

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 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash flows for the year then ended and notes to the financial statements, 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 31st March 2020, the profit and other 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 together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules 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.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the company's annual report, (but does not include the financial statements and our auditors' 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, 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 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). 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 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 the management and Board of Directors.
- 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those book;

(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 relevant 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 2020 taken on record by the Board of directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a Director in terms of Section 164(2) of the Act ;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”, Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting and

(g) With respect to the matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act,

In our opinion 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, in our opinion 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 33 to the financial statements.
- ii. The company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses,



- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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



(Sanjiv Mohan)
Partner

M. No. 086066

Place: Ludhiana
Date: 20th June, 2020

UDIN: 20086066AAAAEW9296

Annexure – “A” 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 Plant and Machinery 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) (a) (b) and (c) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us, the company has not granted any loan and has not made any investment in body corporate during the year and therefore the provisions of the section 186 of the Companies Act, 2013 are not applicable to the company. Further the company has not granted loans or provided guarantees or security to the directors or the person in whom directors are interested. Therefore the provision of section 185 of Companies Act, 2013 are not applicable to the company.
- (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, 2020.
 (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 Statute	Nature of Dues	Forum at which dispute is pending	Total Demand (In Lakhs)	Paid under Protest (In Lakhs)	Unpaid	Financial year to which it relates
Entry Tax	Entry Tax & Interest	High Court, Himachal Pradesh at Shimla	101.17	54.60	46.57	2010-11 to 2018-19

- (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: 20th June 2020

Annexure – “B” 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 2020 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’s Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements 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 over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, 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 over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls over Financial Reporting with reference to these Financial statements

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

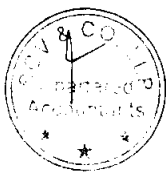
- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 with reference to these financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements 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 with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to the financial statement may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at 31st March 2020, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal



Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



(Sanjiv Mohan)
Partner

M. No. 086066

Place: Ludhiana
Date: 20th June, 2020

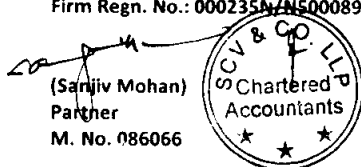
VMT SPINNING COMPANY LIMITED
BALANCE SHEET AS AT March 31, 2020

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	3a	4,881.73	5,414.15
(b) Capital work-in-progress	3a	220.33	2.39
(c) Other Intangible Assets	3b	3.32	4.65
(d) Financial Assets			
(i) Loans	4	0.04	0.95
(e) Other non-current Assets	5	24.84	32.42
Total Non-current assets		5,130.26	5,454.56
2 Current assets			
(a) Inventories	6	10,565.27	8,766.69
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade receivables	7	675.90	912.11
(iii) Cash and cash equivalents	8	207.29	59.74
(iv) Loans	9	4.69	6.54
(v) Other financial assets	10	1.88	0.72
(c) Other current assets	11	640.41	999.34
Total Current assets		12,095.45	10,745.14
Total assets		17,225.71	16,199.70
EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share capital	12	2,070.02	2,070.02
(b) Other Equity	13	11,354.38	10,407.40
Total Equity		13,424.40	12,477.41
Liabilities			
2 Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	14	0.00	1,023.74
(b) Provisions	15	24.68	20.52
(c) Deferred tax liabilities (Net)	16	332.40	362.91
(d) Other non-current liabilities	17	2.07	1.92
Total Non-current liabilities		359.14	1,409.08
3 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	828.49	937.56
(ii) Trade payables	19		
- total outstanding dues of micro enterprises and small enterprises		19.86	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		978.63	384.41
(iii) Other financial liabilities	20	1,468.76	845.26
(b) Other current liabilities	21	88.65	138.36
(c) Provisions	22	15.86	4.20
(d) Income tax liabilities (net)	23	41.92	3.42
Total Current liabilities		3,442.16	2,313.19
Total liabilities		3,801.30	3,722.28
TOTAL EQUITY AND LIABILITIES		17,225.71	16,199.70

See accompanying notes to the financial statements

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



Place: Ludhiana
Date: 20-06-2020

For and on behalf of Board of Directors of
VMT Spinning Company Limited

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, 2020


(Rs. in Lakhs)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I. Revenue from operations	24	21,608.15	23,288.51
II. Other income	25	211.62	157.28
III. Total revenue (I+II)		21,819.77	23,445.79
IV. Expenses :			
Cost of materials consumed	26	14,563.37	14,934.99
Purchases of stock-in-trade	27	363.86	49.72
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(260.12)	(205.93)
Employee benefits	29	1,452.40	1,412.43
Finance costs	30	155.16	270.13
Depreciation and amortization expense	31	685.06	679.80
Other expenses	32	3,530.78	3,782.47
Total Expenses		20,490.52	20,923.60
V. Profit before tax (III-IV)		1,329.25	2,522.19
VI. Tax expense:			
(1) Current tax		404.05	747.07
(2) Deferred tax		(30.52)	(70.05)
VII. Profit for the year (V-VI)		955.72	1,845.17
VIII. Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
(i) Remeasurement of the employee defined benefit obligation		(12.34)	8.93
(ii) Income tax relating to items that will not be reclassified to profit or loss		3.59	(2.60)
		(8.75)	6.33
IX. Total Comprehensive Income for the year (VII+VIII)		946.97	1,851.50
Earnings per equity share (of Rs. 10 each)			
Basic - (In Rs.)		4.62	8.91
Diluted - (In Rs.)		4.62	8.91

See accompanying notes to the financial statements

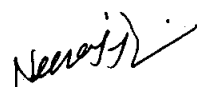
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
(Sanjiv Mohan)
Partner
M. No. 086066



Place: Ludhiana
Date: 20-06-2020

For and on behalf of the Board of Directors
VMT Spinning Company Limited


Neeraj Jain
Managing Director
DIN: 00340459


Rajeev Thapar
Chief Financial Officer


S.P. Oswal
Chairman
DIN: 00121737


Sanjay Gupta
Company Secretary
M.No: 4935

Place: Ludhiana
Date: 20-06-2020

VMT SPINNING COMPANY LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	1,329.25	2,522.19
Adjustments for :		
Depreciation and amortization expense	685.06	679.80
Interest charged	155.16	270.13
Interest received	(3.78)	(3.75)
Dividend Received	(19.58)	-
Provision no longer required written Back	(2.71)	(9.54)
Amortization of deferred government grant	-	(2.00)
(Profit) / Loss on sale of Investments carried at fair value through profit and loss (Net)	(58.73)	(48.54)
(Profit) / Loss on sale of Property plant and equipment (Net)	(14.31)	(6.65)
	741.12	879.45
Operating Profit before Working Capital Changes	2,070.37	3,401.64
Decrease/(Increase) in Trade and other Receivables	594.33	351.31
Decrease/(Increase) in Inventories	(1,798.59)	178.41
Decrease/(Increase) in Financial Assets (Non-Current)	0.91	(0.92)
Decrease/(increase) in Financial Assets (Current)	0.68	9.73
(Decrease)/Increase in Financial Liabilities (Current)	(9.41)	14.16
(Decrease)/Increase in Trade payable and other liabilities	574.29	(42.36)
	(637.78)	510.32
Cash generated from Operations	1,432.58	3,911.97
Income taxes paid	(365.55)	(474.11)
	(365.55)	(474.11)
Net Cash from (used in)/generated by operating activities	1,067.03	3,437.85
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment (including adjustment on account of capital work in progress capital creditors and capital advances)	(396.03)	(309.80)
Payment for Purchase of Investments	(14,130.00)	(6,140.00)
Proceeds from disposal of Investments	14,188.72	6,188.54
Proceeds from disposal of Property, plant and equipment	49.51	18.04
Interest Received	3.78	3.75
Dividend Received	19.58	-
	(264.44)	(239.47)
Net Cash (used in)/ generated by investing activities	(264.44)	(239.47)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of Secured Borrowings	(508.58)	(2,962.46)
Interest Paid	(146.46)	(268.39)
	(655.05)	(3,230.85)
Net Cash (used in)/generated by financing activities	(655.05)	(3,230.85)
Net Increase in cash and cash equivalents [A+B+C]	147.54	(32.46)
Cash and cash equivalents at the beginning of the year	59.74	86.37
	207.29	53.90
Cash and cash equivalents at the end of the year*	207.29	53.90

