

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of VMT Spinning Company Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash flows for the year ended, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

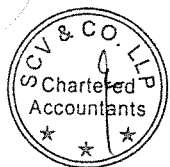
The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,



as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance sheet, the statement of profit and loss including other comprehensive income, statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.



(d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

(e) On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of directors, none of the directors is disqualified as on 31st March 2019 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note 32 to the financial statements.
- ii. The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

For SCV & Co. LLP

Chartered Accountants

Firm Reg. No. 000235N/N500089



(Sanjiv Mohan)
Partner

M. No. 086066

Place: Ludhiana

Date: 07th May, 2019

Annexure – “A” TO THE INDEPENDENT AUDITORS REPORT

(Referred to in paragraph 1(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 31st March 2019 in conjunction with our audit of 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, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the 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 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 of the company.



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 2019, 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: 07th May, 2019

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



(Sanjiv Mohan)
Partner

M. No. 086066

Annexure – “B” to the Independent Auditors’ Report

(Referred to in paragraph 2 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 Furniture & Fixtures and Office Equipment 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 of grant of 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 cost records 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 cost 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,



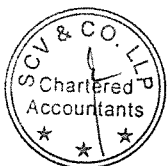
service tax, duty of custom, duty of excise, value added tax, cess, goods and service tax and other statutory dues applicable to it with the appropriate authorities.

(b) 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 31st March, 2019.

(c) 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, Goods & service tax which have not been deposited on account of any dispute except as given below:

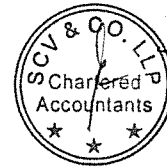
Nature of Statue	Nature of Dues	Total Demand (In Lakhs)	Paid under Protest (In Lakhs)	Unpaid (In Lakhs)	Financial Year to which it relates	Forum at which dispute is pending
Entry Tax	Entry Tax & Interest	101.17	25.63	75.54	2010-11 to 2018-19	High Court, Himachal Pradesh

- (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. 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 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 to the company.
- (xiii) According to the information and explanations given to us, and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details of the transactions have been disclosed in the 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 to the company.
- (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 directors or person connected with them. Accordingly, provisions of paragraph 3 (xv) of the Order are not applicable to the company.
- (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 and hence reporting under clause 3(xvi) of the order is not applicable to the company.

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



(Sanjiv Mohan)
Partner
M. No. 086066

Place: Ludhiana
Date: 07th May, 2019

VMT SPINNING COMPANY LIMITED
BALANCE SHEET AS AT MARCH 31, 2019

(Rs. in Lacs)


Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3	5,414.15	5,743.38
(b) Capital work-in-progress		2.39	54.14
(c) Intangible Assets	3	4.65	5.98
(d) Financial Assets			
(i) Loans	4	0.95	0.03
(e) Other non-current Assets	5	32.42	34.88
Total of Non-current assets		5,454.56	5,838.41
2 Current assets			
(a) Inventories	6	8,766.69	8,945.10
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade receivables	7	912.11	998.93
(iii) Cash and cash equivalents	8	59.74	86.37
(iv) Loans	9	6.54	6.70
(v) Other financial assets	10	0.72	10.29
(c) Current tax assets (Net)		-	36.49
(d) Other current assets	11	999.34	1,266.29
Total of Current assets		10,745.14	11,350.17
Total assets		16,199.70	17,188.58
EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share capital	12	2,070.02	2,070.02
(b) Other Equity	13	10,407.40	8,555.90
Total of Equity		12,477.42	10,625.92
Liabilities			
2 Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	14	1,023.74	1,422.48
(b) Provisions	15	20.52	22.42
(c) Deferred tax liabilities (Net)	16	362.91	199.92
(d) Other non-current liabilities	17	1.92	1.79
Total of Non-current liabilities		1,409.08	1,646.61
3 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	937.56	2,985.53
(ii) Trade payables	19		
(1) total outstanding dues of micro enterprises and small enterprises			
(2) total outstanding dues of creditors other than micro enterprises and small enterprises		384.41	365.38
(iii) Other financial liabilities	20	845.26	1,345.10
(b) Other current liabilities	21	138.36	215.49
(c) Provisions	22	4.20	4.55
(d) Current tax liabilities (net)		3.42	-
Total of Current liabilities		2,313.19	4,916.05
Total liabilities		3,722.28	6,562.66
TOTAL OF EQUITY AND LIABILITIES		16,199.70	17,188.58

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

(Sanjiv Mohan)
Partner
M. No. 086066



Place: Ludhiana
Date: 07th May, 2019.

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

Sanjay Gupta
Company Secretary
M.No: 4935

VMT SPINNING COMPANY LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

(Rs. in Lacs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary items	2,522.19	282.00
Adjustments for :		
Depreciation and amortization expense	679.80	672.30
Interest charged	270.13	403.35
Interest/Dividend Received	(3.75)	(10.73)
Excess Provision written Back	(9.54)	(1.03)
Amortization of Deferred Govt. Grant	(2.00)	(4.00)
(Profit) / Loss on sale of Investments carried at fair value through profit and loss (Net)	(48.54)	(3.38)
(Profit) / Loss on sale of Property plant and equipment (Net)	(6.65)	(5.21)
	<u>879.45</u>	<u>1,051.30</u>
Operating Profit before Working Capital Changes	<u>3,401.64</u>	<u>1,333.30</u>
Movement in Gratuity Provisions	6.33	1.43
Decrease/(Increase) in Trade and other Receivables	360.12	(320.87)
Decrease/(Increase) in Inventories	178.41	(414.08)
(Decrease)/Increase in liabilities	(34.54)	13.78
Cash generated from Operations	<u>3,911.97</u>	<u>613.57</u>
Income taxes paid	(474.11)	(35.22)
Net Cash from (used in)/generated by operating activities	<u>3,437.85</u>	<u>578.35</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(309.80)	(278.90)
Payment for Purchase of Investments	(6,140.00)	-
Proceeds from disposal of Investments	6,188.54	3.38
Proceeds from disposal of Property, plant and equipment	18.04	53.13
Interest/Dividend Received	3.75	10.73
Net Cash (used in)/ generated by investing activities	<u>(239.47)</u>	<u>(211.67)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of Secured Borrowings(Net)	(2,962.46)	83.97
Interest Paid	(268.39)	(401.61)
Net Cash (used in)/generated by financing activities	<u>(3,230.85)</u>	<u>(317.64)</u>
Net Increase in cash & cash equivalents [A+B+C]	<u>(32.46)</u>	<u>49.04</u>
Cash and cash equivalents at the beginning of the year	86.37	37.34
Cash and cash equivalents at the end of the year (refer note 8)	<u>53.90</u>	<u>86.37</u>

As per our report of even date attached
For SCV & Co. LLP
Chartered Accountants
Firm Regn. No.: 000235N/NS00089

(Sanjiv Mohan)
Partner
M. No. 086066



Place: Ludhiana
Date: 07th May, 2019.

