



Vardhman Yarns and Threads Limited
Balance Sheet as at 31 March 2015
(All amounts in ₹ lacs, unless stated otherwise)

	Notes	As at 31 March 2015	As at 31 March 2014
Equity and liabilities			
Shareholders' funds			
Share capital	3	5,700.64	5,700.64
Reserves and surplus	4	42,679.59	39,686.28
		<u>48,380.23</u>	<u>45,386.92</u>
Non-current liabilities			
Long-term borrowings	5	6,287.96	7,207.74
Deferred tax liabilities (net)	6	843.11	772.88
Other long term liabilities	7	18.16	12.27
Long-term provisions	8	136.85	121.97
		<u>7,286.08</u>	<u>8,114.86</u>
Current liabilities			
Short-term borrowings	9	375.24	362.08
Trade payables	10	3,649.89	3,088.20
Other current liabilities	11	4,045.26	3,564.89
Short-term provisions	12	4,241.10	2,450.22
		<u>12,311.49</u>	<u>9,465.39</u>
Total		<u>67,977.80</u>	<u>62,967.17</u>
Assets			
Non-current assets			
Fixed assets	13		
Tangible assets		21,256.08	20,635.29
Intangible assets		847.42	1,129.89
Capital work-in-progress		390.90	84.84
		<u>22,494.40</u>	<u>21,850.02</u>
Non-current investments	14	217.69	2,627.50
Long-term loans and advances	15	725.27	500.74
Other non-current assets	16	22.04	24.12
		<u>23,459.40</u>	<u>25,002.38</u>
Current assets			
Current investments	17	12,981.79	5,783.18
Inventories	18	15,174.26	17,625.18
Trade receivables	19	11,563.97	10,672.27
Cash and bank balances	20	2,513.31	2,028.00
Short-term loans and advances	21	2,285.07	1,856.16
		<u>44,518.40</u>	<u>37,964.79</u>
Total		<u>67,977.80</u>	<u>62,967.17</u>

Notes 1 to 43 form an integral part of these financial statements

This is the balance sheet referred to in our report of even date

Walker Chandiook & Co LLP

For ~~Walker Chandiook & Co LLP~~
Chartered Accountants

Sumit Mahajan
per Sumit Mahajan
Partner



For Vardhman Yarns and Threads Limited

Raman Marwaha
Raman Marwaha
(Chief Financial Officer)

Shashi Ranjan Kumar
Shashi Ranjan Kumar
(Company Secretary)

D.L. Sharma
D.L. Sharma
(Managing Director)
(DIN: 00727581)

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

Place: Noida
Date: 04 May 2015

Place: Ludhiana
Date: 02 May 2015

Vardhman Yarns and Threads Limited
Statement of profit and loss for the year ended 31 March 2015
(All amounts in ₹ lacs, unless stated otherwise)

	Notes	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenue			
Revenue from operations (gross)	22	69,674.74	64,319.17
Less : Excise duty		12.31	14.31
Revenue from operations (net)		<u>69,662.43</u>	<u>64,304.86</u>
Other income	23	1,397.33	1,473.19
Total revenue		<u><u>71,059.76</u></u>	<u><u>65,778.05</u></u>
Expenses			
Cost of materials consumed	24	22,526.16	21,909.40
Changes in inventories of finished goods, work-in-progress and traded goods	25	806.41	150.60
Employee benefit expenses	26	6,943.98	6,355.10
Finance costs	27	629.82	632.09
Depreciation and amortisation expense	28	2,486.32	2,236.28
Other expenses	29	26,955.90	24,296.23
Prior period items	30	74.74	8.02
Total expenses		<u><u>60,423.33</u></u>	<u><u>55,587.72</u></u>
Profit before tax		10,636.43	10,190.33
Tax expense			
Current tax		3,361.79	3,095.85
Deferred tax - current year		70.24	95.67
Profit for the year		<u><u>7,204.40</u></u>	<u><u>6,998.81</u></u>
Basic and diluted earnings per share (In ₹) (Nominal value of equity share Rs.10 each)		12.64	12.28

Notes 1 to 43 form an integral part of these financial statements

This is the statement of profit and loss referred to in our report of even date

Walker Chandiook & Co LLP
For Walker Chandiook & Co LLP
Chartered Accountants

Sumit Mahajan
per Sumit Mahajan
Partner



For Vardhman Yarns and Threads Limited

Raman Marwaha
Raman Marwaha
(Chief Financial Officer)

Shashi Ranjan Kumar
Shashi Ranjan Kumar
(Company Secretary)

D.L.Sharma
D.L.Sharma
(Managing Director)
(DIN: 00727581)

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

Place: Noida
Date: 04 May 2015

Place: Ludhiana
Date: 02 May 2015

Vardhman Yarns and Threads Limited

Cash flow statement for the year ended 31 March 2015

(All amounts in ₹ lacs, unless stated otherwise)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
A. Cash flow from operating activities:		
Net profit before tax and after prior period items	10,636.43	10,190.33
Adjustments for:		
Depreciation/amortisation	2,486.32	2,236.28
Interest expense	564.47	573.63
Interest/ dividend income	(421.36)	(432.44)
Profit on sale of fixed assets (net)	(140.37)	(159.73)
Profit on sale of current investments	(506.73)	(565.77)
Liabilities no longer required written back	(129.92)	(86.18)
Excess provision written back	(86.26)	(42.04)
Sundry balances written off (net)	69.85	28.81
Fixed assets written off	49.65	24.16
Corporate social responsibility appropriation	(75.00)	-
Exchange rate fluctuation	22.54	(130.39)
Operating profit before working capital changes	1,833.19	1,446.33
Adjustments for movement in:		
(Increase) in trade receivables	(897.83)	(404.70)
Decrease/(increase) in inventories	2,450.92	(2,077.01)
(Increase) in long-term loans and advances	(278.45)	(15.32)
Decrease/(increase) in other non-current assets	2.08	(23.74)
(Increase) in short-term loans and advances	(428.90)	(899.87)
Increase/(decrease) in other long term liabilities	5.89	(11.07)
Increase/(decrease) in long-term provisions	14.88	(50.24)
Increase in trade payables	691.63	662.20
Increase in other current liabilities	199.25	137.58
Increase/(decrease) in short-term provisions	82.26	(89.87)
	1,841.73	(2,772.04)
Net cash from operations	14,311.35	8,864.62
Taxes paid	3,541.48	3,234.31
Net cash generated from operating activities	10,769.87	5,630.31
B. Cash flow from investing activities:		
Purchase of fixed assets (including capital work in progress and movement in creditors for capital goods)	(3,133.19)	(3,536.77)
Capital advances	50.25	101.90
Sale proceeds of fixed assets	256.51	228.14
Subsidy received	-	57.79
Purchase of non-current investments	-	(2,500.00)
Purchase of current investments	(10,481.79)	(5,783.18)
Sale of current investments	6,289.91	7,032.14
(Investments)/Maturity of bank deposits (having original maturity of more than three months)	(61.42)	5.84
Interest/ dividend received	421.36	432.44
Net cash (used in) investing activities	(6,658.37)	(3,961.70)
C. Cash flow from financing activities:		
Proceeds from long term borrowings	500.00	1,785.00
Repayment of long term borrowings	(1,301.98)	(847.87)
Repayment of short term borrowings	-	(131.27)
Proceeds from short term borrowings	13.15	-
Interest paid	(564.47)	(553.98)
Dividend paid	(1,995.22)	(1,710.19)
Tax on dividend	(339.09)	(290.65)
Net cash (used in) financing activities	(3,687.61)	(1,748.96)
Net increase/ (decrease) in cash and cash equivalents	423.89	(80.35)
Cash and cash equivalents at the beginning of the year	1,983.82	2,064.17
Cash and cash equivalents at the end of the year	2,407.71	1,983.82
Net increase/ (decrease) in cash and cash equivalents	423.89	(80.35)