There are no non cash changes arising from financing activities
*Refer note 8 for cash and cash equivalent components

As per our report of even date attached
For SCV & Co. LLP
Chartered Accountants
Firm Regn. No.: 000235N/N500089

(Sandeep Mohan)
Partner
M. No. 086066



Place: Ludhiana
Date: 20-06-2020

For and on behalf of the Board of Directors
VMT Spinning Company Limited

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 changes in equity for the year ended March 31, 2020

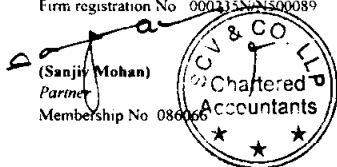
A. Equity Share Capital	(Rs. in Lakhs)
As at April 1, 2018	2,070.02
Changes during the year	-
As at March 31, 2019	2,070.02
Changes during the year	-
As at March 31, 2020	2,070.02

B. Other Equity

Particulars	Reserves and Surplus			Other comprehensive income (Remeasurement of the defined benefit plans)	Total
	Capital Redemption reserve	General Reserve	Retained Earnings		
Balance as at April 1, 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
Balance as at March 31, 2019	600.00	3,495.00	6,297.49	14.91	10,407.40
Balance as at April 1, 2019	600.00	3,495.00	6,297.49	14.91	10,407.40
Profit for the year			955.72	-	955.72
Other Comprehensive Income for the year				(8.75)	(8.75)
Balance as at March 31, 2020	600.00	3,495.00	7,253.21	6.16	11,354.38

See accompanying notes to the financial statements

As per our report of even date attached
For SCV & Co LLP
Chartered Accountants
Firm registration No. 000335201500089



Place Ludhiana
Date 20-06-2020

For and on behalf of the Board of Directors
VMT Spinning Company Limited

Neeraj Jain
Neeraj Jain
Managing Director
DIN: 00340459

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

Rajeev Thapar
Rajeev Thapar
Chief Financial Officer
PAN: ADFPT3478D

Sanjay Gupta
Sanjay Gupta
Company Secretary
M.No: 4935

VMT Spinning Company Limited

Notes to the Financial Statements for the year ended March 31, 2020

Note 1 CORPORATE INFORMATION

VMT Spinning Company Limited ("the Company") is a public limited company domiciled in India, incorporated under the provisions of the Companies Act, 1956 on 27th June, 1990 and has its registered office at Vardhman Textiles Limited, Chandigarh Road, Ludhiana. The Company is engaged in business of manufacturing and trading of Yarn having its manufacturing facility in Baddi, Himachal Pradesh.

Vardhman Textiles Limited owns 100% of the Company's equity share capital as at 31 March 2020.

The financial statements for the year ended 31st March 2020 were approved and authorised for issue by the Company's Board of Directors on 20th June, 2020.

Note 2 Significant accounting policies, significant accounting judgements, estimated and assumptions and applicability of new and revised Ind AS

Note 2.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

Note 2.2 Basis of preparation and measurement

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention on the accrual basis, except for following which have been measured at fair value.

- (i) Certain Financial instruments
- (ii) Defined Benefit Obligation Plan Assets

Historical Cost

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

Fair Value Measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.



VMT Spinning Company Limited

Notes to the Financial Statements for the year ended March 31, 2020

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

Accounting policies have been consistently applied except where in 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.

Functional and Presentation currency

The financial statements are presented in Indian rupees (INR) and all values are rounded to the nearest lakhs and two decimals thereof, except if otherwise stated.

Note 2.3 Significant Accounting Policies

(a) 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'. First time adoption has been conducted retrospectively with cumulative effect of initially applying this standard as on the transition date. The effect on the transition to Ind AS 115 was insignificant.

Revenue from the sale of goods or services is recognised at the point in time when control of goods or services are transferred to the customer which is usually on dispatch / delivery.

(i) Sale of Yarn

Revenue from the sale of goods is recognised when the company satisfies performance obligation and the control of goods has transferred 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.

Revenue in respect of the export incentives is recognised on post export basis and it is reasonable to expect ultimate collection .



VMT Spinning Company Limited

Notes to the Financial Statements for the year ended March 31, 2020

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional. Generally, the credit period varies between 0-45 days from the shipment or delivery of goods or services as the case may be. The company does not adjust short-term advances received from the customer for the effects of significant financing component if it is expected at the contract inception that the promised good or service will be transferred to the customer within a period of one year.

(i) Interest income from customers

Interest income is recognised when it is probable that economic benefit will flow to the company and the amount can be measured reliably and is accrued on a time proportion basis taking into account the principal outstanding the applicable interest rate.

(ii) Other interest

Interest income from financial assets is recognised when it is probable that economic benefit will flow to the company and the amount can be measured reliably and is recognised using effective interest rate by reference to the principal amount outstanding and at effective interest rate.

(iii) Dividend

Dividend income from investment is recognised when the right to receive the payment is established and the amount of dividend can be measured reliably.

(iv) Insurance and other claims

Income claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount receivable can be measured reliably and it is reasonable to expect ultimate collections.

(b) Employees Benefits

(i) Short term Employee Benefits :



VMT Spinning Company Limited

Notes to the Financial Statements for the year ended March 31, 2020

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, short-term bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

(ii) Post Employment Benefits Plans :
Defined Contribution Plans

(a) 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.

(b) 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.

Defined Benefit Plan:

(c) 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.



VMT Spinning Company Limited
Notes to the Financial Statements for the year ended March 31, 2020

(iii) Long term employee benefit:

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.

(c) Property, Plant and Equipment

Recognition and measurement

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 cost comprises of:

- (a) its purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates.
- (b) Any expenditure directly attributable for bringing an asset to the location and the working condition for its intended use and
- (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the items is acquired or as a consequence of having used the item during a particular period for purpose other than to produce inventories during that period.

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.

Derecognition



VMT Spinning Company Limited

Notes to the Financial Statements for the year ended March 31, 2020

An item of property plant and equipment and any component initially accounted for as a separate asset is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset measured as the difference between the net disposal proceeds and the carrying amount of the asset is included in the income statement when the asset is derecognised.

d) Other Intangible assets

Recognition:

Intangible assets are recognized when it is probable that the expected future economic benefits that are attributable to the asset will flow; and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible asset comprises of its purchase price, net of recoverable taxes and any directly attributable cost of preparing the asset for its intended use.

Following initial recognition, intangible assets with finite useful life are carried at cost less any accumulated amortization and impairment losses, if any.