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

Sanjay Gupta
Sanjay Gupta
Company Secretary
M.No: 4935

VMT SPINNING COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

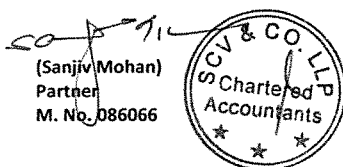
(Rs. in Lacs)

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I. Revenue from operations	23	23,288.51	22,373.98
II. Other income	24	157.28	89.14
III. Total revenue		23,445.79	22,463.12
IV. Expenses :			
Cost of materials consumed	25	14,934.99	15,080.83
Purchases of stock-in-trade	26	49.72	265.56
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	(205.93)	804.79
Employee benefits	28	1,412.43	1,275.97
Finance costs	29	270.13	403.35
Depreciation and amortization	30	679.80	672.30
Other expenses	31	3,782.47	3,678.31
Total Expenses		20,923.60	22,181.12
V. Profit before tax (III-IV)		2,522.19	282.00
VI. Tax expense:			
(1) Current tax		747.07	105.62
(2) Deferred tax		(70.05)	0.12
VII. Profit for the period (V-VI)		1,845.17	176.27
VIII. Other Comprehensive Income			
A Items that will not be reclassified to profit or loss			
(i) Actuarial (loss)/ gain on defined benefit obligation		8.93	2.19
(ii) Investments through other Comprehensive Income		-	-
(iii) Income tax relating to these items that will not be reclassified to profit or loss		(2.60)	(0.76)
(iv) Deferred Taxes relating to items that will not be reclassified to profit or loss		-	-
B Items that may be reclassified to profit or loss			
Income tax relating to items that may be reclassified to profit or loss		-	-
		6.33	1.43
IX. Total Comprehensive Income for the period (VII+VIII)		1,851.50	177.70
Earnings per equity share			
Basic - Par value of Rs. 10 per share (Rs.)		8.91	0.85
Diluted - Par value of Rs. 10 per share (Rs.)		8.91	0.85

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



Place: Ludhiana
Date: 07th May, 2019.

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

Sanjay Gupta
Company Secretary
M.No: 4935

VMT SPINNING COMPANY LIMITED
Statement of Changes In Equity for the year ended March 31, 2019

(Rs. in Lacs)

Particulars	Equity Share Capital	Reserve and Surplus				Items of other comprehensive income		Total equity attributable to equity holders of the company
		Capital Redemption Reserve	Securities premium	General Reserves	Retained Earnings	Remeasurement on defined benefit obligation		
Balance as at 1st April 2018	2070.02	600.00	0.00	3495.00	4452.32		8.58	10625.92
Profit for the year	-	-	-	-	1,845.17		-	1,845.17
Other Comprehensive Income for the year	-	-	-	-	-		6.33	6.33
Total Comprehensive Income for the year (2018-19)					1,845.17		6.33	1,851.50
Balance as at 31 March 2019	2,070.02	600.00	-	3,495.00	6,297.49		14.91	12,477.42

Particulars	Equity Share Capital	Reserves and Surplus				Items of other comprehensive income		Total equity attributable to equity holders of the company
		Capital Redemption Reserve	Securities premium	General Reserves	Retained Earnings	Remeasurement on defined benefit obligation		
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		-	176.27
Other Comprehensive Income for the year	-	-	-	-	-		1.43	1.43
Total Comprehensive Income for the year (2017-18)					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/NS00089

(Sanjiv Midhan)
Partner
M. No. 08f066



Place: Luckhiana
Date: 07th May, 2019.

For and on behalf of the Board of Directors

Neeraj Jain
Managing Director
DIN: 00340459

Rajesh Thapar
Chief Financial Officer
PAN: ADFPT3478D

S.P. Oswal
Chairman
DIN: 00121737

Sanjay Gupta
Company Secretary
M.No: 4935

VMT Spinning Company Limited
Notes Forming Part of Financial Statements

1. CORPORATE INFORMATION

VMT Spinning Company Limited("the Company") is a public limited company, incorporated under the provisions of Indian Companies Act and has its registered office at Vardhman Premises, Chandigarh Road, Ludhiana, Punjab, India.

The Company is engaged in business of manufacturing and trading of Yarn having its manufacturing facility in Baddi, Himachal Pradesh.

The financial statements are approved by board of directors of the Company on 7th May, 2019

2. SIGNIFICANT ACCOUNTING POLICIES :

(a) Basis of preparation of financial statements

(i) Compliance with Ind As

The financial statement comply in all material aspects with Indian Accounting Standards(Ind AS) notified under Section 133 of the companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment issued thereafter.

(ii) The financial statements have been prepared on historical cost convention on accrual basis, except for certain financial instruments which have been measured at fair value.

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

(b) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, exercise 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. These estimates and assumptions are based on historical experiences and various factors that are believed to be reasonable under the circumstances. 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.

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note 2(u).



VMT Spinning Company Limited
Notes Forming Part of Financial Statements

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.

(c) Revenue Recognition

The Company derives revenue from sale of Yarn.

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. The effect on adoption of Ind AS 115 was insignificant as the revenue is of short term nature and performance obligations are satisfied upon delivery of goods.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for returns, trade allowances for deduction, rebates, goods and services tax and amounts collected on behalf of third parties.

(i) Sale of Yarn

Revenue from the sale is recognized as and when Yarn is sold. Revenue from the sale of Yarn and traded good are recognized when control of the goods has passed to the buyer i.e. at the point of sale/delivery to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods. Sale is net of sales returns, discounts and goods and services tax.

(ii) Export Incentives

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

(iii) Interest Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding & the applicable interest rate.

(iv) Other Interest

Interest income is recognised using effective interest rate.

(v) Dividend

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

(vi) 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.



VMT Spinning Company Limited
Notes Forming Part of Financial Statements

(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) Provident Fund

Employees receive benefit in the form of provident fund which is a defined contribution plan. 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.

(iii) 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.

(iv) 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 with Life insurance corporation of India as permitted by Indian Law.

The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gain and losses through re-measurements of the net defined benefit liability / asset are recognised in other comprehensive income and are not reclassified to profit and loss in subsequent periods.

The actual return of portfolio of plan assets in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income.

(v) 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.



VMT Spinning Company Limited
Notes Forming Part of Financial Statements

(e) Property, Plant and Equipment

On transition to Ind AS, the Company has elected to continue with the carrying value of all its Property, Plant and Equipment as at 1st April, 2015 measured as per previous GAAP and use its carrying value as its deemed cost of Property, Plant and Equipment as per Ind AS 101 and hence regarded thereafter as historical cost.

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets as prescribed under Part C of Schedule II of the Companies Act 2013 except the assets costing Rs. 5000/- or below on which depreciation is charged @ 100% per annum on proportionate basis, are as follows:

Building - 30-60 years.
Plant and Machinery - 15-25 years.
Office Equipment - 5 Years
Computer Equipment - 3 years.
Furniture and fittings - 10 years
Vehicles excluding Motor cycles- 08 years.
Motor cycles – 10 years.

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.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

(f) Impairment of property, plant and equipment

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 (Cash Generating unit) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement



VMT Spinning Company Limited

Notes Forming Part of Financial Statements

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 depreciation) had no impairment loss been recognized for the asset in prior years.

(g) 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. Amortization method and useful lives are reviewed periodically at end of each financial year.

(h) Inventories

Inventories of raw materials, stores and spares, work-in-progress and finished goods are valued at cost or net realisable value, whichever is lower. However, materials and other items held for use in the production of Inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The cost in respect of the aforesaid items of inventory is computed as under:-

- In case of raw materials, at weighted average cost plus direct expenses.
- In case of stores and spares, at weighted average cost plus direct expenses.
- In case of work-in-progress, at raw material cost plus conversion cost depending upon the stage of completion.
- In case of finished goods, at raw material cost plus conversion cost, packing cost and other overheads incurred to bring the goods to their present condition and location.

(i) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of items of property, plant and equipment which takes substantial period of time to get ready for their intended use 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 cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(j) 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 is divided by the weighted average number of equity shares outstanding during the period after adjusting the effects of all dilutive potential equity shares if any.



VMT Spinning Company Limited
Notes Forming Part of Financial Statements

(k) Income Taxes

Income tax expense comprises of current and deferred income tax. Income tax expense is recognized in the statement of profit and loss except to when it relates to items recognized directly in equity or items recognised in other comprehensive income.

Current income tax for current period 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.

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. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and in such cases, the income tax expense is also recognized directly in the equity or in the other comprehensive income as applicable.

