REF: VPL : SEC: SEP: 2016-17 Date: 27.09.2017

The Listing Department, **National Stock Exchange of India Ltd,** **"Exchange Plaza"** **Bandra-Kurla Complex,** **Bandra(East),** **Mumbai-400051** **Scrip Code: VARDMNPOLY**	**The Listing Department,** **Bombay Stock Exchange Limited,** **25th Floor,** **P.J Towers** **Dalal Street Fort,** **Mumbai-400001** **Scrip Code: 514175**

SUBJECT : Annual Report under regulation 34 of the SEBI (LODR) Regulations, 2015.

Dear Sir/Madam,

In compliance with the provisions of Regulation 34 and other applicable provisions of the SEBI (LODR) Regulations, 2015, we submit herewith the Annual Report of the Company for the financial year 2016-17 containing *inter alia* Director's Report, Auditors' Report, Audited Financial Statements (Standalone & Consolidated) as approved and adopted by the Company in its Annual General Meeting held on 09.09.2017, along with statement on impact of qualification.

Kindly consider the submissions and take the same on your records.

Thanking you,

Your's faithfully,

For Vardhman Polytex Limited

(Ashok Kumar Goyal)
Compliance Officer

VARDHMAN POLYTEX LTD. LUDHIANA. CHANDIGARH ROAD

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (*Standalone*)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total Income	87,516.71	87,120.87
	2.	Total Expenditure	87,494.09	99,160.84
	3.	Net Profit/(Loss)	22.62	(12,040.57)
	4.	Earnings Per Share	0.10	(54.02)
	5.	Total Assets	62,564.29	50,897.54
	6.	Total Liabilities excluding net worth	51,821.70	52,218.14
	7.	Net Worth	10,742.59	(1,320.60)
	8.	Any other financial item(s) (as felt appropriate by the	-	-
II.	Audit Qualification (each audit qualification separately):			
	Details of Audit Qualification: a) The Company had credited income of Rs. 396.44 lacs due on payment of FCCB liability to the statement of profit and loss during the year ended March 31, 2017. This profit should have been credited in the statement of profit and loss on payment of FCCB liability which is still outstanding as explained in foot note number 2 of the financial results. Due to this, profit for the year ended March 31, 2017 is overstated by the same amount. b) No provision has been made on the investments & loans and advances made in case of following subsidiaries as explained in foot note number 3 of the financial results :-			

	(i) In case of F.M. Hammerle Textiles Limited, investment & loans and advances made of Rs. 9,126.41 lacs and Rs. 2,282.35 lacs respectively, whose net worth has been completely eroded having a accumulated losses of Rs.18,811.87 lacs against share capital of Rs.12,386.75 lacs as on March 31,2017; (ii) In case of F.M. Hammerle Verwaltung Gmbh, Austria, investment & loans and advances made of Rs. 22.54 lacs and Rs. 235.45 lacs respectively, whose net worth has been completely eroded having a net loss of Rs. 253.61 lacs against share capital of Rs. 22.54 lacs as on March 31, 2017. This is at variance with Accounting Standard AS-13 'Accounting for Investments' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014). This has resulted in profit for the quarter and year ended March 31, 2017 being overstated and investments, loans and advances and reserves and surplus being overstated by the same amount.
	b. **Type of Audit Qualification :** Qualified Opinion
	c. **Frequency of qualification:** New and Repetitive
	d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** a) FCCB had fallen due for repayment on Feb'13, the same has been settled with the bondholders at discount, payment of which is to be made in installments, spread up to F. Y. ended 31 March, 2016. As per settled term, proportionate bonds will be cancelled against each installments made. The Company had credited profit of Rs. 396.44 lakh due on payment of FCCB liability to the statement of profit and loss during year ended March 31, 2017 as per settled terms. As on 31st March 2017, the FCCB liability is still outstanding. b) The management of the Companies (F.M. Hammerle Textiles Limited and F.M. Hammerle Verwaltung Gmbh) are working on exploring possibilities of finding different resolution plans for their revival.
	e. **For Audit Qualification(s) where the impact is not quantified by the auditor: Not applicable**
	(i) **Management's estimation on the impact of audit qualification: Not applicable**
	(ii) **If management is unable to estimate the impact, reasons for the same: Not applicable**
	(iii) **Auditors' Comments on (i) or (ii) above: Not applicable**







III. Signatories

AK.

- *Mr. Ashok Kumar Oswal*
  (Chairman and Managing Director)

- *Mr. Kuldeep Singla*
  (Chief Financial Officer)

- *M/s S S Kothari Mehta & Co.*
  (Statutory Auditors)

- *Mr. Ajay Chaudhry*
  (Audit Committee Chairman)

Place: Ludhiana

Date: 29th May, 2017

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (*Consolidated*)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	93,948.93	93,552.49
	2.	Total Expenditure	97,251.24	97,251.24
	3.	Net Profit/(Loss)	(3,302.31)	(3,699.81)
	4.	Earnings Per Share	(14.82)	(16.60)
	5.	Total Assets	65,531.41	65,531.41
	6.	Total Liabilities excluding net worth	70,595.89	70,992.33
	7.	Net Worth	(5,064.48)	(5,460.92)
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	a. Audit Qualification (each audit qualification separately):			
	The Holding Company had credited income of Rs. 396.44 lacs due on payment of FCCB liability to the statement of profit and loss during the year ended March 31, 2017. This profit should have been credited in the statement of profit and loss on payment of FCCB liability which is still outstanding as explained in foot note number 2 of the financial results. Due to this, net loss for the year ended March 31, 2017 is understated by the same amount.			
	b. Type of Audit Qualification : Qualified Opinion			
	c. Frequency of qualification: New			
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: FCCB had fallen due for repayment on Feb'13, the same has been settled with the bondholders at discount, payment of which is to be made in instalments, spread up to F. Y. ended 31 March, 2016. As per settled term, proportionate bonds will be cancelled against each instalments made. The Company had credited profit of Rs. 396.44 lakh due on payment of FCCB liability to the statement of profit and loss during year ended March 31, 2017 as per settled terms. As on 31st March 2017, the FCCB liability is still outstanding.			
	e. For Audit Qualification(s) where the impact is not quantified by the auditor: NA applicable			
	(i) Management's estimation on the impact of audit qualification: Not applicable			
	(ii) If management is unable to estimate the impact, reasons for the same: Not applicable			
	(iii) Auditors' Comments on (i) or (ii) above: Not applicable			

VARDHMAN POLYTEX LTD. LUDHIANA CHANDIGARH ROAD

S. S. KOTHARI MEHTA & CO. CHARTERED ACCOUNTANTS NEW DELHI

III.	**Signatories:**
	• CEO/Managing Director
	• CFO
	• Audit Committee Chairman
	• Statutory Auditor
	Place: Ludhiana
	Date: 29.05.2017

VARDHMAN POLYTEX LTD. LUDHIANA

29/5/17

S. S. KOTHARI MEHTA & CO. NEW DELHI CHARTERED ACCOUNTANTS



37th ANNUAL REPORT 2016-17

Vardhman Polytex Limited

An **Oswal Group**® Company

Message from Chairman & Managing Director



Dear Stakeholders,

I am pleased to share with you the performance of your Company for the financial year ended on 31st March,2017. The Textile industry in general faced a number of challenges both globally and domestically. Your Company was no exception to that. In spite of that, your Company registered a net operating revenue of ₹ 856.47 Crores, a marginal decrease against ₹ 878.08 Crores of previous year. Continuous mismatch between input costs and lower yarn prices had its own adverse impact on profit margins and therefore, the Company was able to generate an EBIDTA of ₹ 77.68Crores only during the year as against ₹ 107.17Crores in the previous year.

All estimates about the cotton scenario at international level witnessed lack of consistency and credibility which was followed in India as well. The cotton prices went northward as against expectations of lower trend. The high prices of raw material were not followed by finished goods in the same proportion. Excess supply coupled with low demand and un remunerative prices of yarn squeezed the margins considerably. Regional imbalance in taxation structure & Incentives in some States within the county also had given rise to unhealthy competition. Further, demonetisation announced by the Government in early November 2016 had caused disturbances in the overall market sentiments when demand for goods in India had practically vanished for almost 6-8 weeks and business came to standstill. It limped back to normal and stabilization but not before giving financial jerks for 2-3 months.

In order to ward off competition in normal commodity products, your Company is trying to create value for its stakeholders through development of innovative & value added products wherein number of players are comparatively limited, besides focusing on cost optimization and broadening of customer base.

The relative slowdown in the economy for quite some time has been universal affecting all industries including textile. The growth of Indian economy during the current year is projected to be around 7%. The new tax regime i.e. GST is going to bring in a big change in the economy and the way business is conducted. It should help improving the economy, tax compliance and business sentiment in the long run.

The current year appears to be quite challenging for your Company as well as the industry. Arrival of new crop in October-November 2017 should hopefully bring some parity in prices of cotton and yarn and consequently relief to the spinning sector. Continuous development of new products, up- gradation of technology, cost controls and efficient/ judicious resource utilization will only help to achieve bottom line.

I express my sincere thanks to all Banks, business associates, employees and all other stakeholders for their continued support.

Sincerely,

Ashok Kumar Oswal
Chairman& Managing Director

Message from Executive Director



Dear Stakeholders,

"Facing challenges with resourcefulness".

As I write this, VPL is beginning its 37th[th] year of operation. FY 2016 -17 was another challenging year for spinning industry. This year will also be remembered for many bold and historical decisions taken by the Government of India for economic reforms including demonetization and GST. As a responsible Corporate, VPL endorsed the above decisions due to its long-term benefits for the economy, though one may have different view regarding its timing and short term negative impact. Changing international market trend and competitive prices also tested our perseverance to become market leader.

While facing this challenging time, VPL has successfully maintained and delivered its values. It has continued the journey of taking substantive steps to enhance quality of business, product diversification and initiatives on value addition and cost / efficiency optimization actions. In the year under review, we have completed upgradation of 40800 spindles capacity at Nalagarh retrofitting elite compact attachment and stabilized PCM/CPM (Melange) on 25,000 spindles at Ludhiana. We have been enthusiastic to modernization / upgradation for some of our capacities with a view to become more competitive in the Industry in terms of efficiency, cost of production and flexibility in product mix. This will not only open new market for us but also provide us better returns and firm position in domestic and international markets without compromising the quality and services of existing products.

I am pleased to share with you that your company has successfully serviced more than 50 % of total Corporate debt under CDR which is another milestone in itself.

Our relationships are nourished and shaped by the commitment we express through our regular actions towards our esteemed business associates. This is an ongoing process and we will continue to empower and delight them by honouring our commitments on quality and services.

In 2017, Prices will be more competitive under new tax structure and competition will be more demanding. Let me tell you that, your continuous trust and support along with our foresightedness and proactive actions, give us a strong foundation to believe that we will walk through it.

On behalf of the entire VPL team I thank you for your continued support and look forward to working for you this year and for many more to come.

Sincerely



Adish Oswal
Executive Director

BOARD OF DIRECTORS

Mr. Ashok Kumar Oswal	*- Chairman & Managing Director*
Mr. Adish Oswal	*- Executive Director*
Mr. Ashok Kumar Goyal	*- Executive Director*
Mrs. Rakhi Oswal (upto 15.05.2017)	*- Director*
Mr. Ajay Chaudhry	*- Independent Director*
Dr. Balbir Singh Bhatia	*- Independent Director*
Mr. Manohar Dattatraya Kanitkar	*- Independent Director*
Mr. Vishal Oswal (upto 27.07.2017)	*- Independent Director*

CHIEF FINANCIAL OFFICER

Mr. Kuldeep Singla

STATUTORY AUDITORS

M/s S.S. Kothari Mehta & Co., New Delhi

BANKERS

Canara Bank	State Bank of India
State Bank of Patiala	Punjab National Bank
Corporation Bank	Bank of India
Axis Bank Ltd.	Bank of Baroda
Bank of Maharashtra	Punjab & Sind Bank
United Bank of India	Allahabad Bank
Jammu and Kashmir Bank	Andhra Bank

REGISTERED & CORPORATE OFFICE

Vardhman Park, Chandigarh Road,
Ludhiana-141123
Phones: +91-161-6629888
Fax : +91-161-6629988
E-mail: info@vpl.in
Website: www.vpl.in
CIN: L17122PB1980PLC004242

WORKS

- Vardhman Polytex Limited,
  Badal Road, Bathinda-151005, Punjab.
- Vardhman Polytex Limited,
  (Spinning & Dyeing Division),
  D-295/1, Phase VIII, Focal Point,
  Ludhiana-141010, Punjab.
- Vardhman Polytex Limited,
  Village Nangal Nihla/Upperla,
  Swarghat Road, Nalagarh-174101 (H.P.)
- Amkryon International,
  D-295/1, Phase VIII, Focal Point,
  Ludhiana-141010, Punjab.

BRANCH OFFICES

- 305, Ansal Bhawan, 16, K.G. Marg,
  New Delhi-110001
  Phones: +91-11-23311582, 23312478
  Fax: +91-11-23312477
- B/31/5436, St. No. 0, Vishwkarma Nagar,
  Tajpur Road, Ludhiana-141008

REGISTRAR & SHARE TRANSFER AGENT

M/s Alankit Assignments Limited
1E*13, Alankit Heights,
Jhandewalan Extension,
New Delhi-110055
Phones: +91-11-42541234, 23541234
Fax: +91-11-41543474

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NOTICE

NOTICE is hereby given that the **37th Annual General Meeting** of the members of **Vardhman Polytex Limited** ('the Company') will be held on **Saturday, the 9th day of September, 2017 at 11:00 a.m.** at the Registered Office of the Company situated at Vardhman Park, Chandigarh Road, Ludhiana-141123 to transact the following business :-

ORDINARY BUSINESS:

1. To receive, consider and adopt:

a) the Audited Financial Statements of the Company for the financial year ended 31st March, 2017, together with the Report of Auditors and Board of Directors thereon; and

b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2017, together with the Report of Auditors thereon.

2. To appoint a Director in place of Mr. Ashok Kumar Goyal (DIN-06676556), who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint Statutory Auditors and fix their remuneration.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ***'Ordinary Resolution'.***

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made there, as may be applicable and pursuant to the recommendations of the Audit Committee, M/s. Romesh K Aggarwal & Associates, Chartered Accountants, Ludhiana (Firm Registration No. 000711N) be and is hereby appointed as the statutory auditors of the Company, in place of retiring auditors M/s. S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi (Firm Registration No. 000756N), to hold office from the conclusion of this 37th Annual General Meeting (AGM) till the conclusion of the 40th Annual General Meeting, subject to ratification by members every year, as applicable, at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

SPECIAL BUSINESS:

4. Regularisation of Additional Director, Ms. Manju Oswal (DIN 00009449).

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ***'Ordinary Resolution'.***

"RESOLVED THAT pursuant to the provisions of Section 149,152,160 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the rules made there under (including any statutory modification(s) or re-enactments thereof for the time being in force), Ms. Manju Oswal (DIN 00009449) who was appointed as an Additional Director of the Company with effect from 12.08.2017 by the Board of Directors pursuant to the provisions of Section 161(1) of the Act, the Articles of Association of the Company and as recommended by Nomination and Remuneration Committee and whose term of office expire at this Annual General Meeting ('AGM') be and is hereby appointed as a Non-Executive Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. To ratify the remuneration of the Cost Auditors for the Financial year ending 31st March, 2018

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ***'Ordinary Resolution'***

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made there under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Ramanath Iyer & Company, New Delhi appointed as Cost Auditors, by the Board of Directors of the Company to conduct the audit of the Cost records of the Company for the financial year ending 31st March, 2018, be paid the remuneration of ₹90,000/- plus service tax, travel and actual out-of-pocket expenses.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board

Sd/-
(Ashok Kumar Oswal)
Chairman and Managing Director
(DIN: 00009403)

Place: Ludhiana
Date: 12th August, 2017

Registered Office: Vardhman Park, Chandigarh Road,
Ludhiana -141 123, Punjab (INDIA)
Ph: 6629888 Fax: 6629988
Website: - www.vpl.in, E-mail:-info@vpl.in
CIN: - L17122PB1980PLC004242

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy, in order to be effective, must be received by the company not less than 48 hours before commencement of the meeting. The blank proxy form is enclosed.

However, a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of items specified in special business and the information required pursuant to SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, regarding the directors seeking appointment/re-appointment in the Annual General Meeting are annexed hereto and both forms part of the Notice.

3. The Register of Members and the Share Transfer Books of the

Company shall remain closed from **03.09.2017 to 09.09.2017 (Both days inclusive).**

4. The copies of relevant documents are open for inspection at the Registered Office of the Company on all working day between 10.30 A.M. to 12.30 P.M. Up to the date of the Annual General Meeting.

5. Members desiring any information as regards to accounts are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.

6. Members holding shares in physical mode are requested to notify change in their address, if any, at the earliest to the Company/Registrar and Transfer Agent (RTA). However, members holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participant.

7. Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company/RTA of the Company.

8. Members are requested to bring their attendance slip along with their copy of Annual Report at Annual General Meeting.

9. In support of the Green Initiative, your Company proposes to send the documents like Notice calling the General Meetings and Annual Report containing Financial Statements, Director's Report etc and other communications in electronic form.

We request you to update your email address with your Depository Participant/Company/RTA to ensure that the Annual Report and other communications reach you on your preferred email.

10. The Annual Report 2016-17 is being sent through electronic mode only to the members whose email addresses are registered with the Company/ Depository Participant(s), unless any member has requested for a physical copy of the report. The members who have not registered their email addresses, physical copies of the Annual Report 2016-17 are being sent by permitted mode.

11. The unpaid/unclaimed dividend upto financial year 2007-2008 has been transferred to Investor Education and Protection Fund (IEPF) of the Central Government. No unclaimed/unpaid dividend is pending with the Company.

12. Voting Instructions:

a) In compliance with provisions of Section 108 of the Companies Act, 2013 read with rules made there under, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard issued by The Institute of Company Secretary of India, the Company is pleased to provide to its members the facility to exercise their right to vote on resolutions proposed to be passed in the Meeting through **'remote e-voting'** i.e. voting system from a place other than the venue of the Meeting.

b) The facility for e-voting i.e. **'Venue voting'**, will also be available at the AGM venue and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at AGM through venue voting. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM, but shall not be entitled to cast their votes again.

c) A person, holding shares in physical form or in dematerialised form as on the **cut-off date, i.e. 2nd September, 2017** shall only be entitled to avail the facility of e-voting.

d) The remote e-voting period commences on **6th September, 2017 (9.00 A.M.) and ends on 8th September, 2017 (5.00 P.M.)**. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast and confirmed, shall not be altered subsequently.

e) Mr. Bhupesh Gupta of M/s B. K. Gupta & Associates, Practising Company Secretary has been appointed as the Scrutinizer to conduct, remote e-voting and venue voting process, in a fair and transparent manner.

f) The Scrutinizer shall submit the scrutinizer's report to the Chairman, not later than three days of conclusion of the Meeting. Thereafter, the result shall be declared by the Chairman or any other person authorised by him. The results along with scrutinizer's report shall be placed on Company's website i.e. **www.vpl.in** and website of CDSL after the result is declared by the Chairman or any other person authorised by him and the same shall be forwarded to the stock exchanges.

g) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 9th September, 2017.

h) Steps for remote e-voting:

(i) Please log on www.evotingindia.com.

(ii) Click on **"Shareholders"** tab.

(iii) Now enter your **User ID**

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Next enter the Image Verification as displayed and Click on Login.

(v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are a first time user, follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number, which is printed on the Postal ballot/ Attendence slip indicated in the PAN field.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in **dd/mm/yyyy** format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).

vii) After entering these details appropriately, click on "**SUBMIT**" tab.

(viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on **the EVSN: 170812019** for **Vardhman Polytex Limited.**

(xi) On the voting page, you will see "**RESOLUTION DESCRIPTION**" and against the same the option "**YES/NO**" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "**RESOLUTIONS FILE LINK**" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you **"CONFIRM"** your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) **Shareholders can also cast their vote using CDSL's mobile app i.e. m-Voting available for android, Apple and Windows based mobiles. The m-Voting app can be downloaded from Google Play Store, App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

(xviii) **Note for Non – Individual Shareholders and Custodians**

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

After receiving the login details by custodian a Compliance User should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on. In case of Non-Individual shareholders, admin user also would be able to link accounts(S).

The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 2nd September, 2017 may follow the same instructions as mentioned above for e-Voting.

(xx) In case you have any queries or issues regarding e-voting, you may refer the **Frequently Asked Questions ("FAQs")** and e-voting manual available at www.evotingindia.com, under help section or write an email to **helpdesk.evoting@cdslindia.com or call 18002005533.**

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4

In order to strengthen the Board, to empower women and in compliance of Section 149(1) of Companies Act, 2013 and other applicable provisions of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, The board of directors has appointed Ms. Manju Oswal (DIN-00009449) as an Additional Director of the company with effect from 12.08.2017 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act"), the Articles of Association of the Company and as recommended by the Nomination and Remuneration Committee and she holds office up to the date of the ensuing Annual General Meeting ('AGM').

The Company has received a notice in writing from Ms. Manju Oswal along with the deposit of requisite amount under Section 160 of the Companies Act 2013 proposing her candidature for the appointment as a Director of the Company, if appointed, will be liable to retire by rotation.

The Company has also received from Ms. Manju Oswal, the following requisite information:

(i) Consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014.

(ii) Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that she is not disqualified under sub section (2) of section 164 of the Companies Act, 2013.

Brief Profile

Ms. Manju Oswal, aged about 60 years, is a graduate and having an extensive experience in the field of administration and management of various companies.

In the opinion of the Board, she fulfills the conditions for her appointment as a Woman Director as specified in the Act and SEBI (LODR) Regulations, 2015 and the Company would be immensely benefited by his knowledge, experience and advice.

The Board recommends the Ordinary resolution set forth in Item No.

4 for the approval of the members.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives except the appointee herself, Mr. Ashok Kumar Oswal and Mr. Adish Oswal, directors being relatives are concerned or interested in the said Resolution.

ITEM NO. 5

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Ramanath Iyer & Co., New Delhi, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company. Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2018.

The Board recommends the Ordinary resolution set forth in Item No. 5 for the approval of the members.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the said resolution.

By Order of the Board

Sd/-
(Ashok Kumar Oswal)
Chairman and Managing Director
(DIN: 00009403)

Place: Ludhiana
Date: 12th August, 2017

INFORMATION PURSUANT TO REGULATION 36 OF THE SEBI (LODR) REGULATIONS, 2015, REGARDING THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE MEETING.

Name of the Director	**Ms. Manju Oswal**	**Mr. Ashok Kumar Goyal**
DIN	00009449	06676556
Date of Birth	04.08.1957	23.10.1959
Date of Appointment	12.08.2017	01.09.2013
Expertise in specific functional area	Industrialist	Business operations and marketing of yarn
No. of equity shares held in VPL	52,694 Equity shares	NIL
Qualification	B.A.	FCS, LL.B, DBM & MEP (IIMA)
Directorships of other Companies as on 31st March, 2017	1. Panchsheel Textile Mfg. and Trading Company Private Limited 2. Kent Investments Private Limited 3. Enakshi Investments Private Limited 4. Pioneer Marcantile Company Private Limited 5. Ruby Mercantile Company Private Limited 6. Gagan Mercantile Company Private Limited 7. Liberty Mercantile Company Private Limited 8. Adesh Investment and Trading Company Private Limited 9. Boras Investment and Trading Company Private Limited 10. Allepy Investment and Trading Company Private Limited 11. Calgary Investment and Trading Company Private Limited 12. Amkryon International Private Limited 13. F.M. Hammerle Textiles Limited 14. Oswal Tradecom Private Limited	NIL
Chairmanship / Membership of Committees of Companies as on 31st March, 2017	NIL	Member – Stakeholders' Relationship Committee Vardhman Polytex Ltd
Relationship with other Directors	Relative of Mr. Ashok Kumar Oswal and Mr. Adish Oswal	Not related to any director

BOARD'S REPORT

Dear Shareholders,

The Directors of your Company are presenting 37th Annual Report on the affairs of the Company together with Audited Financial Statements of the Company for the year ended 31st March, 2017.

1. Financial Highlights

(₹ in Lakh)

Particulars	2016-17	2015-16
Net Operating income	85,647.84	87,808.10
Other Income	1,869.95	5,003.35
Operating Expenses	79,749.17	82,094.68
Profit/(Loss) before Depreciation, Interest & Tax (PBDIT)	7768.62	10,716.77
Depreciation	2065.05	2,818.42
Finance Cost	5679.87	6,996.71
Profit/(Loss) before Tax & exceptional items	22.62	901.64
Exceptional Items	–	–
Profit/(Loss) before Tax	22.62	901.64
Tax Expenses	–	–
Profit/(Loss) after Tax	22.62	901.64
Earnings Per Share (EPS) (in ₹) (after exceptional items)		
- Basic	0.10	4.04
- Diluted	0.10	4.04

2. Business Performance

Your Directors are pleased to report the Company's business performance as follows:

Sales Revenue

During the year under review, net operating income of the Company was ₹85,647.84 lakh as against ₹87,808.10 lakh in 2015-16, registering a decrease of 2.46%. The FOB value of exports during the year has decreased by 16.17% to ₹32,062.60 lakh against ₹38,245.21 lakh in 2015-16.

