest income is recognized using the effective interest rate.

**(iv) Dividend**

Dividend income is recognized when the right to receive the payment is established.

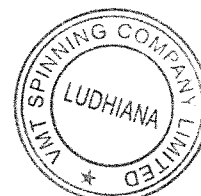
**(v) Insurance and Other Claims**

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.

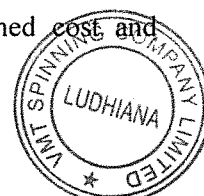
The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return 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) i. 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 and impairment if any under Ind AS as on transition date i.e. 1<sup>st</sup> 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 inclusive of freight, duties taxes and levies (net of recoverable taxes).
- (b) Any attributable expenditure directly attributable for bringing an asset to the location and the working condition for its intended use.

## ii. Depreciation

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

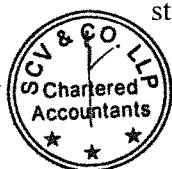
Intangible assets are stated at cost less accumulated amount of amortization and impairment, if any.

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 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 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.

For the purpose of calculating diluted earnings per share, the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period after adjusting the effects of all dilutive potential equity shares if any.

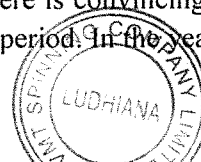
#### **(j) Income Taxes**

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.

Mat credit is recognised as an asset only when an to extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the



Minimum Alternative tax (MAT) credit becomes eligible to be recognised as an asset. The said asset is created by way of credit to the Statement of Profit and Loss and shown as MAT Credit entitlement grouped with deferred tax asset (net) in the financial statements.

**(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.

Non-monetary items are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

**(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.



Operating leases are recognized as an expense in the statement of profit and loss on a straight line basis 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 value through profit or loss.

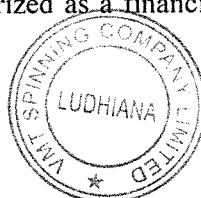
**(iv) Financial liabilities**

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**

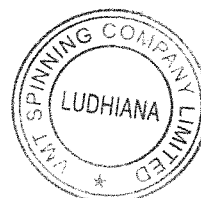
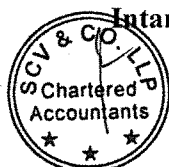
##### **a. Financial assets**

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

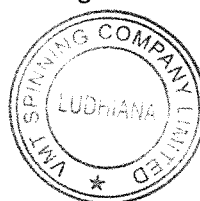
(c) A reliable estimate can be made of the amount of the obligation.

As the timing of outflow of resources is uncertain, being dependent upon the outcome of the future proceedings, these provisions are not discounted to their present value.

A disclosure for contingent liability is made when there is possible obligation or a present obligation that may, but probably will not require an outflow of resources. Where there is possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

**B. CRITICAL 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 uncontrolled 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**

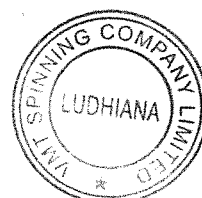
The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in future. These Includes the determination of 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 measurements 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.

**e. Property, plant and equipment**

Property, plant and equipment represent a significant portion of asset base of the company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of property, plant and equipment are determined by management based on technical assessment by internal team and external advisor. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life; such as changes in technology. The Company believes that the useful life best represents the period over which the Company expects to use these assets.



VMT SPINNING COMPANY LIMITED

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

3.(a) Property, Plant and Equipment

(All amounts in INR Lakh, unless otherwise stated)

Description	Gross Carrying Value			Depreciation			Net Carrying Value	
	As at 1st April 2017	Additions	Adjustments/ Sale	As at March 31, 2018	As at 1st April 2017	For the year Adjustments / Sale	As at March 31, 2018	As at March 31, 2017
Land	63.40	-	-	63.40	-	-	-	63.40
Buildings	1,357.77	59.13	4.16	1,412.73	113.29	60.79	173.73	1,239.01
Plant and equipment	6,316.48	175.67	58.39	6,433.77	1,458.02	594.84	2,037.85	4,395.92
Office equipment	37.47	4.64	0.87	41.24	13.58	12.27	25.71	15.53
Computer equipment	24.06	-	-	24.06	4.47	-	4.47	19.59
Furniture and fixtures	12.65	1.19	-	13.85	4.09	3.22	7.31	6.54
Vehicles	4.97	-	-	4.97	1.10	0.49	1.59	3.38
	7,816.81	240.63	63.42	7,994.03	1,594.54	671.61	2,250.65	5,743.38
						15.50	2,222.27	6,222.27

3.(b) Intangible Assets

Description	Gross Carrying Value			Amortization			Net Carrying Value	
	As at 1st April 2017	Additions	Adjustments/ Sale	As at March 31, 2018	As at 1st April 2017	For the year Adjustments / Sale	As at March 31, 2018	As at March 31, 2017
Right to use Power line	-	6.67	-	6.67	-	0.68	0.68	-
		6.67	-	6.67	-	0.68	5.98	5.98



Description	Gross Carrying Value				Depreciation				Net Carrying Value	
	As at 1st April 2016	Additions	Adjustments/ Sale	As at March 31, 2017	As at 1st 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	1,273.36	84.67	0.25	1,357.77	43.56	69.73	-	113.29	1,244.48	1,229.79
Plant and equipment	4,608.00	1,814.38	105.90	6,316.48	619.38	846.75	8.12	1,458.02	4,858.46	3,988.61
Office equipment	14.25	5.18	(18.05)	37.47	2.95	10.80	0.17	13.58	23.90	11.30
Computer equipment	10.02	14.56	0.52	24.06	4.47	-	-	4.47	19.59	5.55
Furniture and fixtures	9.40	3.59	0.34	12.65	2.30	1.82	0.03	4.09	8.57	7.10
Vehicles	2.37	4.11	1.51	4.97	0.88	0.63	0.41	1.10	3.87	1.49
	5,980.79	1,926.49	90.47	7,816.81	673.54	929.73	8.73	1,594.54	6,222.27	5,307.26