Vardhman Yarns and Threads Limited
Cash flow statement for the year ended 31 March 2015
(All amounts in ₹ lacs, unless stated otherwise)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Components of cash and cash equivalents:		
Cash in hand	32.69	51.12
Cheques in hand	54.25	101.30
Balances with Scheduled Banks		
On current accounts	2,320.77	1,831.40
	2,407.71	1,983.82
Reconciliation of cash and bank balances with cash and cash equivalents		
Cash and bank balances as per balance sheet	2,513.31	2,028.00
Less: Deposits with maturity more than three months but less than twelve months	(105.60)	(44.18)
Cash and cash equivalents at the end of the year	2,407.71	1,983.82

Note:

The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard – 3 on Cash Flow Statements of the Companies (Accounting Standard) Rules, 2006.

Walker Chandiook & Co
For Walker Chandiook & Co LLP
Chartered Accountants

Sumit Mahajan
per Sumit Mahajan
Partner



Place: Noida
Date: 04 May 2015

For Vardhman Yarns and Threads Limited

Raman Marwaha
Raman Marwaha
(Chief Financial Officer)

D.L.Sharma
D.L.Sharma
(Managing Director)
(DIN: 00727581)

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

Shashi Ranjan Kumar
Shashi Ranjan Kumar
(Company Secretary)

Place: Ludhiana
Date: 02 May 2015

Vardhman Yarns and Threads Limited

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015

1. Background and nature of operations

Vardhman Yarns and Threads Limited (the "Company") incorporated in February 2005, under the Companies Act 1956, is engaged in the business of manufacturing and supply of threads. Currently, the Company has four manufacturing facilities, at Ludhiana (Punjab)-thread manufacturing, Hoshiarpur (Punjab)-spinning and thread manufacturing, Baddi (Himachal Pradesh) thread manufacturing and Perundurai (Tamilnadu) - thread manufacturing.

2. Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The financial statements have been prepared under the historical cost convention on the accrual basis except in case of the assets for which provision for impairment is made. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) Use of estimates

In preparing the Company's financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Sales

- a) Revenue from sale of goods is recognized when all the significant risks and rewards of ownership are transferred to the buyer and the Company retains no effective control of the goods transferred to a degree usually associated with ownership; and
- b) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

ii) Interest

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

iii) Dividend

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



Vardhman Yarns and Threads Limited

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015

iv) Benefit under duty entitlement pass book scheme / duty drawback scheme

Revenue in respect of duty entitlement pass book scheme and duty drawback scheme is recognized when the entitlement to receive the benefit is established.

v) Insurance and other claims

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

d) Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 Employee Benefits (Revised 2005) "Revised AS 15".

i) Superannuation fund

Under the superannuation plan the Company has to contribute a fixed sum in respect of the eligible employees to a separate trust fund created for this purpose. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

ii) Provident fund

The Company makes contribution to statutory provident fund in accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

iii) Gratuity

Gratuity is a post employment benefit and is in the nature of defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year in which such gains or losses arise.

iv) Compensated absences

Provision for compensated absences when determined to be a long term benefit is made on the basis of actuarial valuation as at the end of the year. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year in which such gains or losses arise. Provision related to short term compensated absences of workers is made on the basis of actuarial valuation as at the end of the year.

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Vardhman Yarns and Threads Limited

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015

e) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the statement of profit and loss. Project under commissioning and other assets under erection/installation are shown under capital work in progress and are carried at cost, comprising of direct cost and related incidental expenses.

f) Depreciation

- i) Depreciation on fixed assets for the year ended 31 March 2014 is provided on straight line method at rates which are either greater than or equal to the corresponding rates in Schedule XIV of the Companies Act, 1956, based on management estimate of useful life.

Pursuant to the notification of Schedule II of the Companies Act, 2013, by the Ministry of Corporate Affairs effective 01 April 2014, the management has reassessed and revised wherever necessary the useful lives of the assets. Depreciation on fixed assets for year ended 31 March 2015 is provided on straight line method as per the revised useful lives estimated by the independent Chartered Engineer, as engaged by the management.

Revised useful lives of assets are as below:

Block of asset	Revised useful life as per the management (in years)
Buildings (including temporary structure)	1-58
Plant and equipment	1-20
Furniture and fixture	15
Office equipment	1-20
Vehicles	10

The estimated useful lives of assets, as certified by the Chartered Engineer, have been derived based on factors, inter-alia, an inspection of the assets, benchmarking of useful lives within similar industry as that of the Company, number of shifts operated by the Company, history usage of the assets, maintenance activity carried out by the Company as per their plans, running condition of the assets, etc. Hence the useful lives in respect of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

- ii) Cost of the leasehold land and improvements are amortised over the period of the lease.
iii) Depreciation on assets costing Rs. 5,000 or below is charged @ 100% per annum.

g) Intangibles

Intangibles are stated at cost less accumulated amortization and impairment losses (if any). Cost related to brands which are acquired are capitalized and amortized on a straight line basis over the estimated useful life of ten years.

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Vardhman Yarns and Threads Limited

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015

h) Investments

Investments that are readily realizable and intended to be held for not more than one year are classified as current investments; all other investments are classified as long term investments. Long term Investment is carried at cost less provision (if any) for decline in value which is other than temporary in nature. Current investments are carried at lower of cost and fair value.

i) Inventories

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

- Raw material cost includes direct expenses and is determined on the basis of weighted average method.
- Stores and spares cost includes direct expenses and is determined on the basis of weighted average method.
- In case of work in process-at raw material cost plus conversion costs depending upon the stage of completion.
- In case of finished goods-at raw material cost plus conversion costs, packing cost and other overheads incurred to bring the goods to their present location and condition.

j) Subsidy

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all related conditions will be complied with. Government subsidy in the nature of promoter's contribution is credited to capital reserve.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

k) Borrowing cost

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

l) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

m) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its

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Vardhman Yarns and Threads Limited

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015

recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists then the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

n) Foreign currency conversion

i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

o) Accounting for taxes on income

The tax expense comprises of current taxes and deferred taxes. Current tax is the amount of income tax determined to be payable in respect of taxable income for a period as per the provisions of Income Tax, 1961. Deferred tax is the effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are reviewed at each balance sheet date and recognized/derecognized only to the extent that there is reasonable/virtual certainty, depending on the nature of the timing differences, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternate tax ("MAT") credit is recognised 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 MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

p) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue and share split.