Profitability

During the year under review, the Company earned a profit before depreciation, interest & tax of ₹7,768.62 lakh as against ₹10,716.77 lakh during the previous year. The Company has a net profit after tax of ₹22.62 lakh during the current year against net profit after tax of ₹901.64 lakh in the previous year.

3. Management Discussion & Analysis Report

a) Industry Structure, Development and Future Outlook

The market size of India's Textile Sector is estimated at USD 137 billion and projected to reach USD 223 billion by 2021. This industry is extremely diverse and manufactures a range of textiles and fabrics and is one of the mainstays of the National economy. The demand for Textiles in India has grown by rise in per capita income, change in preference towards branded products and favorable demographics. The "Make-in-India" initiative of the Government of India drives the need and urgency for upgradation to scale up employment, production and exports of this sector.

The Indian government has been providing timely support to textile sector through liberal investment policies like 100% FDI, announcements for INR 6000 crore package for the textile/garment sector and its aim to generate 10 million jobs in upcoming three years is also a driving force for the textile sector. Further, an abundant supply of raw material, like cotton, wool, silk, jute and man made fibre available in the country also provides a distinct advantage of backward integration. However, India still needs a comprehensive Fibre Policy so as to rule out or minimize uncertainties on availability or abrupt fluctuations in the prices of natural and man made fibres.

Technical textiles is amongst the most promising and fastest growing areas of Indian textiles industry and with a CAGR of 8% for the last few years it has reached a size of $ 13 billion. This sector is expected show a CAGR of 16% to reach $ 31 billion by 2020-21.

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise the organized apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13 per cent over a 10-year period. The Union Ministry of Textiles has also set a target of doubling textile exports in coming 10 years and plans to enter into bilateral agreements with Africa and Australia along with working on a new textile policy to promote value addition. The Indian cotton textile industry can showcase a stable growth provided raw material and other input costs remain range bound and capacity utilization is maintained against steady demand, both in domestic and International market.

b) Opportunities and Threats

Opportunities

- "Make in India" campaign of the Union Government of India.
- Rising cost of production in China
- Rising per capita income leading to higher demand
- Government focus and favorable policies to support the industry
- Free trade with ASEAN countries & proposed agreement with European Union

Threats

- Ever increasing input cost i.e. Power, finance and logistics.
- Shortage of stable and skilled man-power.
- Striking a balance between the quality and price of products.
- Changing consumer behavior (e.g. fast fashion) forcing terms and conditions to become more flexible
- High dependency of the industry on cotton. Which is prone to fluctuations and speculative tendencies.

c) Segment wise Performance

During the year under review, there is no other segment of the company except Textile business. Hence, the reporting on Segment wise Performance of the Company as per the provisions is not applicable / required.

d) Economic Scenario and Outlook

According to The World Bank, the Indian economy will likely grow at 7.6 per cent in 2017-18, followed by further acceleration to 7.8 per cent in 2018-19. According to a Boston Consulting Group (BCG) report, India is expected to be the third largest consumer economy as its consumption may triple to US$ 4 trillion by 2025, owing to shift in consumer behavior and expenditure pattern, and is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040.

The Indian textile industry is seeing a positive growth not only in the domestic market but also in the international market. The unorganized segment consists of handlooms units and The organised sector which consists of spinning, apparel and garments segments are adopting and applying modern machinery, innovative techniques and economies-of-scale to obtain competitive edge both in quality and price.

Currently, India has a share of around five percent in global Textiles & Apparels trade and is the currently the second largest manufacturer and exporter of textile and apparel, after China. Textiles & Apparels exports of India were worth around $40 billion. The Indian domestic and export market is poised for double-digit growth owing to structural changes in the country and international events shaping the global trade.

In today's scenario, the Indian textile industry with aforesaid techno-economical edge stands a chance to gain in a big way from the global and domestic opportunities by exploiting the favorable business environment being developed in the country.

e) Management perception of Risk & concerns

Mitigation and Risk management are always on high priorities in the business agenda of VPL and it acts proactively for moderating the adverse influence of risks and threats on the Company's business goals. The Company adopts a well formulated risk management approach with prudential standards, well-thought-out reporting and effective control mechanisms. The main risk inter alia include strategic risk, operational risk, financial risk and legal & compliances risk.

The company has devised and implemented a mechanism for risk management and has also developed a Risk Management Policy. The policy provides for the constitution of a Risk management committee, which consists of Directors and senior management personnel. The company through Risk Management committee oversees the Risk management process

The key elements of the process are:

- Continuous risk identification
- Prioritising risk on the basis of impact and intensity
- Risk mitigation through identified premeasures
- Risk transfer through effective road mapping, reviewing and processing
- Risk review for continuous strengthening of mitigation measures

The Audit committee also evaluate the risk management system of the Company periodically.

Further, To cover foreign exchange risk, the Company transacts its all exports through secured mode either against LC or partial advance payment and foreign currency is being hedged simultaneously against almost all confirmed contracts. To cover commodity price risk, the orders of finished goods are usually booked in advance as per stock of raw material inventory.

f) Internal control system & adequacy

Your Company has an adequate internal control system. There is a system of continuous internal audit which aims at ensuring effectiveness and efficiency of systems and operations. The Company is having a full fledged internal audit department headed by qualified chartered accountant and supported by qualified and experienced staff. The Scope of the Internal audit is not limited to accounts only but also includes operations, inventories, costing records, physical verifications of immovable and movable assets etc. on regular basis.

The Audit committee of Board of Directors approves and reviews audit plans for the year based on internal risk assessment. Audits are conducted on an on-going basis and significant deviations are brought to the notice of the Audit committee following which corrective action is recommended for implementation. All these measures facilitate timely detection of any irregularities and early remedial steps.

g) Financial Performance

Resource utilisation

The gross fixed assets as at 31st March, 2017 were ₹61,709.22 lakh against ₹59,169.17 lakh in the previous year. The Net block of assets as on 31st March, 2017 was ₹24,359.86 lakh as against ₹23,867.14 lakh in the previous year.

Inventory levels as at 31st March, 2017 were ₹7,743.09 lakh as against ₹7,295.05 lakh in the previous year. The trade receivable as at 31st March, 2017 were ₹7,681.47 lakh as against ₹7,411.89 lakh in the previous year.

Financial condition & liquidity

Particulars	2016-17	2015-16
Cash & cash equivalents		
Beginning of the year	920.44	1,282.73
End of the year	797.52	920.44
Net cash provided(used) by:		
Operating Activities	7,708.33	10,274.60
Investing Activities	(1,914.79)	(686.91)
Financial Activities	(5,916.46)	(10,442.99)

h) Human Resources Management

Your Company gives utmost importance to human resource. It considers "Human Resource as Human Capital" and believes in the development of Human Resource. The Company strongly believes in the Performance Management System and always tries to explore and tap high potential at the Group level to meet new challenges and competition. Our main tool is training and developing talent at various levels. Internal and external trainings are regularly organized for the development of the members/employees.

i) Safety, Health & Environment

The Company's top priority is safety, with regard to employment. It encourages safety measures at all operational levels, especially at floor level. Regular training programs are conducted to create awareness about the importance of safety at work. Medical Camps are organized periodically for welfare of the members. Additionally, regular medical facilities are also provided to them.

4. Share Capital

During the year under review, there was no change in the paid-up share capital of the company.

5. Dividend

The Board of Directors of your Company has not recommended any dividend for the financial year 2016-17.

6. Directors & Key Managerial Personnel

During the year under review, there was no instance for resignation of any Director. However, Mrs. Rakhi Oswal has resigned from the directorship of the Company w.e.f. 15.05.2017 being woman Director of the Company, Mr. Vishal Oswal ceased to be an Independent Director of the Company w.e.f. 27.07.2017 and Mr. Sushil Sharma has resigned from the position of the Company Secretary and Compliance Officer of the Company w.e.f. 05.07.2017.

Mr. Ashok Kumar Goyal retires by rotation at this Annual General Meeting, and being eligible offers himself for re-appointment.

All the Independent Directors have confirmed that they meet the criteria of Independence as mentioned under Section 146(6) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015

7. Remuneration Policy and Board Evaluation

Pursuant to the provisions of Companies Act, 2013 and Listing Regulations, the Company has adopted Nomination & Remuneration Policy for Directors, KMP and Senior Management Personnel.

The Independent directors in their meeting held on 17.12.2016, through discussion, evaluated the performance of non independent directors, Board, Managing Director and Executive Directors. The minutes of the said meeting were submitted to Chairman of the Company and also placed before the Board for their consideration. The Board has carried out annual performance evaluation of its own performance, the directors individually as well the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders' Relationship Committee. The Nomination & Remuneration Policy containing manner of evaluation the performance of the Board/directors/committees is enclosed as **'Annexure-I'**.

While evaluating the performance, the following points were considered:

i. Participation in Board Meetings and Board Committee Meetings.

ii. Managing relationship with other directors and management.

iii. Knowledge and Skill i.e. understanding of duties, responsibilities, refreshment of knowledge, knowledge of industry, ability to listens and present his views.

iv. Personal attributes like maintain high standard of ethics and integrity.

v. Strategic perspectives or inputs regarding future growth of Company and its performance.

8. Board/ Committee Meetings

The details of the Board & Committee meetings held during the year and Board's Committees composition are furnished in the Corporate Governance Report, which forms part of this report.

9. Corporate Social Responsibility

The Company considers Corporate Social Responsibility (CSR) as social obligation, sustainable development, regulatory environment, human resource management, safety health & environment and a part of Corporate Governance and accordingly framed CSR policy, which is available on the Company's website i.e. **www.vpl.in.** The projects/ programs to be undertaken under CSR are specified in the policy. The CSR Committee of the Company is consisting of Mr. Ashok Kumar Oswal (Chairman), Mr. Adish Oswal, Mr. Ashok Kumar Goyal, Mr. Ajay Chaudhry and Mrs. Rakhi Oswal.

Due to average loss during preceding three financial years, the company is not falling under the criteria for spending the amount under CSR. Hence, reporting on CSR activities as per the provisions is not required /applicable.

10. Listing of securities

The Securities of the Company are listed on National Stock Exchange of India Ltd. (NSE) and BSE Limited. The Company has paid annual listing fee to exchanges for the year 2017-18. Further, Foreign Currency Convertible Bonds (FCCBs) of the company are listed at Singapore Exchange Securities Trading Ltd.

11. Subsidiaries, Associates and Joint Venture

The Company has two subsidiaries, namely F.M. Hämmerle Textiles Ltd. and F.M. Hämmerle Verwaltungs GmbH, Austria, as on 31st March, 2017. There is no associate company within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries.

The Company has published the audited consolidated financial statements for the financial year ended 31st March, 2017 and the same forms part of this Annual Report. Accordingly, the Annual Report does not contain the financial statements of our subsidiaries. As per the provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is annexed with this Annual Report.

The audited financial statements of these subsidiaries and the related information will be made available to any Member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection at the Registered Office of the Company/its subsidiaries.

12. Fixed Deposits

During the year, the Company has not accepted any fixed deposits. There is no outstanding deposit as at 31st March, 2017.

13. Loans, Guarantees or Investments

The particulars of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 are given in the financial statements.

14. Company Petition

A petition filed by M/s Maschinen Umwelttechnik Transportanlagen GmbH, Austria (a shareholder of F.M. Hämmerle Textiles Ltd.) against the Company U/S 397, 398, 402 & 403 of the Companies Act, 1956, has been disposed of by Hon'ble Company Law Board vide its order dated 13.08.2015. The F.M. Hämmerle Textiles Ltd. has filed appeals against the abovesaid order of the Hon'ble Company Law Board which are pending adjudication before the Hon'ble High Court for the State of Punjab and Haryana at Chandigarh

15. Directors' Responsibility Statement

Pursuant to Section 134 of the Act, the Directors state that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(b) Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit and loss of the Company for the year ended 31st March, 2017;

(c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The annual accounts have been prepared on a going concern basis;

(e) Proper internal financial controls were followed by the Company and such internal financial controls are adequate and were operating effectively; and

(f) Proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16. Corporate Governance

The Company has in place a comprehensive system of Corporate Governance. A separate report on Corporate Governance forms part of the Annual Report of the Company. A certificate from the auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in SEBI (LODR) Regulations, 2015 is annexed to the Report on Corporate Governance.

17. Related Party Transactions

All related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business. All Related Party transactions were placed before the Audit Committee for approval. The Audit Committee has granted omnibus approval for related party transactions as per the provisions and restrictions contained in the Listing SEBI (LODR) Regulations. There was no material/significant transaction with the directors or the management, their subsidiaries or relatives etc. that have any potential conflict with interest of the Company at large read with details of transactions as disclosed in Notes on Accounts annexed in the Balance Sheet as per Accounting Standard (AS)-18. The Board has approved a policy for related party transactions which is available on the Company's website.

No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 is not applicable.

18. Prevention of Sexual Harassment at workplace

The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. Internal Complaints Committees have been framed at various locations to redress complaints of sexual harassment. The Company has not received any compliant related to sexual harassment during the year under review.

19. Vigil Mechanism / Whistle Blower Policy

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behavior, the company has adopted a Vigil Mechanism Policy, which is available at Company's website. The brief contents of the policy are explained in corporate governance report.

20. Auditors

i) Statutory Auditors

M/s Romesh K. Aggarwal (Firm Registration No-000711N), Chartered Accountants Ludhiana have been appointed as statutory auditors of the Company at 37th Annual General Meeting to be held on 09.09.2017 for a period of three years subject to ratification by members at every consequent Annual General Meeting.

ii) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Nesar & Associates, Practicing Company Secretary, New Delhi to conduct the secretarial audit of the Company for the financial year 2016-17.

iii) Cost Auditors

The Board of Directors has appointed M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, as the Cost Auditors of the Company to conduct cost audit for the financial year ended 31st March, 2018. As per the requirement of Section 148 of the Companies Act, 2013 read with rules made there under, the remuneration to be paid to them is placed for the ratification by the members at this Annual General Meeting.

21. Comments on Auditor's Report and Secretarial Auditor's Report

Auditor's Report

The Statutory Auditor's of the Company have submitted the Auditor's Report on the Accounts of the Company for the financial year ended 31st March, 2017. In their reports (standalone and consolidated), they have made certain qualifications/observations. The explanation/comments of the Board on the same are as under:

Standalone Auditor's Report

a) The company had credited income of Rs. 396.44 lakh due

on payment of FCCB liability to the statement of profit and loss during the year ended March 31,2017. This profit should have been credited in the statement of profit and loss on payment of FCCB liability which is still outstanding as explained in note number 5 of the standalone financial statements. Due to this, profit for the year ended March 31, 2017 is overstated by the same amount.

We state that the Company has credited the amount on basis of settlement of FCCB Liability and out of the settled amount a major part has already been paid back during the year under review and the balance amount will be paid in the Financial Year 2017-18.

b) No provision has been made on the investment & loans and advances made in case of following subsidiaries in standalone financial statements:-

i. In case of F.M. Hammerle Textiles Limited investment & loans and advances made of Rs. 9,126.41 lakh and Rs. 2,282.35 lakh respectively, whose net worth has been completely eroded having a accumulated loss of Rs. 18,811.87 lakh aganist share capiital of Rs. 12,386.75 lakh as on 31st March, 2017.

ii. In case of F.M. Hammerle Verwaltung Gmbh, Austria, investment & loans and advances made of Rs. 22.54 lakh and Rs. 235.45 lakh respectively, whose net worth has been completely eroded having a net loss of Rs. 253.61 lakh aganist share capital of Rs. 22.54 lakh as on 31st March, 2017.

This is at variance with Accounting Standard AS-13 'Accounting for Investments' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. This has resulted in profit for the year ended March 31, 2017 being overstated and investments, loans and advances and reserves and surplus being overstated by the same amount at March 31, 2017.

We state the following in view of the above mentioned cases of the subsidiary Companies:-

i. In case of F.M.Hammerle Textiles Limited, the company has eroded 100% of the share capital and falls under "Sick Company" with in the meaning of Sick Industrial and Companies (Special Provisions) Act (SICA) of 1985 and has filed reference to the Board for Industrial and Financial Reconstruction as FMH is unable to meet its borrowing obligations. Later on, reference has made to National Company Law Tribunal (NCLT) under section 10 of the Insolvency and Bankruptcy code 2016. However pending any directions / resolution from National Company Law Tribunal (NCLT) the said provision has not been made. .

ii. In case of F.M. Hammerle Verwaltung Gmbh, Austria, the said Company is having no operations but is having the global intellectual property rights of F.M. Hammerle. The result of this investment will be decided along with with the decision of F.M.Hammerle Textiles Limited as the intellectual property rights will fetch a value.

c) In respect to observation specified in point (viii) of Annexure-A of the report, we would like to state that due to certain liquidity stress, there is a delay in making the payments to Financial Institutions/Bankers. In respect to the repayment for the FCCB, During the year under review, major part of the settled amount has already been paid back and the balance repayment shall be made in financial year 2017-18.

d) In respect to qualification specified in Annexure-B of the report, we would like to state that only one of the subsidiary i.e. F.M. Hammerle Textiles Limited is suffering continuous losses and is unable to meet their borrowing obligations. However the holding company has been making all the necessary effort to support its operations to recover and recognize the provisions made there in. Such financial supportive decisions are rational and are being taken with proper approval of the management.

Consolidated Auditor's Report

The qualification/observation in the consolidated Auditor's Report are similar as stated above as point no. (a) & (d) of the Standalone Auditor's Report. Hence explanations/comments of the same are provided above.

Other points of Auditors' Reports on the Accounts of the Company for the year under review are self-explanatory and require no comments.

Secretarial Auditors' Report

The Secretarial Auditors of the Company have duly submitted their Report for the financial year ended 31st March, 2017 and is annexed herewith as **'Annexure II'**, which forms part of this report. In their report, they have made the following observation, the explanation/comments of the Board on the same are as under:

a) We have not visited the factory units situated at:

- Vardhman Polytex Limited, Badal Road, Bathinda – 151005
- Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh – 174101 (HP)

We are issuing this report on the basis of compliance certificates provided by the functional heads of different departments of the Company and Manager which were produced before the Board through agenda papers.

We would like to state that genuine and sincere efforts were made to conduct the visits but due preoccupation and non compatible schedules, the same couldn't become possible, though in order to support the fair audit in a legitimate way, all the required compliance certificates has been provided by the respective functional heads and managers of different departments of the Company.

22. Energy conservation, technology absorption and foreign exchange earnings and outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as **'Annexure III'.**

23. Particulars of Employees

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as **'Annexure IV'.**

24. Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as '**Annexure V'.**

25. Significant and material orders passed by the regulators or courts or tribunals

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company.

26. Acknowledgements

Your directors are pleased to place on record their sincere gratitude to the Government, Financial Institutions, Bankers and Business Constituents for their continued and valuable co-operation and support to the Company. They also take this opportunity to record their appreciation of the valuable contribution made by the employees in the successful operations of the Company during the year.

27. Cautionary Statement

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations whether expressed or implied. Several factors could make significant difference to the Company's operations. These include climatic and economic conditions affecting demand and supply, government regulations & taxation and natural calamities over which the Company does not have any direct control.

For and on behalf of the Board

Sd/-
(Ashok Kumar Oswal)
Chairman and Managing Director
(DIN-00009403)

Date: 12th August, 2017
Place: Ludhiana

ANNEXURE-I

NOMINATION AND REMUNERATION POLICY

APPLICABILITY

The policy is applicable to the Board of Directors, Key Managerial Personnel (KMP), Chief Operating Officer, and Senior Management Personnel (herein after collectively referred as Managerial Personnel) or such other persons of the Company as the committee may deems fit for that purpose.

INTERPRETATION

'Board' shall mean the Board of Directors of the Company, which comprising all executive, non executive, independent director and nominee director.

'Chief Executive Officer' means an officer of a company, who has been designated as such by it.

'Chief Operating Officer' shall mean an employee who has been entrusted responsibility of managing any one or more of Units of the Company.

'Chief Financial Officer' means a person appointed as the Chief Financial Officer of a Company.

'Compliance Officer' means "Company Secretary" of the Company.

'Key Managerial Personnel' in relation to a company, means—

- Managing Director, or Chief Executive Officer or manager and in their absence, a Whole-Time Director.
- Company Secretary;
- Chief Financial Officer; and

Such other officer as may be prescribed.

'The Company' shall mean Vardhman Polytex Ltd.

'Executive Director' shall mean and include Company's Managing Director, Functional Directors, and such other Directors are in full time employment of the Company.

'Independent Director' shall same meaning as provide in Companies Act, 2013 read with SEBI (LODR) Regulations, 2015.

'Non-Executive Director' shall mean those members on Board who are not in whole time employment of the Company.

'Senior Management Personnel' shall mean personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the executive directors, including all functional heads.

ROLE OF THE COMMITTEE

The role of the Nomination and Remuneration Committee are as under:

1. To identify persons who are qualified to become directors, persons who may be appointed in senior management in accordance with the criteria and to recommend to the Board for their appointment and / or removal.
2. To carry out evaluation of every director's performance.
3. To establish criteria and processes for, and assist the Board and each of its Committees in their performance evaluations.
4. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
5. To recommend / review remuneration of the Managing Director(s) and Whole-time Director(s), based on their performance and defined assessment criteria.
6. To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme including:
   - the quantum of options to be granted under Employees' Stock Option Scheme per employee and in aggregate;
   - the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
   - the exercise period within which the employee should exercise the option and that the option would lapse on failure to exercise the option within the exercise period;
   - the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
   - the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
   - the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others; and

- the granting, vesting and exercising of options in case of employees who are on long leave; and the procedure for cashless exercise of options;

7. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
8. To perform such other functions as may be necessary or appropriate for the performance of its duties.

IMPLEMENTATION OF POLICIES

The Committee will seek to ensure that the remuneration of executive directors (consisting of basic salary, pension benefits and benefits in kind) will be competitive with those in other comparable organisations so as to attract high caliber individuals with relevant experience.

The Committee will ensure that part of the remuneration of executive directors will be based on the financial performance of the Group using predetermined targets so as to motivate and reward successful business performance in the interest of shareholders.

AUTHORITY

The Committee is authorised:

- to seek any information it requires from any employee of any company within the Group in order to perform its duties;
- to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference; and
- to call any member of staff to be questioned at a meeting of the Committee as and when required.

FREQUENCY OF MEETINGS

The Committee shall meet as per the requirement of Companies Act, 2013 rules made there under read with requirement of SEBI (LODR) Regulations, 2015.

PRESENCE IN ANNUAL GENERAL MEETING

The Chairman of the Committee or, in his absence any other member of the committee as authorized shall attend the Annual General Meeting.

ANNUAL AFFIRMATION

The policy shall be disclosed in the Board Report of the Company.

CRITERIA TO EVALUATE PERFORMANCE

a) Selection Criteria for Directors

The Company shall consider the following aspects while appointing a person as a Director on the Board of the Company:

Skills and Experience: The candidate shall have appropriate skills and experience in one or more fields of finance, law, management, sales, marketing, administration, public administrative services, research, corporate governance, technical operations or any other discipline related to the Company's business.

Age Limit: The candidate should have completed the age of twenty one (21) years and should not have attained the age of eighty (80) years. In case any director has attained age of 80 year he can be appointed as director with the permission of board.

Conflict of Interest: The candidate should not hold Directorship in any competitor company, and should not have any conflict of interest with the Company.

Directorship: The number of companies in which the candidate holds Directorship should not exceed the number prescribed under the Act or under the SEBI (LODR) Regulations, 2015 requirements.

Independence: The candidate proposed to be appointed as Independent Director, should not have any direct or indirect material pecuniary relationship with the Company and must satisfy the requirements imposed under the Act or under the SEBI (LODR) Regulations, 2015 requirements.

b) Selection Criteria for Senior Management

As per Selection Criteria Senior Management shall mean employees hired at the level of Divisional Heads and Corporate Functional Heads or equivalent positions.

The policy provides that the candidate should have appropriate qualifications, skills and experience for discharging the role. The qualifications, skills and experience of each such position shall be defined in the job description, which will be maintained by the HR function.

c) Remuneration for Directors, KMP and other Employees

The policy provides that the remuneration of Directors, KMP and other employees shall be based on the following key principles:

- **Pay for performance:** Remuneration of Executive Directors, KMP and other employees is a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goal. The sitting fee shall be paid to Non-Executive Directors to be decided by the Board from time to time.
- **Balanced rewards to create sustainable value:** The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors and employees of the Company and encourage behavior that is aligned to sustainable value creation.
- **Competitive compensation:** Total target compensation and benefits are comparable to peer companies in the textile industry and commensurate to the qualifications and experience of the concerned individual.
- **Business Ethics:** Strong governance processes and stringent risk management policies are adhered to, in order to safeguard our stakeholders' interest.

d) Performance Evaluation

The process approved by the Nomination and Remuneration Committee requires the Chairman to initiate the performance evaluation process in the month of April every year. The performance evaluation is conducted based on approved criteria in the evaluation forms. The process highlights are as under:

a) **Board:** Each Board member completes the self-evaluation form. Independent Directors discuss the self-evaluation forms in a separate meeting and share their feedback with the Chairman of the Company. The Chairman discusses with the entire Board at the Board Meeting.

b) **Committees:** Each Committee member completes the self-evaluation form and shares feedback with the Chairman of the Committee. The Chairman of the Committee discusses the evaluation form analysis with the Managing Director and later with the entire Board at the Board Meeting.

c) **Chairman and Executive Directors:** Each Board member

completes the peer evaluation form. Independent Directors discuss the peer evaluation forms in a separate meeting and share their feedback with the Chairman. The Chairman conveys feedback individually to the concerned Directors.

d) **Independent Directors:** Each Board member completes the peer evaluation and shares feedback with the Chairman. The Chairman conveys feedback individually to the concerned Directors.