**VMT SPINNING COMPANY LIMITED**

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

3 (c) The company has availed the exemption available under Ind AS 101, where the carrying value of Property, plant and equipment has been carried forward at the amount as determined under the previous GAAP netting of Ind AS adjustment such as government grants and processing fee etc. Considering the FAQ issued by ICAI, regarding application of deemed cost, the company has disclosed cost as at 1st April 2015 net of accumulated depreciation. However, information regarding gross block of assets, accumulated depreciation has been disclosed by the company separately as follows

Description	Gross Carrying Value as on	Accumulated Depreciation as on	Net Carrying Value as on
	1st April, 2015	1st April, 2015	1st April, 2015
Land	63.40	-	63.40
Buildings	1,917.19	677.98	1,239.21
Plant and equipment	11,522.86	8,127.03	3,395.83
Office equipment	19.73	12.83	6.90
Computer equipment	45.19	38.92	6.26
Furniture and fixtures	35.53	28.56	6.97
Vehicles	5.83	3.45	2.37
	<b>13,609.72</b>	<b>8,888.77</b>	<b>4,720.95</b>

3 (d) Had the company the cost (Gross block) as at 1st April, 2015 net of accumulated depreciation, the status of Gross block, Accumulated depreciation and Net block of the Property, plant and equipment and intangible assets as on reported date would have been as under:

Description	Gross Carrying Value as on	Accumulated Depreciation as on	Net Carrying Value as on
	March 31, 2018	March 31, 2018	March 31, 2018
Land	63.40	-	63.40
Buildings	2,084.69	845.68	1,239.01
Plant and equipment	13,198.45	8,802.53	4,395.92
Office equipment	58.28	42.74	15.53
Computer equipment	53.20	33.60	19.60
Furniture and fixtures	37.57	31.03	6.54
Vehicles	7.21	3.83	3.38
	<b>15,502.80</b>	<b>9,759.41</b>	<b>5,743.38</b>



VMT SPINNING COMPANY LIMITED

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

(All amounts in INR Lakh, unless otherwise stated)

4 Loans (Non-Current)  
(unsecured, considered good)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets at amortized cost		
Loans to employees	0.03	0.93
	<u>0.03</u>	<u>0.93</u>

5 Other non-current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Capital advances	7.47	11.40
Security deposits	24.79	27.20
Deferred Expenses for employee benefits	0.00	0.60
Prepaid Expenses	2.61	21.25
	<u>34.88</u>	<u>60.45</u>

6 Inventories

Particulars	As at March 31, 2018	As at March 31, 2017
( at cost or net realisable value whichever is lower )		
Raw materials	7,102.52	5,644.70
Raw Materials in transit	224.75	409.04
Stores and spares	143.69	198.35
Finished goods	1,073.65	1,928.52
Work in progress	400.49	350.41
<b>Total</b>	<u>8,945.10</u>	<u>8,531.02</u>

7 Trade receivables

PARTICULARS	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good	998.93	1,019.74
<b>Total</b>	<u>998.93</u>	<u>1,019.74</u>

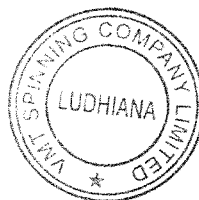
The above amount includes Rs. Nil (Previous year Rs. Nil) debts due by firms or private companies respectively in which any director is a partner or director or a member.

8 Cash and cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017
a) Balances with banks		
- In current accounts	85.52	36.98
b) Cash on hand	0.84	0.36
<b>Total</b>	<u>86.37</u>	<u>37.34</u>

9 Loans (Current)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets at amortized cost		
Loans to employees	6.70	7.14
<b>Total</b>	<u>6.70</u>	<u>7.14</u>



VMT SPINNING COMPANY LIMITED

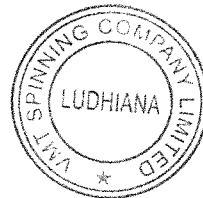
Notes to the Financial Statements for the year ended March 31, 2018

10 Other financial assets (Current)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Financial assets at amortized cost</b>		
Advances to employees	-	0.47
Other recoverable	10.29	21.08
<b>Total</b>	<b>10.29</b>	<b>21.54</b>

11 Other current assets

Particulars	As at March 31, 2018	As at March 31, 2017
(unsecured, considered good)		
Balance with government authorities	603.39	151.45
<b>Others:</b>		
Advances to suppliers	566.64	569.00
Prepaid (Deferred) Expenses for employee benefits	0.15	0.22
Prepaid expenses	28.81	0.65
Other recoverables	67.30	169.05
<b>Total</b>	<b>1,266.29</b>	<b>890.37</b>



VMT SPINNING COMPANY LIMITED

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

(All amounts in INR Lakh, unless otherwise stated)

12	Share capital	As at 31st March, 2018		As at 31st March, 2017	
		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
	Redeemable Cumulative Preference Shares of Rs.10/- each	1,00,00,000	1,000.00	1,00,00,000	1,000.00
		<b>3,50,00,000</b>	<b>3,500.00</b>	<b>3,50,00,000</b>	<b>3,500.00</b>
	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
	Add : Issued during the year	-	-	-	-
	Less : Bought back during the year	-	-	-	-
	Total - At the end of the year	<b>2,07,00,240</b>	<b>2,070.02</b>	<b>2,07,00,240</b>	<b>2,070.02</b>

12 (a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period :

	2017-18		2016-17	
	Number of shares	Amount	Number of shares	Amount
Equity shares	2,07,00,240	2,070.02	2,07,00,240	2,070.02
At the beginning of the year	-	-	-	-
Changes during the year	-	-	-	-
Outstanding at the end of the year	<b>2,07,00,240</b>	<b>2,070.02</b>	<b>2,07,00,240</b>	<b>2,070.02</b>

12 (b) Terms/Rights attached to equity shares

Company has only one class of equity shares having a par value of '10/-'. Each holder of equity shares is entitled to one vote per share. The dividend (if any) proposed by the board of directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

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

12 (c) During the last five years immediately preceding the date at which the Balance Sheet is prepared, the company has neither issued any bonus shares nor issued any shares for consideration other than cash. Further the Company has not bought back any shares during five years immediately preceding the date at which the Balance Sheet is prepared.