Derecognition

An intangible asset is derecognised upon disposal or retirement of the asset. The cost and the related accumulated amortization are eliminated from the financial statements upon disposal or retirement of the asset and resultant gains or losses are recognized in the statement of Profit and Loss.

(e) Depreciation and amortisation

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.

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.

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



VMT Spinning Company Limited

Notes to the Financial Statements for the year ended March 31, 2020

of an identifiable intangible asset is based on a number of factors including the effects of obsolescence etc.

The useful life of the intangible assets are as under

Types of assets	useful life as estimated by company (in years)
Right to use power lines	5 years

Amortization method and useful life are reviewed at each financial year end.

(f) 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.

(g) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(h) Earnings per Share

Basic earnings per equity share is computed by dividing the profit or loss for the period attributable to the equity share holders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, by adjusting the profit or loss for the period attributable to the equity share holders is divided by the weighted average number of shares outstanding during the period are adjusted for the effects of all diluted potential equity shares, if any.

(i) Income Taxes

Income tax expense comprises of current and the net change in the deferred tax asset on liability during the year. Income tax expense is recognized in the statement of profit and loss



VMT Spinning Company Limited

Notes to the Financial Statements for the year ended March 31, 2020

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.

MAT

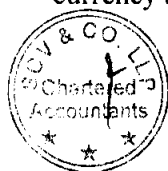
MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset and shown under Deferred Tax Asset the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement.

(j)Government Grants

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

(k)Foreign Currency Translations

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.



VMT Spinning Company Limited

Notes to the Financial Statements for the year ended March 31, 2020

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.

The non monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

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 or losses are presented in the statement of profit and loss on net basis.

(l) 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.

(m) 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.

Initial recognition and measurement

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition except for trade receivable which is initially measured at trade price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Transaction cost directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss is recognised immediately in the statement of profit and loss.

Subsequent measurement

For the purposes of subsequent measurement financial instruments are classified as follows:

Non derivative financial instruments:-

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized 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



VMT Spinning Company Limited

Notes to the Financial Statements for the year ended March 31, 2020

terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

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

(iii) Investments in Equity Instruments at fair value through other comprehensive income

On Initial recognition the company can make an irrevocable election for its investments, which are classified as equity instruments and which are not held for trading, to present the subsequent changes in fair value in other comprehensive income.

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

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

(v) Financial liabilities

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

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

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

Equity shares

Equity shares 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.



VMT Spinning Company Limited

Notes to the Financial Statements for the year ended March 31, 2020

“Statement of Cash flows” using the indirect method for operating activities.

(r) Provisions, Contingent Liabilities and Contingent Assets

- (i) A Provision shall be recognized when:
 - (a) An entity has a present (legal or constructive) obligation as a result of a past event;
 - (b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
 - (c) A reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past event, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be accrued/realised. A disclosure for contingent asset is made when an outflow of economic benefit is probable.

(s) Segment reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components, and for which discrete financial information is available.

Note 2.4: Critical accounting judgements, estimates and assumptions

Use of Estimates and Judgements

The preparation of financial statements in conformity with Indian Accounting Standards (Ind AS) require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statement and reported amount of revenue and expense during the period.

Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcome requiring a material adjustment to the carrying amount of assets or liabilities in future period.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:



VMT Spinning Company Limited

Notes to the Financial Statements for the year ended March 31, 2020

i. 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.

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

ii. 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.

iii. Defined 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.

iv Recognition of deferred tax assets

Management judgement is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to signification adjustment to the amounts reported in financial statement.

v.Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claims/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy. The Company annually assesses such claims and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary.

vi. Fair value measurement

Some of the company's assets and liabilities are measured at fair value for financial reporting process. In estimating the fair value of an asset or liability, the company uses market-observable data to the extent is available.

Vii Estimate of uncertainty relating to global health pandemic (COVID-19)

On account of COVID-19 pandemic the Company has made assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventories and trade receivables as at the date of the balance sheet. The Company has considered internal and external sources of information for making said assessment. Basis the evaluation of the current estimates, the Company expects to recover the carrying amount of these assets and no material adjustments is required in the financial statements. Given the uncertainties associated with nature, condition and duration of



VMT Spinning Company Limited

Notes to the Financial Statements for the year ended March 31, 2020

COVID-19, the Company will closely monitor any material changes arising of the future economic conditions and any significant impact of these changes would be recognized in the financial statements as and when these material changes to economic condition arise.

Recent Indian accounting standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Note 2.5 Current – non-current classification

All assets and liabilities have been classified as current and non-current on the basis of the following criteria:

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within 12 months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or use to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within 12 months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterpart, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities

All other liabilities are classified as non-current



VMT SPINNING COMPANY LIMITED
Notes to Financial Statement for the year ended March 31, 2020
(Rs. in Lakhs)
3a. Property, plant and equipment and Capital work-in-progress

Particulars	(Rs. in Lakhs)	
	As at March 31, 2020	As at March 31, 2019
Carrying amount of		
Freehold land	63.40	63.40
Buildings	1,127.60	1,189.18
Plant and equipment	3,657.02	4,126.12
Furniture and fixtures	7.05	5.90
Vehicles	2.40	2.89
Office equipment	4.79	8.26
Computer equipment	19.45	18.40
Total Property, plant and equipment (3a)	4,881.71	5,414.15
Capital work-in-progress	220.33	2.39
	5,102.04	5,416.54

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2020 are as follows:

Cost or Deemed Cost	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office Equipment	Computer equipment	Total
Gross Carrying Value as of April 1, 2019	63.4	1,424.26	6,757.98	14.47	4.97	43.50	24.48	8,333.06
Additions	-	-	175.66	2.19	-	6.33	2.29	186.47
Adjustments/Transfer	-	-	59.74	-	-	0.21	0.15	60.10
Deletions	-	-	-	-	-	-	-	-
Gross Carrying Value as of March 31, 2020	63.40	1,424.26	6,873.90	16.66	4.97	49.62	26.62	8,459.43
Accumulated depreciation as of April 1, 2019	-	235.07	2,631.86	8.58	2.08	35.24	6.08	2,918.91
Depreciation	-	61.59	609.88	1.03	0.49	9.66	1.09	683.74
Accumulated depreciation on deletions	-	-	24.86	-	-	0.07	-	24.93
Accumulated depreciation as of March 31, 2020	-	296.66	3,216.88	9.61	2.57	44.83	7.17	3,577.72
Carrying Value as of March 31, 2020	63.40	1,127.60	3,657.02	7.05	2.40	4.79	19.45	4,881.71
Carrying Value as of March 31, 2019	63.40	1,189.18	4,126.12	5.90	2.89	8.26	18.40	5,414.15

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2019 are as follows:

Cost or Deemed Cost	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office Equipment	Computer equipment	Total
Gross Carrying Value as of April 1, 2018	63.40	1,412.73	6,433.77	13.85	4.97	41.24	24.06	7,994.02
Additions	-	11.52	344.69	0.62	-	3.33	0.47	360.63
Deletions	-	-	-20.48	-	-	-1.07	-0.05	-21.60
Gross Carrying Value as of March 31, 2019	63.40	1,424.25	6,757.98	14.47	4.97	43.50	24.48	8,333.05
Accumulated depreciation as of April 1, 2018	-	173.73	2,037.85	7.31	1.59	25.71	4.47	2,250.66
Depreciation	-	61.34	603.90	1.27	0.49	9.85	1.61	678.46
Accumulated depreciation on deletions	-	-	9.89	-	0.00	0.32	-	10.21
Accumulated depreciation as of March 31, 2019	-	235.07	2,631.86	8.58	2.08	35.24	6.08	2,939.33
Carrying Value as of March 31, 2019	63.40	1,189.18	4,126.12	5.89	2.89	8.26	18.40	5,414.15
Carrying Value as of March 31, 2018	63.40	1,239.01	4,395.92	6.54	3.38	15.93	19.59	5,743.37