AMENDMENT

The member of the Nomination and Remuneration Committee of the Company has the right to amend or modify this policy in whole or in part, at any time without assigning any reason, whatsoever.

ANNEXURE-II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members
Vardhman Polytex Limited
Vardhman Park, Chandigarh Road
Ludhiana-141123, Punjab, India

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Vardhman Polytex Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Vardhman Polytex Limited books, papers, minute, books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Vardhman Polytex Limited (the Company) for the financial year ended on 31st March, 2017 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');

   a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

   b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

   d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   e. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

   f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

   i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

vi. Other Applicable Laws:

   Labour Laws:

   1. The Factories Act 1948 and Rules framed there under with respect to factory situated at:

      a. Unit – Vinayak Textiles Mill, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana, Punjab, India

      b. Vardhman Polytex Limited, Badal Road, Bathinda – 151005

      c. Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh – 174101 (HP)

      d. Amkryon International, HB-22, Phase –VI, Focal Point, Ludhiana - 141010

   2. Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act,1996

   3. Shops and Commercial Establishments Act, 1958 read with Shops and Commercial Establishments Rules with respect to factory situated at:

      a. Unit – Vinayak Textiles Mill, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana, Punjab, India

      b. Vardhman Polytex Limited, Badal Road, Bathinda – 151005

      c. Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh – 174101 (HP)

      d. Amkryon International, HB-22, Phase –VI, Focal Point, Ludhiana - 141010

   4. The Contract Labour (Regulation & Abolition) Act - 1970

and Rules framed thereunder with respect to factory situated at:

a. Unit – Vinayak Textiles Mill, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana, Punjab, India

b. Vardhman Polytex Limited, Badal Road, Bathinda – 151005

c. Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh – 174101 (HP)

d. Amkryon International, HB-22, Phase –VI, Focal Point, Ludhiana - 141010

5. Apprentices Act, 1961 read with Apprenticeship Rules, 1992
6. Employees Provident Fund and Miscellaneous Provisions Act, 1952, The Employees Provident Funds Scheme, 1952, The Employees Deposit-Linked Insurance Scheme, 1976 & The Employees Pension Fund Scheme, 1995
7. The Employees State Insurance Act, 1948, Employees State Insurance (Central) Rules, 1950 and Employees State Insurance (General) Regulations, 1950
8. Employment Exchanges Compulsory Notification of Vacancies Act, 1959 and the Employment Exchanges Compulsory Notification of Vacancies Rules, 1960
9. Equal Remuneration Act, 1976 and Equal Remuneration Rules, 1976
10. Employee's Compensation Act, 1923 read with State Workmen's Compensation Rules, 1924 and Workmen's Compensation Returns, 1935.
11. Industrial Disputes Act, 1947 read with State Industrial Disputes Rules framed thereunder.
12. Maternity Benefit Act, 1961 and Maternity Benefit Amendment Act, 2017 read with State Maternity Benefit Rules framed thereunder.
13. Minimum Wages Act, 1948 read with State Minimum Wages Rules framed thereunder.
14. The Payment of Gratuity Act, 1972 read with State Payment of Gratuity Rules framed thereunder.
15. State Labour Welfare Fund Act read with State Labour Welfare Fund Rules framed thereunder.
16. State Industrial Establishments (National and Festival Holidays and Casual and Sick Leave) Act and State Industrial Establishments (National and Festival Holidays and Casual and Sick Leave) Rules.
17. Child Labour (Prohibition and Regulation) Act, 1986 read with Child Labour (Prohibition and Regulation) Rules, 1988.
18. Payment of Wages Act, 1936 read with State Payment of Wages Rules framed thereunder.
19. The Payment of Bonus Act, 1965 read with the Payment of Bonus Rules, 1975
20. Industrial Employment (Standing Orders) Act, 1946 read with State Industrial Employment (Standing Orders) Rules
21. Inter-State Migrant Workmen (Regulation of employment and Conditions of Service) Act, 1978 read with Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) (Tamil Nadu) Rules, 1983
22. The Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act 2013
23. The Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988

Environmental, Health and Safety Laws:

24. The Environment Protection Act, 1986 read with Batteries (Management and Handling) Rules, 2001
25. e-Waste (Management and Handling) Rules, 2011
26. Environment Protection Rules, 2002
27. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008

    a. Unit – Vinayak Textiles Mill, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana, Punjab, India

    b. Vardhman Polytex Limited, Badal Road, Bathinda – 151005

    c. Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh – 174101 (HP)

    d. Amkryon International, HB-22, Phase –VI, Focal Point, Ludhiana - 141010

28. Noise Pollution (Regulation and Control) Rules, 2000
29. Air (Prevention and Control of Pollution) Act, 1981 read with State Air (Prevention and Control of Pollution) Rules:

    a. Unit – Vinayak Textiles Mill, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana, Punjab, India

    b. Vardhman Polytex Limited, Badal Road, Bathinda – 151005

    c. Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh – 174101 (HP)

    d. Amkryon International, HB-22, Phase –VI, Focal Point, Ludhiana - 141010

30. Water (Prevention and Control of Pollution) Act, 1974 read with State Water (Prevention and Control of Pollution) Rules:

a. Unit – Vinayak Textiles Mill, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana, Punjab, India

b. Vardhman Polytex Limited, Badal Road, Bathinda – 151005

c. Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh – 174101 (HP)

d. Amkryon International, HB-22, Phase –VI, Focal Point, Ludhiana - 141010

31. Water (Prevention and Control of Pollution) Cess Act, 1977 read with Water (Prevention and Control of Pollution) Cess Rules, 1978
32. The Petroleum Act, 1934 read with Petroleum Rules, 1976
33. Bio-Medical Waste Management & Handling Rules, 1998

34. Indian Standard Code of Practice for Selection, Installation and Maintenance of Portable First Aid Fire Extinguishers
35. Explosives Act, 1884 read with Gas Cylinder Rules, 2004
36. State Lifts and Escalators Rules
37. The Electricity Act, 2003 read with relevant Rules and Regulations

We have also examined compliance with the applicable clauses of the following:

i. The Secretarial Standards formulated by the Institute of Company Secretaries of India and notified by the Central Government is applicable during the year under review.

ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with Bombay Stock Exchange and National Stock Exchange.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines mentioned above.

Further, We have not visited the factory units situated at:

a. Vardhman Polytex Limited, Badal Road, Bathinda – 151005

b. Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh – 174101 (HP)

We are issuing this report on the basis of compliance certificates provided by the functional heads of different departments of the Company and Manager which were produced before the Board through agenda papers.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executives Directors Independent Directors, and the Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice along with detailed agenda were given to all directors for the Board Meetings and a system exists for seeking and obtaining further information and clarification on agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes maintained by the Company for the Board/ Committee and Shareholders, we noticed that most of the decisions were approved by the respective Board/ / Committee and Shareholders without any dissent note.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For Nesar & Associates

Sd/-
Nesar Ahmad
Company Secretary
FCS: 3360; CP-1966

Place: Delhi
Date: 29th May, 2017

ANNEXURE-III

Conservation of Energy and Technology Absorption

I Conservation of energy

The Company initiated several steps to conserve energy, wherever possible. The Energy Conservation Cell continuously meets, conducts studies, verifies and monitors the consumption & utilisation of energy including identification of energy conservation areas in different manufacturing units of the Company.

a) Energy conservation measures taken, its impact and capital Investment on equipment

Energy saving measures taken during 2015-16	Power saving (Units/KWh in lakh)	Capital Investment (₹ in lakh)
Installation of super energy efficient motors, variable frequency drivers on H-plants, optimizing air pressure on spinning machines, replacement of ordinary tube lights with LED tubes etc.	57.64	185.87

b) Steps taken by the Company for utilising alternate sources of energy.

1. Heat recovery systems.
2. Installation of VFDs/Inverters.
3. Installation of LED Lights.
4. Controlling compressed air leakages.

II Research and Development (R&D)

a) Specific areas in which R&D is carried out

The Company's R&D/QC teams regularly focused on product development, process improvement and quality control at every stage of production. The Company has given more attention to value addition by converting part of carded production into combed, slub yarns, lycra yarn, modal/cotton, P/C melange, contamination free yarn, neppy yarn, grindle yarn, snow yarn etc and thus increasing the product range and customer base.

b) Benefits derived as result of R&D

The Company initiated the production of value added yarns and upgraded varieties of normal yarn as a result of effective R&D techniques and maintaining consistent quality. It has been able to improve quality & reduce market feedbacks without compromising on productivities.

c) Expenditure on R&D

(₹ in lakh)

Particulars	2016-17
Capital	6.5
Recurring	142.12
Total	148.62
Total R&D expenditure as a percentage of Turnover	0.17%

III Technology absorption, adaptation and innovation

Technology up-gradation is one of the major areas for development in today's competitive business environment. Mechanical, electrical engineering and R&D teams at different locations are continuously studying and analyzing the existing processes for further improvement.

During the year, the company has upgraded certain machines resulted to improvement in the quality.

IV Foreign exchange earnings, CIF value of import & expenditure in foreign currency

(₹ in lakh)

Particulars	2016-17	2015-16
Earnings (FOB value of exports)	**32,062.60**	38,245.21
CIF value of imports	**7,540.18**	168.37
Expenditure in foreign currency	**248.29**	240.86

ANNEXURE -IV

Particulars of Employees

The information required under section 197(12) of the Companies Act, 2013 is as under:

1. As per rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

a) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year and the percentage increase in remuneration of each director in the financial year.

Particulars	Remuneration paid during the year (₹ in Lakh)	Ratio to Median Remuneration	% increase in remuneration in the financial year
Non- Executive Directors			
Mr. Ajay Chaudhry	0.62	0.56	0
Dr. B.S. Bhatia	0.51	0.46	-12.07
Mr. M.D. Kanitkar	0.26	0.24	-44.68
Mrs. Rakhi Oswal	0.30	0.27	100
Mr. Vishal Oswal*	0.34	0.31	-----
Executive Directors			
Mr. Adish Oswal	70.74	64.31	9.20
Mr. Ashok Goyal	50.69	46.08	7.17
Managing Director			
Mr. Ashok Kumar Oswal	72.06	65.51	8.48

The percentage increase in remuneration of Chief financial officer & Company secretary in the financial year.

Particulars	% increase in remuneration in the financial year
Chief Financial Officer	
Mr. Parvinder Singh (upto 31.08.2016)	9.76%
Mr. Kuldeep Singla (w.e.f. 1.09.2016)	------
Company Secretary	
Mr. Sushil Sharma	8.36%

Note: 1. The Company pays only sitting fee to Non- Executive directors.

2. Mr Vishal Oswal was appointed as an Independent Director of the Company w.e.f. 13.02.2016. Accordingly, the disclosure with respect to % increase in his salary is not made.

3. Mr. Kuldeep Singla was appointed as Chief Financial Officer (CFO) inducted on the Board with effect from 01.09.2016. Accordingly, the disclosure with respect to % increase in his salary is not made.

b) The percentage increase in the median remuneration of employees in the financial year: 6.796%

c) The number of permanent employees on the rolls of Company as on 31st March, 2017: 2915 Employees.

d) The median remuneration of the employees of the Company during the financial year: 1.10 Lakh

e) The average annual increase in the salaries of employees other than the managerial personnel during the financial year was around 5.23%. The average annual increase in the managerial remuneration for the year was 8.37%.

f) The company affirms that the remuneration is as per the remuneration policy of the Company.

2. Information as per rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

a) Details of the Top ten employees in terms of remuneration drawn during the year ended 31st March, 2017.

Sr. No.	Name of Employee	Date of Birth	Designation	Qualifications	Total Experience (In Years)	Date of commencement of employment in VPL	Remuneration (CTC) drawn during the year (₹ in Lakh)	Previous employer
1	Mr. Ashok Kumar Oswal	08.02.1955	Chairman & Managing Director	B.A., LL.B	40	31.10.1987	72.06	N.A.
2	Mr. Adish Oswal	18.01.1980	Executive Director	B.Com	14	01.08.2003	70.74	N.A.
3	Mr. Ashok Kumar Goyal	23.10.1959	Executive Director	B.com, LL.B, FCS, DBM, MEP(IIMA)	35	03.06.1991	50.69	Sterling Tools Limited.
4	Mr. Kamal Kumar Kamila	15.03.1964	Vice-President- Technical	M.Tech	29	12.08.2016	39.02	Winsome Group.
5	Mr. Sandeep Bahl	28.05.1967	General Manager	B.Tech	29	19.09.2016	33.00	Spintex Mills NIG Limited
6	Mr. Rohit Bhasker	04.05.1965	Vice-President	PGDBM, PGDCA	30	01.06.2011	32.80	Cheema Spintex Ltd.
7	Mr. Parvinder Singh	22.02.1968	Executive Vice-President	C.A	26	15.02.2003	32.12	Trident Ltd.
8	Mr. Ayan Chakraborty	12.02.1970	Associate Vice-President	M.Tech	24	19.09.2016	27.00	Ginni Filament Limited.
9	Mr. Daksh Goyal	02.01.1977	Associate General Manager	B.Sc., M.B.A	15	23.11.2016	22.00	Winsome Textiles Industries Limited.
10	Mr. Apjit Arora	27.05.1976	Deputy General Manager	B.Sc.(Med), C.A, LL.B	15	28.11.2005	19.00	Avery Cycle Industries Limited.

Note:1. All employments are contractual, terminable by notice from either side.

2. No employee of the Company hold such percentage of equity shares within the meaning of clause (iii) of rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

3. No Employee is relative of any director or manager of the Company except Mr. Adish oswal and Mr. Abhinav Oswal being sons of Mr. Ashok Kumar Oswal.

b) There was no employee in receipt of remuneration as mentioned in Rule 5(2)(i),(ii) and (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

ANNEXURE-V

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2017

{Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014}

I. Registration & Other Details:

1.	CIN	L17122PB1980PLC004242
2.	Registration Date	20th August,1980
3.	Name of the Company	Vardhman Polytex Limited
4.	Category/Sub-category of the Company	Company Limited by shares / Indian Non -Government Company
5.	Address of the Registered office & contact details	Vardhman Park, Chandigarh Road, Ludhiana141123 Punjab (INDIA) Phones: +91-161-6629888, Fax: +91-161-6629988 E-Mail- info@vpl.in; Website: www.vpl.in
6.	Whether listed company	Yes (BSE & NSE)
7.	Name, Address & contact details of the Registrar & Transfer Agent	M/s Alankit Assignments Limited, Alankit Heights, 1E/13, Jhandewalan Extention, New Delhi – 110055 Phones: +91-11-42541234, 23541234 Fax: +91-11-41543474, Email- rta@alankit.com

II. Principal Business Activities of the Company (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacture of Textile	131	100%

III. Particulars of Holding, Subsidiary and Associate Companies:-

Sr. No.	Name and address of the company	CIN/GLN	Holding/ subsidiary /associate	% of shares held	Applicable Section
1	F.M. Hämmerle Textiles Limited Vardhman Park, Chandigarh Road, Ludhiana-141 123	U17110PB2006PLC029518	Subsidiary	81.7%	2(87)(ii)
2	F.M. Hämmerle Verwaltungs Gmbh, Austria	N.A.	Subsidiary	100%	2(87)(ii)

VI. Share Holding Pattern (Equity Share Capital Break up as percentage of Total Equity)

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01.04.2016]				No. of Shares held at the end of the year [As on 31.03.2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	638650	0	638650	2.86	638650	0	638650	2.86	--
b) Central Govt	-	-	-	-	-	-	-	-	--
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	12766002	0	12766002	57.27	12766002	0	12766002	57.27	--
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	**13404652**	**0**	**13404652**	**60.13**	**13404652**	**0**	**13404652**	**60.13**	**--**
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	500	1300	1800	0.01	500	1300	1800	0.01	-
b) Banks / FI	0	1134	1134	0.01	195	1134	1329	0.01	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01.04.2016]				No. of Shares held at the end of the year [As on 31.03.2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
g) FIIs	500000	1200	501200	2.25	255008	1200	256208	1.15	-1.10
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**500500**	**3634**	**504134**	**2.27**	**255703**	**3634**	**259337**	**1.17**	**-1.10**
2. Non-Institutions									
a) Bodies Corp.	4306924	4603	4311527	19.34	2007018	4603	2011621	9.02	-10.32
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	1202090	354564	1556654	6.98	3916531	343850	4260381	19.12	+12.14
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	685644	1800000	2485644	11.15	1275286	1050000	2325286	10.43	-0.72
c) Others (specify)									
Non Resident Indians	27496	400	27896	0.13	29280	400	29680	0.13	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	450	0	450	0.00	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	**6222604**	**2159567**	**8282171**	**37.60**	**7228115**	**1398853**	**8626968**	**38.70**	**+1.10**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**6716735**	**2170020**	**888675**	**39.87**	**7483818**	**1402487**	**8886305**	**39.87**	**0**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A + B + C)	**20120937**	**2170020**	**22290957**	**100**	**20888470**	**1402487**	**22290957**	**100**	**0**

B) Shareholding of Promoter-

(i) Body Corporate:-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Panchsheel Tex. Mfg. & Trdg. Co. (P) Ltd.	4426917	19.86	19.86	4426917	19.86	19.86	0.0
2	Enakshi Investments (P) Ltd.	370250	1.66	1.66	370250	1.66	1.66	0.0
3	Allepy Invst. & Trdg. Co. (P) Ltd.	95500	0.43	0.43	95500	0.43	0.43	0.0
4	Gagan Mercantile Co. (P) Ltd.	163900	0.74	0.74	163900	0.74	0.74	0.0
5	Calgary Invst. & Trdg. Co. (P) Ltd.	67300	0.30	0.30	67300	0.30	0.30	0.0
6	Kent Investments (P) Ltd.	46950	0.21	0.21	46950	0.21	0.21	0.0
7	Liberty Mercantile Co. (P) Ltd.	120550	0.54	0.54	120550	0.54	0.54	0.0
8	Pioneer Mercantile Co. (P) Ltd.	49350	0.22	0.22	49350	0.22	0.22	0.0
9	Ruby Mercantile Co. (P) Ltd.	153000	0.69	0.69	153000	0.69	0.69	0.0
10	Adesh Invst. & Trdg. Co. (P) Ltd.	35100	0.16	0.16	35100	0.16	0.16	0.0
11	Boras Invst. & Trdg. Co. (P) Ltd.	32860	0.15	0.15	32860	0.15	0.15	0.0
12	Alma Assets Consultancy (P) Ltd	4362325	19.57	19.57	4362325	19.57	19.57	0.0
13	Nightnagle Dealcom (P) Ltd	660000	2.96	2.96	660000	2.96	2.96	0.0
14	Altfort Merchants Pvt. Ltd.	2182000	9.79	--	2182000	9.79	--	0.0
	TOTAL(A)	**12766002**	**57.27**	**47.48**	**12766002**	**57.27**	**47.48**	0.0

(ii) Individuals:-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr. Adish Oswal	420511	1.89	0.58	420511	1.89	0.58	0.0
2	Mr. Ashok Kumar Oswal	127748	0.57	0.57	127748	0.57	0.57	0.0
3	Mrs. Manju Oswal	52694	0.24	0.24	52694	0.24	0.24	0.0
4	Mrs. Rakhi Oswal	17820	0.08	0.08	17820	0.08	0.08	0.0
5	Mr. Abhinav Oswal	14307	0.06	0.06	14307	0.06	0.06	0.0
6	Ms. Aketa Oswal	5460	0.02	0.02	5460	0.02	0.02	0.0
7	Ashok Kumar & Sons (HUF)	110	0.00	0.00	110	0.00	0.00	–
	TOTAL(B)	**638650**	**2.86**	**1.55**	**638650**	**2.86**	**1.55**	**0.00**
	GRAND TOTAL (A+B)	**13404652**	**60.13**	**49.03**	**13404652**	**60.13**	**49.03**	**0.00**

C) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	**NIL**			
2	At the end of the year				

D) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name	Shareholding at the beginning i.e. 01.04.2016		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year / as on 31.03.2017	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Swarnim Tie up Private Limited	1400000	6.28	21.10.2016	-400000	Transfer	1000000	4.49
				28.10.2016	-200000	Transfer	800000	3.59
				04.11.2016	-300000	Transfer	500000	2.24
				10.02.2017	-500000	Transfer	NIL	–
				31.03.2017	NIL			–
2	Vineet Sood & Sons HUF	725000	3.25	31.03.2017	No transaction during the year		725000	3.25
3	Master Infrastructure and Real Estate Developers Ltd	625000	2.80	28.10.2016	-325000	Transfer	300000	1.35
				18.11.2016	-5000	Transfer	295000	1.32
				20.01.2017	-10000	Transfer	285000	1.28
				03.02.2017	-200000	Transfer	85000	0.38
				10.02.2017	-85000	Transfer	NIL	–
				31.03.2017	NIL			–
4	Real Value Info Solutions Private Limited	532000	2.39	10.02.2017	-400000	Transfer	132000	0.59
				31.03.2017	–	–	132000	0.59
5	Hypnos Fund Limited	500000	2.24	13.05.2016	-200000	Transfer	300000	1.35
				07.10.2016	-50000	Transfer	250000	1.12
				21.10.2016	-62000	Transfer	188000	0.84
				31.03.2017	–	–	188000	0.84
6	SCM India Private Limited	402203	1.80	31.03.2017	No transaction during the year		402203	1.80
7	Suresh Kumar Jain	325000	1.46	31.03.2017	No transaction during the year		325000	1.46
8	Majestic Scrips Private Limited	273000	1.22	03.09.2016	+5629	Purchase	278629	1.25
				21.10.2016	-278629	Transfer	NIL	–
				18.11.2016	+27	Purchase	27	0.01
				25.11.2016	-27	Transfer	NIL	–
				31.03.2017	NIL			–

Sr. No.	Name	Shareholding at the beginning i.e. 01.04.2016		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year / as on 31.03.2017	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
9	Century Corporate Solutions Private Limited	243075	1.09	22.04.2016	-980	Transfer	242095	1.09
				29.04.2016	-1600	Transfer	240495	1.08
				06.05.2016	-1167	Transfer	239328	1.07
				30.09.2016	-100000	Transfer	139328	0.63
				21.10.2016	-139328	Transfer	NIL	--
				31.03.2017	NIL			--
10	Alpic Capital Services Limited	181034	0.81	21.10.2016	-34400	Transfer	146634	0.66
				28.10.2016	-70100	Transfer	76534	0.34
				11.11.2016	-3000	Transfer	73534	0.33
				18.11.2016	-50000	Transfer	23534	0.11
				10.02.2017	-23534	Transfer	NIL	--
				31.03.2017	NIL			--
11	Surinder Kumar Goyal	150000	0.67	31.03.2017	No transaction during the year		150000	0.67
12	Investeria Financial Services Private Limited	NIL	--	21.10.2016	+411605	Purchase	411605	1.85
				28.10.2016	+12545	Purchase	424150	1.90
				04.11.2016	-6866	Transfer	417284	1.87
				11.11.2016	-158525	Transfer	258759	1.16
				18.11.2016	+71524	Purchase	330283	1.48
				25.11.2016	-39424	Transfer	290859	1.30
				02.12.2016	-16287	Transfer	274572	1.23
				09.12.2016	-15108	Transfer	259464	1.16
				16.12.2016	-448	Transfer	259016	1.16
				23.12.2016	-29391	Transfer	229625	1.03
				31.12.2016	+60337	Purchase	289962	1.30
				06.01.2017	-102337	Transfer	187625	0.84
				20.01.2017	-169625	Transfer	18000	0.08
				27.01.2017	+194373	Purchase	212373	0.95
				03.02.2017	+375807	Purchase	588180	2.64
				10.02.2017	-349603	Transfer	238577	1.07
				17.02.2017	-160554	Transfer	78023	0.35
				03.03.2017	-44967	Transfer	33056	0.15
				10.03.2017	-8202	Transfer	24854	0.11
				17.03.2017	-12854	Transfer	12000	0.05
				24.03.2017	+36000	Purchase	48000	0.22
				31.03.2017	-27035	Transfer	20965	0.09
13	RLG Online Solutions LLP	NIL	--	21.10.2016	136652	Purchase	136652	0.61
				28.10.2016	+235894	Purchase	372546	1.67
				04.11.2016	-103046	Transfer	269500	1.21
				11.11.2016	+260007	Purchase	529507	2.38
				18.11.2016	+57581	Purchase	587088	2.63
				25.11.2016	+112980	Purchase	700068	3.14
				02.12.2016	-43800	Transfer	656268	2.94
				09.12.2016	+105483	Purchase	761751	3.42
				16.12.2016	+30416	Purchase	792167	3.56
				23.12.2016	+49127	Purchase	841294	3.78
				31.12.2016	-51482	Transfer	789812	3.54
				06.01.2017	-23086	Transfer	766726	3.44
				20.01.2017	+43638	Purchase	810364	3.64
				27.01.2017	-259984	Transfer	550380	2.47
				03.02.2017	-550380	Transfer	NIL	--
				10.02.2017	+3264	Purchase	3264	0.01
				17.02.2017	+60618	Purchase	63882	0.29
				24.02.2017	+276219	Purchase	340101	1.53
				03.03.2017	+69023	Purchase	409124	1.84
				10.03.2017	-82664	Transfer	326460	1.46
				17.03.2017	-49774	Transfer	276686	1.24
				24.03.2017	-167381	Transfer	109305	0.50
				31.03.2017	-109305	Transfer	NIL	--

Sr. No.	Name	Shareholding at the beginning i.e. 01.04.2016		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year / as on 31.03.2017	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
14	Shivalik Securities Limited	NIL	--	28.10.2016	+2300	Purchase	2300	0.01
				11.11.2016	-2300	Transfer	NIL	--
				18.11.2016	+4881	Purchase	4881	0.02
				25.11.2016	-3250	Transfer	1631	0.01
				20.01.2017	+7000	Purchase	8631	0.04
				03.02.2017	+200000	Purchase	208631	0.94
				10.02.2017	-208000	Transfer	631	0.01
				24.02.2017	-631	Transfer	NIL	--
				31.03.2017	NIL			--
15	Ajay Kumar Goyal	150000	0.67	24.03.2017	-38393	Transfer	111607	0.50
				31.03.2017	--	--	111607	0.50
16	Sanjeev Kumar Goyal	150000	0.67	31.03.2017	No transaction during the year		150000	0.67
17	Anil Kumar Goyal	150000	0.67	31.03.2017	No transaction during the year		150000	0.67
18	Manav Goyal	150000	0.67	31.03.2017	No transaction during the year		150000	0.67
19	IL and FS Securities Services Limited	NIL	--	28.10.2016	+80500	Purchase	80500	0.36
				04.11.2016	-80300	Transfer	200	0.01
				10.02.2017	-100	Transfer	100	0.01
				17.02.2017	+302312	Purchase	302412	1.36
				24.02.2017	-1000	Transfer	301412	1.35
				03.03.2017	-812	Transfer	300600	1.35
				31.03.2017	--	--	300600	1.35
	Total	**5956312**	**26.72**				**2805375**	**12.59**

Note:- The data for increase and decrease in shareholding is taken from weekly Benpose details received from NSDL/CDSL.

E) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning i.e. 01.04.2016		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year / as on 31.03.2017	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Mr. Adish Oswal	420511	1.89	31.03.2017	No transaction during the year		420511	1.89
2	Mr. Ashok Kumar Oswal	127748	0.57	31.03.2017	No transaction during the year		127748	0.57
3	Mrs. Rakhi Oswal	17820	0.08	31.03.2017	No transaction during the year		17820	0.08
4	Mr. Ajay Chaudhry	155	0.00	31.03.2017	No transaction during the year		155	0.00
5	Mr. Sushil Sharma	750	0.00	31.03.2017	No transaction during the year		750	0.00

V) Indebtedness - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	23576.75	1068.75	0.00	24645.50
ii) Interest due but not paid	310.24	134.19	0.00	444.43
iii) Interest accrued but not due	0.00	0.00	0.00	0
Total (i+ii+iii)	**23886.99**	**1202.94**	**0.00**	**25089.93**
Change in Indebtedness during the financial year				
* Addition	0.00	0.00	0.00	0.00
* Reduction	3404.77	135.74	0.00	3540.51
Net Change	**-3399.77**	**-135.74**	**0.00**	**-3535.51**
Indebtedness at the end of the financial year				
i) Principal Amount	20482.22	1067.20	0.00	21549.42
ii) Interest due but not paid	5.00	0.00	0.00	5.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	**20487.22**	**1067.20**	**0.00**	**21554.42**

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors			Total
		Mr.Ashok Kumar Oswal (MD)	Mr. Adish Oswal (WTD)	Mr. Ashok Kumar Goyal (WTD)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	53,88,720	57,51,720	38,62,320	1,50,02,760
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5,10,000	15,000	81,000	6,06,000
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission – as % of profit/others	-	-	-	-
5	Others allowances/ perquisites	13,06,800	13,06,800	11,26,300	37,39,900
	Total (A)	**72,05,520**	**70,73,520**	**50,69,620**	**1,93,48,660**
	Ceiling as per the Act	As per part II of schedule V of the Companies Act, 2013			

B. Remuneration to other directors

(in ₹)

Sr. No.	Name of Directors	Particulars of Remuneration			Total
		Fee for attending board \ committee meetings	Commission	Others	
1	**Independent Directors**				
	Mr. Ajay Chuadhry	62,000	--	--	62,000
	Mr. M.D. Kanitkar	25,500	--	--	25,500
	Dr. B.S. Bhatia	51,000	--	--	51,000
	Mr. Vishal Oswal	33,500	--	--	33,500
	Sub-total (1)	**1,72,000**	**--**	**--**	**1,72,000**
2	**Other Non-Executive Directors**				
	Mrs. Rakhi Oswal	30,000	--	--	30,000
	Sub-total (2)	**30,000**	**--**	**--**	**30,000**
	Total (B) = (1+2)	**1,81,500**	**--**	**--**	**2,02,000**
	Total Managerial Remuneration (A+B)	**--**	**--**	**--**	**1,95,45,660**

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

(in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. Parvinder Singh (CFO)	Mr. Kuldeep Singla (CFO)	Mr. Sushil Sharma (CS)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9,58,900	7,10,805	11,46,452	28,16,157
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	26,250	20,750	21,000	68,000
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission – as % of profit/others	-	-	-	-
5	Others allowances/ perquisites	2,71,667	2,53,552	3,64,249	8,89,468
	Total	**12,56,817***	**9,85,107****	**15,31,701**	**37,73,625**

*** Mr. Parvinder Singh was holding the position of CFO till 31st August, 2016.**

**** Mr. Kuldeep Singla was appointed as CFO w.e.f 01st September, 2016**

VII. Penalties / Punishment/ Compounding of Offences:

There is no penalty/punishment/compounding of offences levied against company, its directors and officers in default.

For and on behalf of the Board

Sd/-
(Ashok Kumar Oswal)
Chairman and Managing Director
(DIN-00009403)

Date : 12th August, 2017
Place: Ludhiana

CORPORATE GOVERNANCE REPORT

Corporate Governance assumes a great deal of importance in the business life of the Company. The Company's goal is to find creative and productive ways of delighting its stakeholders, i.e. investors, customers & associates etc. while fulfilling the role of a responsible corporate representative committed to best practices. This section besides being in compliance of the mandatory SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "SEBI (LODR) Regulations") gives an insight into the process of functioning of the Company. The Company's philosophy on Governance is based on the belief that effective Corporate Governance practices constitute a strong foundation on which successful commercial enterprises are built to last.

Your Company is in compliance with the requirement of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ('Listing Regulations').

1. COMPANY'S PHILOSOPHY

- Total customer delight
- Competing with the best
- Total quality people
- Product quality a way of life
- Continued improvement through innovation & creativity
- State of Art Technology with ultra modern R&D facilities
- Respect of every VPL Parivar Member
- Achieving excellence through culture integration
- Change a way of life
- Act as responsible corporate citizen and discharge our social responsibilities

2. BOARD OF DIRECTORS

a) Composition

The Board of Directors, as on 31st March, 2017 consists of eight Directors, of which three are Executive Directors and five are Non-Executive Directors including one woman Director. The half of the Board comprises of Independent Directors. The Board of the Company is composed of eminent individuals from diverse fields. However, it is hereby informed that Mrs. Rakhi Oswal has resigned from the Directorship of the Company w.e.f 15.05.2017.

b) Board Meetings

During the financial year under review, Five Board Meetings were held on 30.05.2016, 12.08.2016, 24.09.2016, 11.11.2016 and 13.02.2017 and the gap between two consecutive meetings did not exceed one hundred twenty days.

Details of composition of the board, Category of director, Shareholding details, Number of board meeting attended, Attendance at 36th AGM, Total number of directorship held, Chairpersonship & Membership of the Committees are as given below:

Name of Director	Category of Director	Share holding in the Company	No. of Board Meeting attended	Attendance at 36th AGM held on 30.09.2016	Total No. of Directorship held / Public Ltd Co.*	Total No. of Committee**	
						Chairpersonship	Membership
Mr. Ashok Kumar Oswal (DIN 00009403)	Chairman & Managing Director/ Promoter	1,27,748	3	Yes	16/2	--	1
Mr. Adish Oswal (DIN 00009710)	Executive Director/ Promoter	4,20,511	5	Yes	7/1	--	--
Mr. Ashok Kumar Goyal (DIN 06676556)	Executive Director	NIL	5	Yes	1/1	--	1
Mr. Ajay Chaudhry (DIN 00055733)	Non-Executive Independent Director	155	5	Yes	3/3	3	1
Dr. B. S. Bhatia (DIN 00551715)	Non-Executive Independent Director	NIL	4	No	2/1	--	1
Mr. M. D. Kanitkar (DIN 00551803)	Non-Executive Independent Director	NIL	2	No	1/1	--	1
Mrs. Rakhi Oswal*** (DIN 00009682)	Non-Executive Director/ Promoter	17,820	4	Yes	4/1	--	--
Mr. Vishal Oswal DIN 00002678)	Non-Executive Independent Director	NIL	4	No	6/2	--	--

* The Directorship held by directors includes alternate directorships but doesn't include directorship in foreign company.

** Committees for this purpose include only Audit Committee and Stakeholders' Relationship Committee of all public limited companies.

*** Mrs. Rakhi Oswal has resigned from the directorship of the company w.e.f. 15.05.2017.

Notes:

1. None of the directors on the board hold directorships in more than ten public companies. Further, none of them is a member of more than ten committees or chairperson of more than five committees across all the public companies in which he is a director.
2. There is no inter-se relationship between the directors except Mr. Adish Oswal being son of Mr. Ashok Kumar Oswal and Mrs. Rakhi Oswal wife of Mr. Adish Oswal.

c) Meetings Procedure

The Company holds Board Meetings regularly. The directors are informed about the venue, date and time of meeting in advance in writing at their registered address/e-mail. Detailed agenda papers along with explanatory statements are circulated to the directors in advance. The Board has complete access to all information with the Company. All information stipulated in SEBI (LODR) Regulations is regularly provided to the Board as a part of agenda papers along with the action taken report on the matters previously approved/discussed. Directors actively participate in the Board Meetings and contribute significantly by expressing their views, opinions and suggestions. Video Conferencing facilities are used to facilitate directors, who are traveling or present at other locations to participate in the meeting. Decisions are taken after proper and thorough discussion. The Board periodically reviews the compliance report of all laws applicable to the Company.

d) Training / Familiarisation programmes for Board Members

The Board members are provided with necessary documents/brochures, reports and internal policies enable them to familiarize with the Company's procedures and practices. Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors. The details of such familiarization programmes for Independent Directors are posted on the website of the Company and can be accessed at *http://oswalgroup.com/investor_pdf/corporate-policy/Familiarization-Programmes-for-Independent-Directors.pdf*

e) Remuneration of Directors

i) **Executive Directors**: The Company pays remuneration to Chairman & Managing Director and Executive Directors as approved by the Board of Directors and Members of the Company.

ii) **Non-Executive Directors**: Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board Meeting @₹7,500/- per meeting and for the Committees Meeting @₹3,500/- per meeting.

Details of Remuneration paid to the Directors during the year:

(₹ in Lakh)

Name	Designation	Salary	Allowances & Other Perquisites	Contribution to Provident & other Funds	Sitting Fee	Total Remuneration
Mr. Ashok Kumar Oswal	Chairman & Managing Director	43.56	23.27	5.23	NA	72.06
Mr. Adish Oswal	Executive Director	43.56	21.95	5.23	NA	70.74
Mr. Ashok Kumar Goyal	Executive Director	27.61	19.77	3.31	NA	50.69
Mr. Ajay Chaudhry	Non- Executive Independent Director	–	–	–	0.62	0.62
Dr. B. S. Bhatia	Non- Executive Independent Director	–	–	–	0.51	0.51
Mr. M. D. Kanitkar	Non- Executive Independent Director	–	–	–	0.26	0.26
Mrs. Rakhi Oswal	Non –Executive Director	–	–	–	0.30	0.30
Mr. Vishal Oswal	Non- Executive Independent Director	–	–	–	0.34	0.34

f) Independent Directors

Independent directors are non-executive directors as defined under Regulation 16(1) (b) of the SEBI (LODR) Regulations. The maximum tenure of the independent directors is in compliance with the Companies Act, 2013 ("Act"). All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI (LODR) Regulations and Section 149(6) of the Companies Act, 2013.

The terms and conditions of appointment of the independent directors are disclosed on the website of the Company.

During the year, a separate meeting of the independent directors was held on 17.12.2016 inter-alia to review the performance of non-independent directors and the board as a whole.

3. COMMITTEES OF THE BOARD

a) Audit Committee

The Company has an Audit Committee in terms of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, which comprises three Independent Directors i.e. Mr. Ajay Chaudhry, Mr. M. D. Kanitkar and Dr. B. S. Bhatia. Mr. Ajay Chaudhry is the Chairman of the Committee and the Company Secretary acts as the Secretary of the Committee. Statutory Auditors, Internal Auditors & Head of Corporate Finance Department are the permanent invitees to the Committee. The terms of reference of the Audit Committee is based on the role of the Audit Committee as mentioned in Section 177 of the Companies Act, 2013 and Regulation

18 of the SEBI (LODR) Regulations.

The Committee met Four times during the year on 30.05.2016, 12.08.2016, 11.11.2016 and 13.02.2017. Attendance of the members of the Committee is given below:

Members	Category	Meetings Attended
Mr. Ajay Chaudhry	Non-Executive Independent Director	4
Dr. B. S. Bhatia	Non-Executive Independent Director	4
Mr. M. D. Kanitkar	Non-Executive Independent Director	2

b) Stakeholders' Relationship Committee

The Company has a Stakeholders' Relationship Committee to look into the redressal of stakeholders complaints on various issues. The members of the Committee are Mr. Ajay Chaudhry, Mr. Ashok Kumar Oswal and Mr. Ashok Kumar Goyal. Mr. Ajay Chaudhry is the Chairman of the Committee. The Committee met once during the year on 12.08.2016 and all members were present at the meeting.

During the financial year 2016-17, No complaint received by the Company relating to dividend, interest, redemption, transfer and non-receipt of Annual Report etc.

Mr. Ashok Goyal, is Compliance Officer of the Company, may be contacted at 0161-6629888 and fax at 0161-6629988. As per Regulation 6 of the SEBI (LODR) Regulations, the designated E-mail Id for the purpose of registering complaints/queries of investors is: **secretarial@vpl.in**

c) Nomination and Remuneration Committee

The Company has Nomination & Remuneration Committee in terms of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations, which comprises three Non-executive Directors i.e. Mr. Ajay Chaudhry, Mr. M.D. Kanitkar and Dr. B.S. Bhatia. Mr. Ajay Chaudhry is the Chairman of the Committee. The Committee is empowered to decide, review and approve the remuneration packages including pension rights and compensation payments of Directors, KMP & other employees as per remuneration policy of the Company. The committee met once during the year on 12.08.2016 and all the members were present at the meetings.

The selection and remuneration criteria of directors, senior management personnel and performance evaluation of directors/board/committee are defined in the Nomination and Remuneration Policy which forms part of the Annual Report.

d) Other Committees of the Board

The other Board's committees composition, number of meetings held during the year and term of reference is as under:

Name of the Committee	Members	Number of meeting held during the year	Brief term of reference
Allotment Committee	Mr. Ashok Kumar Oswal (Chairman) Mr. Adish Oswal Mr. Ajay Chaudhry Dr. B. S. Bhatia	--	Allotment the shares, warrants, debentures and any other securities.
Risk Management Committee	Mr. Ashok Kumar Oswal (Chairman) Mr. Adish Oswal Mr. Ashok Kumar Goyal Mrs. Rakhi Oswal Mr. Parvinder Singh	--	Lay down the procedures for risk identification, assessment and minimization of such risks, review the said procedures on periodic basis and formulate risk management policy.
CSR Committee	Mr. Ashok Kumar Oswal (Chairman) Mr. Adish Oswal Mr. Ashok Kumar Goyal Mr. Ajay Chaudhry Mrs. Rakhi Oswal	--	? Formulate CSR Polcy and Indicate the activities to be undertaken; ? Recommend spending under CSR; and ? To perform the functions as defined and covered under the Companies Act, 2013 and SEBI (LODR) Regulations.
Banking, Finance & Investment Committee	Mr. Ashok Kumar Oswal (Chairman) Mr. Adish Oswal Mr. Ashok Kumar Goyal Mr. Ajay Chaudhry Mr. Parvinder Singh	--	? To borrow money/ avail finance of any kind; ? To invest the funds of the company; ? To grant or make loans or advances, give guarantee or provide securities in respect of loan; ? Banking operations activities; and ? Any other ancillary and incidental issues as required for above said matters.

4. CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Company's Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel (SMP) of the Company. The Code of Conduct is available at Company's website. All Board Members & SMP have given their affirmations of compliance with the Code. A declaration to this effect signed by Chairman & Managing Director is enclosed and forms part of the Annual Report.

5. RISK MANAGEMENT

The Company has adopted a well defined procedure for risk management. The Risk Management Policy of the Company provides procedures for identification and mitigation of internal as well as external risks of the Company. The Company is having a Risk Management Committee consisting of directors and senior management functionaries within the organization. The Committee assesses the risks in various functional areas of the organization and defines the steps to minimize/mitigate those risks.

6. SUBSIDIARY COMPANIES

The Audit Committee reviews the significant issues including financial statements pertaining to subsidiary companies. The minutes of the subsidiary companies are placed before the Board of Directors of the Company and attention of the Directors is drawn to significant transactions and arrangements entered into by the subsidiary companies. The performance of its subsidiaries is also reviewed by the Board periodically. The Company does not have any material non-listed Indian foreign subsidiary Companies as per the Company's policy for determining 'material subsidiaries' which is disclosed on its website at the following link:

http://oswalgroup.com/investor_pdf/corporate-policy/Determination-of-Material-Subsidiary-Policy.pdf

7. SHAREHOLDERS

a) Details of Directors seeking appointment/re-appointment

The brief profile of the directors being appointed/re-appointed is provided in the Notice of convening the Annual General Meeting, which forms part of the Corporate Governance Report.

b) Previous Annual General Meetings

The detail of last three Annual General Meetings (AGM) is given as follows:-

Meeting	Day, date & time of the meeting	Venue	No. of Special Resolutions
36th AGM	Friday, 30th September, 2016 at 11:00 a.m.	**Regd. Office:** Vardhman Park, Chandigarh Road, Ludhiana - 141 123	1
35th AGM	Tuesday, 29th September, 2015 at 11:00 a.m.	**Regd. Office:** Vardhman Park, Chandigarh Road, Ludhiana - 141 123	NIL
34th AGM	Tuesday, 30th September, 2014 at 11.00 a.m.	**Regd. Office:** 341 K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana-141 123	6

Postal Ballot:-During the year 2016-17, the Company has not passed any resolution through postal ballot.

c) Means of Communication

The Company communicates with the shareholders at large through its Annual Reports, placing the information on Company's website, publication of financial results, press releases in leading newspapers and by filing various reports and returns with the statutory bodies like Stock Exchanges, the Registrar of Companies and website of Ministry of Corporate Affairs. The financial results are published in prominent daily newspapers viz. Business Standard, Economic Times and Desh Sewak (Punjabi).

The financial results, annual report and shareholding pattern of the Company are also available on the Company's website viz. **www.vpl.in**

8. DISCLOSURES

a) Related Party Transactions: All related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business. All Related Party Transactions were placed before the Audit Committee for its approval. The Audit Committee has granted omnibus approval for Related Party transactions as per the provisions and restrictions contained in the SEBI Listing Regulations. There was no material/significant transaction with the directors or the management, their subsidiaries or relatives etc. that have any potential conflict with interest of the Company at large read with details of transactions as disclosed in Notes on Accounts annexed in the Balance Sheet as per Accounting Standard (AS) -18. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the following link:

http://oswalgroup.com/investor_pdf/corporate-policy/Policy-on-dealing-with-Related-Party-Transactions.pdf

b) Non-compliances/ Penalties: There has not been any non-compliance made by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or SEBI or any other Statutory Authority during the last three years.

c) Vigil Mechanism/Whistle Blower Policy: The Company promotes ethical behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior. The Company has a vigil mechanism/whistle blower policy wherein the employees are free to report violation of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the workgroups. The confidentiality of person reporting violation is maintained and he is not subjected to any discriminatory practice. No person has been denied access to the chairman of Audit Committee. The vigil mechanism policy is available at Company's website at the following link:

http://oswalgroup.com/investor_pdf/corporate-policy/Vigil-Mechanism-Policy.pdf

d) Mandatory/ Discretionary requirements: All mandatory requirements of SEBI Listing Regulations/Corporate Governance clause has been complied with during the year.

The Company has also implemented discretionary requirements of SEBI (LODR) Regulations regarding direct report by internal auditor to Audit Committee.

9. GENERAL SHAREHOLDERS INFORMATION

I) 37th Annual General Meeting

Date : **Saturday, 9th September, 2017**
Time : **11:00 A.M.**
Venue : **Regd. Office: Vardhman Park, Chandigarh Road, Ludhiana-141123, Punjab.**

II) Financial Year : **1st April to 31st March**

III) Financial Calendar for 2017-18 (Tentative)

First Quarter Results : August, 2017
Second Quarter Results : November, 2017
Third Quarter Results : February, 2018
Annual Results : May, 2018

IV) Dividend Payment date : Not Applicable

V) Listing of Securities

Sr. No.	Description	Stock Exchange	Stock Code
1.	Equity Shares	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	514175
		The National Stock Exchange of India Ltd. (NSE) "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai-400 051	VARDMNPOLY
2.	Foreign Currency Convertible Bonds (FCCBs)	Singapore Exchange Securities Trading Ltd. 2, Shenton Way, # 19-00, SGX Centre 1 Singapore- 068804	–

The Company has duly paid the listing fees to BSE and NSE for the year 2017-18.

VI) Stock Market Data

The month-wise highest, lowest and closing stock prices vis-à-vis BSE Sensex and NSE Nifty during the financial year 2016-17 are given below:-

Financial Year 2016-17 (Month)	VPL Share Price at BSE			BSE Sensex			VPL Share Price at NSE			NSE Nifty		
	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
April	47.85	35	42.7	26101	24523	25607	47.45	37.2	41.55	7992	7517	7850
May	59.1	41.05	49.6	26837	25058	26668	59.7	41.5	49	8214	7678	8160
June	51.9	40.2	45.5	27105	25911	27000	50.7	41.1	45.25	8308	7927	8288
July	50.3	42.15	47.35	28240	27034	28052	50.4	42.6	47.6	8675	8288	8639
August	49.85	40.05	41.45	28532	28628	28452	49.4	41.4	42.05	8819	8518	8786
September	49.5	38.1	49.2	29077	27717	27866	49.6	41	49.2	8969	8555	8611
October	96.65	50.4	72.4	28478	27488	27930	96.8	50.25	72.55	8807	8506	8626
November	87.6	61.2	78.15	28030	25718	26653	88	61.3	78.3	8670	7916	8225
December	82.5	64	64.4	26804	25754	26626	83.4	64.1	64.6	8275	7894	8186
January	86.8	63.65	66.4	27980	26447	27656	87.1	63.45	66.6	8673	8134	8561
February	84.4	65.25	75.05	29065	27590	28743	84	65.6	75.1	8982	8538	8880
March	78.25	67	68	29825	28716	29621	78.2	67.8	68.35	9218	8860	9174

VII) Registrar & Share Transfer Agent (RTA)

M/s Alankit Assignments Limited
(Unit: Vardhman Polytex Limited)
1E/13, Alankit Heights, Jhandewalan Extension, New Delhi-110 055
Telephone No. : 011-42541234, 23541234, Fax No. 011-41543474
E-mail: rta@alankit.com, Web Site: www.alankit.com

VIII) Share Transfer System

The Company has authorised RTA for transfer/transmission/ dematerialization/rematerialization etc, who attend the formalities related thereto on an average once in a week. A status report, of valid physical transfers/transmission etc and objectionable cases, received from RTA is placed before the board of directors periodically. The share certificates are returned /dispatched to the shareholders by RTA after necessary endorsements normally within 15 days from the date of receipt. The delays, if any, are mostly due to notice given to seller for confirmation in case of difference in signatures and/or non receipt of copy of PAN.

IX) Dematerialisation of Shares

The shares of the Company are traded on the Stock Exchanges compulsorily in demat form. The International Securities Identification Number (ISIN) for equity shares is INE835A01011. 93.71% of the paid up equity share capital comprising 2,08,88,470 shares were dematerialised as on 31st March, 2017.