Vardhman Yarns and Threads Limited

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

q) Provision and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and 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 where reliable estimate of the obligation cannot be made.

r) Derivative instruments

The exchange differences arising on forward contracts other than those entered into to hedge the foreign currency risk of firm commitments or highly probable forecast transactions are recognised in the year in which they arise based on the difference between i) foreign currency amount of the contract translated at the exchange rate on the reporting date and ii) the same foreign currency amount translated at the later of the date of inception of the forward exchange contract or the last reporting date.

The premium or discount arising at the inception of the forward contracts other than those entered into to hedge the foreign currency risk of firm commitments or highly probable forecast transactions is amortised as expense or income over the life of the contract.

Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or expense for the year.

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Vardhman Yarns and Threads Limited

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in ₹ lacs, unless stated otherwise)

	As at 31 March 2015		As at 31 March 2014	
	Number	Amounts	Number	Amounts
3 Share capital				
Authorised share capital				
Equity shares of ₹10 each	60,000,000	6,000.00	60,000,000	6,000.00
Issued, subscribed and fully paid up				
Equity shares of ₹10 each	57,006,354	5,700.64	57,006,354	5,700.64
Total	57,006,354	5,700.64	57,006,354	5,700.64

a. The Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be 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 shareholder. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

b. Shares held by holding company, ultimate holding company, subsidiaries/associates of holding company or ultimate holding company

	Number	Amounts	Number	Amounts
Vardhman Textiles Limited, holding company	29,072,180	2,907.22	29,072,180	2,907.22
American & Efid Global, LLC, company exercising significant influence	27,933,114	2,793.31	27,933,114	2,793.31
	57,005,294	5,700.53	57,005,294	5,700.53

c. Shareholders holding more than 5% of shares of the Company

	Number	% of shareholding	Number	% of shareholding
Vardhman Textiles Limited, holding company	29,072,180	50.99	29,072,180	50.99
American & Efid Global, LLC, company exercising significant influence	27,933,114	49.00	27,933,114	49.00
	57,005,294	99.99	57,005,294	99.99

d. There is no movement in equity share capital during the current year and previous year.

e. The Company has not issued any share pursuant to a contract without payment being received in cash in the current year and preceding five years. The Company has not issued any bonus shares nor has there been any buy-back of shares in the current year and preceding five years.

4 Reserves and surplus

Capital subsidy reserve ^a		30.00		30.00
Share premium		20,123.03		20,123.03
General reserve				
Balance at the beginning of the year	5,926.89		5,226.89	
Add: Transferred from surplus in the statement of profit and loss	-		700.00	
Balance at the end of the year		5,926.89		5,926.89
Surplus in the statement of profit and loss				
Balance at the beginning of the year	13,606.36		9,641.86	
Add: Transferred from statement of profit and loss	7,204.40		6,998.81	
Less: Dividend proposed	(3,420.38)		(1,995.22)	
Less: Tax on dividends distributed during the year	(715.71)		(339.09)	
Less: Corporate social responsibility [refer note 41]	(75.00)		-	
Less: Transfer to general reserve	-		(700.00)	
Balance at the end of the year		16,599.67		13,606.36
Total		42,679.59		39,686.28

^a Capital subsidy reserve was created on account of government grant received from the Government of Himachal Pradesh as promoter contribution for setting up of new industrial project in Baddi.

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Vardhman Yarns and Threads Limited

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in ₹ lacs, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
5 Long-term borrowings		
Term loans from banks (secured)	6,287.96	7,207.74
Total	6,287.96	7,207.74
a. Details of security for term loans		
Term loans from banks are secured by mortgage created or to be created on all the immovable assets of the Company, both present and future and hypothecation of all movable assets, both present and future (except book debts), subject to charges created or to be created in favour of the bankers for securing the working capital limits.		
b. Terms of repayment (including the current maturities of long term debt as referred in Note 11) are given as under:		
Term loans carry interest rate spread in the range of 0.75% to 1.95% over the bank base rate. Repayment terms of the loans are as follows:		
i) Term loan from Allahabad Bank amounting to ₹ 694.4 lacs (sanctioned amount ₹ 1,645 lacs) is repayable in two quarterly instalments of ₹ 104.34 lacs and four quarterly instalments of ₹ 121.43 lacs.		
ii) Term loan from Corporation Bank amounting to ₹ 454.75 lacs (sanctioned amount ₹ 2,035.56 lacs) is repayable in three quarterly instalments of ₹ 151.58 lacs.		
iii) Term loan from State Bank of Indore (transferred to State Bank of India) amounting to ₹ 125 lacs (sanctioned amount ₹ 425 lacs) is repayable in four quarterly instalments of ₹ 31.25 lacs.		
iv) Term loan from State Bank of Patiala amounting to ₹ 142.03 lacs (sanctioned amount ₹ 355 lacs) is repayable in one quarterly instalments of ₹ 23.67 lacs and four quarterly instalments of ₹ 29.59 lacs.		
v) Term loan from State Bank of Patiala amounting to ₹ 2,675.56 lacs (sanctioned amount ₹ 2,800 lacs) is repayable in one quarterly instalments of ₹ 24.89 lacs, four quarterly instalments of ₹ 37.33 lacs, four quarterly instalment of ₹ 49.78 lacs and four quarterly instalments of ₹ 575.56 lacs.		
vi) Term loan from State Bank of Patiala amounting to ₹ 1,196 lacs (sanctioned amount ₹ 1,236 lacs) is repayable in four quarterly instalments of ₹ 20 lacs, four quarterly instalments of ₹ 40 lacs, four quarterly instalments of ₹ 60 lacs and four quarterly instalments of ₹ 179 lacs.		
vii) Term loan from Oriental Bank of Commerce amounting to ₹ 1,920 lacs (sanctioned amount ₹ 2,250 lacs) is repayable in nine quarterly instalments of ₹ 30 lacs, four quarterly instalments of ₹ 60 lacs and four quarterly instalments of ₹ 352.50 lacs.		
viii) Term loan from State Bank of India amounting to ₹ 500 lacs (out of sanctioned amount ₹ 4,700 lacs, ₹ 500 lacs disbursed till year end) is repayable in four quarterly instalments of ₹ 25 lacs, four quarterly instalments of ₹ 75 lacs, four quarterly instalments of ₹ 125 lacs, four quarterly instalments of ₹ 150 lacs and four quarterly instalments of ₹ 800 lacs.		
6 Deferred tax liabilities (net)		
Deferred tax liabilities		
Timing difference on depreciation and amortisation of tangible and intangible assets [also refer note 13(b)]	1,350.09	1,277.47
Deferred tax assets		
Provision for doubtful debts	(50.14)	(78.50)
Provision for employee benefits	(54.91)	(49.19)
Bonus	(33.63)	(36.17)
Entry tax	(367.61)	(340.67)
Others	(0.69)	-
Deferred tax liabilities (net)	843.11	772.88
7 Other long-term liabilities		
Advance from employees	17.93	10.89
Retention money	0.23	1.38
Total	18.16	12.27
8 Long-term provisions		
Provision for employee benefits:		
Gratuity [Also refer note 8 (a)]		
Leave encashment [Also refer note 8 (b)]	136.85	121.97
Total	136.85	121.97