(l) Government Grants

(i) 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.

(ii) Government grants in relation to property, plant and equipment 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.

(iii) 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.

(m) 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)



VMT Spinning Company Limited

Notes Forming Part of Financial Statements

(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 monetary items denominated in foreign currency are reported 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 is translated using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement or reporting of monetary items at rates different from rates at which these were initially recorded during the period or reported in previous financial statements as recognised in the statement of profit or loss in the period in which they arise.

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

(n) 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.

(o) Leases

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower.

Lease under which the risks and rewards incidental to ownership are not transferred to lessee is classified as operating lease. Lease payments under operating leases are recognized as an expense on a straight line basis in net profit in the statement of profit and loss over the lease term.

(p) 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

All financial assets and liabilities are initially recognized at fair value plus or minus transaction cost that are directly attributable to the acquisition or issue of financial asset or financial liability on initial recognition. Transaction cost that are directly attributable to the acquisition of financial assets or financial liabilities, that are carried at fair value through profit or loss are immediately recognized in the statement of profit or loss.



VMT Spinning Company Limited
Notes Forming Part of Financial Statements

(ii) Subsequent measurement

➤ **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.

On initial recognition, the company can make an irrevocable election for its investment which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. These elected investments are initially measured at fair value plus transaction cost, subsequently they are measured at fair value with gains and losses arising from changes in fair value recognized in OCI and accumulated in the Reserve for equity instruments through OCI. The cumulative gain or loss is not reclassified to Profit or loss on disposal of the investments.

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

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

(iv) Financial liabilities

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

➤ **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.

➤ **Financial assets or financial liability at fair value through Profit or Loss**

This category has financial assets or liabilities which are not designated as hedges.

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.



VMT Spinning Company Limited

Notes Forming Part of Financial Statements

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.

➤ Cash Flow Hedge

The Company has not designated derivative financial instruments as cash flow hedges.

➤ Share capital

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.

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 right to receive the contractual cash flows including risk and rewards of ownership.

A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled or expired.

Fair value measurement

Fair value of financial assets and liabilities is normally determined by reference to the transaction price or market price, if the fair value is not reliably determinable then the fair value is determined by using the valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximizing the use of relevant observable inputs and minimizing 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.

(q) Impairment of assets

Financial assets that are carried at amortised cost and fair value through other comprehensive income (FVOCI) are assessed for possible impairments basis expected credit losses taking into account the past history of recovery, risk of default of the counterparty, existing market conditions etc. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.



VMT Spinning Company Limited

Notes Forming Part of Financial Statements

For Trade receivables, the Company provides for expected credit losses based on a simplified approach as per Ind AS 109 - Financial Instruments. Under this approach, expected credit losses are computed basis the probability of defaults over the lifetime of the asset.

(r) Cash and cash equivalents

Cash and cash equivalent for the purpose of statement of cash flows include bank balances, where the original maturity is three months or less and other short term highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value. Bank overdraft are included as a component of cash and cash equivalent for the purpose of statement of cash flow.

(s) 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.

(t) Provisions and Contingent liabilities:

Provisions are recognized if, as a result of past event, the company has a present obligation (legal or constructive) and on management judgement that is reasonably estimable, and it is probable that a cash outflow will be required to settle the obligation.

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

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate is possible;
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Contingent assets are not recognized in the financial statements since they may result in the recognize of income that may never be accrued/realized.

Provisions, contingent liabilities, and commitments are reviewed at each balance sheet date.

(u) Critical accounting estimates

Useful lives of property, plant and equipment

The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, internal assessment of user experience and other economic factors (such as the stability of the industry, and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the asset.



VMT Spinning Company Limited

Notes Forming Part of Financial Statements

The Company reviews the useful life of property, plant and equipment at the end of each reporting date.

Recoverable amount of property, plant and equipment

The recoverable amount of property plant and equipment is based on estimates and assumptions regarding the expected market outlook and expected future cash flows. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

Post-retirement benefit plans

Employee benefit obligations are measured on the basis of actuarial assumptions including any changes in these assumptions that may have a material impact on the resulting calculations.

Recognition of deferred tax assets

Recognition of deferred tax assets depends upon the availability of future profits against which tax losses carried forward can be used.

(v) Recent accounting pronouncements

Ind AS 116 Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued



VMT Spinning Company Limited
Notes Forming Part of Financial Statements

lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

Amendment to Ind AS 12 – Income taxes : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.



VMT Spinning Company Limited
Notes Forming Part of Financial Statements

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date of application of this amendment is annual period beginning on or April 1, 2019.



VMT SPINNING COMPANY LIMITED
Notes to the Financial Statements for the year ended March 31, 2019

3.(a) Property, Plant and Equipment

Description	Gross Carrying Value			Depreciation		Net Carrying Value	
	As at 1st April 2018	Additions	Adjustments/ Sale	As at March 31, 2019	For the year	As at March 31, 2019	As at March 31, 2018
					Adjustments / Sale		
Land	63.40			63.40	-	63.40	63.40
Buildings	1,412.73	11.52		1,424.26	61.34	1,189.18	1,239.01
Plant and equipment	6,433.77	344.69	20.48	6,757.98	603.90	4,126.12	4,395.92
Office equipment	41.24	3.33	1.07	43.50	9.85	8.26	15.53
Computer equipment	24.06	0.47	0.05	24.48	1.61	18.40	19.59
Furniture and fixtures	13.85	0.62		14.47	1.27	5.90	6.54
Vehicles	4.97			4.97	0.49	2.89	3.38
	7,994.03	360.64	21.60	8,333.06	678.47	5,414.15	5,743.38
					10.21		

3.(b) Intangible Assets

Description	Gross Carrying Value			Amortization		Net Carrying Value	
	As at 1st April 2018	Additions	Adjustments/ Sale	As at March 31, 2019	For the year	As at March 31, 2019	As at March 31, 2018
					Adjustments / Sale		
Right to use Power line	6.67			6.67	1.33	4.65	5.98
	6.67	-	-	6.67	1.33	4.65	5.98
					2.02		



3.(a) Property, Plant and Equipment

Description	Gross Carrying Value			Depreciation			Net Carrying Value	
	As at 1st April 2017	Additions	Adjustments/ Sale	As at March 31, 2018	For the year	Adjustments / Sale	As at March 31, 2018	As at March 31, 2017
Land	63.40	-	-	63.40	-	-	63.40	63.40
Buildings	1,357.77	59.13	4.16	1,412.73	60.79	0.35	1,239.01	1,244.48
Plant and equipment	6,316.48	175.67	58.39	6,433.77	594.84	15.01	4,395.92	4,858.46
Office equipment	37.47	4.64	0.87	41.24	12.27	0.14	15.53	23.90
Computer equipment	24.06	-	-	24.06	-	-	19.59	19.59
Furniture and fixtures	12.65	1.19	-	13.85	3.22	-	6.54	8.57
Vehicles	4.97	-	-	4.97	0.49	-	3.38	3.87
	7,816.81	240.63	63.42	7,994.03	671.61	15.50	5,743.38	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	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	-	5.98	-
	-	6.67	-	6.67	0.68	-	5.98	-



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2019

4 Loans (Non-Current) (Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Financial assets at amortized cost		
Loans receivables considered good - Unsecured		
-Loans to employees	0.95	0.03
Total	0.95	0.03

5 Other non-current assets (Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Capital advances	8.39	7.47
Security deposits	22.89	24.79
Deferred Expenses for employee benefits	0.05	0.00
Prepaid Expenses	1.09	2.61
Total	32.42	34.88