X) Distribution of Shareholding as on 31st March, 2017

Range	Shareholders		Shares	
(No. of shares)	Numbers	%age	Numbers	%age
Upto - 500	14,218	88.66	20,32,199	9.12
501 - 1000	1047	6.53	8,76,425	3.93
1001 - 5000	620	3.87	13,52,703	6.07
5001 - 10000	71	0.44	5,16,648	2.32
10001 - 50000	50	0.31	10,39,930	4.66
50001 & Above	31	0.19	1,64,73,052	73.90
Total	**16,037**	**100.00**	**2,22,90,957**	**100.00**

XI) Shareholding Pattern of the Company

Sr. No.	Category of the shareholders	As on 31st March, 2017	
		No. of Shares	%age
1.	Promoters/Promoter Group	1,34,04,652	60.14
2.	Mutual Funds & UTI	1,800	0.01
3.	Banks, Financial Institutions, Insurance Co.	1,329	0.01
4.	Bodies Corporate	20,11,621	9.02
5.	Indian Public	65,85,667	29.54
6.	NRIs, OCBs, FIIs	2,85,888	1.28
	Total	**2,22,90,957**	**100.00**

XII) Outstanding GDRs/ADRs/Warrants

There are no outstanding GDRs/ ADRs/ Convertible Warrants. However, the Company is having outstanding 2% unsecured Foreign Currency Convertible Bonds (FCCBs) for the amount of USD 5,54,160 (Net).

XIII) Commodity Price Risk/Foreign Currency Risk/Hedging Activities

Please refer point 3(e) of the Board's Report for the same.

XIV) Plant/Unit Locations

- Vardhman Polytex Limited, Badal Road, Bathinda-151005, Punjab.
- Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh -174101(H.P)
- Vardhman Polytex Limited (Spinning and Dyeing division) D- 295/1, Phase VIII, Focal Point, Ludhiana-141010, Punjab.
- Amkryon International, D- 295/1, Phase VIII, Focal Point, Ludhiana-141010, Punjab.

XV) Address for correspondence

Shareholders should address their correspondence to the Company's Registrar & Transfer Agents (RTA) at the address mentioned in point (VII).

Shareholders may also contact **Mr. Ashok Goyal,** Compliance Officer at the Registered Office of the Company at Vardhman Park, Chandigarh Road, Ludhiana -141123, Punjab.

Tel: 0161-6629888, Fax: 0161-6629988

E-mail: **secretarial@vpl.in**

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DP).

XVI) Unpaid/Unclaimed Divided

The unpaid/unclaimed dividend upto the financial year 2007-2008 has been transferred to Investor Education and Protection Fund (IEPF) of the Central Government and there is no unclaimed dividend pending with the Company.

10. AUDITOR'S CERTIFICATE ON COMPLIANCE

Certificate from the Statutory Auditors on compliance is given in this Annual Report.

DECLARATION REGARDING COMPLIANCE WITH CODE OF CONDUCT

The Company has adopted the Code of Conduct for all Board members and senior management personnel of the Company.

It is hereby affirmed that all the Directors and Senior Management personnel have complied with the Code of Conduct and have given a confirmation in this regard.

For and on behalf of the Board

Sd/-
(Ashok Kumar Oswal)
Chairman and Managing Director
(DIN-00009403)

Date : 12th August, 2017
Place: Ludhiana

CERTIFICATE OF CHAIRMAN AND MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

We have reviewed financial statements and cash flow statement for the year ended 31st March, 2017 and to the best of our knowledge and belief:

1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

3) No transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's Code of Conduct.

Further, we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee:

a) deficiencies in the design or operation of internal control, if any, of which we are aware and the steps we have taken or purpose to take to rectify these deficiencies;

b) significant changes in internal control over financial reporting during the year;

c) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

d) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
Kuldeep Singla
Chief Financial Officer

Sd/-
Ashok Kumar Oswal
Chairman and Managing Director
(DIN-00009403)

Date : 12th August, 2017
Place: Ludhiana

CERTIFICATE OF COMPLIANCE FROM AUDITORS

To The Members of

Vardhman Polytex Limited

We have examined the compliance of conditions of Corporate Governance by Vardhman Polytex Limited ("the Company") for the year ended 31st March, 2017, as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's Responsibility for Compliance with the Conditions of Listing Regulations

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Auditors' Responsibility

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restriction on use

The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For S. S. KOTHARI MEHTA & Co.
Chartered Accountants
FRN - 000756N

Sd/-
(Sunil Wahal)
Partner
Membership No. 087294

Place : New Delhi
Dated: 29th May, 2017

INDEPENDENT AUDITORS' REPORT

To The Members of Vardhman Polytex Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Vardhman Polytex Limited** ("the **Company**"), which comprise the balance sheet as at March 31, 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company 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 and the Companies (Accounting Standards) Amendment Rules, 2016 as amended.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Basis for Qualified Opinion

1. *The Company had credited income of ₹396.44 lakh due on payment of FCCB liability to the statement of profit and loss during the year ended March 31, 2017. This profit should have been credited in the statement of profit and loss on payment of FCCB liability which is still outstanding as explained in note number 5 of the standalone financial statements. Due to this, profit for the year ended March 31, 2017 is overstated by the same amount.*
2. *No provision has been made on the investments & loans and advances made in case of following subsidiaries in the standalone financial statements:-*
   - *i) In case of F.M. Hammerle Textiles Limited, investment & loans and advances made of ₹9,126.41 lakh and ₹2,282.35 lakh respectively, whose net worth has been completely eroded having a accumulated losses of ₹18,811.87 lakh against share capital of ₹12,386.75 lakh as on March 31, 2017;*
   - *ii) In case of F.M. Hammerle Verwaltung Gmbh, Austria, investment & loans and advances made of ₹22.54 lakh and ₹235.45 lakh respectively, whose net worth has been completely eroded having a net loss of ₹253.61 lakh against share capital of ₹22.54 lakh as on March 31, 2017.*

     This is at variance with Accounting Standard AS-13 'Accounting for Investments' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 as amended. This has resulted in profit for the year ended March 31, 2017 being overstated and investments, loans and advances and reserves and surplus being overstated by the same amount.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the matter described in the Basis for Qualified Opinion paragraph above,* the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
   - a. We have sought and, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid standalone financial statements:
   - b. In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law have

been kept by the company so far as it appears from our examination of those books;

c. The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this Report are in agreement with the books of account;

d. In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 as amended;

e. On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of 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";

g. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;

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 to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at March 31, 2017 on its financial position in its standalone financial statements – Refer Note 28 & 29 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

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

iv. The Company has provided requisite disclosures in Note 42 to these standalone financial statements as to the holding as well as dealing in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Registration No. 000756N

Sd/-
Sunil Wahal
Partner
Membership no. 087294

Place: New Delhi
Date: May 29, 2017

Annexure A to the Independent Auditor's Report to the members of Vardhman Polytex Limited on its standalone financial statements dated May 29, 2017

Report on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order, 2017 ("The Order") Issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 ("the Act") as referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, pursuant to the programme, the fixed assets have been physically verified by the management during the year. In our opinion, the same is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties are held in the name of the company.

ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at year end and no material discrepancies were noticed in respect of such confirmations.

iii. (a) The Company has granted loans to one of its subsidiary company covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grants and loans not prejudicial to the Company's interest.

(b) The Company has granted loans re-payable on demand as agreed. In respect of loans granted, we are informed that the company has not demanded repayment of any such loans based on demand and thus there has been no default on the parties to whom the money has been advanced. The payment of interest has been regular.

(c) We were explained that this loan is repayable on demand and, therefore, there is no amount of loans which are outstanding for more than ninety days.

iv. As per the information and explanations given to us and on the basis of our examination of the records, the Company has complied with provision of section 185 and 186 of the Act, *except a loan given to a one company covered under section 185 of the Act, the maximum amount outstanding during the year is* ₹*160.01 lakh and the amount outstanding as at the balance sheet date is* ₹ *Nil with respect to the loans and investment made.*

v. As the company has not accepted deposits, the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under, are not applicable.

vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made

by the Central Government for the maintenance of cost records under section 148(1) of the Act and are of the opinion that prima facie, the specified accounts and records have been made and maintained by the Company, However, we are not required to make a detailed examination of such accounts and records.

vii. (a) According to the information and explanations given to us, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us and the records of the company examined by us, there are no dues of duty of customs and value added tax which have not been deposited on account of any dispute except the following dues of income-tax, sales-tax, wealth-tax, service tax and excise duty along with the forum where the dispute is pending:

Name of the statute	Nature of dues	Period to which it pertains (Assessment year)	Amount in dispute (₹ in Lakh)	Forum where the dispute is pending	Amount deposited (₹ in Lakh)	Matter of dispute
Central Excise Act, 1944	Excise Duty	2006-09	4.63	The Commissioner of Central Excise, Chandigarh	-	Interest on cenvat credit taken wrongly duly reversed thereafter.
Central Excise Act, 1944	Excise Duty	2004-05	28.92	CESTAT, New Delhi	-	Cenvat credit on input has been reversed.
Central Excise Act, 1944	Excise Duty	1997-98 & 2004-05	42.34	Hon'ble Punjab & Haryana High Court, Chandigarh	42.34	Difference on account of loose and packed yarn
Central Excise Act, 1944	Excise Duty	2004-05	14.75	Joint Secretary, New Delhi	13.85	
Central Excise Act, 1944	Excise Duty	2009-10	89.07	Chief Commissioner of Central Excise, Ludhiana	-	
Central Excise Act, 1944	Excise Duty	2009-10	1.82	Chief Commissioner of Central Excise, Ludhiana	-	
Finance Act, 1994	Service Tax	2004-05, 2005-06 and 2006-07	14.11	Additional Commissioner of C.E., Ludhiana	1.91	Service Tax on overseas commission
Income Tax Act, 1961	Income Tax	1998-99 to 2002-2003 2007-2008	25.86	CIT (Appeals), Ludhiana	25.69	Disallowance of deduction under section 80HHC & 80M
Income Tax Act, 1961	Income Tax	2003-2004, 2004-2005, 2005-2006, 2006-2007, 2011-2012	690.05	ITAT, Bench Chandigarh	41.66	Disallowance of deduction under section 80HHC & 80M
Income Tax Act, 1961	Income Tax	1998-99, 2001-2002, 2008-2009, 2009-2010, 2010-2011	376.94	Hon'ble Punjab & Haryana High Court, Chandigarh	152.65	Disallowance of Interest u/s 36(1)(iii) & as revenue expenditure or capital expenditure though matter decided by Hon'ble SC in our favor and levy of interest u/s 234 D, Disallowance u/s 14-A.
Punjab General Sales Tax Act, 1948	Punjab Vat	2000-01, 2001-02	17.61	DETC Appeal	5.10	Incremental production in respect of additional fixed capital investment.
Punjab General Sales Tax Act, 1948	Punjab Vat	2005-06, 2006-07	0.48	DETC, Patiala	0.38	
Punjab General Sales Tax Act, 1948	Punjab Vat	2003-04	0.51	Assistant Commissioner Sales Tax, Ludhiana	-	Difference on account of job charges under service tax and excise
Wealth Tax Act, 1957	Wealth Tax	1998-99	2.11	ITAT, Chandigarh	-	Dispute on valuation of land

viii. In our opinion, and according to the information and explanations given to us, we report as follows:

The Company has defaulted in repayment of dues to financial institutions / banks in respect of various loans and interest aggregating to ₹4,962.83 lakh (with delays ranging from 1 to 89 days) were delayed and either paid during the current financial year or subsequently. Principal and interest aggregating to ₹1,186.02 lakh are outstanding as on balance sheet date and ₹223.97 lakh have been paid subsequently.

The company has defaulted in repayment of borrowing and premium on Foreign Currency Convertible bond (payable to Bank), amounting to ₹472.20 lakh (with delays of 365 days) and out of which, the company has deposited ₹101.47 lakh at bank as on balance sheet date.

The company does not have loan from Governments and debentures holders, hence the relevant reporting requirements for the same is not applicable.

ix. In our opinion, and according to the information and explanations given to us, the company has not raised any monies by way of initial public offer or further public offer or term loan during the financial year, hence the related reporting requirement of the Order are not applicable.

x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the company and hence not commented upon.

xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Act, where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commended upon.

xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Act.

xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Registration No. 000756N

Sd/-
Sunil Wahal
Partner
Membership no. 087294

Place: New Delhi
Date: May 29, 2017

Annexure B to the Independent Auditor's Report to the Members of Vardhman Polytex Limited ('the Company') on its standalone financial statements dated May 29, 2017

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

We have audited the internal financial controls over financial reporting of **Vardhman Polytex Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 Act.

Auditor's Responsibility

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

An audit involved performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the

Company's internal financial control system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or , disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal financial Controls over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2017.

The Company's internal financial controls over evaluation and assessment of recoverability including any provision to be made there against in respect of investments made in subsidiaries and loans/advances given to subsidiaries were not operating effectively which could potentially result in the company not recognizing sufficient provision there against.

A 'material weakness' is a deficiency or a combination of deficiencies, in internal financial controls over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of march 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of internal Financial Controls Over Financial Reporting issued by the institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2017.

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Registration No. 000756N

Sd/-
Sunil Wahal
Partner
Membership no. 087294

Place: New Delhi
Date: May 29, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Particulars	Note No.	As at 30.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share capital	3	**2,232.54**	2,232.54
(b) Reserves and surplus	4	**8,510.47**	8,509.64
Total Shareholders' Funds		**10,743.01**	10,742.18
2. Non Current Liabilities			
(a) Long term borrowings	5	**16,421.92**	19,370.26
(b) Long term provisions	7	**43.38**	213.08
Total Non Current Liabilities		**16,465.30**	19,583.34
3. Current Liabilities			
(a) Short-term borrowings	8	**18,649.68**	16,152.99
(b) Trade payables	9		
- total outstanding dues of micro enterprises and small enterprises		**-**	-
- total outstanding dues of creditors other than micro enterprises and small enterprises.		**6,884.76**	6,372.62
(c) Other current liabilities	10	**9,816.11**	9,635.43
(d) Short - term provisions	7	**5.89**	223.91
Total Current Liabilities		**35,356.44**	32,384.95
TOTAL		**62,564.75**	62,710.47
II. ASSETS			
1. Non Current Assets			
(a) Fixed assets			
Tangible assets	11	**24,226.60**	23,729.22
Intangible assets	11	**133.26**	137.92
Capital work in progress		**537.58**	663.58
(b) Non current investments	12	**9,149.57**	9,149.57
(c) Deferred tax assets (net)	6	**5,016.18**	5,016.18
(d) Long - term loans and advances	13	**1,097.40**	1,470.43
(e) Other non current assets	15	**2,331.02**	2,530.37
Total Non Current Assets		**42,491.61**	42,697.27
2. Current assets			
(a) Current investments	12	**5.78**	18.34
(b) Inventories	16	**7,743.09**	7,295.05
(c) Trade receivables	17	**7,681.47**	7,411.89
(d) Cash and bank balances	18	**702.50**	626.06
(e) Short - term loans and advances	13	**3,940.30**	4,655.60
(f) Other current assets	14	**-**	6.26
Total Current Assets		**20,073.14**	20,013.20
TOTAL		**62,564.75**	62,710.47
Significant accounting policies	2		
The accompanying notes form an integral part of these financial statements			

As per our report of even date
For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Reg. No:-000756N

Sd/-
Sunil Wahal
Partner
Membership No. 087294

Place : New Delhi
Date : 29th May 2017

FOR AND ON BEHALF OF BOARD OF DIRECTORS OF VARDHMAN POLYTEX LIMITED

Sd/-
Ashok Kumar Oswal
Chairman & Managing Director
(DIN-00009403)

Sd/-
Ajay Chaudhry
Director
(DIN-00055733)

Sd/-
Kuldeep Singla
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary
(FCS-6535)

Place : Ludhiana
Date : 29th May 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars		Note No.	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
I.	**REVENUE**			
	(a) Revenue from operations	19	**85,647.84**	87,808.92
	Less : Excise duty		**(1.08)**	(0.82)
	(b) Other incomes	20	**1,869.95**	5,003.35
	Total Revenue		**87,516.71**	92,811.45
II.	**EXPENSES**			
	(a) Cost of material consumed	21	**52,007.50**	56,188.33
	(b) Purchase of stock in trade	21A	**8,766.93**	3,806.95
	(c) Changes in inventories	22	**(692.45)**	162.84
	(d) Employee benefit expense	23	**5,396.83**	5,480.66
	(e) Finance costs	24	**5,679.87**	6,996.71
	(f) Depreciation and amortization expense	25	**2,065.05**	2,818.42
	(g) Other expenses	26	**14,270.36**	16,455.90
	Total Expenses		**87,494.09**	91,909.81
III.	**Profit/(Loss) before exceptional items and tax**		**22.62**	901.64
	Exceptional items		**-**	-
IV.	**Profit/(Loss) before tax**		**22.62**	901.64
V.	**Tax expense**			
	(a) Current tax		**-**	-
	(b) Deferred tax (credit)		**-**	-
VI.	**Profit/(Loss) after tax for the year from continuing operations**		**22.62**	901.64
VII.	**Earnings per equity share (in ₹)**	27		
	(a) Basic		**0.10**	4.04
	(b) Diluted		**0.10**	4.04
Significant accounting policies		2		
The accompanying notes form an integral part of these financial statements				

As per our report of even date
For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Reg. No:-000756N

Sd/-
Sunil Wahal
Partner
Membership No. 087294

Place : New Delhi
Date : 29th May 2017

FOR AND ON BEHALF OF BOARD OF DIRECTORS OF VARDHMAN POLYTEX LIMITED

Sd/-
Ashok Kumar Oswal
Chairman & Managing Director
(DIN-00009403)

Sd/-
Ajay Chaudhry
Director
(DIN-00055733)

Sd/-
Kuldeep Singla
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary
(FCS-6535)

Place : Ludhiana
Date : 29th May 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars		Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
a)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(Loss) before tax	**22.62**	901.64
	Add: Depreciation	**2,065.05**	2,818.42
	Interest paid	**5,679.87**	6,996.71
	Foreign currency monetary item translation difference (net)	**(21.81)**	28.36
	Sundry balance written off	**37.32**	30.24
	Less: Net profit on fixed assets sold / discarded	**(1.73)**	(232.42)
	Profit on buy back of FCCB	**(396.44)**	(635.42)
	Transfer from capital reserve	**-**	(3,050.17)
	Interest received	**(502.68)**	(221.27)
	Provisions no longer required written back	**(158.82)**	(92.93)
	Operating profit before working capital changes	**6,723.38**	6,543.16
	Working capital changes		
	Trade receivables	**(269.59)**	(2,159.90)
	Inventories	**(448.03)**	6,488.73
	Loans & advances / other current assets	**1,095.82**	666.63
	Trade payables & other liabilities	**645.73**	(740.65)
	Cash Generated from Operations	**7,747.31**	10,797.97
	Less: Direct taxes paid	**38.98**	30.36
	Net cash from operating activities	**7,708.33**	10,767.61
b)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Addition in fixed assets (net)	**(2,438.06)**	(1,247.67)
	Sale of fixed assets	**8.03**	325.89
	Interest/dividend received	**502.68**	221.27
	Sale of investments	**12.56**	13.60
	Net cash used in investing activities	**(1,914.79)**	(686.91)
c)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Long term borrowings - term loans (net of repayments)	**(2,954.63)**	(3,754.87)
	Short term borrowings (working capital)	**2,496.69**	(238.29)
	Other non current liabilities	**-**	(71.51)
	Interest paid	**(5,458.52)**	(6,378.32)
	Net cash used in financing activities	**(5,916.46)**	(10,442.99)
	Increase/(Decrease) in cash or cash equivalents	**(122.92)**	(362.29)
	Opening cash or cash equivalents	**920.44**	1,282.73
	Closing cash or cash equivalents*	**797.52**	920.44
	*Cash or cash equivalents includes cash & cash equivalents & other bank balances -refer note 18		

As per our report of even date
For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Reg. No:-000756N

Sd/-
Sunil Wahal
Partner
Membership No. 087294

Place : New Delhi
Date : 29th May 2017

FOR AND ON BEHALF OF BOARD OF DIRECTORS OF VARDHMAN POLYTEX LIMITED

Sd/-
Ashok Kumar Oswal
Chairman & Managing Director
(DIN-00009403)

Sd/-
Ajay Chaudhry
Director
(DIN-00055733)

Sd/-
Kuldeep Singla
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary
(FCS-6535)

Place : Ludhiana
Date : 29th May 2017

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

1 LEGAL STATUS & ACTIVITIES

a) Vardhman Polytex Limited (the 'Company') is a public limited listed company registered under the erstwhile Companies Act 1956 (superceded by Companies Act, 2013). The Company's principal activity is manufacturing of yarn, garments and to develop residential & commercial colony or project. During the previous year, the Company had sold all assets related to real estate business.

b) The company's principal place of business is located at 'Vardhman Park, Chandigarh Road, Ludhiana - 141123' & factories/units are located at the following premises:

- Badal Road, Bathinda, Punjab - 151005
- D295/1, Phase VIII, focal point, Ludhiana, Punjab - 141123 (Unit - Vinayak Textiles Mills -Spinning & Dye house, Amkryon international)
- Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh, Himachal Pradesh - 174101

c) These financial statements are presented in Indian Rupees (₹).

2 SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014 & Companies (Accounting Standards) Amendment Rules, 2016 as amended. The financial statements have been prepared on an accrual basis and under the historical cost convention.The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

b) USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) REVENUE RECOGNITION

SALE OF GOODS

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. Revenue is recognized in respect of export sales on the basis of bill of lading.

ii. Inter unit sales comprising of sale of yarn from spinning unit to dyeing unit is reduced from gross turnover in deriving net turnover.

iii. Income and export incentives / benefits are accounted for on accrual basis and as per principles given under AS-9 – Revenue recognition.

DIVIDENDS

Revenue in respect of dividends is recognized when the shareholders' right to receive payment is established by the balance sheet date.

INTEREST

Interest income is recognized on a time proportion basis taking in to account the amount outstanding and the applicable interest rate. Interest income is included under the head 'other income' in statement of profit and loss

INSURANCE CLAIM

Claims with insurance companies are accounted on accrual basis to the extent, these are measurable and ultimate collection is reasonably certain.

d) INVENTORIES

i. Finished goods and work in progress are valued at lower of historical cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present

location and condition. By products are valued at net realizable value.

ii. Stores, spares and raw materials are valued at lower of historical cost or net realizable value. However materials & other items held for use in the production of inventories are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

iii. Cost is determined on the basis of weighted average method.

iv. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

e) INVESTMENTS

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost individually. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments in case of long term investments.

f) FIXED ASSETS

Tangible assets

Fixed assets are stated at historical cost less accumulated depreciation and impairment loss if any. Historical cost comprises the purchase price (net of cenvat / duty credits wherever applicable) and all direct costs attributable to bringing the asset to its working condition for intended use.

Intangible assets

Capital expenditure on purchase and development of identifiable non-monetary assets without physical substance is recognized as intangible assets in accordance with principles given under AS-26 – Intangible assets. These are grouped and separately shown under the schedule of fixed assets. These are amortized over their respective expected useful lives.

g) DEPRECIATION & AMORTIZATION

Depreciation on fixed assets is calculated using straight line method as provided on the basis of useful life of assets prescribed in Schedule II to the Companies Act, 2013. All assets costing ₹ 5,000 or below are fully depreciated in the year of addition.

Asset description	**Useful Life (Years)**
Plant & machinery	
- continuous process	30
- others	7.50 -15
Other equipment	5 - 10
Computers and Equipments	3 - 6
Vehicle	8
Factory building	3 - 30
Other than factory building	60
Furniture & fixtures	10

The Company has reassessed the estimated useful life of plant and machinery based on the estimation as made by the independent chartered engineer. Up to the previous year, the company was taking useful life of 20 years and now it has been revised to 30 years. In such cases, the company has not opted for the rates as given in the Schedule II of the Companies Act, 2013. Consequently, the depreciation charge for the year ended March 31, 2017 is lower by ₹ 613.74 lakh.

Intangible assets are being amortized over a period of 10 years on a straight-line basis

Land on lease is amortized over the period of the lease.

h) IMPAIRMENT OF ASSETS

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Previously recognised impairment losses are reversed to the extent the recoverable amount exceeds the carrying amount.

i) FOREIGN EXCHANGE TRANSACTIONS/TRANSLATION

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 a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as an expense.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company 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.

iv. Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

j) RESEARCH AND DEVELOPMENT

Revenue expenditure on research and development including salaries, consumables and power & fuel is charged to statement of profit and loss under respective heads of expenditure. Capital expenditure is shown as addition to fixed assets

k) EMPLOYEE BENEFITS

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 – Employee benefits.

i. Provident Fund & ESI

The company makes contribution to Statutory Provident Fund and Employee State Insurance in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance Act, 1948 which 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. Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses arising form past experience and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year to which such gains or losses relate.

iii. Leave encashment

Liability in respect of leave encashment becoming due or expected after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

iv. Superannuation benefit

The Company makes contribution to superannuation fund which is a post employment benefit in the nature of a defined contribution plan & contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

v. Other short term benefits

Expense in respect of other short term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

l) LEASES

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

m) TAXES ON INCOME

Tax expense comprises of current and deferred. Tax provision for current tax is made in accordance with the provisions of Income Tax Act, 1961.