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

12 (e) Shares held by ultimate holding company/ holding company and their subsidiaries/ associates

	As at 31st March, 2018		As at 31st March, 2017	
	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.	2,07,00,240	100.00%	1,85,15,060	89.44%
Total	<b>2,07,00,240</b>	<b>100.00%</b>	<b>1,85,15,060</b>	<b>89.44%</b>

12 (f) Details of shareholders holding more than 5% shares of the Company

	As at 31st March, 2018		As at 31st March, 2017	
	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	2,07,00,240	100%	1,85,15,060	89.44%
Marubeni Corporation, Japan	-	-	13,80,000	6.66%

12 (g) The company has not issued any preference shares till date.



VMT SPINNING COMPANY LIMITED

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

13 Other Equity

(All amounts in INR Lakh, unless otherwise stated)

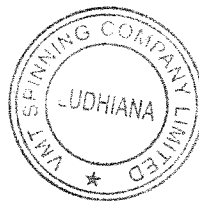
	Reserve & Surplus			Items of other comprehensive income	Total
	Capital Redemption Reserve	General Reserves	Retained Earnings	Remeasremnt on defined benefit obligation	
Balance as at 31 March 2016	600.00	3,495.00	3,447.08	10.01	7,552.09
Profit for the Year	-	-	828.97	-	828.97
Other Comprehensive Income for the year	-	-	-	(2.86)	(2.86)
Total Comprehensive Income for the year (2016-17)	-	-	828.97	(2.86)	826.11
Balance as at 31 March 2017	600.00	3,495.00	4,276.05	7.15	8,378.20

	Capital Redemption Reserve	General Reserves	Retained Earnings	Other items of other comprehensive income	Total
	Balance as at 1st April 2017	600.00	3,495.00	4,276.05	
Profit for the Year	-	-	176.27	-	176.27
Other Comprehensive Income for the year	-	-	-	1.43	1.43
Total Comprehensive Income for the year (2016-17)	-	-	176.27	1.43	177.70
Balance as at 31 March 2018	600.00	3,495.00	4,452.32	8.58	8,555.90

Detail of Redeemable Cumulative Preference Shares

	As at 31st March, 2018		As at 31st March, 2017	
	Number of shares	Amount	Number of shares	Amount
Redeemable Cumulative Preference Shares of Rs.10/- each	1,00,00,000	1,000.00	1,00,00,000	1,000.00
	<b>1,00,00,000</b>	<b>1,000.00</b>	<b>1,00,00,000</b>	<b>1,000.00</b>

The company has not issued any preference shares till date



**VMT SPINNING COMPANY LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2018**
**14 Borrowings (Non-Current)**

Particulars	As at March 31, 2018		As at March 31, 2017	
Term loans (Secured) :				
From banks		2,339.00		2,897.00
Less: Current maturities of Long term borrowings (refer note-20)		914.00		558.00
		<u>1,425.00</u>		<u>2,339.00</u>
Less: Processing charges amortised		2.52	1,422.48	4.26
<b>Total</b>		<b><u>1,422.48</u></b>		<b><u>2,334.74</u></b>

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

Particulars	As at March 31, 2018	As at March 31, 2017	Particulars of security / guarantees / default	Terms of Repayment
<b>SBoP - Term Loan Rs 19.25 Crs</b>			<b>PRIMARY SECURITY</b> 1st Pari Pasu charge on entire fixed assets of the company (Both present & future)	1. 2018-19- 4 nos. of quarterly installments of Rs 65,00,000/- each 2. 2019-20- 4 nos. of quarterly installments of Rs 100,00,000/- each 3. 2020-21- 3 nos. of quarterly installments of Rs 256,00,000/- each & 1 no of quarterly installment of 257,00,000/-
Balance Outstanding	1,685.00	1,845.00		
Current Maturity	260.00	160.00		
Non-Current Maturity	1,425.00	1,685.00	<b>COLLATERAL SECURITY</b> 2nd pari Passu charge on entire current assets of the company	
<b>SBoP - Term Loan Rs 13.00 Crs</b>			<b>PRIMARY SECURITY</b> 1st Pari Pasu charge on entire fixed assets of the company (Both present & future)	1. 2018-19- 3 nos of quarterly installments of Rs 218,00,000/- each
Balance Outstanding	654.00	1,052.00		
Current Maturity	654.00	398.00		
Non-Current Maturity	-	654.00	<b>COLLATERAL SECURITY</b> 2nd pari Passu charge on entire current assets of the company	

**15 Provisions (Non-Current)**

(All amounts in INR Lakh, unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits :		
- Leave encashment	19.20	19.17
- Gratuity (refer note: 35)	3.22	13.55
<b>Total</b>	<b><u>22.42</u></b>	<b><u>32.72</u></b>

**16 Deferred tax liabilities (net)**

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax liability	540.84	531.44
Gross deferred tax liability	540.84	531.44
Mat Credit (See note 36)	275.84	323.70
Deferred tax asset	65.08	55.80
Gross deferred tax asset	340.92	379.49
Deferred tax liability (Net) (Refer Note 40)	<u>199.92</u>	<u>151.95</u>

(All amounts in INR Lakh, unless otherwise stated)

**17 Other non current liabilities**

Particulars	As at March 31, 2018	As at March 31, 2017
Other liabilities	1.79	2.05
Deferred Income of capital subsidy	-	2.00
<b>Total</b>	<b><u>1.79</u></b>	<b><u>4.05</u></b>



**VMT SPINNING COMPANY LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2018**

**18 Borrowings (current)**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Working capital loans from Banks</b>		
- From banks (secured)	1,435.53	1,643.55
Borrowed from related party- unsecured (also refer note 38)	1,550.00	700.00
<b>Total</b>	<b>2,985.53</b>	<b>2,343.55</b>

\*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.