6 Inventories (Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
(at cost or net realisable value whichever is lower)		
Raw materials	6,927.35	7,102.52
Raw Materials in transit	-	224.75
Stores and spares	159.27	143.69
Finished goods	1,207.84	1,073.65
Work in progress	472.23	400.49
Total	8,766.69	8,945.10

The amount of inventory recognised as an expense during the year is Rs.14,934.99 lacs (Previous year Rs.15,080.83 lacs)

7 Trade receivables (Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
- Trade receivables considered good - secured	-	-
- Trade receivables considered good - unsecured	912.11	998.93
Total	912.11	998.93

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 (Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash on hand	1.00	0.84
Balances with banks		
- In current and deposit accounts	58.74	85.52
Total	59.74	86.37

9 Loans (Current) (Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Financial assets at amortized cost		
Loans receivables considered good - Unsecured		
- Loans to employees	6.54	6.70
Total	6.54	6.70



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2019

10 Other financial assets (Current)

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Financial assets at amortized cost		
Other recoverable	0.27	9.72
Financial assets measured at fair value through Profit and loss		
Derivative Financial Instruments	0.45	0.58
Total	0.72	10.29

11 Other current assets

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
(unsecured, considered good)		
Balances and Deposits with Government Authorities or Others	564.16	603.39
Advances to suppliers		
- For supply of goods and rendering of services	313.29	566.64
Prepaid (Deferred) Expenses for employee benefits	0.24	0.15
Prepaid expenses	62.24	28.81
Other recoverables	59.42	67.30
Total	999.34	1,266.29



(Rs. in Lacs)

12	Share capital	As at 31st March, 2019		As at 31st March, 2018	
		Number of shares	Amount	Number of shares	Amount
	Authorised				
	Equity shares of Rs. 10 each par value	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
		3,50,00,000	3,500.00	3,50,00,000	3,500.00
	Issued, subscribed and paid up				
	Equity shares of Rs. 10 each fully paid up	2,07,00,240	2,070.02	2,07,00,240	2,070.02
	Add : Issued during the year	-	-	-	-
	Less : Bought back during the year	-	-	-	-
	Total - At the end of the year	2,07,00,240	2,070.02	2,07,00,240	2,070.02

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

	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the beginning of the year	2,07,00,240	2,070	2,07,00,240	2,070
Changes during the year	-	-	-	-
Outstanding at the end of the year	2,07,00,240	2,070.02	2,07,00,240	2,070.02

12 (b) Terms/Rights attached to equity shares

Company has only one class of equity shares having a par value of Rs.10/- per share. 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, 2019		As at 31st March, 2018	
	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%	2,07,00,240	100.00%
Total	2,07,00,240	100.00%	2,07,00,240	100.00%

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

	As at 31st March, 2019		As at 31st March, 2018	
	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%	2,07,00,240	100%

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



13 Other Equity

(Rs. in Lacs)

Particulars	Capital Redemption Reserve	General Reserves	Retained Earnings	Other items of other comprehensive income	Total
Balance as at 1st April 2018	600.00	3,495.00	4,452.32	8.58	8,555.90
Profit for the Year	-	-	1,845.17	-	1,845.17
Other Comprehensive Income for the year	-	-	-	6.33	6.33
Total Comprehensive Income for the year (2016-17)			1,845.17	6.33	1,851.50
Balance as at 31 March 2019	600.00	3,495.00	6,297.49	14.91	10,407.40

Particulars	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	7.15	8,378.20
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



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2019

14 Borrowings (Non-Current)

(Rs. in Lacs)

Particulars	As at March 31, 2019		As at March 31, 2018	
Term loans (Secured) :				
From banks		1,424.51		2,339.00
Less: Current maturities of Long term borrowings (refer note-20)		400.00		914.00
		<u>1,024.51</u>		<u>1,425.00</u>
Less: Processing charges amortised		0.77	1,023.74	2.52
Total		<u>1,023.74</u>	<u>1,023.74</u>	<u>1,422.48</u>

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

Particulars	As at March 31, 2019	As at March 31, 2018	Particulars of security / guarantees / default	Terms of Repayment
<u>SBoP - Term Loan Rs 19.25 Crs</u>			<u>PRIMARY SECURITY</u> 1st Pari Pasu charge on entire fixed assets of the company (Both present & future)	
Balance Outstanding	1,425.00	1,685.00		
Current Maturity	400.00	260.00		1. 2019-20- 4 nos. of quarterly installments of Rs 100,00,000/- each
Non-Current Maturity	1,025.00	1,425.00		2. 2020-21- 3 nos. of quarterly installments of Rs 256,00,000/- each & 1 no of quarterly installment of 257,00,000/-
			<u>COLLATERAL SECURITY</u> 2nd pari Passu charge on entire current assets of the company	

15 Provisions (Non-Current)

(Rs. in Lacs)

Particulars	As at March 31, 2019		As at March 31, 2018	
Provision for employee benefits :				
- Leave encashment		20.52		19.20
- Gratuity (refer note: 33)		-		3.22
Total		<u>20.52</u>		<u>22.42</u>

16 Deferred tax liabilities (net)

(Rs. in Lacs)

Particulars	As at March 31, 2019		As at March 31, 2018	
Deferred tax liability		468.02		540.84
Gross deferred tax liability		<u>468.02</u>		<u>540.84</u>
Mat Credit (See note 37)		42.80		275.84
Deferred tax asset		62.31		65.08
Gross deferred tax asset		<u>105.11</u>		<u>340.92</u>
Deferred tax liability (Net) (Refer Note 37)		<u>362.91</u>		<u>199.92</u>

17 Other non current liabilities

(Rs. in Lacs)

Particulars	As at March 31, 2019		As at March 31, 2018	
Other liabilities		1.92		1.79
Total		<u>1.92</u>		<u>1.79</u>



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2019

18 Borrowings (current)

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Working capital loans from Banks		
- From banks (secured)	937.56	1,435.53
Borrowed from related party- unsecured (also refer note 35)	-	1,550.00
Total	937.56	2,985.53

*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

(Rs. in Lacs)

PARTICULARS	As at March 31, 2019	As at March 31, 2018
Trade Payable		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer note 40)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises.	384.41	365.38
Total	384.41	365.38

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)

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Financial liabilities at amortized cost		
Current maturities of long-term debt	400.00	914.00
Other Payables	445.26	431.10
Total	845.26	1,345.10

21 Other current liabilities

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Deposits and Advances	66.24	140.80
Deferred Income of capital subsidy	-	2.00
Other Payables	72.12	72.69
Total	138.36	215.49

22 Provisions

(Rs. in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
-Leave encashment	4.20	4.55
Total	4.20	4.55



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2019

23 Revenue from operations		(Rs. in Lacs)	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018	
Sale of products			
Yarn	20,488.90	18,264.37	
Cotton	565.52	1,505.15	
Synthetic fibre	228.77	279.80	
Waste	1,806.87	1,866.92	
Others	21.27	20.95	
Sale of services			
Processing charges	5.12	162.09	
Other operating Revenue : Export Incentives	172.06	274.70	
Revenue from operations (Gross)	23,288.51	22,373.98	

24 Other income		(Rs. in Lacs)	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018	
Interest income on			
Bank deposits	0.31	2.87	
Others	3.44	7.86	
Rental Income	35.38	33.19	
Claims Received	3.44	-	
Provision no longer required written back	9.54	1.03	
Net Gain on sale of Current Investments designated as at FVTPL through profit and loss	48.54	3.38	
Net Gain on disposal of Property, plant & equipment	6.65	5.21	
Income from Employee Loan	0.22	0.22	
Net Gain on Forex Fluctuation (net of foreign exchange gains)	41.85	22.92	
Amortization of Deferred Government Grant	2.00	4.00	
Other income	5.91	8.46	
Total	157.28	89.14	