Notes on property, plant and equipment

1. Refer to note 14 and 18 for information on property, plant and equipment pledged as security by the Company.
2. The company has not recognised impairment loss during the year (March 31, 2019 - Nil).
3. The company has not capitalised borrowing cost during the year (March 31, 2019 - Nil)



3(b) Other Intangible Assets

Particulars	(Rs. in Lakhs)	
	As at March 31, 2020	As at March 31, 2019
Carriving amount of		
Right to use power line	3.32	4.66
Total Intangible assets	3.32	4.66

The changes in the carrying value of intangible assets for the year ended March 31, 2020 are as follows:

Cost or Deemed Cost	Right to use power line	Total
Gross Carrying Value as of April 1, 2019	6.67	6.67
Additions	-	-
Adjustments/Transfer	-	-
Deletions	-	-
Gross Carrying Value as of March 31, 2020	6.67	6.67
Accumulated depreciation as of April 1, 2019	2.02	2.02
Depreciation	1.33	1.33
Accumulated depreciation on deletions	-	-
Accumulated depreciation as of March 31, 2020	3.35	3.35
Carrying Value as of March 31, 2020	3.32	3.32
Carrying Value as of March 31, 2019	4.65	4.65

The changes in the carrying value of intangible assets for the year ended March 31, 2019 are as follows:

Cost or Deemed Cost	Right to use power line	Total
Gross Carrying Value as of April 1, 2018	6.67	6.67
Additions	-	-
Deletions	-	-
Gross Carrying Value as of March 31, 2019	6.67	6.67
Accumulated depreciation as of April 1, 2018	0.68	0.68
Depreciation	1.33	1.33
Accumulated depreciation on deletions	-	-
Accumulated depreciation as of March 31, 2019	2.01	2.01
Carrying Value as of March 31, 2019	4.65	4.65
Carrying Value as of March 31, 2018	5.98	5.98

1 Intangible assets are amortized over a period of five years

2 Intangible assets are not internally generated



4 Loans (Non-Current)

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortized cost (Unsecured considered good unless otherwise stated)		
-Loans to employees	0.04	0.95
Total	0.04	0.95

5 Other non-current assets

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured considered good unless otherwise stated)		
Capital advances	-	8.39
Security deposits	22.89	22.89
Deferred Expenses for employee benefits	0.01	0.05
Prepaid Expenses	1.94	1.09
Total	24.84	32.42

6 Inventories

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(at cost or net realisable value whichever is lower)		
Raw materials	8,497.82	6,927.35
Work in progress	436.74	472.23
Stores and spares	127.28	159.27
Finished goods	1,503.44	1,207.84
Total	10,565.27	8,766.69

(i) Refer Note no. 14 and 18 for information of inventories pledged as security by the company.

7 Trade receivables

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
- Trade receivables considered good - secured	-	-
- Trade receivables considered good - unsecured	675.90	912.11
Total	675.90	912.11

(i) The credit period allowed on sales generally vary, on case to case basis, business to business, based on market conditions. maximum credit period allowed is 45 days (2018-19- 45 days) in case of domestic sale. In case of exports, maximum credit period of 120 days (2018-19 120 days) against letter of credit is provided.

Age of Receivables	As at 31 March 2020	As at 31 March 2019
Less than 180 days	675.24	910.89
More than 180 days	0.66	1.22
	675.90	912.11

(iii) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person or from firms or private company in which any directors is a partner, a director or a member.

Movement in expected credit loss allowance	As at 31st March 2020	As at 31st March 2019
Balance at the beginning of the year	-	-
Add - Allowances made during the year	-	-
Balance at the end of the year	-	-

(iv) Refer Note no 14 and 18 for information on trade receivables pledged as security by the company.



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

8 Cash and cash equivalents

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	0.89	1.00
Balances with banks		
- In current and deposit accounts	206.40	58.74
Total	207.29	59.74

9 Loans (Current)

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortized cost (Unsecured considered good unless otherwise stated)		
- Loans to employees	4.69	6.54
Total	4.69	6.54

10 Other financial assets (Current)

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortized cost (Unsecured considered good unless otherwise stated)		
Other recoverable	0.94	0.27
Financial assets measured at fair value through Profit or loss		
Derivative Financial Instruments	0.94	0.45
Total	1.88	0.72

11 Other current assets

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(unsecured, considered good unless otherwise stated)		
Balances and Deposits with Government Authorities or Others	412.27	564.16
Advances to suppliers		
- For supply of goods and rendering of services	97.20	313.29
Deferred employee benefit expense	0.12	0.24
Prepaid expenses	47.69	62.24
Other recoverables	83.14	59.42
Total	640.41	999.34



VMT SPINNING COMPANY LIMITED
Notes to the Financial Statements for the year ended March 31, 2020

(Rs. in Lakhs)

12	Equity Share capital	As at March 31, 2020		As at March 31, 2019	
		Number of shares	Amount	Number of shares	Amount
	Authorised share Capital				
	2,50,00,000 (31 March, 2019 - 2,50,00,000) Equity shares of Rs. 10 each	2,50,00,000	2,500.00	2,50,00,000	2,500.00
	1,00,00,000 (31 March, 2019 - 1,00,00,000) 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				
	2,07,00,240 Equity shares of Rs. 10 each fully paid up (March 31, 2019 2,07,00,240 Equity shares of Rs. 10 each)	2,07,00,240	2,070.02	2,07,00,240	2,070.02
	Total	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 March 31, 2020		As at March 31, 2019	
	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

The company has issued one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by Board of Directors is subject to approval of the shareholders in the ensuing Annual general meeting except in case of interim dividend. In the event of liquidation of the company, the holders are entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Terms/Rights attached to Preference shares

The rate of dividend on preference shares will be decided by the Board of Directors as and when issued. Preferential shares as and when issued shall have the cumulative right to receive dividend as and when declared and shall have preferential right on repayment on amount of capital.