In accordance with Accounting Standard AS-22 'Accounting for Taxes on Income' as notified by Companies (Accounting Standards) Rules, 2006 as amended, deferred tax liability/ asset arising from timing differences between book and income tax profits is accounted for at the current rate of tax to the extent these differences are expected to crystallize in later years. However, deferred tax assets are recognized only if there is a reasonable/ virtual certainty of realization thereof. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date

n) GOVERNMENT GRANTS AND SUBSIDIES

Grants and subsidies from the Government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

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 from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

o) BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

p) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. A contingent liability is recognized for:

i. a present obligation that arises from past events but is not recognized as a provision because either the possibility that an outflow of resources embodying economic benefits will be required to settle the obligation is remote or a reliable estimate of the amount of the obligation cannot be made; and

ii. 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.Contingent assets are neither accounted for nor disclosed in the financial statements.

q) EARNING PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

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

r) CASH AND CASH EQUIVALENTS

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original

3. SHARE CAPITAL

Particulars	As at 31.03.2017		As at 31.03.2016	
	Number	Amount ₹ in Lakh	Number	Amount ₹ in Lakh
Authorised				
Equity shares of ₹10/- each	**7,00,00,000**	**7,000.00**	7,00,00,000	7,000.00
TOTAL	**7,00,00,000**	**7,000.00**	7,00,00,000	7,000.00
Issued, subscribed and fully paid up				
2,22,90,957 (Previous year 2,22,90,957) equity shares of ₹10/- each	**2,22,90,957**	**2,229.09**	2,22,90,957	2,229.09
Forfeited shares	**-**	**3.45**	-	3.45
TOTAL	**2,22,90,957**	**2,232.54**	2,22,90,957	2,232.54

3.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of shares	₹ in Lakh	No. of shares	₹ in Lakh
Equity shares				
At the beginning of the year	**2,22,90,957**	**2,229.09**	2,22,90,957	2,229.09
Changes during the year	**-**	**-**	-	-
Outstanding as at end of the year	**2,22,90,957**	**2,229.09**	2,22,90,957	2,229.09

Note:

a) Out of 1,34,05,652 (Previous Year: 1,34,05,652) equity shares (face value of ₹10/- each) held by promoters & promoters group companies, 1,09,31,202 (Previous Year: 1,09,31,202) equity shares (face value of ₹10/- each) pledged with National Securities Depository Limited (NSDL) in favour of Canara Bank (lead banker).

3.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 10/- per share. Each shareholder is entitled to one vote per share.In the event of liquidation of the Company, the 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 shareholders. During the year ended 31st March,2017, the amount of dividend recognized as distribution to equity shareholder was ₹ Nil (Previous year ₹ Nil)

3.3 The following hold more than 5% shares:

Name of equity shareholder	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	%	No. of Shares	%
Panchsheel Textile Mfg. & Trdg. Co. (P) Ltd.	**44,26,917**	**19.86**	44,26,917	19.86
Alma Assets Consultancy (P) Ltd.	**43,62,325**	**19.57**	43,62,325	19.57
Swarnim Tie Up (P) Ltd.	**4,528**	**0.02**	14,00,000	6.28
Altfort Merchants (P) Ltd.	**21,82,000**	**9.79**	21,82,000	9.79

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

3.4 Aggregate number of shares issued for consideration other than cash, bonus shares issued and shares bought back during the period of five years immediately preceding the reporting date : Nil (Previous year Nil).

4. RESERVES AND SURPLUS

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Capital subsidy		
Opening balance	**95.50**	95.50
Changes during the year	**-**	-
Closing balance	**95.50**	95.50
Capital redemption reserve		
Opening balance	**0.01**	0.01
Changes during the year	**-**	-
Closing balance	**0.01**	0.01
Capital reserve		
Opening balance	**-**	3,050.17
(+) Current year created	**-**	-
(-) Written back in current year (Refer note 44)	**-**	3,050.17
Closing balance	**-**	-
General reserve		
Opening balance	**9,865.69**	9,865.69
Changes during the year	**-**	-
Closing balance	**9,865.69**	9,865.69
Amalgamation reserve		
Opening balance	**45.00**	45.00
Changes during the year	**-**	-
Closing balance	**45.00**	45.00
Foreign currency translation reserve		
Opening balance	**34.07**	5.71
(+) Current year transfer	**-**	28.36
(-) Written back in current year	**21.81**	-
Closing balance	**12.26**	34.07
Security premium reserve		
Opening balance	**7,731.06**	7,731.06
Changes during the year	**-**	-
Closing balance	**7,731.06**	7,731.06
Net Deficit in the statement of profit and loss		
Opening balance	**(9,261.67)**	(10,163.31)
(+) Net profit for the year	**22.62**	901.64
Closing balance	**(9,239.05)**	(9,261.67)
Total Reserve and Surplus	**8,510.47**	8,509.64

5. LONG TERM BORROWINGS

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Secured loans		
Term loans		
Rupee loan from banks (Refer note a,b & c below)	**14,627.17**	15,932.34
Rupee loan from others (Refer note a,b & c below)	**544.35**	609.02
Working capital term loan (II) (Refer note a,b & c below)	**4,943.01**	5,451.88
Funded interest term loan (Refer note a,b & c below)	**327.60**	1,542.19
Vehicle loan (Refer note d below)	**40.09**	41.31
Unsecured loans		
Foreign currency convertible bonds	**472.20**	728.75
TOTAL		
	20,954.42	24,305.49
Less : Amount disclosed under other current liability (refer note 10)	**(4,532.50)**	(4,935.23)
GRAND TOTAL	**16,421.92**	19,370.26

Terms of repayment / detail of Security are as follow:

Rupee term loan from banks (₹ in Lakh)

Particulars	Rate of Interest % P.A.	No of installments	O/s as at 31.03.2017	O/s as at 31.03.2016	Annual Repayment Schedule				
					2017-18	2018-19	2019-20	2020-21	2021-22
Rupee term loan	11.00%	20 Qtly	14,627.17	15,932.34	2,762.88	2,739.79	3,094.02	3,448.26	2,582.22
Working capital term loan – II	11.00%	20 Qtly	4,943.01	5,451.88	885.18	901.74	1,030.56	1,159.38	966.15
Funded interest term loan	11.00%	02 Qtly	327.60	1,542.19	327.60	-		-	-
Total			**19,897.78**	22,926.41	3,975.66	3,641.53	4,124.58	4,607.64	3,548.37

Rupee term loan from others (₹ in Lakh)

Lending institution	Rate of interest % P.A.	No of installments	O/s as at 31.03.2017	O/s as at 31.03.2016	Annual Repayment Schedule					
					2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Religare Finvest Ltd	13.45%	70 Monthly	356.02	394.32	43.43	49.65	56.75	64.87	74.16	67.16
Religare Finvest Ltd.	14.20%	57 Monthly	188.33	214.70	30.28	34.85	40.15	46.24	36.81	-
Total			**544.35**	609.02	73.71	84.50	96.90	111.11	110.97	67.16

Vehicle Loan (₹ in Lakh)

Lending institution	Rate of interest % P.A.	No of Installments	O/s as at 31.03.2017	O/s as at 31.03.2016	Annual Repayment Schedule				
					2017-18	2018-19	2019-20	2020-21	2021-22
HDFC Bank	10.00%	-	-	3.89	-	-	-	-	-
Canara Bank	10.00%	54 Monthly	40.09	37.42	10.93	11.74	8.86	6.92	1.64
Total			**40.09**	41.31	10.93	11.74	8.86	6.92	1.64

Details of security :-

a) Term loans from financial institutions and banks as stated as above are/shall be secured by way of joint equitable mortgage of all the immovable properties (present and future) of the Company ranking on pari- passu basis and hypothecation of all movable assets of the company (except book debts) subject to prior charge of the company's bankers on specified movable assets in respect of working capital borrowings.

b) Term loan from others is guaranteed by promoter company M/s Panchsheel Textile Mfg & Trading Co. Pvt Ltd. along with charge on specific assets.

c) All the term loans & working capital term loan from banks are guaranteed by promoter directors & Mrs. Manju Oswal. (related party)

d) Vehicle loan is secured by way of hypothecation of the vehicle against such loan.

The period and amount of default as on March 31, 2017 are as under:

(₹ in Lakh)

Particulars	Period of default	Principal	Interest accrued and due	Total	Paid/ Settled	Balance
Secured (term loans)						
As at 31.03.2017*	From 01.04.2016 to 31.03.2017	719.76	466.26	1,186.02	223.97	962.05
As at 31.03.2016**	From 01.04.2015 to 31.03.2016	773.09	310.24	1,083.33	-	1,083.33
Unsecured (FCCB)* **						
As at 31.03.2017	From 31.03.2017	472.20	-	472.20	101.47	370.73
As at 31.03.2016	From 31.03.2016	728.75	134.19	862.94	-	862.94

* Out of ₹1,186.02 lakh, principal and interest accrued on secured (term loans) aggregating to ₹223.97 lakh have been paid by 29th May 2017.

** In previous year, principal and interest accrued on secured (term loans) as at balance sheet date had been paid by 27th May 2016.

***In earlier years, the Company had Issued 2% Unsecured Foreign Currency Convertible Bonds (FCCBs) in the aggregate principal amount of United State Dollars 12 (Twelve) Millions in the course of International offerings. The expenses incurred & premium payable on the redemption of such bonds has been adjusted with share premium reserves in accordance with the provisions of Section 78 of the erstwhile Companies Act, 1956 (as superceded by Companies Act, 2013).The company had signed settlement agreement with Foreign Currency Convertible Bond holders of principal value of USD 85,00,000 equivalent to ₹4,613.80 lakh worth of bonds and redemption premium of USD 15,64,850 equivalent to ₹849.40 lakh aggregating the total of USD 1,00,64,850 equivalent to ₹5,463.20 lakh . Under the settlement agreement, the final amount including redemption premium has been settled at USD 51,71,513 which is payable in instalment up to March 31, 2016. Out of the final settled amount of USD 51,71,513 the company had paid an amount of USD 44,67,353 (equivalent value bonds surrendered to the company) till September 30, 2015. Profit on written back of bonds has been recognized under the head "Other income". The Axis Bank bond holders reserves the right to exit the settlement agreement on the balance amount of USD 11,00,000 as on April 1, 2016, if there is reasonable ground for it to conclude (at its own discretion) that the company may not fulfil its obligation and retains its rights to recompense and accordingly during the current financial year ended March 31, 2017, the Company has credited profit of ₹396.44 lakh due on payment of FCCB liability of remaining USD 704,160 to the statement of profit and loss.As on 31st March 2017, the FCCB liability is still outstanding of ₹472.20 lakh (including foreign exchange gain of ₹5.70 lakh). Out of settled liability of USD 704,160 equivalent to ₹472.20 lakh, the company has deposited USD 150,000 equivalent to ₹101.47 lakh at AXIS Bank, Singapore branch which will be adjusted upon final payment.

6. DEFERRED TAX (NET)

As at March 31, 2017

Particulars	As at 31.03.2017 ₹ in Lakh	Charge / credit) during the year ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Deferred tax liabilities			
Arising on account of timing difference:			
Accumulated depreciation	**2,457.32**	184.83	2,272.49
Deferred tax assets			
Arising on account of timing difference:			
Unabsorbed depreciation / losses and Sec 43B items	**(7,473.50)**	(184.83)	(7,288.67)
and provision for leave encashment			
Net deferred tax liability/ (assets)	**(5,016.18)**	-	(5,016.18)

As at March 31, 2016

Particulars	As at 31.03.2017 ₹ in Lakh	Charge / credit) during the year ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Deferred tax liabilities			
Arising on account of timing difference :			
Accumulated depreciation	**2,272.49**	(64.33)	2,336.82
Deferred tax assets			
Arising on account of timing difference :			
Unabsorbed depreciation / losses and Sec 43B items	**(7,030.64)**	64.33	(7,094.97)
Others	**(258.03)**	-	(258.03)
Net deferred tax liability/ (assets)	**(5,016.18)**	-	(5,016.18)

The company has deferred tax liability upto the end of the current year on account of differences arising between depreciation as per books of accounts and that as per income tax. However, deferred tax assets on account of unabsorbed depreciation/losses, section 43B items & provision for leave encashment as per income tax computation are much higher than the deferred tax liability. In view of this no further deferred tax assets are being provided as at March 31, 2017. Based on the company's future expectations of the profit, the company is carrying a deferred tax asset of ₹5,016.18 lakh as on March 31, 2017.

7. PROVISIONS

Particulars	Long term		Short term	
	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Premium on redemption of FCCB (Refer note 5)	-	-	-	134.19
Employee related	43.38	213.08	5.89	89.72
TOTAL	**43.38**	213.08	5.89	223.91

8. SHORT TERM BORROWINGS

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Secured		
Loans repayable on demand		
- Working capital loans from banks (Refer note a,b & c below)	18,054.68	15,812.99
Unsecured		
from director - related party	254.50	40.00
from body corporate -related party	115.50	50.00
from other body corporate	225.00	250.00
TOTAL	**18,649.68**	16,152.99

Detail of securities :

a) Working capital loans from banks are secured by hypothecation of all stocks (except the stock of raw material already pledge with third party), present and future of stores, spare parts, packing materials, raw materials, finished goods, goods in transit/process, book debts, outstanding money receivable, claims, bills etc. and second charge by way of joint equitable mortgage of immovable properties of Company.

b) Personal guarantee given by promoter Director & Mrs. Manju Oswal. (related party)

c) Includes credit balance in current account.

9. TRADE PAYABLES

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Payable to Micro & Small Enterprises (MSME)	-	-
Payable to other than MSME	6,884.76	6,372.62
TOTAL	**6,884.76**	6,372.62

The information as required to be disclosed under The Micro, Small and Medium Enterprises (Development) Act, 2006 ("the Act") has not been received so far, so the disclosure requirement for balance outstanding, interest paid/payable as at the year end as required by the Act has not been given.

10. OTHER CURRENT LIABILITIES

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Current maturities of long-term borrowings (Refer note 5)	**4,060.30**	4,935.23
Foreign currency convertible bonds payable (Refer note 5)	**472.20**	-
Interest accrued and due on borrowings	**1,691.14**	1,469.80
Creditor for service & contracts	**220.99**	261.58
Trade deposits & advances	**172.90**	60.64
Security deposits	**134.32**	133.38
Other payables		
Capital Payables	**21.09**	33.07
Employees related	**683.05**	619.93
Statutory dues	**177.51**	204.98
Trade expenses	**1,009.80**	941.79
Others*	**1,172.81**	975.03
TOTAL	**9,816.11**	9,635.43

* Includes bank book overdraft of ₹769.59 lakh (Previous year-Nil) and , there is no amount due to be credited to Investor Eduction and Protection Fund as on March 31, 2017 however In previous year, such amont had been credited during the year ended March 31, 2016.

11. FIXED ASSETS

a) As at 31st March, 2017

Particulars	Tangible assets								Intangible assets			Total assets
	Leasehold land	Free hold land	Building	Plant & machinery	Other equipment	Furniture and fixtures	Vehicles	Total	Softwares (bought out)	Trade mark (bought out)	Total	
	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh
Cost												
As at 1st April, 2016 (Refer note (a))	136.77	1,832.58	12,907.92	42,875.07	183.47	231.58	502.11	58,669.50	496.41	3.27	499.68	59,169.18
Additions (Refer note (b))	-	125.60	660.87	1,722.52	9.66	3.84	13.46	2,535.95	20.43	7.68	28.11	2,564.06
Relating to disposals	-	-	-	(1.17)	-	-	(22.85)	(24.02)	-	-	-	(24.02)
As at 31st March, 2017	**136.77**	**1,958.18**	**13,568.79**	**44,596.42**	**193.13**	**235.42**	**492.72**	**61,181.43**	**516.84**	**10.95**	**527.79**	**61,709.22**
Depreciation												
As at 1st April, 2016	-	-	3,533.25	30,826.88	124.89	172.65	282.42	34,940.09	358.88	3.06	361.94	35,302.03
Charge for the year (Refer note (c))	-	-	413.28	1,542.41	15.18	11.14	50.45	2,032.46	32.14	0.45	32.59	2,065.05
Relating to disposals	-	-	-	(0.89)	-	-	(16.83)	(17.72)	-	-	-	(17.72)
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2017	**-**	**-**	**3,946.53**	**32,368.40**	**140.07**	**183.79**	**316.04**	**36,954.83**	**391.02**	**3.51**	**394.53**	**37,349.36**
Net Block												
As at 31st March, 2017	**136.77**	**1,958.18**	**9,622.26**	**12,228.02**	**53.06**	**51.63**	**176.68**	**24,226.60**	**125.82**	**7.44**	**133.26**	**24,359.86**

b) As at 31st March, 2016

Particulars	Tangible assets								Intangible assets			Total assets
	Leasehold land	Free hold land	Building	Plant & machinery	Other equipment	Furniture and fixtures	Vehicles	Total	Softwares (bought out)	Trade mark (bought out)	Total	
	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh
Cost												
As at 1st April, 2015	136.77	1,897.62	12,503.13	42,463.47	159.40	228.17	559.04	57,947.60	410.25	3.27	413.52	58,361.12
Additions	-	-	404.79	440.65	24.07	3.41	30.73	903.65	91.52	-	91.52	995.17
Relating to disposals	-	(65.04)	-	(29.05)	-	-	(87.66)	(181.75)	(5.36)	-	(5.36)	(187.11)
As at 31st March, 2016	**136.77**	**1,832.58**	**12,907.92**	**42,875.07**	**183.47**	**231.58**	**502.11**	**58,669.50**	**496.41**	**3.27**	**499.68**	**59,169.18**
Depreciation												
As at 1st April, 2015	-	-	3,127.43	28,549.79	109.30	158.12	289.94	32,234.58	339.66	3.01	342.67	32,577.25
Charge for the year	-	-	405.82	2,299.88	15.59	14.53	58.24	2,794.06	24.31	0.05	24.36	2,818.42
Relating to disposals	-	-	-	(22.79)	-	-	(65.76)	(88.55)	(5.09)	-	(5.09)	(93.64)
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2016	**-**	**-**	**3,533.25**	**30,826.88**	**124.89**	**172.65**	**282.42**	**34,940.09**	**358.88**	**3.06**	**361.94**	**35,302.03**
Net Block												
As at 31st March, 2016	**136.77**	**1,832.58**	**9,374.67**	**12,048.19**	**58.57**	**58.93**	**219.69**	**23,729.22**	**137.53**	**0.21**	**137.92**	**23,867.14**

a) The Company's right on leasehold land has been forfeited by Maharashtra Industrial Development Corporation (MIDC), due to non compliance of the terms of allotment. The land was alloted for a period of 95 years of amount of ₹136.77 lakh (P.Y. ₹136.77 lakh) as on March 31, 2017. During April 2017, the company has entered into an agreement with parties for assignment of leasehold rights amounting to ₹150 lakh and out of which ₹15 lakh has been received.

b) During the year, the company had received an order from the Hon'ble Supreme Court regarding payment of enhancement compensation on Land amounting ₹275.76 lakh. Out of the above, the company has paid ₹101.75 lakh to Punjab Government till March 31, 2017. Further, the company has also capitalized ₹23.85 lakh on account of Interest accrued as on March 31,2017.

c) The Company has reassessed the estimated useful life of plant and machinery based on the estimation as made by the independent chartered engineer. Up to the previous year, the company was taking useful life of 20 years and now it has been revised to 30 years. In such cases, the company has not opted for the rates as given in the Schedule II of the Companies Act, 2013. Consequently, the depreciation charge for the year ended March 31, 2017 is lower by ₹ 613.74 lakh.

12. INVESTMENTS

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Non-Current Investments		
Other investment (valued at cost, except for permanent diminution in value)		
Investments in equity instruments		
Unquoted-investment in subsidiary		
F.M. Hammerle Textiles Ltd	**9,126.41**	9,126.41
9,12,64,073 (Previous year 9,12,64,073) equity shares of ₹10/- each fully paid		
F.M. Hammerle Verwaltung GmbH, Austria	**22.54**	22.54
(Minimum Registration Capital)		
F.M. Hammerle Nfg GmbH, Austria (Minimum Registration Capital)	**22.54**	22.54
Provision for diminution in the value of Investment	**(22.54)**	(22.54)
Unquoted –Investment in others		
Oswal Industrial Enterprise (P) Ltd		
1,000 (Previous year 1,000) equity shares of ₹10 each fully paid	**0.09**	0.09
VKM Colour Spin Limited		
250 (Previous Year 250) equity shares of ₹10 each fully paid	**0.03**	0.03
Deluxe Fabrics Limited		
5000 (Previous Year 5000) equity shares of ₹10 each fully paid	**0.50**	0.50
Total	**9,149.57**	9,149.57
Current Investments		
Other investments (valued at lower of cost and net realizable value)		
Unquoted-Investment in others		
578 (Previous Year 1,834) of IL & FS Milestone Fund of ₹1000/- each	**5.78**	18.34
TOTAL	**5.78**	18.34
GROSS TOTAL	**9,155.35**	9,167.91
Aggregate amount of unquoted investments	**9,155.35**	9,167.91
Aggregate provision for diminution in value of investments	**(22.54)**	(22.54)

Note:

a) Out of total shares held in F.M. Hammerle Textile Limited, 4,65,44,677 shares (previous year 4,65,44,677 shares) (face value of ₹10/- each) pledge in favour of State Bank of India (lead banker of FMH) in dematerialisation form.

13. LOANS & ADVANCES

Particulars	Long-term		Short-term	
	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh	**As at 31.03.2017 ₹ in Lakh**	As at 31.03.2016 ₹ in Lakh
Unsecured, considered good unless stated other wise				
Security deposits	**652.78**	635.93	**-**	-
Advances for goods / services	**-**	-	**-**	359.05
Capital advance	**444.62**	817.09	**-**	-
Balances with statutory authorities	**-**	-	**1,848.65**	1,564.01
(net of provisions of ₹7.25 lakh , previous year ₹195.05 lakh)				
Prepaid expenses	**-**	17.41	**311.77**	202.25
Interest receivable (including TUFS subsidy)	**-**	-	**371.44**	492.74
Direct taxes refundable (net of provisions of ₹1,459.07 lakh , previous year ₹1,459.07 lakh)	**-**	-	**411.84**	450.82
Loan to subsidiaries	**-**	-	**281.80**	684.18
Other receivables	**-**	-	**714.80**	902.55
TOTAL	**1,097.40**	1,470.43	**3,940.30**	4,655.60

a) Based on legal advice, discussions with the solicitors, etc., the management believes that there are fair chances of decisions in the company's favour in respect of all the items listed above and no value adjustment is considered necessary as at March 31, 2017.

b) Direct taxes refundable represent amounts recoverable from the Income Tax Department for various assessment years. In respect of disputed demands, company has filed appeals which are pending at various levels and the company is hopeful of getting the desired reliefs at various forums. Necessary value adjustments shall be made on final settlement by the department.

c) Provision for Income Tax for earlier years has been made based on the tax liability calculated at prevalent rates.

d) Balance with statutory authorities includes ₹186.83 lakh (Previous Year ₹186.83 lakh) being amount of ESI, Excise Duty, Sales Tax, & PSEB deposited under protest. No provision has been made in accounts in respect thereof. The same will be made in the year of settlement.