**19 Trade Payable**

PARTICULARS	As at March 31, 2018	As at March 31, 2017
<b>Trade Payable</b>		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer note 34)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises.	365.38	383.35
<b>Total</b>	<b>365.38</b>	<b>383.35</b>

The above amount includes Rs. Nil (Previous year Rs. Nil) debts due to firms or private companies respectively in which any director is a partner or a director or a member

**20 Other financial liabilities (Current)**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Financial liabilities at amortized cost</b>		
Current maturities of long-term debt	914.00	558.00
Other Payables	431.10	397.71
<b>Financial liabilities measured at fair value through Profit and loss</b>		
Derivative Financial Instruments	-	7.46
<b>Total</b>	<b>1,345.10</b>	<b>963.17</b>

**21 Other current liabilities**

Particulars	As at March 31, 2018	As at March 31, 2017
Trade Deposits & Advances	140.80	110.29
Deferred Income of capital subsidy	2.00	4.00
Other Payables	72.69	87.97
<b>Total</b>	<b>215.49</b>	<b>202.26</b>

**22 Provisions**

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Leave encashment	4.55	4.44
<b>Total</b>	<b>4.55</b>	<b>4.44</b>



**VMT SPINNING COMPANY LIMITED**
**Notes to the Financial Statements for the year ended March 31, 2018**

(All amounts in INR Lakh, unless otherwise stated)

**23 Revenue from operations**

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products		
Yarn	18,264.37	16,440.48
Cotton	1,505.15	204.92
Synthetic fibre	279.80	97.20
Waste	1,866.92	1,544.32
Others	20.95	35.36
Sale of services		
Processing charges	162.09	424.87
Other operating Revenue : Export Incentives	274.70	361.85
<b>Revenue from operations (Gross)</b>	<b>22,373.98</b>	<b>19,108.99</b>

**24 Other income**

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income on		
Bank deposits	2.87	1.05
Others	7.86	3.27
Rental Income	33.19	31.59
Claims Received	-	0.55
Provision no longer required written back	1.03	3.70
Net Gain on sale of Current Investments designated as at FVTPL through profit and loss	3.38	25.43
Net Gain on disposal of Property, plant & equipment	5.21	196.86
Income from Employee Loan	0.22	0.30
Net Gain on Forex Fluctuation (net of foreign exchange gains)	22.92	-
Amortization of Deferred Government Grant	4.00	4.00
Other income	8.46	3.95
	<b>89.14</b>	<b>270.70</b>

**25 Cost of materials consumed**

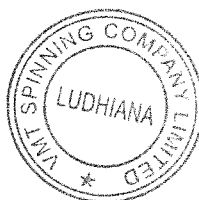
PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
Cost of raw materials consumed	15,080.83	12,293.49
	<b>15,080.83</b>	<b>12,293.49</b>

**26 Purchase of stock-in-trade**

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
Yarn	265.56	280.81
	<b>265.56</b>	<b>280.81</b>

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

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock		
Work-in-progress	350.41	244.76
Finished goods	1,928.52	1,035.84
	2,278.93	1,280.61
Less :Closing stock		
Work-in-progress	400.49	350.41
Finished goods	1,073.65	1,928.52
	1,474.14	2,278.93
<b>Net increase/ decrease</b>	<b>804.79</b>	<b>(998.32)</b>





VMT SPINNING COMPANY LIMITED

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

28 Employee Benefit Expense

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and Bonus	1,144.98	1,102.83
Contribution to provident and other funds	118.44	114.18
Staff welfare expense	12.55	18.71
	<b>1,275.97</b>	<b>1,235.71</b>

29 Finance Cost

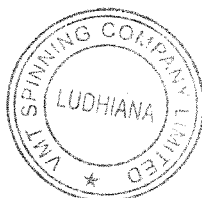
PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expense	345.89	299.69
Other borrowing cost	57.46	50.91
	<b>403.35</b>	<b>350.59</b>

30 Depreciation and Amortization

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation on Property plant and equipments	671.61	929.73
Depreciation on Inangible Assets	0.68	-
	<b>672.30</b>	<b>929.73</b>

31 Other Expenses

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
Power and Fuel	1,882.68	1,805.92
Packing Material and Charges	313.53	308.03
Stores and Spares Consumed	112.65	96.62
Repairs to Plant and Machinery	390.63	353.34
Fees,rates and taxes	0.27	1.98
Building Repairs and Maintenance	67.77	240.23
Insurance	18.02	19.00
Net Loss On Forex Fluctuation (net of foreign exchange gains)	-	27.57
Payment to Auditors		
Audit Fee	1.60	1.84
Tax Audit Fee	0.40	0.46
Reimbursement of Expenses	0.65	0.52
In Other capacity	0.30	-
Cost Audit Fee	0.40	0.41
Excise duty	0.10	0.43
Forwarding Charges and Octroi	401.16	379.04
Bad debts written off	0.10	6.30
Commission to Selling Agents	146.71	149.47
Miscellaneous Expenses	341.36	649.88
	<b>3,678.31</b>	<b>4,041.04</b>



32 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 2018

(All amounts in INR Lakh, unless otherwise stated)