12 (c) Shares held by holding company

	As at March 31, 2020		As at March 31, 2019	
	Number of equity shares	% holding of equity shares	Number of equity shares	% holding of equity shares
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 (d) Details of shareholders holding more than 5% shares of the Company

	As at March 31, 2020		As at March 31, 2019	
	Number of equity shares	% holding of equity shares	Number of equity shares	% holding of equity shares
Vardhman Textiles Limited	2,07,00,240	100%	2,07,00,240	100%

12 (e) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the balance sheet date:

	As at March 31, 2020	As at March 31, 2019
Equity shares allotted as fully paid up pursuant to contract(s) without payment being	-	-
Equity shares allotted as fully paid up by way of bonus shares	-	-
Equity shares bought back by the company	-	-

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


VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

13 Other Equity

Particulars	(Amount in lakhs)	
	As at March 31, 2020	As at April 1, 2019
General reserve	3,495.00	3,495.00
Retained Earnings	7,253.21	6,297.49
Capital Redemption Reserve	600.00	600.00
Reserve for other items through other comprehensive income	6.17	14.91
Total	606.17	614.91

	As at March 31, 2020	As at March 31, 2019
General reserve		
Balance at the beginning of the year	3,495.00	3,495.00
Balance at the end of the year	<u>3,495.00</u>	<u>3,495.00</u>

	As at March 31, 2020	As at March 31, 2019
Retained Earning		
Balance at the beginning of the year	6,297.49	4,452.32
-Profit for the year	955.72	1,845.17
Balance at the end of the year	<u>7,253.21</u>	<u>6,297.49</u>

	As at March 31, 2020	As at March 31, 2019
Capital redemption reserve		
Balance at the beginning of the year	600.00	600.00
Balance at the end of the year	<u>600.00</u>	<u>600.00</u>

	As at March 31, 2020	As at March 31, 2019
Reserve for other items through other comprehensive income		
Balance at the beginning of the year	14.91	8.58
-Profit for the year	(8.75)	6.33
Balance at the end of the period	<u>6.16</u>	<u>14.91</u>
Total	<u>11,354.38</u>	<u>10,407.40</u>

Capital Redemption Reserve

Capital Redemption Reserve is a statutory, non-distributable reserve into which amounts are transferred following the redemption of capital or purchase of a company's own shares.

General Reserve

The general reserve is used from time to time to transfer profit from retained earnings for appropriate purpose. As the general reserve is created by a transfer from one component of equity to another

Retained earnings

Retained earnings refer to net earnings not paid out as dividend but retained by the company to be reinvested in its core business. The amount is available for distribution of dividend to its equity shareholders

Reserve for other items through other comprehensive income

The changes on account of remeasurement of the employee defined benefit obligation is recognised in other comprehensive income and adjusted in the present value of the defined benefit obligation. The balance can be transferred to retained earnings as and when company decides to do so.



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

14 Borrowings (Non-Current)

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured at amortised cost		
Term loans :		
From banks	1,025.00	1,424.51
Less: Current maturities of Long term borrowings (refer note-20)	1,024.60	400.00
	0.40	1,024.51
Less: Processing charges amortised	0.40	0.77
Total	0.00	1,023.74

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

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

15 Provisions (Non-Current)

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits :		
- Leave	24.68	20.52
Total	24.68	20.52

16 Deferred tax liabilities (net)

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liability	375.19	468.02
Gross deferred tax liability	375.19	468.02
Deferred tax asset	-	62.31
MAT Credit (See note 37)	42.80	42.80
Gross deferred tax asset	42.80	105.11
Deferred tax liability (Net) (Refer Note 37)	332.40	362.91

17 Other non current liabilities

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Other liabilities	2.07	1.92
Total	2.07	1.92

18 Borrowings (current)

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Working capital loans from Banks		
- From banks (secured)	828.49	937.56
Total	828.49	937.56

*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.



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

19 Trade Payable

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Trade Payable		
- total outstanding dues of micro enterprises and small enterprises (Refer note 40)	19.86	-
- total outstanding dues of creditors other than micro enterprises and small enterprises.	978.63	384.41
Total	998.49	384.41

20 Other financial liabilities (Current)

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial liabilities at amortized cost		
Current maturities of long-term debt	1,024.60	400.00
Other Payables	435.85	445.26
Interest accrued but not due	8.31	-
Total	1,468.76	845.26

21 Other current liabilities

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Deposits and advances	41.63	66.24
Other Payables	47.02	72.12
Total	88.65	138.36

22 Provisions

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
-Leave	5.40	4.20
- Gratuity (refer note: 33)	10.46	-
Total	15.86	4.20

23 Income Taxes

Particulars	As at March 31, 2020	As at March 31, 2019
Income Tax Liabilities (Net)		
Provision for current tax (Advance tax Rs. 3553.90 lakhs March 31, 2019 Rs. 3191.08 lakhs)	41.92	3.42
Total	41.92	3.42



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

24 Revenue from operations		(Rs. in Lakhs)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	
Sale of products			
Yarn	18,489.79	20,488.90	
Cotton	647.55	565.52	
Synthetic fibre	498.16	228.77	
Waste	1,788.51	1,806.87	
Others	17.48	21.27	
Sale of services			
Processing charges	4.56	5.12	
Other operating Revenue : Export Incentives	162.09	172.06	
Revenue from operations (Gross)	21,608.15	23,288.51	
* Export benefits are in the nature of government grants covering following benefits			
Duty Drawback Benefits	151.22	153	
Duty Entitlement Pass Book Scheme	10.87	19.03	
	162.09	172.06	

25 Other income		(Rs. in Lakhs)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	
Interest income on			
Bank deposits	-	0.31	
Employee Loan	0.24	0.22	
Others	3.78	3.44	
Claims Received	-	3.44	
Dividend Income	19.58	-	
Provision no longer required written back	2.71	9.54	
Net Gain on sale of Current Investments designated as at FVTPL	58.73	48.54	
Net Gain on disposal of Property, plant and equipment	14.31	6.65	
Net Gain on Forex Fluctuation (net of foreign exchange gains)	64.07	41.85	
Government Grant	-	2.00	
Other income	48.22	41.29	
Total	211.62	157.28	

26 Cost of materials consumed		(Rs. in Lakhs)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	
Inventory at the beginning of the year	6,927.35	7,102.52	
Add : Purchases	16,105.68	14,759.82	
	23,033.03	21,862.34	
Less: inventory at the end of the year	8,469.66	6,927.35	
Cost of raw material and components consumed	14,563.37	14,934.99	

27 Purchase of stock-in-trade		(Rs. in Lakhs)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	
Yarn	363.86	49.72	
Total	363.86	49.72	



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

28 Changes in inventories of finished goods, work in progress and stock-in-trade		(Rs. in Lakhs)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	
Inventories at the beginning of the year			
Work-in-progress	472.23	400.49	
Finished goods	1,207.84	1,073.65	
	<u>1,680.06</u>	<u>1,474.14</u>	
Less :Inventories at the end of the year			
Work-in-progress	436.74	472.23	
Finished goods	1,503.44	1,207.84	
	<u>1,940.18</u>	<u>1,680.06</u>	
Net (increase) / decrease	<u>(260.12)</u>	<u>(205.93)</u>	
Stock Particulars of Finished Goods			
Yarn	QTY (KG)	6,64,993.55	5,80,054.75
29 Employee Benefit		(Rs. in Lakhs)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	
Salaries and wages	1,343.83	1,284.74	
Contribution to provident and other funds	97.33	119.72	
Staff welfare expense	11.25	7.97	
Total	<u>1,452.40</u>	<u>1,412.43</u>	
30 Finance Cost		(Rs. in Lakhs)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	
Interest expense on working capital	115.76	224.22	
Other borrowing cost	39.40	45.91	
Total	<u>155.16</u>	<u>270.13</u>	
31 Depreciation and Amortization expense		(Rs. in Lakhs)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	
Depreciation on Property Plant and Equipments (Refer note no. 3a)	683.73	678.47	
Amortisation of intangible Assets (Refer note no. 3b)	1.33	1.33	
Total	<u>685.06</u>	<u>679.80</u>	
32 Other Expenses		(Rs. in Lakhs)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	
Power and Fuel	1,802.98	1,914.47	
Packing Material and Charges	301.68	329.75	
Consumption of Stores and Spares	101.10	97.68	
Repairs to Plant and Machinery	363.75	349.92	
Fees,rates and taxes	5.67	0.13	
Building Repairs and Maintenance	86.83	86.96	
Insurance	32.59	17.85	
Payment to Auditors			
Audit Fee	2.00	2.05	
Tax Audit Fee	0.50	0.50	
Reimbursement of Expenses	0.07	0.93	
In Other capacity	0.14	-	
Cost Audit Fee	0.45	0.46	
Forwarding Charges and Octroi	324.89	437.05	
Bad debts written off	1.24	3.50	
Commission to Selling Agents	143.32	167.80	
Miscellaneous	363.59	373.41	
Total	<u>3,530.78</u>	<u>3,782.47</u>	



VMT SPINNING COMPANY LIMITED**Notes to the Financial Statements for the year ended March 31, 2020****33. 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.40.87 lakh (previous year Rs. 30.41 lakh). 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 lakh (previous year Rs. 1.48 lac).