14. OTHER CURRENT ASSETS

Particulars	**As at 31.03.2017 ₹ in Lakh**	As at 31.03.2016 ₹ in Lakh
Assets held for disposal	**-**	6.26
TOTAL	**-**	6.26

15. OTHER NON CURRENT ASSETS

Particulars	**As at 31.03.2017 ₹ in Lakh**	As at 31.03.2016 ₹ in Lakh
Loan to subsidiary company (Refer note 46)	**2,236.00**	2,236.00
Other bank balances*	**95.02**	294.37
TOTAL	**2,331.02**	2,530.37

* Held with bank against margin money against letter of credit,bank guarantee and others

16. INVENTORIES (valued at lower of cost or net realizable value)

Particulars	31.03.2017 ₹ in Lakh	31.03.2016 ₹ in Lakh
Raw materials	**2,343.31**	2,983.93
Finished goods (Refer note 22)	**2,906.13**	1,945.38
Stock in trade	**35.68**	701.65
Work-in-progress (Refer note 22)	**1,898.41**	1,500.74
Stores and spares	**559.56**	163.35
	7,743.09	7,295.05

17. TRADE RECEIVABLES

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
As taken, valued and certified by management		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	**384.69**	281.38
Doubtful	**337.51**	327.51
Less : Provision for Doubtful debts	**(337.51)**	(327.51)
Total (A)	**384.69**	281.38
Outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	**7,296.78**	7,130.51
Doubtful	**-**	-
Total (B)	**7,296.78**	7,130.51
TOTAL (A + B)	**7,681.47**	7,411.89

18. CASH AND BANK BALANCES

Particulars	Non Current		Current	
	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Cash and cash equivalents				
Cash on hand (refer note 42)	**-**	-	**24.83**	41.23
Bank balance in current account	**-**	-	**125.91**	112.53
Bank balance in fixed deposit account with maturity upto three months*	**-**	-	**110.83**	123.99
	-	-	**261.57**	277.75
Other bank balances				
Bank balance in escrow account	**-**	-	**0.77**	0.77
Earmarked balance for unpaid dividend	**-**	-	**0.40**	0.40
Fixed deposit* (Refer note 15)	**95.02**	294.37	**439.76**	347.14
	95.02	294.37	**440.93**	348.31
TOTAL	**95.02**	294.37	**702.50**	626.06

*Held with bank against margin money against letter of credit,bank guarantee and others

19. REVENUE FROM OPERATIONS

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Sale of products		
Textile Business		
-Grey yarn	**56,173.79**	61,421.78
-Dyed yarn	**12,589.41**	11,161.53
-Garments	**866.25**	1,102.72
-Trading goods (textile)	**9,653.57**	3,674.49
-Waste sale	**4,940.83**	5,184.22
Real estate business	**-**	3,970.86
Sale of services (job work)	**-**	4.09
Other operating income (export incentives)	**1,423.99**	1,289.23
TOTAL	**85,647.84**	87,808.92

20. OTHER INCOME

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Interest income from bank deposits and others	**502.68**	221.27
Profit on buy back of FCCB	**396.44**	635.42
Profit on sale of fixed assets (net)	**1.73**	232.42
Foreign exchange fluctuation gain (net)	**408.40**	232.56
Provisions no longer required written back	**158.82**	92.93
Rent received	**134.33**	74.42
Transfer from capital reserve	**-**	3,050.17
Other miscellaneous income	**267.55**	464.16
TOTAL	**1,869.95**	5,003.35

21. COST OF MATERIAL CONSUMED

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Raw material consumption		
Cotton	**39,696.76**	44,749.79
Cotton yarn	**4,210.62**	1,660.84
Synthetic fibre	**6,751.21**	4,762.06
Dyes & chemicals	**1,348.91**	1,424.34
Real estate project development cost	**-**	3,591.30
TOTAL	**52,007.50**	56,188.33

The above consumption figures are disclosed on the basis of derived figures and are after adjusting excess and shortages ascertained on physical count, unserviceable items, etc.

Value of indigenous & imported raw material consumption *

Particulars	Year ended 31.03.2017 ₹ in Lakh	%	Year ended 31.03.2016 ₹ in Lakh	%
Indigenous	**46,329.51**	**89.08**	52,592.06	99.99
Imported	**5,677.99**	**10.92**	4.97	0.01
	52,007.50	**100.00**	52,597.03	100.00

*Excluding real estate project development cost

21A PURCHASE OF STOCK IN TRADE

The detail are as follow:

For the year ended 31st March, 2017

Particulars	Opening Stock		Purchase		Sale		Closing Stock	
	Qty	₹ in Lakh	Qty	₹ in Lakh	Qty	₹ in Lakh	Qty	₹ in Lakh
Fabric	2,97,030.84	699.08	1,65,350.00	3,484.47	19,40,653.00	4,373.98	11,727.49	35.68
	(2,11,537.27)	(479.45)	(11,61,846.37)	(2,874.68)	(10,76,352.80)	(2,744.79)	(2,97,030.84)	(699.08)
Yarn	1,686.32	2.57	8,51,535.54	1,597.82	8,53,221.86	1,600.39	-	-
	(-)	(-)	(5,49,905.38)	(932.27)	(5,48,219.06)	(929.70)	(1,686.32)	(2.57)
Cotton	-	-	31,17,441.00	3,684.63	31,17,441.00	3,679.19	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	**2,98,717.16**	**701.65**	**56,24,326.54**	**8,766.93**	**59,11,315.86**	**9,653.57**	**11,727.49**	**35.68**
	(2,11,537.27)	(479.45)	(17,11,751.75)	(3,806.95)	(16,24,571.86)	(3,674.49)	(2,98,717.16)	(701.65)

Figures in brackets in aforesaid note represent previous year figures

22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Closing inventories		
Finished goods (Including waste)	**2,941.81**	2,647.03
Work in progress	**1,898.41**	1,500.74
	4,840.22	4,147.77
Opening inventories		
Finished goods (Including waste)	**2,647.03**	3,002.64
Work in progress	**1,500.74**	1,307.97
	4,147.77	4,310.61
(Increase) / Decrease	**(692.45)**	162.84

23. EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Salaries and wages	**4,604.82**	4,718.47
Contribution to provident and other funds	**432.29**	433.99
Staff welfare	**359.72**	328.20
TOTAL	**5,396.83**	5,480.66

24. FINANCE COSTS

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Interest expense		
-Term loans	**2,313.06**	2,894.10
-Working capital borrowings	**2,376.44**	2,817.50
-Others	**898.89**	1,211.72
Other borrowing costs	**91.48**	73.39
TOTAL	**5,679.87**	6,996.71

25. DEPRECIATION AND AMORTIZATION

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Depreciation/Amortization of tangible assets	**2,032.45**	2,793.61
Amortization of intangible assets	**32.60**	24.81
TOTAL	**2,065.05**	2,818.42

26. OTHER EXPENSES

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Packing charges	**1,110.37**	1,238.39
Job/process charges	**229.07**	296.85
Power & fuel	**8,442.07**	9,397.18
Repairs and maintenance:		
Plant & machinery	**702.64**	970.81
Building	**46.08**	59.80
General	**162.26**	189.02
Electric	**23.04**	26.50
Rent	**101.81**	78.09
Rates and taxes	**90.21**	58.50
Insurance charges	**115.20**	108.09
Travelling expenses	**150.53**	203.47
Legal & professional expenses	**64.99**	89.37
Sundry balances written off	**37.32**	30.24
Provision for doubtful debts	**10.00**	40.00
Selling commission	**349.66**	745.80
Delivery expenses (Including freight, octroi & others)	**1,644.70**	1,878.39
Rebate & discounts	**193.88**	240.54
Loss on sale of current investment	**8.60**	-
Bank charges	**417.28**	446.30
Miscellaneous expenses	**370.65**	358.56
TOTAL	**14,270.36**	16,455.90

Note:

(i) Miscellaneous expenses Include payment to statutory auditor the details of which are as follows:

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
As auditor:		
-Statutory audit	10.35	10.31
-Tax audit	2.58	2.58
-Other services	4.31	4.29
Reimbursement of expenses	1.33	2.10
TOTAL	18.57	19.28

(ii) Value of Indigenous & Imported Stores & Spares Consumption*

Particulars	Year ended 31.03.2017 ₹ in Lakh	%	Year ended 31.03.2016 ₹ in Lakh	%
Indigenous	**576.92**	**68.21**	956.03	82.49
Imported	**268.93**	**31.79**	202.91	17.51
TOTAL	**845.85**	**100.00**	1,158.94	100.00

*The break up of stores & spares have been disclosed in various heads of note 26 above as per details given below:

₹ in Lakh

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Repairs and maintenance-General	**162.26**	189.02
Repairs and maintenance-Plant & Machinery	**660.55**	943.42
Repairs and maintenance-Electric	**23.04**	26.50
	845.85	1,158.94

27. EARNINGS PER SHARE

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
The basic and diluted earning per share is as under:		
Net Profit after tax (₹ lakh)	**22.62**	901.64
Weighted average no. of equity shares outstanding	**2,22,90,957**	2,22,90,957
Nominal value of per equity shares (₹)	**10.00**	10.00
Basic earnings per share (₹)	**0.10**	4.04
Diluted earnings per share (₹)	**0.10**	4.04

28. CONTINGENT LIABILITIES

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
a) Claims against the Company not acknowledged as debts	**221.25**	221.25
b) Bills discounted with bankers.	**7,572.81**	5,220.90
c) Letter of credit & bank guarantee issued	**128.83**	186.33
d) Enhancement Compensation on VTM land	**174.01**	275.76
e) Income Tax demands under appeal (net of amount deposited ₹240 lakh, Previous year - ₹245 lakh)	**774.64**	657.33
f) Service Tax demands under appeal (net of amount deposited ₹1.91 lakh, Previous year - ₹1.41 lakh)	**12.20**	12.20
g) Demand of PSEB for voltage surcharge and DSA	**104.56**	256.24
h) Subordination letter for not to withdraw the loan from foreign subsidiary until negative equity situation reverses	**237.33**	237.33
i) Corporate guarantee given on behalf of subsidiary company "FM Hammerle Textiles Ltd" pursuant to scheme of CDR	**8,233.00**	8,233.00

There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Accounting Standard (AS)-29 'Provisions, Contingent Liabilities & Contingent Assets as it is not probable that an outflow of resources embodying economic benefits will be required.

29. LITIGATION STATUS OF THE COMPANY AS ON 31ST MARCH 2017 ARE AS FOLLOWS:

a) The following is a summarized status of pending litigation involving Vardhman Polytex Limited against the Company:

(₹ in Lakh)

Sr. No.	Nature of Dispute	Name of Statute	Amount Involved	Provision Made	Disclosed as Contingent Liability	Amount Deposited Under Protest
i)	Indirect Taxation	Central Excise Act 2002	572.67	-	220.79	42.34
			(574.18)	-	(220.79)	(42.34)
		Service Tax Act	33.53	-	14.11	1.91
			(33.53)	-	(14.11)	(1.91)
		Punjab Vat Act	200.94	158.52	0.46	5.48
			(200.94)	(158.52)	(0.46)	(5.48)
ii)	Direct Taxation	Income Tax Act	1,094.97	-	774.64	220.00
			(975.67)	-	(657.33)	(245.00)
		Wealth Tax Act	2.11	-	-	-
			(2.11)	-	-	-
iii)	Labour laws	ESI Act	2.20	-	-	2.20
			(2.20)	-	-	(2.20)
iv)	Commercial matters	PSEB	104.56	-	104.56	104.56
			(256.24)	-	(256.24)	(134.89)
	Total		2,010.98	158.52	1,114.56	376.49
			(2,044.87)	(158.52)	(1,148.93)	(431.82)

Figures in brackets in aforesaid note represent previous year figures

b) The following is a summarized status of pending litigation involving Vardhman Polytex Limited by the Company:

(₹ in Lakh)

Sr. No.	Nature of Dispute	Amount Involved	Provision Made	Amount Decreed in favour of the Company (under execution)	Balance Amount Still contested by the Company
1	Commercial matters - Legal cases	334.75	151.71	-	183.04
	customers	(331.26)	(138.96)	-	(192.30)

Figures in brackets in aforesaid note represent previous year figures.

30. OBLIGATIONS AND COMMITMENTS OUTSTANDING:

Particulars		As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
a)	Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	**-**	114.32
b)	Estimated value of contracts remaining to be executed on other than capital account and not provided for (net of advances)-Pending cotton purchase commitment	**7,839.92**	4,805.86

31. DERIVATIVE HEDGED INSTRUMENTS AND UN-HEDGED FOREIGN CURRENCY EXPOSURE

a) Particulars of hedged foreign currency forward contracts and derivatives outstanding at the balance sheet date

Particulars	Currency	As at 31.03.2017		As at 31.03.2016	
		In million	₹ in Lakh	In million	₹ in Lakh
Forward cover (trade receivables)	USD	2.98	2,073.12	3.79	2,587.63
Total		2.98	2,073.12	3.79	2,587.63

b) Particulars of foreign currency exposure un-hedged at the balance sheet date

Particulars	Currency	As at 31.03.2017		As at 31.03.2016	
		In million	₹ in Lakh	In million	₹ in Lakh
Trade Receivables*	USD	3.90	2,535.30	4.54	3,005.70
Loan (including interest, Current year-Nil,Previous year-₹134.19 lakh)	USD	0.55	370.73	1.30	862.94
TOTAL		**4.45**	**2,906.03**	**5.84**	**3,868.64**

*excluding bill negotiated of ₹7,526.74 lakh (Previous year ₹5,202.14 lakh)

32. Inventories, loans & advances, trade receivables and other current / non-current assets are reviewed annually and in the opinion of the Management do not have a value on realization in the ordinary course of business, less than the amount at which they are stated in the Balance Sheet.

33. EMPLOYEE BENEFIT OBLIGATION

Defined Contribution Plan

Contribution to defined Contribution Plan recognized as expenses for the year are as under:

Particulars		Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
i)	Employer's contribution to Provident Fund	**208.18**	210.85
ii)	Employer's contribution to Superannuation Fund	**7.95**	9.42
iii)	Employer's contribution to Pension Scheme	**96.42**	92.69

Defined Benefit Plan

The Employees' Gratuity Fund scheme managed by a trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations.

Reconciliation of opening and closing balances of Defined Benefit Obligation

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Defined benefit obligation at the beginning of the year	**502.49**	453.54
Current service cost	**56.16**	72.17
Interest cost	**35.70**	33.98
Actuarial gain / (loss)	**(89.10)**	(4.90)
Benefit paid	**(95.75)**	(52.29)
Defined obligation at year end	**409.50**	502.49

Reconciliation of opening and closing balances of fair value of plan assets

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Fair value of plan assets at the beginning of the Year	**503.18**	419.88
Expected return on plan assets	**35.75**	43.55
Actuarial gain / (loss)	**(6.03)**	(1.70)
Employer contribution	**-**	41.45
Benefit paid	**-**	-
Fair value of plan assets at year end	**532.90**	503.18

Reconciliation of fair value of assets & obligation

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Fair value of plan assets at the end	**532.90**	503.18
Present value of obligation	**409.50**	502.49
Net asset/(liability) recognized in the balance sheet	**123.40**	0.69

Amount recognized in the statement of profit & loss

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Current service cost	56.16	72.17
Interest cost	35.70	33.98
Expected return on plan assets	(35.75)	(43.55)
Actuarial (gain)/loss recognized in IVP	(83.08)	(3.20)
Amount recognized in the statement of profit & loss	(26.96)	59.39

The principal assumptions used in determining gratuity for the Company's plans are shown below :

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Discount rate	7.75%	7.95%
Attrition rate	5.00%	30.00%
Expected rate of return on assets	7.75%	8.75%
Mortality rate	IALM 2006-08 Ultimate	IAL 2006-08 Ultimate
Salary rise	5.00%	5.00%

Amount for the current year and previous 4 years in respect of gratuity are as follows:

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh	Year ended 31.03.2015 ₹ in Lakh	Year ended 31.03.2014 ₹ in Lakh	Year ended 31.03.2013 ₹ in Lakh
Defined benefit obligation	**409.50**	502.49	453.54	398.94	323.27
Plan assets	**532.90**	503.18	419.88	380.96	349.77
Surplus/(deficit)	**123.40**	0.69	(33.66)	(23.63)	(49.17)
Experience adjustment on plan assets	**(6.03)**	(1.70)	(3.27)	3.21	3.70
Experience adjustment on plan liabilities	**89.10**	4.90	(11.85)	31.23	(40.19)

LEAVE ENCASHMENT (UNFUNDED)

Reconciliation of opening and closing balances of defined benefit obligation

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Defined benefit obligation at the beginning of the year	**213.08**	206.77
Current service cost	**12.43**	104.41
Interest cost	**15.14**	14.33
Actuarial (gain) /loss	**(36.06)**	(59.41)
Benefit paid	**(155.32)**	(53.02)
Defined obligation at year end	**49.27**	213.08

Reconciliation of fair value of assets & obligations

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Fair value of plan assets at the end		
Present value of obligation	**49.27**	213.08
Amount recognized in balance sheet	**49.27**	213.08

Amount recognized in the statement of profit & loss

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Current service cost	**12.43**	104.41
Interest cost	**15.14**	14.33
Expected return on plan assets	**-**	-
Actuarial (gain)/loss recognized in IVP	**(36.06)**	(59.41)
Amount recognized in the statement of profit & loss	**(8.50)**	59.33

The principal assumptions used in determining leave encashment for the Company's plans are shown below :

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Discount rate	**7.75%**	7.95%
Attrition rate	**5.00%**	30.00%
Expected rate of return on assets	**NA**	NA
Mortality rate	**IALM 2006-08 Ultimate**	IAL 2006-08 Ultimate
Salary rise	**5.00%**	5.00%

In previous year, acturary had given the disclosure table for long term provision only in respect of leave encashment in the certificate however we have recognised the short term provision & long term provision in the books as per the index summary given in actuarial certificate.

34. RELATED PARTY DISCLOSURES

i) List of related parties and relationships (as identified & certified by management)

Particulars	2016-17	2015-16
a) Subsidiary Company	F.M. Hammerle Textiles Ltd F.M. Hammerle Verwaltung Gmbh, Austria	F.M. Hammerle Textiles Ltd F.M. Hammerle Verwaltung Gmbh, Austria
b) Key management personnel	Mr. Ashok Kumar Oswal Mr. Adish Oswal Mr. Ashok Kumar Goyal Mr. Sushil Sharma Mr. Parvinder Singh (upto 31th August 2016) Mr. Kuldeep Singla (w.e.f 1st September 2016)	Mr. Ashok Kumar Oswal Mr. Adish Oswal Mr. Ashok Kumar Goyal Mr. Sushil Sharma Mr. Parvinder Singh
c) Relative of KMP	Mr. Abhinav Oswal Mrs. Manju Oswal Ms. Aketa Oswal Mrs. Rakhi Oswal Ms. Shruti Goyal (upto 16th July 2016)	Mr. Abhinav Oswal Mrs. Manju Oswal Ms. Aketa Oswal Mrs. Rakhi Oswal Ms. Shruti Goyal (w.e.f 1st June 2015)
d) Enterprise over which KMP is able to exercise significant influence	Oswal Industrial Enterprise Pvt. Ltd. Panchsheel Textile Mfg & Trading Co. Pvt. Ltd. Enakshi Investments Pvt. Ltd. Liberty Mercantile Co. Pvt. Ltd. Allepy Investment & Trading Co. Pvt. Ltd. Kent Investments Pvt. Ltd. Ruby Mercantile Co. Pvt. Ltd. Boras Investment & Trading Co. Pvt. Ltd. Gagan Mercantile Co. Pvt. Ltd. Pioneer Mercantile India Pvt. Ltd. Adesh Investment & Trading Co. Pvt. Ltd. Calgary Investment & Trading Co. Pvt. Ltd. Oswal Infratech Pvt. Ltd. Oswal Tradecom Pvt. Ltd. Oswal Holding Pvt. Ltd. Nightangle Dealcom Pvt. Ltd. Alma Assets Consultancy Pvt. Ltd. Altfort Merchants Pvt. Ltd. Vardhman Amarante Pvt. Ltd.	Oswal Industrial Enterprise Pvt. Ltd. Panchsheel Textile Mfg & Trading Co. Pvt. Ltd. Enakshi Investments Pvt. Ltd. Liberty Mercantile Co. Pvt. Ltd. Allepy Investment & Trading Co. Pvt. Ltd. Kent Investments Pvt. Ltd. Ruby Mercantile Co. Pvt. Ltd. Boras Investment & Trading Co. Pvt. Ltd. Gagan Mercantile Co. Pvt. Ltd. Pioneer Mercantile India Pvt. Ltd. Adesh Investment & Trading Co. Pvt. Ltd. Calgary Investment & Trading Co. Pvt. Ltd. Oswal Infratech Pvt. Ltd. Oswal Tradecom Pvt. Ltd. Oswal Holding Pvt. Ltd. Nightangle Dealcom Pvt. Ltd. Alma Assets Consultancy Pvt. Ltd. Altfort Merchants Pvt. Ltd. Vardhman Amarante Pvt. Ltd.

ii) Transaction with related parties during the year:-

(₹ in Lakh)

Particulars	Subsidiaries		KMP		Relatives of KMP		Enterprise over which KMP is able to exercise Significant Influence		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Loan received	-	-	539.50	40.00	-	-	192.50	450.00	732.00	490.00
Loan repaid	-	-	325.00	-	-	-	127.00	400.00	452.00	400.00
Advance received back against goods	-	-	-	-	-	-	649.04	-	649.04	-
Sale of goods	5.29	5.05	-	-	-	-	394.43	1.26	399.72	6.31
Purchase of fabric/bed sheet (net)	68.52	339.08	-	-	-	-	-	8.24	68.52	347.32
Advance given against goods	-	-	-	-	-	-	644.35	-	644.35	-
Advance given(net)	380.57	30.42	-	-	-	-	-	-	380.57	30.42
Expense reimbursement (Receivable)	103.67	385.10	-	-	-	-	4.69	-	108.36	385.10
Rent paid	-	-	40.85	36.84	-	-	-	-	40.85	36.84
Job charges Paid	-	-	-	-	-	-	29.63	59.69	29.63	59.69
Rent received	-	0.11	-	-	-	-	1.31	1.53	1.31	1.64
Interest received	295.75	22.56	-	-	-	-	-	-	295.75	22.56
Interest paid	-	-	16.76	-	-	-	7.17	10.83	23.93	10.83
Remuneration	-	-	36.38	44.86	18.05	18.44	-	-	54.43	63.30
Managerial remuneration	-	-	193.49	178.51	-	-	-	-	193.49	178.51
Amount received on behalf of Co-developers	-	-	-	77.96	-	74.54	-	-	-	152.50
Development cost recoverable	-	-	-	9.13	-	8.72	-	-	-	17.85
Cheque received against advance	650.00	400.00	-	-	-	-	-	-	650.00	400.00
Corporate guarantee	-	-	-	-	-	-	-	-	-	-
OUTSTANDING BALANCES AT YEAR END										
Corporate guarantee to subsidiary	8,233.00	8,233.00	-	-	-	-	-	-	8,233.00	8,233.00
Corporate guarantee by subsidiary	1,600.00	1,600.00	-	-	-	-	-	-	1,600.00	1,600.00
Investment in equity shares	9,148.95	9,148.95	-	-	-	-	0.09	0.09	9,149.04	9,149.04
Unsecured loan	-	-	254.50	40.00	-	-	115.50	50.00	370.00	90.00
Amount payable/(recoverable)	-	-	-	(51.03)	-	20.87	-	-	-	(30.16)
	-	-	-	-	-	-	-	-	-	-
Advance	2,517.81	2,920.19	-	5.00	-	-	-	-	2,517.81	2,925.19

Transactions during the year:-

a) Loan received from KMP includes loan received from Mr Ashok Kumar Oswal of ₹539.50 lakh (Previous year ₹40 lakh) and loan received from enterprise over which KMP has significant influence is ₹65.50 lakh (Previous year - ₹450 lakh) from Altfort merchants (P) Ltd and ₹127.00 lakh from Vardhman Amrante Private Limited (Previous year-Nil).

b) Loan repaid to KMP includes loan repaid to Mr. Ashok Kumar Oswal of ₹325.00 lakh and loan repaid to enterprise over KMP ₹ Nil (Previous year ₹400 lakh) to Alfort merchants (P) Ltd and ₹127.00 lakh (Previous year-Nil) to Vardhman Amrante Private Limited.

c) Advance received against goods includes advance received from Oswal Industrial Enterprises Pvt. Ltd. of ₹649.04 lakh (Previous year ₹ Nil).

d) Sale of goods includes transactions of ₹5.29 lakh (Previous year - ₹5.05 lakh) with F.M. Hammerle Textiles Limited & ₹394.43 lakh (Previous year - ₹1.26 lakh) with Oswal Industrial Enterprises (P) Ltd.

e) Purchase of fabrics/bed sheets includes transactions of ₹68.52 lakh (Previous year ₹339.08 lakh) with F.M. Hammerle Textiles Limited.

f) Advance given against goods includes transactions with Oswal Industrial Enterprises Pvt. Ltd. of ₹644.35 lakh (Previous year ₹ Nil).

g) Advance given (net of funds received) includes transactions with F.M. Hammerle Textiles Ltd. ₹380.57 lakh (Previous Year ₹30.42 lakh).

h) Expenses reimbursement to F.M. Hammerle Textiles Ltd. of ₹103.67 lakh (Previous year ₹385.10 lakh)

i) Rent paid to Mr. Ashok Kumar Oswal ₹40.85 lakh (Previous year ₹36.84 lakh).

j) Job charges paid to Oswal Industrial Enterprises Pvt. Ltd. ₹29.63 lakh (Previous year ₹59.69 lakh)

k) Rent received includes rent from Oswal Industrial Enterprises Pvt. Ltd ₹1.31 lakh (Previous year ₹1.53 lakh).

l) Interest received from subsidiary includes ₹295.75 lakh (Previous year - ₹22.56 lakh) from F.M. Hammerle Textiles Limited.

m) Interest paid to KMP includes ₹16.76 lakh paid to Mr Ashok Kumar Oswal.

n) Interest paid to enterprises over which KMP has significant influence ₹5.95 lakh paid to Altfort Merchants (P) Ltd. (Previous year ₹10.83 lakh) and ₹1.22 lakh to Vardhman Amrante Private Limited (Previous year-Nil).

o) Remuneration includes transaction with Mr. Abhinav Oswal ₹18.05 lakh (Previous year ₹17.39 lakh), Mr. Parvinder Singh ₹12.57 lakh(till 31st August,2016) (Previous Year ₹30.72 lakh), Mr.Kuldeep Singla ₹9.85 lakh (w.e.f 1st september, 2016) & Mr. Sushil Sharma ₹13.95 lakh (Previous year 15.19 lakh).

p) Managerial Remuneration includes transactions with Mr.Ashok Kumar Oswal ₹72.06 lakh (Previous year ₹66.43 lakh), Mr. Adish Oswal ₹70.74 lakh (Previous year ₹64.78 lakh) and Mr. Ashok Goyal ₹50.69 lakh (Previous year ₹47.30 lakh).

q) Amount received of ₹ Nil (Previous year ₹152.50 lakh) includes ₹ Nil (Previous year ₹77.96 lakh) on behalf of Mr. Adish

Oswal and ₹ Nil (Previous year ₹74.54 lakh) on behalf of Mr. Abhinav Oswal on sale of plots.

r) Development cost recoverable of ₹ Nil (Previous year ₹17.85 lakh) includes ₹ Nil (Previous year ₹9.13 lakh) recoverable on account of Mr. Adish Oswal and ₹ Nil (Previous Year ₹8.72 lakh) recoverable on account of Mr. Abhinav Oswal on real estate transaction.

s) Cheques received against advance includes cheques received from F.M. Hammerle Textiles Ltd. ₹650.00 lakh (Previous Year ₹400.00 lakh).