Particulars	Measure at amortized cost	Measured at fair value through profit or loss		Measured at fair value through other comprehensive income		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
<b>Financial Assets:</b>							
Long term loans	0.03					0.03	0.03
Trade receivables	998.93					998.93	998.93
Cash and bank balances	86.37					86.37	86.37
Short term loans	6.70					6.70	6.70
Other financial current assets	9.72		0.58			10.29	10.29
<b>Total</b>	<b>1,101.74</b>	<b>-</b>	<b>0.58</b>	<b>-</b>	<b>-</b>	<b>1,102.32</b>	<b>1,102.32</b>
<b>Financial Liabilities:</b>							
Long term borrowings	1,422.48					1,422.48	1,422.48
Short term borrowings	2,985.53					2,985.53	2,985.53
Trade Payables	365.38					365.38	365.38
Other financial current liabilities	1,345.10					1,345.10	1,345.10
<b>Total</b>	<b>6,118.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,118.50</b>	<b>6,118.50</b>

As at 31st March 2017

Particulars	Measure at amortized cost	Measured at fair value through profit or loss		Measured at fair value through other comprehensive income		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
<b>Financial Assets:</b>							
Long term loans	0.93					0.93	0.93
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
<b>Total</b>	<b>1,086.69</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,086.69</b>	<b>1,086.69</b>
<b>Financial Liabilities:</b>							
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
<b>Total</b>	<b>6,017.35</b>	<b>-</b>	<b>7.46</b>	<b>-</b>	<b>-</b>	<b>6,024.81</b>	<b>6,024.81</b>

(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

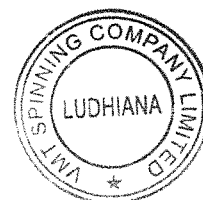
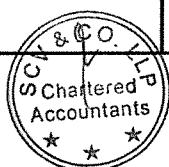
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

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 2018

Particulars	Fair Value As at 31st March 2018	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 assets**

-Derivative financial instruments 0.58 0.58

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**

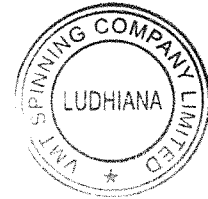
Fair Value through Profit and Loss -

**Current Investments**

Fair Value through Profit and Loss -

**Other financial current liabilities**

-Derivative financial instruments 7.46 - 7.46



**VMT Spinning Company Limited**

**Notes to the financial statements for the year ended March 31, 2018**

**(All amounts in INR lakh, unless otherwise stated)**

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

Particulars	Financial Year 2017-18	Financial Year 2016-17
<b>I Contingent Liabilities</b>		
(i) Bank Guarantees and Letters of Credit Outstanding	123.90	161.79
(iii) Other Contingent Liabilities*	81.92	22.42

\* The Company has contested the additional demand in respect of Income Tax amounting to Rs. 81.92 Lakhs (31 March 2017: Rs.22.42 Lakhs) in different cases. The Company has filed an appeal with the Appellate Authorities for which, provision of Rs. 81.92 Lakhs (31 March 2017: Rs.22.42 Lakhs) 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 31.03.2018	AS AT 31.03.2017
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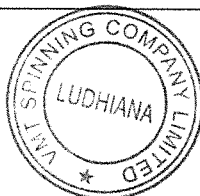
**Commitments**

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ( Rs in Lakhs)	26.13	115.86
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The Company has executed bonds for aggregate amount of Rs.5978.18 Lakhs (31 March 2017: Rs.5893.06 Lakhs) 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.1170.50 Lakhs (31 March 2017: Rs.1255.19 Lakhs) is outstanding to be discharged against these bonds.

On the basis of confirmation obtained from suppliers who have registered themselves under the Micro Small Medium Enterprise Development Act,2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:

	Year ended March 31, 2018	Year ended March 31, 2017
(i) Principal amount remaining unpaid	-	-
(ii) Interest due thereon remaining unpaid	-	-
(iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the period.	-	-
(iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006	-	-
(v) Interest accrued and remaining unpaid	-	-
(vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-



**VMT Spinning Company Limited****Notes to the financial statements for the year ended March 31, 2018****(All amounts in INR lakh, unless otherwise stated)****35. 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:**

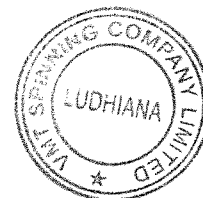
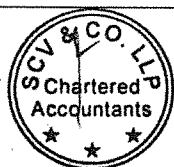
Particulars	Current Year	Previous Year
Present value obligation as at beginning of the year	131.31	110.07
Interest cost	9.90	8.80
Current service cost	18.35	17.06
Benefits Paid	(13.92)	(7.84)
Actuarial (gain)/ loss	(5.25)	3.21
Present value obligation as at end of the year	140.39	131.31

**(b) Change in Fair Value of Plan Asset :**

Particulars	Current Year	Previous Year
Fair value of Plan Assets as at beginning of the year	117.76	109.32
Actual return on Plan Assets	5.82	7.70
Contributions	13.65	0.74
Benefits Paid	(0.06)	(0.00)
Fair value of Plan Assets as at end of the year	137.17	117.76

**(c) Amount recognized in Balance Sheet:**

Particulars	Current Year	Previous Year
Present value obligation as at end of the year	140.39	131.31
Fair value of Plan Assets as at end of the year	137.17	117.76
Funded Status	(3.22)	(13.55)
Net Liability recognized in Balance Sheet of which accounted as :		
Current Provisions	-	-
Non-Current Provisions	-	-



**VMT Spinning Company Limited**

**Notes to the financial statements for the year ended March 31, 2018**

**(All amounts in INR lakh, unless otherwise stated)**

Present value of unfunded obligation as at end of the year	-	-
Unfunded Actuarial (gains)/ losses	-	-
Unfunded Net Asset/ (Liability) recognized in Balance Sheet.	(3.22)	(13.55)