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Vardhman Yarns and Threads Limited

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in ₹ lacs, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014			
8 (a) Provision for gratuity					
The following table set out the status of the plan for gratuity as required under Accounting Standard (AS) - 15 (R) - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation in respect of gratuity:					
Particulars					
Discount rate	7.90%	9.10%			
Rate of increase in compensation levels	6.00%	6.00%			
Rate of return of plan assets	9.26%	7.66%			
Change in the present value of obligation:					
Present value of obligation as at the beginning of the year	947.47	903.00			
Interest cost	69.40	77.63			
Current service cost	128.53	107.30			
Benefits paid	(137.72)	(99.84)			
Actuarial (gain)/loss on obligations	122.70	(40.62)			
Present value of obligation as at the end of the year*	<u>1,130.38</u>	<u>947.47</u>			
Change in the fair value of plan assets:					
Fair value of plan assets at the beginning of the year	963.20	761.05			
Expected return on plan assets	88.46	63.73			
Contributions	6.73	141.94			
Withdrawal	(22.56)	-			
Actuarial gain/(loss) on plan assets	11.35	(3.52)			
Fair value of plan assets at the end of the year	<u>1,047.18</u>	<u>963.20</u>			
Reconciliation of present value of defined benefit obligation and the fair value of assets:					
Present value of funded obligation as at the end of the year	1,130.38	947.47			
Fair value of plan assets as at the end of the year	1,047.18	963.20			
Net (assets)/liability recognized in balance sheet	<u>83.20</u>	<u>(15.73)</u>			
* includes short term provision of ₹ 110.76 lacs (previous year ₹ 116.28 lacs)					
Expenses recognised in the statement of profit and loss:					
Current service cost	128.53	107.30			
Interest cost	69.40	77.63			
Expected return on plan assets	(88.46)	(63.73)			
Net actuarial (gain)/loss recognized in the year	111.35	(37.10)			
Total expenses recognized in the statement of profit and loss	<u>220.82</u>	<u>84.10</u>			
Investment details of fund:					
Central Government securities	871.77	783.31			
Other investments	175.47	180.95			
Closing balance	<u>1,047.24</u>	<u>964.26</u>			
Amounts for the current and previous four years are as follows:					
	2014-15	2013-14	2012-13	2011-12	2010-11
Gratuity					
Defined benefit obligation	1,130.38	947.47	903.00	699.84	652.05
Plan assets	1,047.18	963.20	761.05	685.12	559.57
Net (assets)/liability	83.20	(15.73)	141.95	14.72	92.48

8 (b) Provision for leave encashment

The following table set out the assumptions used in valuation of leave encashment liability as required under Accounting Standard (AS) - 15 (R) - Employee benefits.

Particulars		
Discount rate	7.90%	9.10%
Rate of increase in compensation levels	6.00%	6.50%

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Vardhman Yarns and Threads Limited
Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
 (All amounts in ₹ lacs, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
9 Short term borrowings		
Working capital borrowings from banks (secured)	375.24	362.08
Total	<u>375.24</u>	<u>362.08</u>
(a) Working capital borrowings from banks, repayable on demand are secured by hypothecation of entire present and future movable assets of the Company and are secured by second charge on all immovable assets of the Company both present & future.		
10 Trade payables		
Dues to micro and small enterprises [Also, refer note 10 (a) below]	23.39	22.83
Dues to others	3,626.50	3,065.37
Total	<u>3,649.89</u>	<u>3,088.20</u>
a. Dues to micro, small and medium enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006		
Amount due to entities covered under Micro, Small and Medium Enterprises as defined in the Micro, Small, Medium Enterprises Development Act, 2006, have been identified on the basis of information available with the Company. This has been relied upon by the auditor.		
Principal amount remaining unpaid	23.38	22.82
Interest accrued and remaining unpaid as at 31 March	0.01	0.01
	<u>23.39</u>	<u>22.83</u>
11 Other current liabilities		
Current maturities of long term debt	1,419.78	1,301.98
Trade deposits	18.71	20.57
Other payables		
Advance from customers	155.74	91.12
Retention money	50.95	28.36
Creditors for capital expenditure	240.17	76.86
Statutory dues	1,399.88	1,268.07
Others	57.74	58.00
Employee related payables	702.29	717.94
Book overdraft	-	1.99
Total	<u>4,045.26</u>	<u>3,564.89</u>
12 Short-term provisions		
Provision for employees benefits		
Gratuity [Also refer note 8 (a)]	83.20	-
Leave encashment [Also refer note 8 (b)]	21.81	22.75
Provision for income tax	-	93.16
[Net of advance tax and taxes deducted at source ₹ Nil (previous year ₹ 3,033 lacs)]		
Others		
Proposed dividend	3,420.38	1,995.22
Provision for tax on dividend	715.71	339.09
Total	<u>4,241.10</u>	<u>2,450.22</u>

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13 Fixed assets

For the year ended 31 March 2015

Particulars	Gross block				Accumulated depreciation and amortisation				Net block	
	As at 1 April 2014	Additions during the year	Sales / Adjustment during the year	As at 31 March 2015	As at 1 April 2014	For the year	Sales / Adjustment during the year	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Tangible assets										
Freehold land	4,069.44	19.91	-	4,089.35	-	-	-	-	4,089.35	4,069.44
Leasehold land	86.26	62.35	-	148.61	4.00	1.23	-	5.23	143.38	82.26
Leasehold improvements	83.39	1.81	-	85.20	10.78	16.77	-	27.55	57.65	72.61
Buildings	5,793.73	179.16	59.02	5,913.87	1,181.83	198.54	13.64	1,366.73	4,547.14	4,611.90
Plant and equipment	21,254.08	2,632.35	326.07	23,560.36	9,920.44	1,902.39	222.74	11,600.09	11,960.27	11,333.64
Office equipments	389.74	45.95	1.41	434.28	184.43	45.03	1.34	228.12	206.16	205.31
Furniture and fixture	223.25	24.07	-	247.32	107.08	22.37	-	129.45	117.87	116.17
Vehicles	187.29	24.85	32.70	179.44	43.33	17.52	15.67	45.18	134.26	143.96
Total	32,087.18	2,990.45	419.20	34,658.43	11,451.89	2,203.85	253.39	13,402.35	21,256.08	20,635.29
Intangible assets										
Brands	2,824.71	-	-	2,824.71	1,694.82	282.47	-	1,977.29	847.42	1,129.89
Total	2,824.71	-	-	2,824.71	1,694.82	282.47	-	1,977.29	847.42	1,129.89
Capital work in progress									390.90	84.84

a. Plant and equipment is net of capital subsidy received ₹ Nil (previous year ₹ 57.79 lacs) under TUP's scheme (Textile Upgradation fund scheme)

b. Pursuant to the enactment of Schedule II to the Companies Act, 2013, with effect from 01 April 2014, the management has reassessed and revised wherever necessary the useful lives of the assets in terms with a certificate on technical evaluation of assets obtained from a Chartered Engineer and has computed depreciation to conform with its stipulated requirements. Such useful lives are different from those prescribed under Part C of the Schedule II to the Companies Act, 2013. The estimated useful lives of assets, as certified by the Chartered Engineer, have been derived based on factors, inter-alia, an inspection of the assets, benchmarking of useful lives within similar industry as that of the Company, number of shifts operated by the Company, history usage of the assets, maintenance activity carried out by the Company as per their plans, running condition of the assets, etc. Had the Company continued with the previously assessed useful lives, charge for depreciation for year ended 31 March 2015 would have been lower by ₹ 69.35 lacs, tax expense would have been higher by ₹ 24 lacs, and net profits for the year ended 31 March 2015 and reserves and surplus as at 31 March 2015 would have been higher by ₹ 45.35 lacs.