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

B. Commitments

	As at March 31, 2020 (Rs. in Lakh)	As at March 31, 2019 (Rs. in Lakh)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	10.82	26.56

34. Employee Benefits:**34.1 Defined Contribution Plans:**

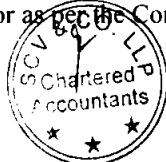
Amounts recognised in the statement of profit and loss are as under:

Particulars	(Rs. In Lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Superannuation fund	2.15	2.35
Provident fund administered through Regional Provident Fund Commissioner	66.72	59.34

The expenses incurred on account of the above defined contribution plans have been included in Note No. 29 "Employee Benefits " under the head "Contribution to provident and other funds"

34.2 Defined Benefit Plan:

The Company sponsors funded defined benefit plan for qualifying employees. This defined benefit plan of gratuity is administered by a separate trust that is legally separate from the entity. The trustees are required by the law to act in the interest of the trust and all the relevant stakeholders i.e. active employees, inactive employees, retired employees and employers, etc. The trust is responsible for investment policy with regard to the assets of the trust. The Company has a gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972 or as per the Company's plan, whichever is more beneficial.



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

These plans typically expose the company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

- i. Salary Risk- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- ii. Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- iii. Interest Risk- A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the plan assets.
- iv. Longevity risk- The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

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, 2020 and March 31, 2019.

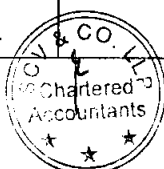
- a. Movement in the present value of defined benefit obligations are as follows :

(Rs. in Lakhs)

Particulars	For the year ended March 31,2020	For the year ended March 31,2019
Present value of defined benefit obligation, as at the beginning of the year	148.09	140.39
Current service cost	22.59	19.55
Interest cost	11.33	10.82
Actuarial (gain)/ loss	6.23	(8.06)
Actual Benefits Paid	(28.33)	(14.62)
Past service cost including curtailment gains / losses	--	--
Present value of defined benefit obligation at the end of the year	159.91	148.09

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

Particulars	As at March 31,2020	As at March 31,2019
Fair Value of Plan Assets, as at beginning of the year	151.92	137.17
Expected return on Plan Assets	11.63	8.88
Contribution by the employer	-	3.35
Return on plan assets, greater/(lesser) than expected return	(6.11)	2.56
Benefits Paid	(3.89)	(0.06)
Fair Value of Plan Assets, as at end of the year	153.55	151.92



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

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

Particulars	As at March 31,2020	As at March 31,2019
Present Value of the defined benefit obligation at end of the year	159.91	148.09
Fair value of plan assets	153.55	151.92
Net Asset/(Liability)	(6.36)	3.82

d. Constitution of plan assets

Particulars	As at March 31,2020	As at March 31,2019
Quoted		
Corporate Bonds	-	55.34
Government of India Securities	-	-
State government/State government guaranteed securities	127.52	68.82
Mutual funds	17.54	21.71
Unquoted		
Deposit with banks	12.92	6.05
Total	157.98	151.92

e. Amount recognized in statement of profit and loss

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	22.59	19.55
Interest expenses (Net)	(0.30)	0.25
Amount recognized in the Statement of Profit and Loss	22.29	19.80

The current service cost, past service cost and the net interest expenses for the year are included in Note 29 "Employee Benefits Expenses" under the head "Salaries and Wages".

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

Particulars	For the year ended March 31,2020	For the year ended March 31,2019



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

Actuarial (gain) / loss for the year on Present value of defined benefit obligation	6.23	(8.06)
Actuarial gain/(loss) on fair value of plan assets	6.11	(0.87)
Amount recognized in other comprehensive income	12.34	(8.95)

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

Rs. In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Discount Rate		
0.50% Increase	(6.87)	(5.86)
0.50% decrease	7.43	6.31
Future Salary increase		
0.50% Increase	7.45	6.38
0.50% decrease	(6.95)	(5.98)

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

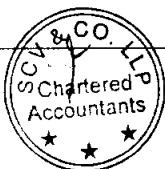
- h. Maturity profile of Defined benefit Obligations:

(Rs. In Lakhs)

Year	Year ended March 31, 2020	Year ended March 31 2019
0 to 1 Year	21.02	16.98
1 to 2 Year	6.71	5.86
2 to 3 Year	6.70	6.01
3 to 4 Year	6.61	5.99
4 to 5 Year	6.52	11.71
5 to 6 Year	7.68	7.55
6 Year onwards	104.68	93.97

- i. The average duration of the defined benefit plan obligation at the end of the reporting period is 12.99 years (31 March 2019: 13.15 years)
- j. The principal assumptions used for the purpose of the actuarial valuations are as follows:

Particulars	As at March 31,2020	As at March 31,2019
Discount Rate (per annum)	6.80	7.65
Weighted average rate of increase in compensation levels	6.00	6.00



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

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 (2012 - 14)	
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 (2012-14) 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	0.000698	45	0.002579	75	0.038221
20	0.000924	50	0.004436	80	0.061985
25	0.000931	55	0.007513	85	0.100979
30	0.000977	60	0.011162	90	0.163507
35	0.001202	65	0.015932	95	0.259706
40	0.00168	70	0.024058	100	0.397733

l. The expected contribution during the next year is Rs.26.37 Lakhs (Previous Year Rs. 22.53 Lakhs)

34.3 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.10.01 lakh (Previous year Rs. 5.09 lakh).

(ii) Amount recognized in the balance sheet

(Rs in lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Current	5.40	4.20
Non-Current	24.68	20.52

34A. Segment information

The Company is primarily in the business of manufacturing and sale of yarn. The Managing Director of the Company, which has been identified as being the Chief Operating Decision Maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore, there is only one reportable segment for the Company.



VMT SPINNING COMPANY LIMITED**Notes to the Financial Statements for the year ended March 31, 2020**

Information by Geographies

(i) Revenue from Operations

Particulars	(Rs in lakhs)	
	For the year ended March, 31 2020	For the year ended March, 31 2019
India	12378.23	10994.30
Outside India	9229.92	12294.21

- Non Current Segment Assets

-Within India	5130.26	5454.56
-Outside India	-	-

The company has business operations only in India and does not hold any non-current segment asset outside India.