(d) Expenses Recognized in Statement of Profit and Loss:

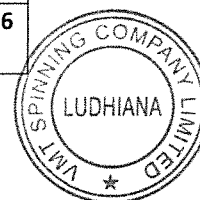
Particulars	Current Year	Previous Year
Current service cost	18.35	17.06
Interest cost	1.02	0.06
Total Expenses recognized in statement of profit and Loss	19.37	17.12

(e) OCI Recognized:

Particulars	Current Year	Previous Year
Net cumulative unrecognized actuarial gain/(loss) opening	(10.67)	14.94
Actuarial gain / (loss) for the year on Projected benefit obligation (PBO)	5.25	(3.21)
Actuarial gain /(loss) for the year on Asset	(3.06)	(1.05)
Unrecognized actuarial gain/(loss) at the end of the year	12.87	(10.67)

(f) Investment details of Fund :

Particulars	Current Year	Previous Year
Mutual Funds	18.69	15.97
Government Securities	62.83	52.43
Bank Balance (Incl. FD of 1.50)	0.33	0.19
Bonds	55.32	49.17
<b>TOTAL</b>	<b>137.17</b>	<b>117.76</b>



**VMT Spinning Company Limited****Notes to the financial statements for the year ended March 31, 2018****(All amounts in INR lakh, unless otherwise stated)**

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

Particulars	Current Year	Previous Year
Discount Rate (per annum)	7.71%	7.54%
Rate of increase in compensation levels (per annum)	6.00%	6.00%
Rate of return on plan assets (per annum)	4.27%	7.04%
Expected Average remaining working lives of employees (years)	25.62	26.00
Method Used	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:

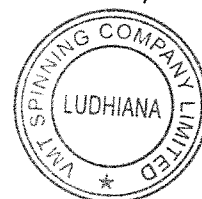
Particulars	Current Year	Previous Year
<b>Discount Rate</b>		
0.50% Increase	(5.35)	(5.21)
0.50% decrease	5.76	5.62
<b>Future Salary increase</b>		
0.50% Increase	5.83	5.67
0.50% decrease	(5.46)	(5.31)

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

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

Particulars	(Amount in Lakhs)	
	Current Year	Previous Year
Within 1 year	22.03	22.07
1-5 years	28.86	29.05
Beyond 5 years	89.51	80.18
<b>Total expected payments</b>	<b>140.40</b>	<b>131.31</b>

(j) The average duration of the defined benefit plan obligation at the end of the reporting period is 13.25 years (31 March 2017: 13.34 years).



**VMT Spinning Company Limited**

**Notes to the financial statements for the year ended March 31, 2018**

**(All amounts in INR lakh, unless otherwise stated)**

36. 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.

**37. Segment 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 2018 and (31 March 2017)

(Rs. in Lakhs)

Particulars	India	China	Japan	Vietnam	Others	Total
Revenue from sale of products	10974.96 (7310.75)	2466.43 (2417.74)	4370.06 (4963.28)	474.97 (1947.94)	4087.57 (2469.30)	22373.98 (19108.98)
Non-current assets	5838.42 (6302.27)	Nil Nil	Nil Nil	Nil Nil	Nil Nil	5838.42 (6302.27)

The company has business operations only in India and does not hold any assets outside India. There is no single segment that accounts for more than 10% of the Company's revenue.

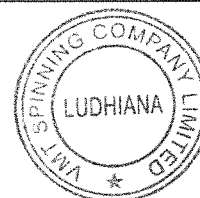
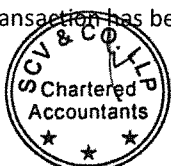
**38. Related Party Disclosure :**

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

(a) Related Party and their relationship

			Current Year
1	(a)	Holding Company	Vardhman Textiles Limited
	(b)	Fellow Subsidiary Companies #	-VTL Investments Limited -Vardhman Acrylics Limited
	(c)	Associates of Holding Company	-Vardhman Special Steels Ltd. -Vardhman Yarns & Threads Limited
	(d)	Joint Venture of Holding Company #	-Vardhman Nisshinbo Garments Company Limited
	(e)	Employee benefit trust	-VMT Gratuity fund trust
2		Key Management Personnel	Mr. Neeraj Jain, Managing Director* Mr. Rajeev Thapar (CFO) Mr. Satin Katyal (CS) Mr. Yasuhiro Kamaki (Till 06.09.2017)** Mr. Sandeep Kapoor (Till 02.11.2017)*** Ms. Harpreet Kaur Kang (Till 02.11.2017)*** Mr. S.P Oswal** Mr. D.L Sharma**

# No transaction has been taken place during current year and previous year.





**VMT Spinning Company Limited**

**Notes to the financial statements for the year ended March 31, 2018**

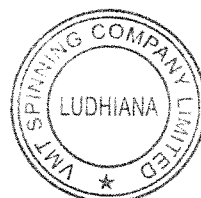
**(All amounts in INR lakh, unless otherwise stated)**

\* Executive Director

\*\* Non Executive Director

\*\*\* Independent Director

Particulars	Holding Company		Associates Company- Vardhman Yarns & Threads Ltd		Associates 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	1008.33	1290.47	8.59	-	-	-	-	-	1016.92	1,290.47
Purchase of property plant and equipment	61.47	114.31	-	-	-	-	-	-	61.47	114.31
Purchase of Focus/DEPB	-	-	-	-	-	6.55	-	-	-	6.55
Sale/Processing of goods	7193.80	3901.54	0.07	28.24	1.75	0.56	-	-	7195.62	3,930.35
Sale of property plant and equipment	59.76	20.45	-	58.77	-	-	-	-	59.76	79.22
Interest received	5.80	-	-	-	0.10	-	-	-	5.90	-
Interest Paid	83.83	36.40	-	-	-	-	-	-	83.83	36.40
Remuneration to Key managerial personnel:- Executive director Other KMP's			-	-	-	-	25.36 3.83	34.96 3.28	25.36 3.83	34.96 3.28
Common Corporate & ERP Expenses (including Service Tax)	73.15	73.15	-	-	-	-	-	-	73.15	73.15
Loan granted	3300	2,225.00	-	-	-	-	-	-	3300.00	2,225.00
Repayment of loan granted	1750	1,525.00	-	-	-	-	-	-	1750.00	1,525.00
Closing Balance of Loan	1550	700.00	-	-	-	-	-	-	1550.00	700.00
Reimbursement of Expenses incurred	23.03	42.18	-	-	-	-	-	-	23.03	42.18
Reimbursement of Expenses received	17.39	127.94	-	-	-	0.04	-	-	17.39	127.98