For the year ended 31 March 2014

Particulars	Gross block				Accumulated depreciation and amortisation				Net block	
	As at 1 April 2013	Additions during the year	Sales / Adjustment during the year	As at 31 March 2014	As at 1 April 2013	For the year	Sales / Adjustment during the year	As at 31 March 2014	As at 31 March 2014	As at 31 March 2013
Tangible assets										
Freehold land	4,066.33	3.11	-	4,069.44	-	-	-	-	4,069.44	4,066.33
Leasehold land	86.26	-	-	86.26	3.11	0.79	-	4.00	82.26	83.15
Leasehold improvements	-	83.39	-	83.39	-	10.88	-	10.78	72.61	-
Buildings	5,749.14	62.14	17.55	5,793.73	988.05	198.37	4.59	1,181.83	4,611.90	4,761.09
Plant and equipment	18,527.76	3,085.61	359.29	21,254.08	8,537.79	1,667.42	284.77	9,920.44	11,333.64	9,989.97
Office equipments	302.77	93.58	6.61	389.74	148.83	41.95	6.35	184.43	205.31	153.94
Furniture and fixture	169.70	53.66	0.11	223.25	88.52	18.67	0.11	107.08	116.17	81.18
Vehicles	132.97	62.80	8.48	187.29	31.28	15.73	3.68	43.33	143.96	101.69
Total	29,034.93	3,444.29	392.04	32,087.18	9,797.58	1,953.81	299.50	11,451.89	20,635.29	19,237.35
Intangible assets										
Brands	2,824.71	-	-	2,824.71	1,412.35	282.47	-	1,694.82	1,129.89	1,412.36
Total	2,824.71	-	-	2,824.71	1,412.35	282.47	-	1,694.82	1,129.89	1,412.36
Capital work in progress									84.84	53.31



Vardhman Yarns and Threads Limited
Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in ₹ lacs, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
14 Non-current investments		
Trade investments (at cost, unquoted)		
21,769 (previous year 12,750) equity shares of ₹ 1,000 each fully paid-up of Perundurai Common Effluent Treatment Plant (a Section 25 Company)	217.69	127.50
Non trade investments (at cost, quoted)		
Investments in mutual funds		
SBI debt fund series - A 10 - 400 days - Direct - Growth - Nil (previous year 25,000,000 of ₹ 10 each)	-	2,500.00
Total	217.69	2,627.50
Aggregate amount of unquoted investments	217.69	127.50
Aggregate amount of quoted investments (market value ₹ Nil, previous year ₹ 2,518.08 lacs)	-	2,500.00
15 Long-term loans and advances (unsecured considered good, unless otherwise stated)		
Capital advances	15.65	65.90
Security deposits	596.67	327.78
Other loans and advances		
Loans to employees	7.27	7.81
Prepaid expenses	19.14	9.05
Advance towards capital cost contribution to Perundurai Common Effluent Treatment Plant (a Section 25 Company)	0.01	90.20
Advance income tax [Net of provision for income tax ₹ 15,840.85 (previous year ₹ Nil)]	86.53	-
Total	725.27	500.74
16 Other non-current assets		
Non-current bank balances (refer note 20)	22.04	24.12
Total	22.04	24.12
17 Current investments		
Non trade investments (at lower of cost and fair value, quoted)		
Investments in mutual funds		
SBI PLF - daily dividend, 50,211 units of ₹ 1,003.25 each (previous year 78,065 units of ₹ 1,003.25 each)	503.75	783.18
[9,990 units reinvested (previous year 68 units)]		
Kotak FMP series 106 - Growth - Nil (previous year 25,000,000 units of ₹10 each)	-	2,500.00
IDFC fixed term plan series 27 regular plan - Growth - Nil (previous year 25,000,000 units of ₹10 each)	-	2,500.00
ICICI prudential liquid - daily dividend, 105,341 units of ₹ 100.0565 each (previous year Nil)	105.40	-
[28,596 units reinvested (previous year Nil)]		
IDFC banking debt fund - daily dividend, 28,483,520 of ₹ 10.0301 each (previous year Nil)	2,856.07	-
[266,423 units reinvested (previous year Nil)]		
Kotak equity arbitrage fund direct plan - bimonthly dividend, 23,060,289 units of ₹ 20.2477 each (previous year Nil)	4,669.12	-
[286,022 units reinvested (previous year Nil)]		
Reliance liquid fund - cash plan - direct plan daily dividend, 176,139 units of ₹ 1,114.15 each (previous year Nil)	1,962.45	-
[1,118 units reinvested (previous year Nil)]		
SBI ultra short term debt fund - direct plan - daily dividend, 38,309 units of ₹ 1,004.9981 each (previous year Nil)	385.00	-
[711 units reinvested (previous year Nil)]		
SBI debt fund series - A 10 - 400 days - Direct - Growth - 25,000,000 of ₹ 10 each (previous year Nil)	2,500.00	-
Total	12,981.79	5,783.18
Aggregate amount of quoted investments (Market value ₹ 13,231.85 lacs, previous year ₹ 6,118.96 lacs)	12,981.79	5,783.18

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Vardhman Yarns and Threads Limited