25 Cost of materials consumed		(Rs. in Lacs)	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018	
Inventory at the beginning of the year	7,102.52	5,644.70	
Add : Purchases	14,759.82	16,538.64	
	21,862.34	22,183.35	
Less: inventory at the end of the year	6,927.35	7,102.52	
* Cost of raw material and components consumed	14,934.99	15,080.83	

26 Purchase of stock-in-trade		(Rs. in Lacs)	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018	
Yarn	49.72	265.56	
Total	49.72	265.56	

27 Changes in inventories of finished goods, work in progress and stock-in-trade		(Rs. in Lacs)	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018	
Inventories at the beginning of the year			
Work-in-progress	400.49	350.41	
Finished goods	1,073.65	1,928.52	
	1,474.14	2,278.93	
Less :Inventories at the end of the year			
Work-in-progress	472.23	400.49	
Finished goods	1,207.84	1,073.65	
	1,680.06	1,474.14	
Net (increase) / decrease in opening and closing stock	(205.93)	804.79	

Stock Particulars of Finished Goods

Yarn	QTY (KG)	5,80,054.75	5,05,763.86
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VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2019

28 Employee Benefit		(Rs. in Lacs)	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018	
Salaries, wages and Bonus	1,284.74	1,144.98	
Contribution to provident and other funds	119.72	118.44	
Staff welfare expense	7.97	12.55	
Total	1,412.43	1,275.97	

29 Finance Cost		(Rs. in Lacs)	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018	
Interest expense	224.22	345.89	
Other borrowing cost	45.91	57.46	
Total	270.13	403.35	

30 Depreciation and Amortization		(Rs. in Lacs)	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018	
Depreciation on Property Plant and Equipments	678.47	671.61	
Amortisation of Inangible Assets	1.33	0.68	
Total	679.80	672.30	

31 Other Expenses		(Rs. in Lacs)	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018	
Power and Fuel	1,914.47	1,882.68	
Packing Material and Charges	329.75	313.53	
Stores and Spares Consumed	97.68	112.65	
Repairs to Plant and Machinery	349.92	390.63	
Fees, rates and taxes	0.13	0.27	
Building Repairs and Maintenance	86.96	67.77	
Insurance	17.85	18.02	
Payment to Auditors			
Audit Fee	2.05	1.60	
Tax Audit Fee	0.50	0.40	
Reimbursement of Expenses	0.93	0.65	
In Other capacity	-	0.30	
Cost Audit Fee	0.46	0.40	
Excise duty	-	0.10	
Forwarding Charges and Octroi	437.05	401.16	
Bad debts written off	3.50	0.10	
Commission to Selling Agents	167.80	146.71	
Miscellaneous Expenses	373.41	341.36	
Total	3,782.47	3,678.31	



32. Contingent Liabilities and Commitments:

A. Contingent Liabilities

- a) Claims against the company not acknowledged as debt in respect of direct and indirect taxes amounted to Rs.30.41 lac (previous year Rs.81.92 lac). These matters are pending before various Appellate authorities. According to the management and tax advisors that the demand raised is not in accordance with the provisions of respective laws and its ultimate resolution will not have a material adverse effect on the company financial position and result of operations.

Amount paid to statutory authorities against above tax, claims amounted to Rs. 1.48 lac (previous year Rs.19.00 lac).

- b) Liability on account of outstanding bank guarantees and letter of credit of Rs.123.90 lac (previous year Rs.123.90 lac).

B. Commitments

	Financial Year 2018-19 (Rs. in Lac)	Financial Year 2017-18 (Rs. in Lac)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	26.56	26.13

33. Disclosures as required by Indian Accounting Standard (Ind AS) 19 Employee Benefits:

33.1 Defined Contribution Plans:

Amounts recognised in the statement of profit and loss are as under:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Superannuation fund	2.35	1.79
Provident fund administered through Regional Provident Fund Commissioner	59.34	63.76

The expenses incurred on account of the above defined contribution plans have been included in Note No. 28 "Employee Benefits " under the head "Contribution to provident and other funds"

33.2 Defined Benefit Plan:

The following tables set out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at March 31, 2019 and March 31, 2018.

- a. Changes in the present value of defined benefit obligations are as follows :



Particulars	As at March 31,2019	As at March 31,2018
Present value of defined obligation, as at the beginning of the year	140.39	131.31
Current service cost	19.55	18.35
Interest cost	10.82	9.90
Actuarial (gain)/ loss	(8.06)	(5.25)
Actual Benefits Paid	(14.62)	(13.92)
Past service cost including curtailment gains / losses	--	--
Present value of defined benefit obligation at the end of the year	148.09	140.39

b. Change in the fair value of the plan assets are as follows :

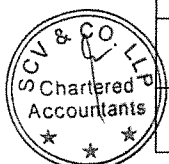
Particulars	As at March 31,2019	As at March 31,2018
Fair Value of Plan Assets, as at beginning of the year	137.17	117.76
Expected return on Plan Assets	8.88	10.58
Contribution by the employer	3.35	13.65
Return on plan assets, greater/(lesser) than expected return	2.56	(4.76)
Benefits Paid	(0.06)	(0.06)
Fair Value of Plan Assets, as at end of the year	151.92	137.17

c. Net (liability) / assets recognized in balance sheet:

Particulars	As at March 31,2019	As at March 31,2018
Present Value of the obligation at end of the year	148.09	140.39
Fair value of plan assets	151.92	137.17
Unfunded Net Asset/(Liability) recognised in Balance sheet	3.82	(3.22)

d. Constitution of plan assets

Particulars	As at March 31,2019	As at March 31,2018
Quoted		
Corporate Bonds	55.34	55.32
Government of India Securities	-	-



State government/State government guaranteed securities	68.82	62.83
Mutual funds	21.71	18.69
Unquoted		
Deposit with banks	6.05	0.33
Total	151.92	137.17

e. Amount recognized in statement of profit and loss

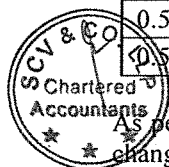
Particulars	As at March 31,2019	As at March 31,2018
Current service cost	19.55	18.35
Interest cost(Net)	0.25	1.02
Amount recognized in the Statement of Profit and Loss	19.80	19.37

f. Amount recognized in other comprehensive income (OCI):

Particulars	As at March 31,2019	As at March 31,2018
Net cumulative unrecognized actuarial (gain)/loss opening	8.48	10.67
Actuarial (gain) / loss for the year on Present value of defined benefit obligation	(8.06)	(5.25)
Actuarial gain/(loss) on fair value of plan assets	(0.87)	3.06
Unrecognized actuarial (gain)/loss at the end of the year	(0.44)	8.48

g. The quantitative sensitivity analysis on net liability recognized on account of change in significant assumptions:

Particulars	Rs. In Lac	
	Financial Year 2018-19	Financial Year 2017-18
Discount Rate		
0.50% Increase	(5.86)	(5.35)
0.50% decrease	6.31	5.76
Future Salary increase		
0.50% Increase	6.38	5.83
0.50% decrease	(5.98)	(5)



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

h. Maturity profile of Defined benefit Obligations:

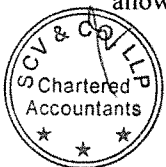
(Rs. In Lacs)

Year	Year ended 31 March 2019	Year ended 31 March 2018
0 to 1 Year	16.98	22.03
1 to 2 Year	5.86	5.66
2 to 3 Year	6.01	6.53
3 to 4 Year	5.99	5.57
4 to 5 Year	11.71	11.09
5 to 6 Year	7.55	7.70
6 Year onwards	93.97	81.81

- i. The average duration of the defined benefit plan obligation at the end of the reporting period is 13.15 years (31 March 2018: 13.25 years)
- j. The principal assumptions used for the purpose of the actuarial valuations are as follows:

Particulars	As at March 31,2019	As at March 31,2018
Discount Rate (per annum)	7.71	7.65
Weighted average rate of increase in compensation levels	6.00	6.00
Retirement Age (Years)	58	58
Method Used	Projected Unit Credit Method	Projected Unit Credit Method
Mortality rates inclusive of provision for disability	100% of IALM (2006 - 08)	
Attrition at Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	5.00	5.00
From 31 to 44 years	5.00	5.00
Above 44 years	5.00	5.00

Mortality & Morbidity rates - 100% of IALM (2006-08) rates have been assumed which also includes the allowance for disability benefits.



k. Mortality Rates for specimen ages

Age	Rate	Age	Rate	Age	Rate
15	0.000614	45	0.002874	75	0.039637
20	0.000888	50	0.004946	80	0.060558
25	0.000984	55	0.007888	85	0.091982
30	0.001056	60	0.011534	90	0.138895
35	0.001282	65	0.017009	95	0.208585
40	0.001803	70	0.025855	100	0.311628

i. The expected contribution during the next year is Rs. 22.53 Lacs (Previous Year Rs. 21.80 Lacs)

33.3 Other long term employee benefit

(i) Amount recognised in profit and loss in Note No. 28 "Employee benefit expense" under the head "Salaries, wages and other allowances" towards leave encashment is Rs. 5.09 lac (Previous year Rs.4.14 lac).

(ii) Amount recognized in the balance sheet

(Rs in Lac)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Current	4.20	4.55
Non-Current	20.52	19.20

34. Segment reporting

Segment Reporting based on the guiding principles given in Ind AS 108 on 'Operating Segments', the Company's business activity falls within a single operating segment, namely manufacturing of "Sale of yarn". Accordingly, the disclosure requirements of Ind AS 108 are not applicable.
Information by Geographies

(i) Revenue from external customers

Particulars	(Rs in lacs)	
	Financial Year 2018-19	Financial Year 2017-18
India	10994.30	10974.96
Outside India	12294.21	11399.02

(ii) The company has business operations only in India and does not hold any assets outside India.

Revenue from major customers

There are two customers that accounts for more than 10% of Company's revenue.

Particulars	(Rs in lacs)	
	Financial Year 2018-19	Financial Year 2017-18
- Amount of sales	9772.40	11,437.40



35. Related Party Disclosure:

In accordance with the requirements of IND AS 24, on “Related Party Disclosures”, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods, are:

(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 - Vardhman Nisshinbo Garments Company Limited (w.e.f January 23 rd 2019)
	(c)	Associates of Holding Company	-Vardhman Special Steels Ltd. -Vardhman Yarns & Threads Limited -Vardhman Spinning and General Mills Limited
	(d)	Joint Venture	- Vardhman Nisshinbo Garments Company Limited (upto January 22 nd 2019)
	(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) (upto 12.11.2018) Mr. S.P Oswal** Mr. D.L Sharma**

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

* Executive Director

** Non Executive Director



Particulars	Holding Company		Associates Company- Vardhman Yarns & Threads Ltd		Associates Company- Vardhman Special Steel Ltd		Fellow Subsidiary Company- Vardhman Nishinbo Garments Co 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	Current Year	Previous Year
Purchase/Processing of goods	1103.61	1008.33	-	8.59	-	-	-	-	-	-	1103.61	1016.92
Purchase of property plant and equipment	54.34	61.47	-	-	-	-	-	-	-	-	54.34	61.47
Purchase of MEIS License	-	-	-	-	-	-	2.60	-	-	-	2.60	-
Sale/Processing of goods	7557.32	7193.80	0.34	0.07	-	1.75	-	-	-	-	7557.66	7195.62
Sale of property plant and equipment	0.03	59.76	-	-	-	-	-	-	-	-	0.03	59.76
Sale of MEIS Licence	1.02	-	-	-	11.34	-	-	-	-	-	12.36	-
Interest received	0.61	5.80	-	-	-	0.10	-	-	-	-	0.61	5.90
Interest Paid	49.17	83.83	-	-	0.05	-	-	-	-	-	49.22	83.83
**Remuneration to Key Managerial personnel:- Executive director other KMP's	-	-	-	-	-	-	-	-	30.69	25.36	30.69	25.36
									2.67	3.83	2.67	3.83
Common Corporate & RP Expenses (Excluding Service Tax)	73.14	73.15	-	-	-	-	-	-	-	-	73.14	73.15
Loan granted	200	3300	-	-	-	-	-	-	-	-	200.00	3300.00
Repayment of loan granted	1750	1750	-	-	-	-	-	-	-	-	1750.00	1750.00
Closing Balance of Loan	-	1550	-	-	-	-	-	-	-	-	-	1550.00
Reimbursement of expenses incurred	16.90	23.03	-	-	-	-	-	-	-	-	16.90	23.03
Reimbursement of expenses received	33.49	17.39	-	-	16.00	-	-	-	-	-	49.49	17.39

*** As the liabilities for gratuity, compensated absences are provided on an actuarial basis for the Company as a whole, the amount pertaining to key managerial personnel has not been included.

*** Also includes sitting fees to non-executive directors.

Outstanding Balances of Related parties – NIL (Previous year-NIL)



36. Earning Per Share

The calculation of Earning Per Share (EPS) as disclosed in the Statement of profit and loss has been made in accordance with Ind AS- 33 on "Earnings Per Share".

Particulars	As at March 31, 2019	As at March 31, 2018
Profit and loss after tax for EPS (in Lacs) –(A)	1845.17	176.27
Weighted average number of equity shares (No's) – (B)	20,700,240	20,700,240
Basic Earnings per share (A/B)	8.91	0.85
Diluted Earnings per share	8.91	0.85
Nominal Value per share	10.00	10.00

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity, if any.

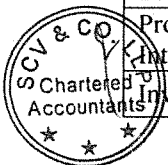
37. Income Tax:

The following is the analysis of deferred tax assets / (liabilities) presented in the balance sheet.

37.1. Deferred tax liabilities (Net)

(Rs in Lac)				
2018-19	Opening Balance	Recognised in profit or loss	Mat Credit Entitlement	Closing Balance
A. Deferred tax assets				
Expenses deductible in future years	(65.08)	2.77	-	(62.31)
Mat Credit	(275.84)	-	233.04	(42.80)
Total	(340.92)	2.77	233.04	(105.11)
B. Deferred tax liabilities				
Property, plant and equipment and Intangible assets	540.84	(72.82)	-	468.02
Investment in bonds, mutual funds and equity instruments				
Total	540.84	(72.82)	-	468.02
Net deferred tax liabilities	199.92	(70.05)	233.04	362.91

(Rs in Lac)				
2017-18	Opening Balance	Recognised in profit or loss	Mat Credit Entitlement	Closing Balance
A. Deferred tax assets				
Expenses deductible in future years	(55.79)	(9.29)		(65.08)
Mat Credit	(323.70)		47.86	(275.84)
Total	(379.49)	(9.29)	47.86	(340.92)
B. Deferred tax liabilities				
Property, plant and equipment and Intangible assets	531.43	9.41		540.84
Investment in bonds, mutual funds				



and equity instruments				
Total	531.43	9.41	47.86	540.84
Net deferred tax liabilities	151.95	0.12	47.86	199.92

Note: Deferred tax assets and deferred tax liabilities have been offset as they are governed by the same taxation laws.