**VMT Spinning Company Limited**

**Notes to the financial statements for the year ended March 31, 2018**

**(All amounts in INR lakh, unless otherwise stated)**

**39. 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.

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Total Profit After Tax attributable to Equity shareholders	176.27	828.97
Number of weighted average equity shares	20,700,240	20,700,240
<b>Earnings per equity share</b>		
Basic – Par Value of Rs. 10 per share (Rs.)	0.85	4.00
Diluted — Par Value of Rs. 10 per share (Rs.)	0.85	4.00
		-

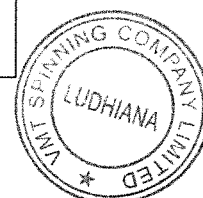
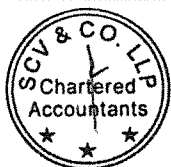
**40. Deferred Tax:**

**(a) Reconciliation of Deferred tax liabilities (net)**

Particulars	Current Year	Previous Year
Balance at the beginning of the year	475.64	317.89
Deferred tax income/expenses during the year recognized in Statement of Profit and loss	0.12	157.75
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	<b>475.76</b>	<b>475.64</b>

**(b) Reconciliation of tax expense and the Profit before tax multiplied by statutory tax rate :**

Particulars	Current Year	Previous Year
Accounting profit before tax	282.00	1,248.12
Tax at statutory income tax rate of 33.063% (31 March 2017: 33.063%/16.5315%)	93.24	412.67



**VMT Spinning Company Limited****Notes to the financial statements for the year ended March 31, 2018****(All amounts in INR lakh, unless otherwise stated)**

<b>Tax effect of the amounts not deductible for computing taxable income</b>		
Depreciation Difference	(7.09)	(103.44)
Disallowance U/S 43b		11.81
Profit on sale of Property, Plant and Equipment's		(66.57)
Capital Subsidy recognized as Income in books already capitalized in Income tax earlier	(1.32)	(1.32)
Others	21.67	1.52
Interest U/S 234 C	-	3.83
<b>Income tax expense</b>	<b>106.50</b>	<b>258.50</b>

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.

**42. 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.

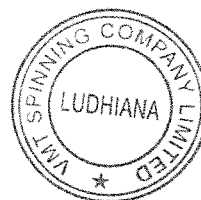
This note explains the risks which the company is exposed to and policies and framework adopted by the company to manage these risks:

**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 51% (previous year 62%) 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.



**VMT Spinning Company Limited**

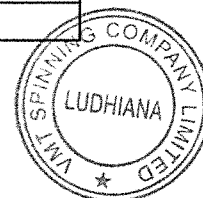
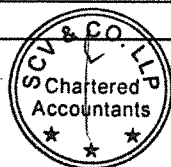
**Notes to the financial statements for the year ended March 31, 2018**

**(All amounts in INR lakh, unless otherwise stated)**

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:

(Rs. In Lakhs )

Particulars	Financial Year ended 31.03.2018	Financial Year ended 31.03.2017
<b>Exposure on account of Financial Assets (A)</b>		
Trade receivables		
-In USD	11.36	9.21
<b>Advance to suppliers</b>		
-In USD	3.29	0.02
-In JPY	0.75	14.40
-In CHF	0.27	-
-In Euro	0.09	-
<b>Amount hedged through forwards (B)</b>		
-In USD	14.65	-
<b>Net exposure to foreign currency risk (Assets) (C=A-B)</b>	<b>1.11</b>	<b>23.63</b>
-In USD	0.00	9.23
-In JPY	0.75	14.40
-In CHF	0.27	-
-In Euro	0.09	-
<b>Exposure on account of Financial Liabilities (D)</b>		
Trade Payables		
-In CHF	0.41	0.14
-In EURO	0.06	0.06
-In JPY	4.47	-
-In USD	1.13	7.26
<b>Amount hedged through forwards (E)</b>		
in USD	1.13	7.26
<b>Net Exposure to Foreign Currency Liabilities (F=D-E)</b>	<b>4.94</b>	<b>0.20</b>
-In CHF	0.41	0.14
-In EURO	0.06	0.06
-In JPY	4.47	-
-In USD	-	-



**VMT Spinning Company Limited**

**Notes to the financial statements for the year ended March 31, 2018**

**(All amounts in INR lakh, unless otherwise stated)**

Net exposure to foreign currency risk (Assets/(Liability)) (C-F)		
-In CHF	-0.14	-0.14
-In Euro	0.03	-0.06
-In JPY	-3.72	14.40
-In USD	-	9.23

# The forwards and options have been considered to the extent of financial assets/liabilities only.

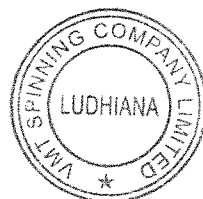
The following significant exchange rates applied during the year:

Particulars	2017-18 (Average exchange rate)	2016-17 (Average exchange rate)	2017-18 (Year end rates)	2016-17 (Year end rates)
INR/USD	64.46	65.55	65.17	64.86
INR/JPY	0.58	0.58	0.61	0.58
INR/CHF	66.41	66.88	68.48	64.84
INR/EURO	75.45	72.2	80.22	69.31