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in ₹ lacs, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
18 Inventories (valued at lower of cost and net realisable value)		
Raw materials (including in transit of ₹ 380.59 lacs, previous year ₹ 429.83 lacs)	5,114.79	7,058.27
Work-in-progress	4,030.48	4,728.98
Finished goods	4,790.88	4,898.79
Stores and spares (including in transit of ₹ 87.73 lacs, previous year ₹ 126.94 lacs)	1,238.11	939.14
Total	15,174.26	17,625.18
19 Trade receivables (Unsecured)		
Debts outstanding for a period exceeding six months from the date they are due for payment		
Considered good	29.86	27.79
Considered doubtful	144.87	231.13
	174.73	258.92
Less: Allowances for bad and doubtful debts	144.87	231.13
	29.86	27.79
Other debts - considered good	11,534.11	10,644.48
Total (Also, refer note 33)	11,563.97	10,672.27
20 Cash and bank balances		
Cash and cash equivalents		
- Balances with banks		
in current account	2,320.77	1,831.40
- Cheques in hand	54.25	101.30
- Cash in hand	32.69	51.12
Other bank balances		
- Deposits with maturity more than three months but less than twelve months	105.60	44.18
- Deposits with more than twelve months maturity	22.04	24.12
	2,535.35	2,052.12
Less: Amounts disclosed as other non-current assets (refer note 16)	22.04	24.12
Total	2,513.31	2,028.00
Deposits with maturity more than three months but less than twelve months includes ₹ 101.34 lacs (previous year ₹ 42.10 lacs) for bank guarantees issued to customers and ₹ Nil (previous year ₹ 0.38 lacs) pledged with sales tax authorities. Deposits with maturity more than twelve months includes ₹ 5.71 lacs (previous year ₹ 5.71 lacs) for bank guarantees issued to customers and ₹ 0.73 lacs (previous year ₹ 0.25 lacs) pledged with sales tax authorities.		
21 Short-term loans and advances (Unsecured, considered good, unless otherwise stated)		
Loans and advances to related parties (refer note 33)		
Holding company	147.10	381.37
Fellow subsidiaries	36.48	17.39
Others		
Advances to suppliers	186.59	166.51
Loans and advances to employees	30.37	31.76
Prepaid expenses	159.35	40.52
Recoverable against sale of capital assets	226.52	61.31
Balances with statutory and government authorities	1,074.50	803.93
Amount recoverable under TUIP's scheme (Textile Upgradation fund scheme)	364.01	308.31
Other recoverables	44.40	35.79
Security deposits	15.75	9.27
Total	2,285.07	1,856.16
Includes amounts due by Managing Director		1.57

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Vardhman Yarns and Threads Limited
Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
 (All amounts in ₹ lacs, unless stated otherwise)

	For the year ended 31 March 2015	For the year ended 31 March 2014
22 Revenue from operations		
Sale of products	72,672.23	66,608.83
Less : Rebate and discounts	<u>3,621.88</u>	<u>2,833.33</u>
	69,050.35	63,775.50
Sale of services	82.74	75.59
Other operating revenues		
Export incentives	248.15	250.04
Miscellaneous sales	293.50	218.04
Total	<u>69,674.74</u>	<u>64,319.17</u>
a. Details of products sold		
- Manufactured goods		
Sewing thread	71,218.97	64,545.80
Others	1,453.26	2,063.03
Total	<u>72,672.23</u>	<u>66,608.83</u>
23 Other income		
Interest income		
On deposits with banks	8.32	3.86
From short-term loans and advances	82.25	317.58
Dividend income on current investments	330.79	111.01
Profit on sale of current investments	506.73	565.77
Profit on sale of fixed assets (net)	140.37	159.73
Other non-operating income		
Claims received	23.58	17.45
Liabilities no longer required written back	129.92	86.18
Excess provision written back	86.26	42.04
Exchange rate fluctuation (net)	-	130.39
Miscellaneous income	89.11	39.18
Total	<u>1,397.33</u>	<u>1,473.19</u>
24 Cost of materials consumed		
Opening stock	6,628.43	4,832.15
Add: Purchases during the year	<u>20,631.93</u>	<u>23,705.68</u>
	27,260.36	28,537.83
Less: Closing stock	4,734.20	6,628.43
Total	<u>22,526.16</u>	<u>21,909.40</u>
a. Details of raw materials		
Cotton	5,474.41	5,202.60
Polyester staple fiber	8,476.90	8,762.10
Yarn	8,574.85	7,944.70
Total	<u>22,526.16</u>	<u>21,909.40</u>
25 Changes in inventories of finished goods, work-in-progress and traded goods		
Opening stock:		
Work-in-progress	4,728.98	4,278.19
Finished goods	4,898.79	5,500.18
Less: Closing stock:		
Work-in-progress	4,030.48	4,728.98
Finished goods	4,790.88	4,898.79
Total	<u>806.41</u>	<u>150.60</u>

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Vardhman Yarns and Threads Limited

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in ₹ lacs, unless stated otherwise)

	For the year ended 31 March 2015	For the year ended 31 March 2014
26 Employee benefit expenses		
Salaries, wages and bonus	5,995.39	5,591.44
Contribution to provident and other funds	859.35	673.26
Workmen and staff welfare	89.24	90.40
Total	6,943.98	6,355.10
27 Finance costs		
Interest		
- to banks	561.67	552.58
- others	2.80	21.06
Other borrowing costs	65.35	58.45
Total	629.82	632.09
28 Depreciation and amortisation expense		
Depreciation (Also, refer note 13)	2,203.85	1,953.81
Amortisation (Also, refer note 13)	282.47	282.47
Total	2,486.32	2,236.28
29 Other expenses		
Consumption of stores and spare parts [Refer note 32(d)]	8,115.11	7,202.90
Power and fuel	6,466.30	6,345.03
Processing charges paid	5,311.52	4,311.26
Rent	198.16	191.80
Repair and maintenance		
- Buildings	383.47	176.41
- Plant and machinery	1,388.71	1,372.53
- Others	155.74	143.28
Insurance	91.93	100.53
Legal and professional expenses	122.90	104.67
Rates and taxes	63.21	52.61
Shared services expenses	208.65	197.75
Bad debts written off	68.89	28.40
Forwarding charges and octroi	2,087.87	2,031.88
Cost and freight expenses on domestic sales	435.27	396.03
Commission to selling agents	105.33	88.69
Rebate and discount	31.66	27.08
Exchange rate fluctuation (net)	22.54	-
Fixed assets written off	49.65	24.16
Enterprise resource planning (ERP) networking charges	170.45	156.60
Miscellaneous expenses	1,478.54	1,344.62
Total	26,955.90	24,296.23
30 Prior period items		
Prior period items consist of:		
Job work charges [refer note 30 (a)]	(25.19)	-
Miscellaneous income [refer note 30 (b)]	(21.87)	(26.89)
Reversal of subsidy on interest [refer note 30 (c)]	43.85	-
Rate difference for job work charges [refer note 30 (d)]	43.56	-
Miscellaneous expenses [refer note 30 (e)]	34.39	34.91
Total	74.74	8.02

- a. Job work charges income comprises of reversal of provision made in the previous year for goods which were rejected due to quality issues in the previous year.
- b. Miscellaneous income for the current year primarily comprises of insurance refund, rate differences with vendors etc and for the previous year primarily comprises of quantity discounts, insurance refund, rate differences with vendors, export incentives, etc
- c. Reversal of subsidy on interest to be received under TUF's scheme (Textile Upgradation fund scheme) comprises of excess accrual of TUF's subsidy on interest on term loan in the previous years.
- d. Rate difference for job work charges comprises of job work rates revised in the previous year against which payment has been made in the current year.
- e. Miscellaneous expenses for the current and previous year primarily comprise of rate differences charged by vendors, discounts, freight, professional charges, etc.