37.2 Income tax recognised in profit or loss

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax		
In respect of the current year	747.07	105.62
Deferred tax		
In respect of the current year	(70.05)	0.12
Total income tax expense recognised	677.02	105.74

The income tax expense for the year can be reconciled to the accounting profit as follows

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax	2522.19	282.00
Tax at the Indian Tax Rate of 29.12% (31 st march 2018: 33.063%/21.5488%)	734.41	93.24
Add/(Less): Tax effect of adjustments to reconcile expected income tax expense with reported income tax expense	-	-
Depreciation Difference	-	(7.09)
Capital Subsidy recognized as Income in books already capitalized in Income tax earlier	-	(1.32)
Reinstatement of deferred tax due to differential rate of tax	(60.46)	-
Others	3.07	20.91
Total	677.02	105.74

Note: The increase in tax rate is consequent to changes made in the Finance Act, 2018.

37.3 Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Remeasurement of defined benefit obligation	(2.60)	(0.76)



Total income tax recognised in other comprehensive income	(2.60)	(0.76)
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38. Financial Instruments and Risk Management

(a) Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through optimization of debt and equity balance. 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:

The following table provides detail of the debts and equity at the end of the reporting years:

Particulars	(Rs. In lacs)	
	As at 31 st March 2019	As at 31 st March 2018
Borrowings	2361.27	5322.72
Cash and cash equivalent	59.74	86.37
Net Debt	2301.53	5236.35
Total Equity	12477.42	10625.92
Net debt to equity ratio	18.45%	49.27%

(b) Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2019 are as follows:

Particulars	Amortized cost	Financial assets/ Liabilities at FVTPL	Financial assets/ Liabilities at FVTOCI	Total carrying cost	Total fair value
Financial Assets:					
Cash and cash equivalents	53.90	-	-	53.90	53.90
Other Bank Balances	5.84			5.84	5.84
Trade receivables	912.11	-	-	912.11	912.11
Loans	7.49	-	-	7.49	7.49
Other financial assets	0.27	0.45	-	0.72	0.72
Total	979.62	0.45	-	980.06	980.06
Financial Liabilities:					
Trade payables	384.41			384.41	384.41
Long Term Borrowings	1023.74			1023.74	1023.74
Short Term Borrowings	937.56			937.56	937.56
Other financial liabilities	845.26			1023.74	1023.74
Total	3190.96			3190.96	3190.96

The carrying value and fair value of financial instruments by categories as at March 31, 2018 are as follows:



Particulars	Amortized cost	Financial assets/ Liabilities at FVTPL	Financial assets/ Liabilities at FVTOCI	Total carrying cost	Total fair value
Financial Assets:					
Cash and cash equivalents	86.37			86.37	86.37
Bank Balances other than above	-			-	-
Trade receivables	998.93			998.93	998.93
Loans	6.73			6.73	6.73
Other financial assets	9.72	0.58		10.29	10.29
Total	1101.74	0.58		1102.32	1102.32
Financial Liabilities:					
Trade payables	365.38			365.38	365.38
Long Term Borrowings	1422.38			1422.38	1422.38
Short Term Borrowings	2985.53			2985.53	2985.53
Other financial liabilities	1345.10			1345.10	1345.10
Total	6118.50			6118.50	6118.50

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured at fair value and have been grouped into Level 1, Level 2 and Level 3 below:

As at March 31, 2019

Financial Assets	Level 1	Level 2	Level 3	Total
Foreign Currency/ commodity forward contracts	-	0.45	-	0.45
Total	-	0.45	-	0.45
Financial Liabilities				
Foreign Currency/ commodity forward contracts	-	-	-	-

As at March 31, 2018

Financial Assets	Level 1	Level 2	Level 3	Total
Foreign Currency/ commodity forward contracts	-	0.58	-	0.58
Total	-	0.58	-	0.58
Financial Liabilities				
Foreign Currency/ commodity forward contracts	-	-	-	-

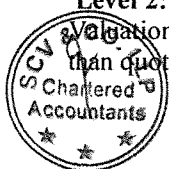
Financial instruments by category (contd.)

Level 1:

Quoted prices in the active market. This level of hierarchy includes financial assets that are measured by reference to quoted prices in the active market.

Level 2:

Valuation techniques with observable inputs. This level of hierarchy includes items measured using inputs other than quoted prices included within Level 1 that are observable for such items, either directly or indirectly.



Level 3:

Valuation techniques with unobservable inputs. This level of hierarchy includes items measured using inputs that are not based on observable market data (unobservable inputs). Fair value determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instruments nor based on available market data.

Sensitivity of Level 3 financial instruments are insignificant.

The fair value of the financial instruments are determined at the amount that would be received to sell an asset in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

Derivative contracts: The Company has entered into various foreign currency contracts to manage its exposure to fluctuations in foreign exchange rates. These financial exposures are managed in accordance with the Company's risk management policies and procedures. Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data, i.e., mark to market values determined by the Authorized Dealers Banks.

Financial risk management

The financial assets of the company loans, trade and other receivables, and cash and bank balances that derive directly from its operations.

The principal financial liabilities of the company, other than derivatives, 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 mainly exposed to the following risks that arise from financial instruments:

- (i) Market risk
- (ii) Liquidity risk
- (iii) Credit 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:

(i) 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 three types of risk: interest rate risk, foreign currency risk and investment risk.

(a) Foreign currency risk

The company 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 recognised assets and liabilities denominated in a currency other than company's functional currency.

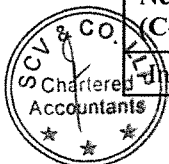
The company measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency risk by hedging appropriately. The Company uses foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

The following table analyses the foreign currency risk from monetary assets and liabilities:



(FC In Lacs)

Particulars	Financial Year ended 31.03.2019	Financial Year ended 31.03.2018
Exposure on account of Financial Assets (A)		
Trade receivables		
-In USD	11.10	11.36
Advance to suppliers		
-In USD	-	3.29
-In JPY	-	0.75
-In CHF	0.26	0.27
-In Euro	0.06	0.09
Amount hedged through forward contracts (B)		
-In USD	-	14.65
-In Euro	0.44	-
Net exposure to foreign currency risk (Assets) (C=A-B)		
-In USD	11.10	0.00
-In JPY	-	0.75
-In CHF	0.26	0.27
-In Euro	-	0.09
Exposure on account of Financial Liabilities (D)		
Trade Payables		
-In CHF	0.43	0.41
-In EURO	0.05	0.06
-In JPY		4.47
-In USD	11.23	1.13
Amount hedged through forwards (E)		
in USD	-	1.13
Net Exposure to Foreign Currency Liabilities (F=D-E)		
-In CHF	0.43	0.41
-In EURO	0.05	0.06
-In JPY	-	4.47
-In USD	11.23	-
Net exposure to foreign currency risk (Assets/(Liability)) (C-F)		
-In CHF	(0.17)	(0.14)



-In Euro	(0.05)	0.03
-In JPY	-	(3.72)
-In USD	(0.13)	-

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	2018-19 (Average exchange rate)	2017-18 (Average exchange rate)	2018-19 (Year end rates)	2017-18 (Year end rates)
INR/USD	69.89	64.46	69.15	65.17
INR/JPY	0.63	0.58	0.62	0.61
INR/CHF	70.62	66.41	69.41	68.48
INR/EURO	80.92	75.45	77.66	80.22

Foreign currency sensitivity analysis

Any changes in the exchange rate of EURO 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 EURO and USD would have increased/reduced profit by the amounts shown below. This analysis is based on the foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variable remains constant:

Amount (INR in Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
10% Strengthening/weakening of USD against INR	(0.90)	-
10% Strengthening/weakening of JPY against INR	-	0.24
10% Strengthening/weakening of CHF against INR	(1.18)	0.96
10% Strengthening/weakening of EURO against INR	(0.39)	-

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

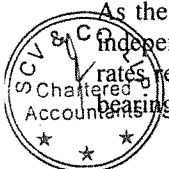
(FC In Lacs)

Particulars	No. of deals	As at 31 st March 2019	No. of deals	As at 31 st March 2018
Contracts against Import				
-In USD	-	-	1	6.99
-In JPY	-	-	-	-
Contracts against Export				
-In USD	-	-	10	22.32
-In Euro	1	0.44	-	-

(b) Interest Rate Risk

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

As the Company has no significant interest-bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates, which are included in interest bearing loans and borrowings in these financial statements. The company's fixed rate borrowings are carried at



amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

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

Particulars	Carrying amount (INR In Lacs)	
	As at 31 st March 2019	As at 31 st March 2018
Variable rate instruments		
Long term borrowings	1024.51	1425.00
Current maturities of long term debt	400.00	914.00
Short term borrowings	937.56	2985.53

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. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows :

Particulars	As at 31 st March 2019	As at 31 st March 2018
Increase/ (decrease) in profit before tax in case interest rate increases/decreases by 1%	23.61	53.22

(c) Security Price Risk Management

(i) The company has not made any investments hence it is not exposed to investment risk.