**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:

Particulars	Amount (Rs. In Lakhs)	
	Current Year	Previous Year
10% Strengthening/weakening of USD against INR	-	59.86
10% Strengthening/weakening of JPY against INR	0.23	0.84
10% Strengthening/weakening of CHF against INR	0.96	0.91
10% Strengthening/weakening of EURO against INR	0.24	0.42



## VMT Spinning Company Limited

Notes to the financial statements for the year ended March 31, 2018

(All amounts in INR lakh, unless otherwise stated)

### (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:

(INR Rs. In Lakhs)

Particulars	Current Year	Previous Year
<b>Variable rate instruments</b>		
Non current borrowings	1422.48	2,334.74
Current maturities of long term debt	914.00	558.00
Current borrowings	2985.53	2343.55

### Cash flow sensitivity analysis for variable rate instruments

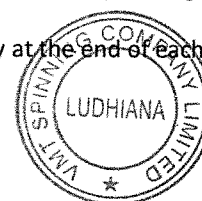
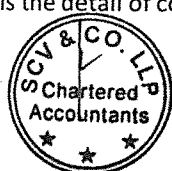
The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/(decreased) profit or loss for the 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	Current Year	Previous Year
Increase/ (decrease) in 100 basis point ( In Lakhs)	53.23	52.36

### 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:



**VMT Spinning Company Limited**

**Notes to the financial statements for the year ended March 31, 2018**

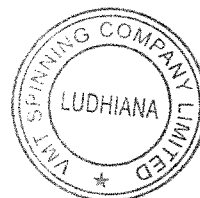
**(All amounts in INR lakh, unless otherwise stated)**

**(Rs In Lakhs )**

Particulars	Current Year	Previous Year
<b>Non current Borrowings including current maturity of long term debts (Carrying amount)</b>		
0-12 months	914.00	558.00
1-2 years	400.00	1314.00
2-5 years	1025.00	1025.00
More than 5 years	-	-
<b>Current Borrowings (Carrying amount)</b>		
0-12 months	2986.23	2343.55
1-2 years	-	-
2-5 years	-	-
More than 5 years	-	-
<b>Trade Payables (Carrying amount)</b>		
0-12 months	360.30	383.35
1-2 years	-	-
2-5 years	-	-
More than 5 years	-	-
<b>Other Financial liabilities (Carrying amount)</b>		
0-12 months	435.15	405.17
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.



**VMT Spinning Company Limited****Notes to the financial statements for the year ended March 31, 2018****(All amounts in INR lakh, unless otherwise stated)**

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	Current Year	Previous Year
<b>(a) Revenue from top five customers</b>		
- Amount of sales (Rs . Lakhs)	6837.84	7206.93
-% of total sales	30.56%	37.65%
<b>(b) Allowance for doubtful debt</b>		
-Balance at the beginning of the period	-	-
-Impairment loss recognized	-	-
-Amount written off	-	-
-Balance at the end of the period	-	-

**Capital Management**

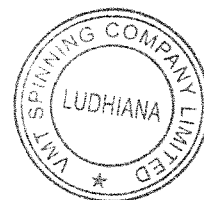
The capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maintain optimum capital structure to reduce cost of capital and to maximize the shareholder value.

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:

(Rs. in Lakhs)

Particulars	Current Year	Previous Year
Borrowings	5322.72	5,236.30
Less: Cash and cash equivalents	86.37	37.34
Net debt (A)	5236.35	5,198.96





**VMT Spinning Company Limited****Notes to the financial statements for the year ended March 31, 2018  
(All amounts in INR lakh, unless otherwise stated)**

Total equity	10625.92	10,448.21
Capital and Net debt (B)	15862.27	15,647.17
Gearing ratio (A/B)	33%	33%

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 2018 and 31 March 2017.

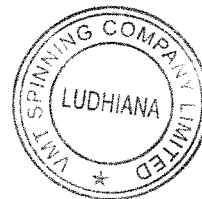
44. Reconciliation of changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes as per the requirement of Ind AS-7 'Statement of Cash Flows'.

(Rs. in Lakhs)

Particulars	Borrowings (Non current) (incl current maturities)	Borrowings (Current)
Balance at the beginning of the period		
Add: Changes during the period		
(a) changes from financing cash flows		
(b) changes arising from obtaining or losing control of subsidiaries or other businesses		
(c) the effect of changes in foreign exchange rates		
(d) changes in fair values		
(e) other changes		
Balance at the end of the period		

**45. RECENT ACCOUNTING PRONOUNCEMENTS****a) Standards Issued but not yet effective**

Ind AS 21- The Effects of Changes in Foreign Exchange Rates



**VMT Spinning Company Limited**  
**Notes to the financial statements for the year ended March 31, 2018**  
**(All amounts in INR lakh, unless otherwise stated)**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, "Foreign Currency Transactions and Advance Consideration" which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The amendment is applicable for annual reporting periods beginning on or after April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

**Ind AS 115- Revenue from Contract with Customers**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

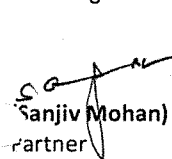


Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

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

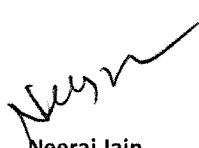
As per our separate report of even date attached

For SCV & Company LLP  
Chartered Accountants  
Firm Registration No.: 000235N/N500089


    
Sanjiv Mohan  
Partner  
Satin Katyal  
Company Secretary

Membership No.: 086066 M.No:40578  
Place: Ludhiana  
Date:-May 10,2018

For and on behalf of the Board of Directors

  
Neeraj Jain  
Managing Director

DIN: 00340459

  
S.P. Oswal  
Chairman

DIN: 00121737