Revenue from major customers

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

Particulars	(Rs in lacs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
- Amount of sales	11740.48	9772.40

35. Related Party Transactions:

(a) Description of Related Party

(a)	Holding Company	Vardhman Textiles Limited
(b)	Fellow Subsidiary Companies	-VTL Investments Limited -Vardhman Acrylics Limited - Vardhman Nisshinbo Garments Company Limited
(c)	Associates of Holding Company	-Vardhman Special Steels Ltd. -Vardhman Yarns & Threads Limited -Vardhman Spinning and General Mills Limited
(d)	Employee benefit trust	-VMT Gratuity fund trust
(e)	Key Management Personnel	Mr. Neeraj Jain, Managing Director* Mr. Rajeev Thapar (CFO) Mr. Sanjay Gupta (CS) (from 06.05.2019 to 01.11.2019) Mr. S.P Oswal** Mr. D.L Sharma**
(f)	Enterprises over which KMP is able to exercise significant influence	Mahavir Traders

* Executive Director



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

** Non Executive Director

Particulars	Holding Company		Fellow Associates Company- Vardhman Yarns & Threads Ltd & Vardhman Special Steel Ltd		Fellow Subsidiary Company- Vardhman Nisshinbo Garments Co Ltd and Vardhman Acrylics Limited		Enterprises over which KMP is able to exercise significant influence		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	1761.23	1103.61	76.41	-	0.73	-	-	-	-	-	1838.36	1103.61
Purchase of property plant and equipment	5.90	54.34	-	-	-	-	-	-	-	-	5.90	54.34
Purchase of MEIS License	-	-	-	-	-	2.60	-	-	-	-	-	2.60
Sale/Processing of goods	8726.19	7557.32	-	0.34	-	-	68.60	13.74	-	-	8794.79	7571.40
Sale of property plant and equipment	58.41	0.03	-	-	-	-	-	-	-	-	58.41	0.03
Sale of MEIS Licence	-	1.02	-	11.34	3.32	-	-	-	-	-	3.32	12.36
Interest received	-	0.61	-	-	-	-	-	-	-	-	-	0.61
Interest Paid	-	49.17	-	0.05	-	-	-	-	-	-	-	49.22
***Remuneration to Key managerial personnel:- Executive director	-	-	-	-	-	-	-	-	30.90	30.69	30.90	30.69
Remuneration to other KMP's	-	-	-	-	-	-	-	-	-	2.67	-	2.67
Common Corporate & ERP Expenses (Excluding Service Tax)	73.14	73.14	-	-	-	-	-	-	-	-	73.14	73.14
Loan taken including opening balance	-	1750	-	-	-	-	-	-	-	-	-	1750
Repayment of loan	-	1750	-	-	-	-	-	-	-	-	-	1750
Reimbursement of Expenses incurred	8.23	16.90	-	-	-	-	-	-	-	-	8.23	16.90
Reimbursement of Expenses received	4.29	33.49	-	16.00	-	-	-	-	-	-	4.29	49.49
Loan taken outstanding from Holding Company	-	17.50	-	-	-	-	-	-	-	-	-	17.50

*** 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.



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

36. Earnings per Share

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net profit after tax attributable to equity shareholders –(A) (Rs. in Lakhs)	955.72	1845.17
Weighted average number of basic equity shares (numbers) – (B)	20,700,240	20,700,240
Basic and diluted Earnings per share (in Rs.) (A/B)	4.62	8.91
Nominal Value per share (in Rs.)	10.00	10.00

There are no potential equity shares.

37. Income Tax:

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

37.1. Deferred tax liabilities (Net)

(Rs in Lakh)

2019-20	Opening Balance	Recognised in profit or loss	Mat Credit Entitlement	Closing Balance
A. Deferred tax assets				
Expenses deductible in future years	(62.31)	(4.21)	-	(66.52)
MAT Credit	(42.80)	-	-	(42.80)
Total	(105.11)	-	-	(109.32)
B. Deferred tax liabilities				
Property, plant and equipment and Intangible assets	468.02	(26.31)		441.71
Total	468.02	(30.52)		441.71
Net deferred tax liabilities	362.91			332.39

Deferred tax liabilities (Net)

(Rs in Lakh)

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
Total	540.84	(72.82)	-	468.02



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

Net deferred tax liabilities	199.92	(70.05)	233.04	362.91
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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, 2020	For the year ended March 31, 2019
Current tax		
In respect of the current year	404.05	747.07
Deferred tax		
In respect of the current year	(30.52)	(70.05)
Total income tax expense recognized	373.53	677.02

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	1329.25	2522.19
Tax at the tax rate of 29.12% (31 st March 2019: 29.12%)	387.08	734.41
Add/(Less): Tax effect of adjustments to reconcile expected income tax expense with reported income tax expense		
Exempt Dividend Income	(5.41)	-
Deduction u/s 80-JJA	(5.96)	-
Reinstatement of deferred tax due to differential rate of tax	-	(60.46)
Others	(2.18)	3.07
Total	373.53	677.02

37.3 Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Remeasurement of defined benefit obligation	3.59	(2.60)
Total income tax recognised in other comprehensive income	3.59	(2.60)

38. Financial Instruments and Risk Management



VMT SPINNING COMPANY LIMITED**Notes to the Financial Statements for the year ended March 31, 2020****(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 is not subject to externally imposed capital requirement.

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 lakhs)	
	As at March 31, 2020	As at March 31, 2019
Borrowings	1853.09	2361.27
Cash and cash equivalent	207.29	59.74
Net Debt	1645.80	2301.53
Total Equity	13424.40	12477.42
Net debt to equity ratio	12.26%	18.45%

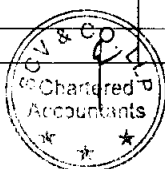
(b) Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2020 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	207.29	-	-	207.29	207.29
Other Bank Balances		-	-		
Trade receivables	675.90	-	-	675.90	675.90
Loans	4.69	-	-	4.69	4.69
Other financial assets	0.94	0.94	-	1.88	1.88
Total	888.82	0.94	-	889.76	889.76
Financial Liabilities:					
Trade payables	998.49	-	-	998.49	998.19
Long Term Borrowings	-	-	-	-	-
Short Term Borrowings	828.49	-	-	828.49	828.49
Other financial liabilities	1468.76	-	-	1468.76	1468.76
Total	3295.74	-	-	3295.74	3295.74

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



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

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

Carrying value of financial assets and financial liabilities designated as amortised cost approximate the fair value.

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, 2020

Financial Assets	Level 1	Level 2	Level 3	Total
Foreign Currency/ commodity forward contracts	-	0.94	-	0.94
Total	-	0.94	-	0.94
Financial Liabilities				
Foreign Currency/ commodity forward contracts	-	-	-	-

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	-	-	-	-

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.

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:



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

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.

(b) Financial risk management

The financial assets of the company includes 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: foreign currency risk, interest rate risk, and investment risk.

(a) Foreign currency risk

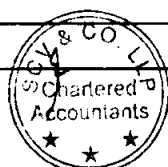
The company operates internationally and business is transacted in several currencies. The export sales of the company comprise around 43.04% (March 31, 2019 52.79%) of his total sales of the company.