Yardhman Yarns and Threads Limited
Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
 (All amounts in ₹ lacs, unless stated otherwise)

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

Particulars	As at 31 March 2015	As at 31 March 2014
i) Contingent liabilities:		
a) Contingent liabilities and commitments		
Excise, service tax, sales tax and custom duty*	115.85	96.99
Interest and penalty on excise duty	82.49	68.88
Income-taxes (AY 2008-09, AY 2009-10, AY 2010-11 and AY 2011-12)	515.25	468.03
*The Company has contested demand in respect of Excise Duty, Service tax, Sales tax and Custom Duty amounting to ₹ 115.85 lacs (previous year ₹ 96.99 lacs). As against this a sum of ₹ 24.70 lacs (previous year ₹ 29.47 lacs) has been deposited under protest and stands included under the head "Short-term loans and advances". The Company has filed an appeal with the Appellate Authorities and is advised that the demand is not in accordance with law. No provision, therefore, has been made in accounts in respect thereof.		
b) Claims against the Company not acknowledged as debts		
Notice from Baddi-Barotiwala Nalagadh Development Authority for ₹ 94.10 lacs in furtherance to the order dated 8 August 2012 passed by the Principal Secretary, Town & Country Planning ("TCP"), Government of Himachal Pradesh.	94.10	94.10
c) Bonds		
The Company has executed bonds for an aggregate amount of ₹ 3,192.76 lacs (previous year ₹ 2,690.77 lacs) in favour of the President of India under sections 142(1), 59(2) and 67 of the Customs Act, 1962 and Rule 2(2) of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, Central Excise Act, 1944 for fulfillment of the obligation/import of Machinery at zero duty and Export to Nepal without payment of duties under the said Acts respectively.		

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Bonds under Export Promotion Capital Goods scheme (EPCG)	2,873.93	2,422.94
Bonds under Advance Licenses	218.83	167.83
Bonds under Custom Act	100.00	100.00
Total	3,192.76	2,690.77

d) Guarantees 120.32 70.70
 The Company has furnished guarantees aggregating to amount of ₹ 19.84 lacs (previous year ₹ 33.02 lacs) against the supply of goods to various parties, ₹ 10 lacs (previous year ₹ 2 lacs) against the compliance of pollution norms, ₹ 89.13 lacs (previous year ₹ 33.68 lacs) towards VAT, CST and Entry Tax and ₹ 1.35 lacs (previous year ₹ 2 lacs) towards Fire Officer, Visakhapatnam

e) Capital commitments		
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and deposits)	90.66	270.56
f) Letter of credit against imports (in lacs)		
- in CHF	0.34	-
- in USD	2.04	2.21

g) Particulars of forward contracts and unhedged foreign currency exposure as at the reporting date:

Particulars		Currency	As at 31 March 2015	As at 31 March 2014
Forward contracts (in lacs)		USD	6.38	4.95
		CHF	0.34	-

(ii) Unhedged foreign currency exposure as at year end

Particulars		Currency	As at 31 March 2015	As at 31 March 2014
Current liabilities (in lacs)		CHF	1.40	1.43
		EURO	0.15	0.92
		USD	0.13	0.37
		JPY	1.20	0.04
		TAKA	-	0.85
		GBP	-	0.02
Trade receivables (in lacs)		USD	11.03	7.89
		EURO	2.58	2.06
Loans and advances (in lacs)		USD	1.12	2.92
		EURO	0.24	0.36
		CHF	0.04	0.02
		JPY	4.03	1.16

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Vardhman Yarns and Threads Limited
 Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
 (All amounts in ₹ lacs, unless stated otherwise)

32 The Information required by paragraph 5 of general instructions for preparation of the statement of profit and loss as per schedule III of Companies Act, 2013

(a) Earnings in foreign currency

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Export value of goods on FOB basis	4,167.12	4,120.68

(b) Expenditure in foreign currency (on accrual basis)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Travelling	0.74	1.89
Subscription and membership	1.79	1.93
Sales promotion	4.80	4.92
Testing and analysis	21.18	17.10
Postage and telegrams	0.19	0.02
Professional charges	1.42	15.30
Boarding and lodging	2.38	0.97
Quality claims	3.91	27.31
Training expenses	1.58	0.04
Machinery repair and maintenance	0.20	-
Effluent treatment plant charges	-	8.35
Total	38.19	77.83

(c) Value of imports (on C.I.F basis)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Raw materials	2,859.63	2,667.61
Components and spare parts	678.25	470.34
Capital goods	1,272.41	1,853.12
Total	4,810.29	4,991.07

(d) Imported and indigenous consumption

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Raw materials		
- Imported		
- Amount	3,966.16	3,595.93
- Percentage	18%	16%
- Indigenous		
- Amount	18,560.00	18,313.47
- Percentage	82%	84%
- Total		
- Amount	22,526.16	21,909.40
- Percentage	100%	100%
Stores and spares (refer note "a" below)		
- Imported		
- Amount	655.32	525.86
- Percentage	6%	6%
- Indigenous		
- Amount	9,492.09	8,790.95
- Percentage	94%	94%
- Total		
- Amount	10,147.41	9,316.81
- Percentage	100%	100%

a. Stores and spares consumption above include amounts debited to power and fuel, repairs to building and repairs to machinery.

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Vardhman Yarns and Threads Limited
 Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015
 (All amounts in ₹ lacs, unless stated otherwise)

33 Related party disclosure

(a) Disclosure of related parties and relationship between the parties.

- | | |
|---|---|
| 1. Holding company | Vardhman Textiles Limited |
| 2. Company which exercises significant influence | American & Efrid Global, LLC (A&E) |
| 3. Fellow subsidiary companies | VMT Spinning Company Limited (VSCL) |
| (Where transactions have occurred during the year) | Vardhman Nishinbo Garments Company Limited (VNGCL) |
| 4. Companies in which directors of the Company are able to exercise control or have significant influence | Vardhman Special Steels Limited (VSSL) |
| 5. Key management personnel | Mr. D.L.Sharma, Managing Director
Mr. Raman Marwaha, Chief Financial Officer
Mr. Shashi Ranjan, Company Secretary |

(b) Following transactions were carried out with the related parties in the ordinary course of business:

S.No	Particulars	Holding Company		Fellow subsidiary-VSCL		Fellow subsidiary-VNGCL		Directors able to influence (VSSL)		Company which exercises significant influence - A&E		Key management personnel	
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
A) Sales of goods/utilities/ and others													
1.	Sale of goods & utilities	310.68	512.36	0.09	0.51	38.76	25.65	6.92	27.15	2,685.44	2,550.37	-	-
2.	Sale of Fixed Assets	7.33	-	-	1.94	-	-	2.55	28.95	-	-	-	-
3.	Sales of DEPB	-	0.70	-	-	-	-	-	-	-	-	-	-
4.	Job work charges received	82.74	75.59	-	-	-	-	-	-	-	-	-	-
5.	Interest received	42.26	270.39	-	-	-	-	-	-	-	-	0.06	0.19
B) Purchase of goods/utilities/ and others													
6.	Purchase of goods & utilities	147.84	620.43	0.14	-	0.29	0.42	-	-	96.71	51.11	-	-
7.	Purchase of DEPB	-	-	-	-	-	-	-	-	-	-	-	-
8.	Purchase of fixed assets	15.30	49.69	-	-	-	-	-	-	7.83	33.26	-	-
9.	Job work charges	473.21	388.99	-	-	-	-	-	-	-	-	-	-
10.	Rent	24.36	27.01	-	-	-	-	-	-	-	-	-	-
11.	ERP expenses	148.32	148.32	-	-	-	-	-	-	-	-	-	-
12.	Common corporate expenses	208.65	197.75	-	-	-	-	-	-	-	-	-	-
13.	Reimbursement of expenses paid	1,405.79	562.46	0.07	0.52	-	0.33	2.40	0.20	4.65	44.90	-	-
14.	Reimbursement of expenses receivable	1,100.73	1,301.79	-	0.59	92.69	92.52	0.05	0.06	22.28	13.66	-	-
15.	Managerial remuneration	-	-	-	-	-	-	-	-	-	-	124.79	81.47
16.	Interest charges paid	2.50	-	-	-	-	-	-	-	-	-	-	-
C) Other transactions during the year													
17.	Loan taken	(2,621.00)	(1,493.50)	-	-	-	-	-	-	-	-	-	-
18.	Loan repaid	2,621.00	1,493.50	-	-	-	-	-	-	-	-	-	-
19.	Loan given	15,599.00	40,132.00	-	-	-	-	-	-	-	-	-	3.15
20.	Loan repayment received	(15,599.00)	(40,132.00)	-	-	-	-	-	-	-	-	(1.57)	(1.57)
19.	Dividend Paid	1,017.53	872.17	-	-	-	-	-	-	977.66	837.99	-	-
D) Amounts recoverable/ (amount payable)													
20.	Inter corporate deposits recoverable	-	-	-	-	-	-	-	-	-	-	-	-
21.	Year end balances	-	-	-	-	-	-	-	-	-	-	-	-
-	Trade payables	-	-	-	(0.12)	-	-	-	(4.90)	-	(7.51)	-	-
-	Other current liabilities	-	-	-	-	-	-	-	-	-	(1.06)	-	-
-	Long-term loans and advances	-	-	-	-	-	-	-	-	-	-	-	-
-	Commission payable	-	-	-	-	-	-	-	-	-	-	33.56	20.25
-	Trade receivables	-	-	0.00	-	-	-	7.07	-	695.14	467.17	-	-
-	Short-term loans and advances	147.10	381.37	-	-	36.48	17.39	-	-	-	-	-	1.57



Vardhman Yarns and Threads Limited

Summary of the significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in ₹ lacs, unless stated otherwise)

- 34 The Company has only one reporting segment manufacturing sewing thread. The Company is mainly operating in India which is considered to be the only reportable geographical segment. The disclosures as per the Accounting Standards (AS) 17 on Segment Reporting prescribed by the Companies (Accounting Standards) Rules 2006 are not applicable to the Company.

35 Earning per share

(a) The calculation of Earning Per Share (EPS) as disclosed in the statement of profit and loss has been made in accordance with Accounting Standard (AS)-20 on "Earning Per Share" issued by Companies (Accounting Standards) Rules, 2006.

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Net profit after tax attributable to equity shareholders (A)	7,204.40	6,998.81
Weighted average number of equity shares (No. in lacs) (B)	570.06	570.06
Basic and diluted earning per share ₹ (A/B)	12.64	12.28
Face value per equity share ₹	10.00	10.00

36 Leases

The Company has leased facilities under cancellable and non-cancellable operating leases arrangements with a lease term ranging from one to eight years, which are subject to renewal at mutual consent thereafter. The lease rent expenses recognized during the year amounts to ₹ 198.16 lacs (Previous year ₹ 191.80 lacs). Expected future minimum lease payments in respect of leases are as follows:

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Not later than one year	17.48	18.56
Later than one year and not later than five years	77.10	88.40
Later than five years	-	6.18

- 37 As per transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961, the Company is required to use certain specific methods in computing arm's length prices of international transactions with associated enterprises and maintain adequate documentation in this respect. Since law requires existence of such information and documentation to be contemporaneous in nature, the Company has appointed independent consultants for conducting a Transfer Pricing Study (the 'Study') to determine whether the transactions with associate enterprises undertaken during the financial year are on an "arm's length basis". Management is of the opinion that the Company's international transactions are at arm's length and that the results of the on-going study will not have any impact on the financial statements and the independent consultants appointed have also preliminarily confirmed that they do not expect any transfer pricing adjustments.

- 38 During the year the Company has given inter corporate deposits aggregating to ₹ 15,599 lacs (previous year ₹ 40,132 lacs) to M/s Vardhman Textiles Limited. The maximum amount outstanding at any time during the year was ₹ 3,238 lacs (previous year ₹ 8,599 lacs). The balance outstanding as on 31 March 2015 is ₹ Nil (previous year ₹ Nil) and interest outstanding as on 31 March 2015 is ₹ 39.95 lacs (previous year ₹ 243.35 lacs).

39 Payments to auditors* (included in legal and professional expenses)

	For the year ended 31 March 2015	For the year ended 31 March 2014
As auditor		
-Statutory audit	20.22	20.22
Reimbursement of expenses	0.77	0.74
	<u>20.99</u>	<u>20.96</u>

* inclusive of service tax

40 Dividend paid in foreign currency is as follows:

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Net dividend remitted in foreign exchange		
Period to which it relates	2013-14	2012-13
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	27,933,114	27,933,114
Amount remitted (USD in lacs)	16.44	15.36
Amount remitted (INR in lacs)	977.66	837.99

- 41 In accordance with the provisions of section 135 of the Companies Act 2013, the Board of Directors of the Company had constituted a Corporate Social Responsibility (CSR) Committee. In terms with the provisions of the said Act, the Company was to spend a sum of ₹ 155 lacs (approx.) towards CSR activities during the year ended 31 March 2015. The CSR Committee has been examining and evaluating suitable proposals for deployment of funds towards CSR initiatives, however, the Committee expects finalization of such proposals in due course. During the year ended 31 March 2015, the Committee has approved and committed a contribution of ₹ 75 lacs towards a Rehabilitation Centre being set up by the Christian Medical College (CMC), Ludhiana, being expenditure towards CSR activities, out of which, the Company has paid ₹ 50 lacs during the year and the balance amount of ₹ 25 lacs shall be disbursed subsequent to the year-end in accordance with the progress of the project being undertaken by CMC.

- 42 In the opinion of the board of directors, current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated and provision for all known liabilities have been made in accounts.

- 43 Previous year figures have been regrouped / reclassified, wherever considered necessary to make them comparable with those of the current year.

Walker Chandiook & Co LLP

For Walker Chandiook & Co LLP

Chartered Accountants

per Sumit Mahajan

Partner



For Vardhman Yarns and Threads Limited

Raman Marwaha

Chief Financial Officer

Shashi Ranjan Kumar

(Company Secretary)

D.L.Sharma

(Managing Director)

(DIN: 00727581)

S.P. Oswal

(Chairman)

(DIN: 00121737)

Place: Noida
Date: 04 May 2015

Place: Ludhiana
Date: 02 May 2015