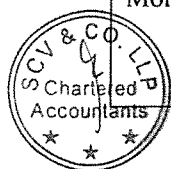
(ii) Liquidity Risk

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 company plans to maintain sufficient cash and marketable securities to meet the obligations as and when fall due. The below is the detail of contractual maturities of the financial liabilities of the company at the end of each reporting period:

The table below analyses the Company's financial liabilities and financial assets into relevant maturity groupings based on their contractual maturities:

Particulars	As at 31 st March 2019	As at 31 st March 2018
Borrowings		
Less than 1 year	400.00	914.00
More than 1 year and upto 3 years	1024.51	1425.00
Trade Payables		
Less than 1 year	384.41	365.38
More than 1 year and upto 3 years	-	-



Other Financial liabilities		
Less than 1 year	138.36	215.49
More than 1 year and upto 3 years	-	-

Financial Assets

Particulars	As at 31 st March 2019	As at 31 st March 2018
Trade Receivables		
Less than 1 year	912.11	998.93
Cash and cash equivalents		
Less than 1 year	53.90	86.37
Bank balances other than above		
Less than 1 year	5.84	-
Loans		
Less than 1 year	6.54	6.70
More than 1 year and upto 3 years	0.95	0.03
Other financial assets		
Less than 1 year	0.72	10.29

(iii) 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. Investments primarily include investment in liquid mutual fund units, bonds, fixed maturity plan etc. issued by institutions having proven track record.

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:

(Rs. In lacs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Revenue from top five customers		
- Amount of sales	14579.36	6837.84
-% of total sales	62.60%	30.56%
(b) Financial assets for which loss allowance, measured		
- Trade Receivables	-	-
(c) Opening Balance		
Provided during the year	-	-
Reversed during the year	-	-
Closing Balance	-	-



Write off policy

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

39. 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.

40. The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006, based on the available information with the Company are as under:

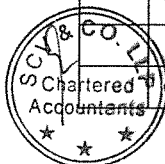
(Rs. in Lacs)

Sr no	Particulars	As at 31 st March 2019 (Rs in Lac)	As at 31 st March 2018 (Rs in Lac)
(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 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	-	-

41. Sales includes excise duty collected from customers of Rs.NIL (Previous year 0.10 lacs).Revenue from operations for previous period upto 30 June,2017 includes excise duty. From 1st July 2017 onward, the excise duty and most indirect taxes in India have been replaced with Goods and services tax(GST). The company collects GST on behalf of Government. Hence GST is not included in Revenue from operations. In view of aforesaid change in indirect taxes, the Revenue from operation for year ended 31 March,2019 is not comparable with 31 March,2018 to this extent.

42. Disclosure under Ind AS 115 " Revenue from Contracts with Customers"

a.	<u>Disaggregated revenue information</u>	<u>31st March, 2019</u>	<u>31st March, 2018</u>
			(in Lacs)
	<u>Type of goods</u>		
	Revenue from Yarn	23288.51	22373.98
	Total Revenue from Operations	23288.51	22373.98
	<u>Total Revenue from Contracts with Customers</u>		
	Revenue from Customers based in India	10994.30	10974.96
	Revenue from Customers based outside India	12294.21	11399.02
	Total Revenue from Contracts with Customers	23288.51	22373.98
	<u>Timing of Revenue Recognition</u>		
	Goods transferred at a point in time	23288.51	22373.98



b.	Trade receivables and Contract Customers		
	Trade Receivables	912.11	998.93

Trade receivables are non- interest bearing and are generally on terms of 0- 45 days in case of domestic sales and 0-120 days in case of export against LC.0-120 days in case of export against LC.

Trade receivables are presented net of impairment in the Balance sheet.

The Company classifies the right to consideration in exchange for deliverables as a receivable.

A receivable is right to consideration that is unconditional upon passage of time.

c. Contract Liabilities

Contract Liabilities includes long term or short term advances received from customers to deliver goods.

Set out below is the amount of revenue recognized for the amount included in contract liabilities at the beginning of the year Rs. 66.24 lacs (previous year Rs. 140.80 lacs)

d. Reconciling the amount of revenue recognized in the statement of Profit and Loss with contract price

Particulars	31 st March 2019	31 st March 2018
Revenue as per Contract Price	23145.39	22156.09
Less : Adjustments		
Sale Return	28.94	56.81
	23116.45	22099.28

e. Performance obligation and remaining performance obligation

The performance obligation is satisfied upon the delivery of yarn and payment is generally due within 0 days to 45 days after the delivery in case of domestic sales and 0-120 days in case of export against letter of credit.

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. As on 31st March, 2019, there was no remaining performance obligation as the same is satisfied upon delivery of goods/services.

43. Assets pledged as Security:-

The Carrying amount of assets pledged as security for current and non-current borrowings are:-

(Amount in Lacs)

Particulars	As at 31st March 2019	As at 31st March 2018
Current Assets		
Trade receivables	912.11	998.93
Inventory	8766.69	8945.10
Total Current Assets Pledged as Security (A)	9678.80	9944.03
Non Current Assets		
Property Plant and Equipment	5414.15	5743.38
Total Non Current Assets Pledged as Security (B)	5414.15	5743.38
Total Assets Pledged as Security (A+B)	15092.95	15687.41



44. Reconciliation of Cash flow from financing Activities

(Amount in Lacs)

Particulars	Year ended 31st March 2019		Year ended 31st March 2018	
	Current Borrowings	Non current Borrowings (incl. current maturities)	Current Borrowings	Non current Borrowings (incl. current maturities)
Opening Balance of Financial liabilities coming under the financing activities of Cash Flow Statement	2985.53	2339.00	2343.55	2897.00
Changes during the year				
a) Changes from financing cash flow	(2047.97)	(914.49)	641.98	(558.00)
b) Changes arising from obtaining or losing control of subsidiaries or other business	-	-	-	-
c) the effect of changes in foreign exchanges rates- (Gain)/Loss	-	-	-	-
d) Changes in fair value	-	-	-	-
e) Other Changes	-	-	-	-
Closing Balance of Financial liabilities coming under the financing activities of Cash Flow Statement	937.56	1424.51	2985.53	2339.00

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

As per our report of even date attached

For SCV & Co. LLP
Chartered Accountants
Firm Registration No.: 000235N / N500089
Sanjiv Mohan
Partner
Membership No. 086066

Sanjay Gupta
Company Secretary
Membership no-4935

For and on behalf of the Board of Directors

Rajeev Thapar
Chief Financial Officer

Neeraj Jain
Managing Director
DIN: 00340459

S.P. Oswal
Chairman
DIN: 00121737

Place: Ludhiana
Date: 7th May, 2019