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:

Particulars	(FC In Lakhs)	
	As at March 31, 2020	As at March 31, 2019
Exposure on account of Financial Assets (A)		
Trade receivables		
-In USD	6.23	11.10
Advance to suppliers		



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

-In USD	-	-
-In JPY	0.75	-
-In CHF	2.12	0.26
-In Euro	0.01	0.06
Amount hedged through forward contracts (B)		
-In USD	-	-
-In Euro	-	0.44
Net exposure to foreign currency risk (Assets) (C=A-B)		
-In USD	6.23	11.10
-In JPY	0.75	-
-In CHF	2.12	0.26
-In Euro	0.01	-
Exposure on account of Financial Liabilities (D)		
Trade Payables		
-In CHF	0.35	0.43
-In EURO	0.09	0.05
-In JPY	-	-
-In USD	-	11.23
Amount hedged through forwards (E)		
in USD	0.62	-
Net Exposure to Foreign Currency Liabilities (F=D-E)		
-In CHF	0.35	0.43
-In EURO	0.09	0.05
-In JPY	-	-
-In USD	-	11.23
Net exposure to foreign currency risk (Assets/(Liability)) (C-F)		
-In CHF	1.77	(0.17)
-In Euro	(0.09)	(0.05)
-In JPY	0.75	-
-In USD	6.23	(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	2019-20 (Average exchange rate)	2018-19 (Average exchange rate)	2019-20 (Year end rates)	2017-18 (Year end rates)
INR/USD	70.89	69.89	75.55	69.15
INR/JPY	0.65	0.63	0.70	0.62
INR/CHF	71.90	70.62	78.46	69.41



VMT SPINNING COMPANY LIMITED
Notes to the Financial Statements for the year ended March 31, 2020

INR/EURO	78.79	80.92	82.95	77.66
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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 Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
10% Strengthening/weakening of USD against INR	47.07	(0.90)
10% Strengthening/weakening of JPY against INR	0.05	-
10% Strengthening/weakening of CHF against INR	13.89	(1.18)
10% Strengthening/weakening of EURO against INR	(0.75)	(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 Lakhs)

Particulars	No. of deals	As at March 31, 2020	No. of deals	As at March 31, 2019
Contracts against Import				
-In USD	1	0.62	-	-
-In JPY			-	-
Contracts against Export				
-In USD			-	-
-In Euro			1	0.44

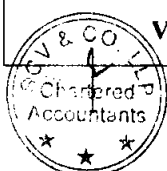
(b) Interest Rate Risk

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 Lakhs)	
	As at March 31, 2020	As at March 31, 2019
Variable rate instruments		



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

Long term borrowings	-	1024.51
Current maturities of long term debt	1024.60	400.00
Short term borrowings	828.49	937.56

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 March 31, 2020	As at March 31, 2019
Increase/ (decrease) in profit before tax in case interest rate increases/decreases by 1%	18.53	23.61

(c) Security Price Risk Management

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

(ii) Liquidity risk management

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 March 31, 2020	As at March 31, 2019
Borrowings		
Less than 1 year	1853.09	400.00
More than 1 year and upto 3 years	-	1024.51
Trade Payables		
Less than 1 year	998.49	384.41
More than 1 year and upto 3 years		-
Other Financial liabilities		
Less than 1 year	444.16	445.26
More than 1 year and upto 3 years		-

Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables		



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

Less than 1 year	675.90	912.11
Cash and cash equivalents		
Less than 1 year	207.29	53.90
Bank balances other than above		
Less than 1 year	-	5.84
Loans		
Less than 1 year	4.69	6.54
More than 1 year and upto 3 years	0.04	0.95
Other financial assets		
Less than 1 year	1.88	0.72

(iii) Credit risk management

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 lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Revenue from top five customers		
- Amount of sales	15166.65	14579.36
-% of total sales	70.19%	62.60%
(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 financials 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.



VMT SPINNING COMPANY LIMITED

Notes to the Financial Statements for the year ended March 31, 2020

40. The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 are here as under:

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of year		
- Principal amount	19.86	-
-Interest due thereon	-	-
Amount of payments made to suppliers beyond the appointed day during the year		
- Principal amount	-	-
-Interest due thereon	-	-
Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding interest under MSMED	-	-
Interest accrued and remaining unpaid at the end of the year		
-Interest accrued during the year	-	-
-Interest remaining unpaid as at the end of the year	-	-
Interest remaining disallowable as deductible expenditure under the Income tax Act, 1961	-	-

Note: The amounts have been determined to the extent such parties have been identified on the basis of information available with the company.

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

a.	<u>Disaggregated revenue information</u>	<u>March 31, 2020</u>	<u>March 31, 2019</u>
			(in Lakhs)
	Type of goods		
	Revenue from Yarn	21441.50	23111.33
	Sales of Services	4.56	5.12
	Export Benefits	162.09	172.06
	Total Revenue from Operations	21608.15	23288.51
	Total Revenue from Contracts with Customers		
	Revenue from Customers based in India	12146.14	10822.24
	Revenue from Customers based outside India	9299.92	12294.21
	Total Revenue from Contracts with Customers	21446.06	23116.45
	Timing of Revenue Recognition		
	Goods transferred at a point in time	21608.15	23288.51
b.	Trade receivables and Contract Customers		
	Trade Receivables	675.90	912.11

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 letter of credit.

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



VMT SPINNING COMPANY LIMITED**Notes to the Financial Statements for the year ended March 31, 2020**

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.41.63 lakhs (previous year Rs. 66.24 lakhs)

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue as per Contract Price	21458.69	23145.39
Less : Adjustments		
Sale Return	12.63	28.94
	21446.06	23116.45

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, 2020, there was no remaining performance obligation as the same is satisfied upon delivery of goods/services.

42. Assets pledged as Security:-

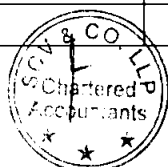
The Carrying amount of assets pledged as security for current and non-current borrowings are:-

Particulars	(Amount in Lakhs)	
	As at March 31, 2020	As at March 31, 2019
Current Assets		
Trade receivables	675.90	912.11
Inventory	10565.27	8766.69
Total Current Assets Pledged as Security (A)	11241.20	9678.80
Non Current Assets		
Property Plant and Equipment	4881.73	5414.15
Total Non Current Assets Pledged as Security (B)	4881.73	5414.15
Total Assets Pledged as Security (A+B)	16125.93	15092.95

43. Reconciliation of Cash flow from financing Activities

(Amount in Lakhs)

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	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	937.56	1424.51	2985.53	2339.00
Changes during the year				



VMT SPINNING COMPANY LIMITED**Notes to the Financial Statements for the year ended March 31, 2020**

a) Changes from financing cash flow	(109.07)	(399.51)	(2047.97)	(914.49)
Closing Balance of Financial liabilities coming under the financing activities of Cash Flow Statement	828.49	1025.00	937.56	1424.51

44. Expenditure incurred on Corporate Social Responsibility

As per section 135 of the Companies Act, 2013, a company meeting the applicable threshold, need to spend at least 2% of the average net profit for the immediate preceding three financial years on CSR activities as defined in Schedule VII of the Companies Act, 2013.

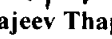
Details of expenditure towards Corporate Social Responsibility (CSR) activities:

- Gross amount required to be spent by the Company during the year is Rs. 26.56 lakhs (March 31, 2019 Rs. 17.19 lakhs)
- Amount spent during the year is Rs. Nil (March 31, 2019 is Rs. Nil)
- Amount unspent during the year is Rs. 26.56 lakhs (March 31, 2019 Rs. 17.19 lakhs)


45. Previous Year figures in the financial statements including the notes there to have been regrouped/ reclassified wherever required to confirm to the current year presentation/classification.

For and on behalf of the Board of Directors


Sanjay Gupta
Company Secretary
Membership no-4935


Rajeev Thapar
Chief Financial Officer


Neeraj Jain
Managing Director
DIN: 00340459


S.P. Oswal
Chairman
DIN: 00121737

Place: Ludhiana
Date: 20-06-2020