Closing balance at the year end:-

a) Corporate Guarantee to subsidiary company: Guarantee outstanding given to lenders of F.M. Hammerle Textiles Ltd. ₹8,233.00 lakh (Previous Year ₹8,233.00 lakh).

b) Corporate Guarantee by subsidiary company: Guarantee outstanding received from F.M. Hammerle Textiles Ltd. ₹1,600.00 lakh (Previous Year ₹1,600 lakh)

c) Investment of ₹9,149.04 lakh (Previous year ₹9,149.04 lakh) includes investment in F.M. Hammerle Textiles Ltd. ₹9,126.41 lakh (Previous year ₹9,126.41 lakh), in Oswal Industrial Enterprise Pvt. Ltd. ₹0.09 lakh (Previous year ₹0.09 lakh), in F.M. Hammerle Verwaltung GmbH, Austria ₹22.54 lakh (Previous Year ₹22.54 lakh).

d) Unsecured loans of ₹370 lakh (previous year ₹90 lakh) includes loan taken of ₹115.50 lakh (Previous year ₹50 lakh) from Alfort Merchants Pvt. Ltd. and ₹254.50 lakh (Previous year ₹40 lakh) from Mr Ashok Kumar Oswal.

e) Amount recoverable of ₹ Nil (Previous year ₹30.16 lakh) includes ₹ Nil (Previous year ₹45.02 lakh) from Mr. Adish Oswal & ₹ Nil (Previous year ₹20.87 lakh) to Mr. Abhinav Oswal on account of real estate transactions and ₹ Nil (Previous year - ₹ (6) lakh) from Mr. Ashok Kumar Oswal on account of security deposit given.

f) Advance of ₹2,517.81 lakh (Previous year ₹2,925.19 lakh) includes, F.M. Hammerle Textiles Ltd. ₹2,282.36 lakh (Previous year ₹2,662.93 lakh) and in F.M. Hammerle Verwaltung GmbH, Austria ₹235.45 lakh (Previous Year ₹257.26 lakh).

35. a) Value of imports calculated on CIF basis in respect of: (Accrual basis)

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Raw materials	**6,215.29**	4.87
Components & spare parts	**274.47**	163.50
Capital Goods	**1,050.42**	-
TOTAL	**7,540.18**	168.37

b) Expenditure in foreign currency on account of:

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Commission, consultancy, travelling, interest and others	**248.29**	240.86

36. EARNINGS IN FOREIGN CURRENCY

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Export of goods calculated on FOB basis	**32,062.60**	38,245.21

37. CORPORATE DEBT RESTRUCTURING

i) The Debt Restructuring Scheme (the 'Scheme') under CDR Mechanism had been approved and Letter of Approval issued on 28th Dec'2012. The Scheme inter-alia included restructuring of repayment schedule, interest funding, reduction in interest rates and additional security in favour of CDR lenders by pledge of shares of promoters stipulated. Master Restructuring Agreement ("MRA") had been executed on March 15, 2013 with the lenders. The impact in terms of the approved Scheme has been given effect in financial statements with effect from the cut-off date being January 1, 2012.

ii) Interest has been accounted for based upon terms of package/confirmations received from the banks.

iii) The Funded Interest Term Loan (FITL) has been created on certain credit facilities.

iv) The credit facilities/loans under CDR are further secured by unconditional & irrevocable personal guarantee of promoter director & Mrs. Manju Oswal (related party) and corporate guarantee of M/s F.M. Hammerle Textiles Ltd., subsidiary company.

v) Other conditions as stipulated under the scheme are being complied with.

38. The company had received a letter from F.M. Hammerle Textile Limited, Subsidiary Company, dated 26.03.2013 for considering option for conversion of advance given of ₹2,236 lakh in different trenches into Preference Shares. The Board of the directors had approved subject to bankers and shareholders for the same.

39. The Central Government vide its letters dated 18.11.2015 has approved the re-appointment and increase in the remuneration of Mr. Ashok Kumar Oswal, Managing Director and Mr. Adish Oswal, Executive Director of the Company w.e.f 01/04/2015 till 31/03/2018 under section 196, 197, 198 read with Schedule V of the Companies Act, 2013. The remuneration during the current year has been paid to them as per the said approval.

40. The Company is paying rentals for office premises taken on rent which are not in the nature of operating lease agreements. Therefore, disclosure requirements of Accounting Standard AS-19 are not applicable.

41. In accordance with the provisions of Accounting Standard on impairment of Assets, (AS-28), the management has made assessment of assets in use & considering the business prospects related thereto, no provision is considered necessary in these accounts on account of impairment of assets.

42. Specified bank note transactions

Pursuant to Notification No. G.S.R.307 (E) and Notification No. G.S.R. 308 (E) dated March 30, 2017 of Ministry of Corporate Affairs, disclosure of specified bank notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016 is provided in table below:

(₹ in Lakh)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	87.18	35.96	123.14
(+) Permitted receipts	-	40.17	40.17
(-) Permitted payments	87.18	59.78	146.96
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	16.35	16.35

43. DISCONTINUING OPERATIONS

During the previous year ended March 31, 2016, the directors of the company had decided to discontinue the operations of real estate business. The carrying amounts of assets and liabilities of discontinuing operations are as follows:

Particulars	**2016-17 ₹ in Lakh**	2015-16 ₹ in Lakh
Total Assets	**32.37**	122.00
Total Liabilities	**0.21**	81.14
Net Assets	**32.16**	40.86

The net cash flows attributable to discontinuing operations are as follows:

Particulars	**2016-17 ₹ in Lakh**	2015-16 ₹ in Lakh
Operating	**(9.40)**	(233.64)
Investing	**-**	231.85
Financing	**-**	-
Net cash Outflows	**(9.40)**	(1.79)

The amount of revenue and expenses in respect of discontinued operations are:

Particulars	**2016-17 ₹ in Lakh**	2015-16 ₹ in Lakh
Net sales	**-**	3,970.86
Other income	**-**	3,479.72
Total expenses	**0.85**	3,595.63
Finance cost	**-**	0.01
loss/(profit) before tax	**(0.85)**	3,854.95
Tax expenses	**-**	-
Profit/(Loss) after tax	**(0.85)**	3,854.95
One time expenses (Exceptional items)	**-**	-

44. Disclosure in respect of project which falls under the Revised Guidance Note issued by the Institute of Chartered Accountants of India on "Accounting for Real Estate transactions (Revised 2012)" are as follows:

a)	**Description**	**For the year ended 31 March 2017 ₹ in Lakh**	For the year ended 31 March 2016 ₹ in Lakh
	Amount of project revenue recognized as revenue during the year	-	4,400.41
	Aggregate amount of costs incurred	-	3,595.63
	Profit recognized to date	-	804.78
	Transfer from capital reserve	-	3,050.17
	Profit recognized to date	-	3,854.95
	Amount of advances received	-	-
	Amount of real estate development work-in-progress	-	-

b) During the previous year, the Company had sold inventory relating to Vardhman Park thereby transferring from Capital Reserve an amount of ₹3,050.17 lakh to the credit of statement of profit & loss and transfer of real estate inventory of ₹4,276.76 lakh to the debit of statement of statement of profit and loss.

45. Due to sale of entire inventory of "Vardhman Park" during the previous year ended 31st March, 2016, there is no income from real estate segment during the year ended March 31, 2017. Hence, Segment reporting is not being provided in the current year financial statements. The segment information for the year ended March 31, 2016 had been given below:

(₹ in Lakh)

Segment Particular	**Textile Business**	**Real Estate Business**	**Total**
Net Revenue	87,837.24	3,970.86	91,808.10
Segment result	2,090.21	3,854.95	5,945.16
Less: Finance Cost	-	-	6,996.71
Add: Other unallocable income net of unallocable expenditure	-	-	1,953.19
Profit before tax	-	-	901.64
Segment capital employed	25,887.78	40.86	25,928.64

46. Details of loans and advances in nature of loans to subsidiaries, parties in which Directors are interested and investments by the loan in the shares of the company as required by clause 53(f) of SEBI (listing obligations and disclosure requirements) Regulation 2015 as follows:

Loans & advances to subsidiaries:- (₹ in Lakh)

Particulars	**Outstanding amount as at 2016-17**	**Maximum amount outstanding during the financial year 2016-17**	Outstanding amount as at 2015-16	Maximum amount outstanding during the financial year 2015-16
F.M. Hammerle Textiles Ltd	**2,282.35**	**2,662.93**	2,662.93	3,591.02
Oswal Industrial Enterprise (P) Ltd	**-**	**160.01**	-	48.16
F.M. Hammerle Verwaltung GmbH, Austria	**235.45**	**257.26**	257.26	257.26

47. The company has given loans / advances to various companies. Amount outstanding at year end is as follows:

Description	**As at March 31, 2017 ₹ in Lakh**	As at March 31, 2016 ₹ in Lakh
Opening Balance	461.93	891.55
Add: Given during the year	374.55	439.00
Less: Received back during the year	(755.12)	(868.62)
Closing Balance	**81.36**	461.93

The above loans have been given for business purposes. The company has charged interest on these loans @11% per annum (P.Y. 9.5% to 14.40%).

48. Previous year figures have been regrouped /reclassified wherever necessary to conform to current year classification.

As per our report of even date
For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Reg. No:-000756N

Sd/-
Sunil Wahal
Partner
Membership No. 087294

Place : New Delhi
Date : 29th May 2017

FOR AND ON BEHALF OF BOARD OF DIRECTORS OF VARDHMAN POLYTEX LIMITED

Sd/-
Ashok Kumar Oswal
Chairman & Managing Director
(DIN-00009403)

Sd/-
Ajay Chaudhry
Director
(DIN-00055733)

Sd/-
Kuldeep Singla
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary
(FCS-6535)

Place : Ludhiana
Date : 29th May 2017

INDEPENDENT AUDITORS' REPORT

To The Members of Vardhman Polytex Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Vardhman Polytex Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated balance sheet as at March 31, 2017, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 (" the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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 and the Companies (Accounting Standards) Amendment Rules, 2016 as amended.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

The Holding Company had credited income of ₹396.44 Lakh due on payment of Foreign Currency Convertible Bonds (FCCB) liability to the statement of profit and loss during the year ended March 31, 2017. This profit should have been credited in the statement of profit and loss on payment of FCCB liability which is still outstanding as explained in note number 5 of the consolidated financial statements. Due to this, loss for the year ended March 31, 2017 is understated by the same amount.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion paragraph above,* the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the group as at march 31, 2017 , and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of matter

We draw attention of the following matters raised in the auditors' report of F.M. Hammerie Textiles Limited, one of the subsidiary of the company.

i) Comments on the 'Going Concern' the details of which more fully explained in the note number 2(v) of the consolidated financial statement. Under Sick Industrial Companies (Special Provision) Act (SICA) of 1985, the subsidiary company had been classified as "Sick Company" under section 15 of said Act and accordingly a reference had been filed with Board for Industrial and Financial Reconstruction (BIFR) w.e.f. 1st December, 2016, Ministry of Finance vide notifications no.s S.O.3568 (E) and 3569 (E), has dissolved BIFR due to applicability of Insolvency and Bankruptcy Code, 2016. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of thse uncertainties, to the recoverability and classification of assets carrying amounts or the amount and classification of liabilities that might be necessary should the subsidiary be unable to continue as a going concern.

ii) Uncertainty related to the outcome of the matter pending with Hon'ble High Court of State of Punjab and Haryana at Chandigarh which is pending adjudication in relation to filling of petition by the subsidiary company u/s 397, 398 of the erstwhile Companies Act, 1956 on joint venture partner. The amount of compensation is not determinable at this stage which is fully explained in the note number 29 (b)(ii) of consolidated financial statement.

iii) The subsidiary company is in shortage of one Independent Director which is inconsistent with the requirements of the Act which is fully explained in the note number 43 of consolidated financial statement.

Our audit report is not qualified in respect of the above matters.

Other Matters

We did not audit the financial statements of one of the subsidiary incorporated outside India namely F.M. Hammerle Verwaltung Gmbh, Austria whose financial statement reflect total assets of ₹69.52 Lakh as at March 31, 2017 and total revenues of ₹16.27 lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the consolidated financial statements.

Our opinion on the consolidated financial statements and our report on other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial statements/financial information as certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, to the extent applicable, that :
   (a) We have sought, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
   (b) In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
   (c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
   (d) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 as amended.
   (e) On the basis of the written representations received from the directors of the Holding Company as on 31st march, 2017 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2017 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 group and the operating effectiveness of such controls, refer to our separate report in "Annexure – A".
   (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion Paragraph above; and
   (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 Auditor's) Rules 2014, in our opinion and to the best of our information and according to the explanations gives to us :
      i. Except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above, the consolidated financial statement disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 28 & 29 to the consolidated financial statements;
      ii. Except for the possible effect of the matter described in the basis for Qualified Opinion paragraph above, the Group did not have any material foreseeable losses on long term contracts including derivative contracts.
      iii. There has been no delay in transferring amounts, required to be transferred , to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India; and
      iv. The Holding Company and its subsidiary company, incorporated in India, have provided requisite disclosures in Note 40 to these consolidated financial statements as to the holding as well as dealing of Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation of the Holding Company and its subsidiary company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Holding Company and its subsidiary company and as produced to us by the Management.

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Registration No. 000756N

Sd/-
Sunil Wahal
Partner
Membership no. 087294

Place: New Delhi
Date: May 29, 2017

Annexure A to the Independent Auditor's report to the Members of Vardhman Polytex Limited dated May 29, 2017 on its consolidated financial statements.

Report on the Internal Financial Controls under Clause (i) of Sub – Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' Section.

Our reporting on the Internal financial controls over financial reporting is not applicable in respect of one subsidiary company incorporated outside India.

In conjunction with our audit of the consolidated financial statement of **Vardhman Polytex Limited** ("the Company") as of and for the year

ended March 31, 2017, we have audited the Internal Financial Controls Over Financial Reporting of Vardhman Polytex Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), Incorporated in India, as of the date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company which is incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the group Internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

b) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

c) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Holding Company's internal financial controls over financial reporting as at March 31, 2017. The Holding Company's internal financial over evaluation and assessment of recoverability including any provision to be made there against in respect of investments made in subsidiaries and loans/advances given to subsidiaries were not operating effectively which could potentially result in the Company not recognising sufficient provision there against.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Holding Company and its one subsidiary company, incorporated in India, have maintained, in all material respects, an adequate internal financial controls over financial reporting as of March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India., and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively in the Holding Company and its subsidiary company, which is company incorporated in India as of March 31, 2017.

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Registration No. 000756N

Sd/-
Sunil Wahal
Partner
Membership no. 087294

Place: New Delhi
Date: May 29, 2017

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2017

Particulars	Note No.	As on 31.03.2017 ₹ in Lakh	As on 31.03.2016 ₹ in Lakh
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	**2,232.54**	2,232.54
(b) Reserves and surplus	4	**(8,517.79)**	(5,193.38)
(c) Preference capital held by others		**1,220.75**	1,220.75
Total shareholders' fund		**(5,064.50)**	(1,740.09)
2. Minority interest	48	**-**	-
3. Non - current liabilities			
(a) Long term borrowings	5	**27,284.02**	30,550.89
(b) Deffered tax liabilities	6	**-**	-
(c) Long term provisions	7	**357.83**	508.14
Total non - current liabilities		**27,641.85**	31,059.03
4. Current liabilities			
(a) Short - term borrowings	8	**19,978.49**	17,881.79
(b) Trade payables	9		
- total outstanding dues of micro enterprises and small enterprises		**-**	-
- total outstanding dues of creditors other than micro enterprises and small enterprises.		**8,132.24**	7,617.33
(c) Other current liabilities	10	**14,793.98**	12,434.24
(d) Short - term provisions	7	**49.39**	301.45
Total current liabilities		**42,954.10**	38,234.81
TOTAL		**65,531.45**	67,553.75
II. ASSETS			
1. Non - current assets			
(a) Fixed assets			
Tangible assets	11	**35,764.27**	36,000.52
Intangible assets	11	**507.93**	753.90
Capital work in progress		**666.60**	663.57
(b) Non current investments	12	**0.62**	0.62
(c) Deferred tax assets (Net)	6	**5,016.18**	5,016.18
(d) Long - term loans and advances	13	**1,143.73**	1,529.37
(e) Other non - current assets	15	**95.02**	294.37
Total non - current assets		**43,194.35**	44,258.53
2. Current assets			
(a) Current investments	12	**5.78**	18.34
(b) Inventories	16	**8,834.00**	8,596.82
(c) Trade receivables	17	**8,582.80**	9,088.63
(d) Cash and bank balances	18	**908.59**	929.15
(e) Short - term loans and advances	13	**4,005.93**	4,656.02
(f) Other current assets	14	**-**	6.26
Total current assets		**22,337.10**	23,295.22
TOTAL		**65,531.45**	67,553.75
Significant accounting policies	2		

The accompanying notes form an integral part of these financial statements

As per our report of even date
For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Reg. No:-000756N

Sd/-
Sunil Wahal
Partner
Membership No. 087294

Place : New Delhi
Date : 29th May 2017

FOR AND ON BEHALF OF BOARD OF DIRECTORS OF VARDHMAN POLYTEX LIMITED

Sd/-
Ashok Kumar Oswal
Chairman & Managing Director
(DIN-00009403)

Sd/-
Ajay Chaudhry
Director
(DIN-00055733)

Sd/-
Kuldeep Singla
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary
(FCS-6535)

Place : Ludhiana
Date : 29th May 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars		Note No.	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
	CONTINUING OPERATIONS			
I.	**REVENUE**			
	(a) Revenue from operations	19	**92,271.95**	95,361.68
	Less : Excise duty		**(1.08)**	(0.82)
	(b) Other incomes	20	**1,678.06**	5,192.19
	Total revenue		**93,948.93**	100,553.05
II.	**EXPENSES**			
	(a) Cost of material consumed	21	**54,865.03**	59,275.01
	(b) Purchase of stock in trade	21A	**8,761.64**	3,801.90
	(c) Changes in inventories	22	**(560.89)**	401.22
	(d) Employee benefit expenses	23	**7,227.48**	7,252.92
	(e) Finance costs	24	**7,306.44**	8,568.49
	(f) Depreciation and amortization expenses	25	**3,047.84**	3,825.53
	(g) Other expenses	26	**16,603.71**	18,928.07
III.	**Total expenses**		**97,251.25**	102,053.14
IV.	**Profit/(Loss) before exceptional items and tax**		**(3,302.32)**	(1,500.09)
	Profit/(Loss) before tax		**(3,302.32)**	(1,500.09)
V.	**Tax expenses**			
	(a) Current tax		**(1.27)**	(1.07)
	(b) Deferred tax	6	**-**	-
VI.	**Profit/(Loss) after tax for the year from continuing operations**		**(3,303.59)**	(1,501.16)
	Income attributable to consolidated group		**(3,303.59)**	(1,501.16)
	Amount transfer to balance sheet		**(3,303.59)**	(1,501.16)
VII.	**Earnings per equity share (in ₹)**	27		
	(a) Basic		**(14.82)**	(6.73)
	(b) Diluted		**(14.82)**	(6.73)
Significant accounting policies		2		
The accompanying notes form an integral part of these financial statements				

As per our report of even date
For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Reg. No:-000756N

Sd/-
Sunil Wahal
Partner
Membership No. 087294

Place : New Delhi
Date : 29th May 2017

FOR AND ON BEHALF OF BOARD OF DIRECTORS OF VARDHMAN POLYTEX LIMITED

Sd/-
Ashok Kumar Oswal
Chairman & Managing Director
(DIN-00009403)

Sd/-
Ajay Chaudhry
Director
(DIN-00055733)

Sd/-
Kuldeep Singla
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary
(FCS-6535)

Place : Ludhiana
Date : 29th May 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars		Year Ended 31.03.2017 ₹ in Lakh	Year Ended 31.03.2016 ₹ in Lakh
a)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Loss before tax	**(3,302.32)**	(1,500.09)
	Add: Depreciation	**3,047.84**	3,825.53
	Interest paid	**7,306.44**	8,568.49
	Foreign currency monetary item translation difference (net)	**6.19**	(4.42)
	Sundry balances written off	**179.13**	106.64
	Less: Net profit on fixed assets sold/discarded	**(1.73)**	(232.42)
	Profit on buy back of FCCB	**(396.44)**	(635.42)
	Interest received	**(218.17)**	(217.24)
	Income recognised	**(26.99)**	(3,074.65)
	Sundry balances written back	**(167.58)**	(158.82)
	Operating profit before working capital changes	**6,426.37**	6,677.60
	Working capital changes		
	Trade receivables	**505.83**	(1,924.21)
	Inventories	**(230.92)**	6,814.94
	Loans & advances / other current assets	**1,012.09**	518.14
	Trade payables & other liabilities	**1,458.31**	(1,167.50)
	Cash Generated from Operations		
	less: Direct taxes paid	**43.42**	32.95
	Net Cash from Operating activities	**9,215.10**	10,886.02
b)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Addition in fixed assets (net)	**(2,605.10)**	(1,270.91)
	Sale of fixed assets	**38.16**	325.75
	Dividend/interest received	**218.17**	217.24
	Sale of investments	**12.56**	13.60
	Net cash used in investing activities	**(2,336.21)**	(714.32)
c)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Long term borrowings - term loans (net of repayments)	**(3,275.06)**	(3,847.96)
	Short term borrowings (working capital)	**2,096.69**	232.81
	Other long term liabilities	**-**	(71.51)
	Issue of share capital	**-**	-
	Interest paid	**(5,721.08)**	(6,597.20)
	Net cash used in financing activities	**(6,899.45)**	(10,283.86)
	Net Increase/(Decrease) in cash or cash equivalents	**(20.56)**	(112.16)
	Cash or cash equivalents at beginning of the year	**929.15**	1,041.31
	Closing cash or cash equivalents at end of the year	**908.59**	929.15

Notes:

The above Cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard- 3 "Cash Flow Statements".

As per our report of even date
For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Reg. No:-000756N

Sd/-
Sunil Wahal
Partner
Membership No. 087294

Place : New Delhi
Date : 29th May 2017

FOR AND ON BEHALF OF BOARD OF DIRECTORS OF VARDHMAN POLYTEX LIMITED

Sd/-
Ashok Kumar Oswal
Chairman & Managing Director
(DIN-00009403)

Sd/-
Ajay Chaudhry
Director
(DIN-00055733)

Sd/-
Kuldeep Singla
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary
(FCS-6535)

Place : Ludhiana
Date : 29th May 2017

Notes to the Consolidated Financial Statements for the year ended 31st March 2017

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. LEGAL STATUS & ACTIVITIES

a) Vardhman Polytex Limited (the' Company) is a public limited listed company registered under the erstwhile Companies Act 1956 (superceded by Companies Act, 2013). The Company's principal activity is manufacturing of yarn, garments and to develop residential & commercial colony or project. During the previous year, the Company had sold all assets related to real estate business.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Vardhman Polytex Limited has prepared Consolidated Financial Statement by consolidating its accounts with those of its following subsidiaries as on 31.03.2017, in accordance with Accounting Standard AS-21 (Consolidated Financial Statements) notified by Companies (Accounting Standards) Rules, 2006 as amended.

Name of Subsidiaries	Country of Incorporation	% shareholding/voting power as on 31st March, 2017	% shareholding/voting power as on 31st March, 2016
F.M. Hämmerle Textiles Ltd	India	81.73%	81.73%
F. M. Hämmerle Verwaltungs GmbH	Austria	100%	100%

i) The Financial Statements of parent company and its subsidiaries have been consolidated on line by line basis by adding together book value of like items of assets, liabilities, income and expenses after eliminating intra group balances and intra-group transactions.

ii) Foreign subsidiary - operations of foreign subsidiary has been considered by Management as non integral; thus items of the assets and liabilities both monetary and non-monetary, have been translated at the exchange rates prevailing at the balance sheet date and items of income and expenses have been translated at the average rate prevailing during the year. Resulting exchange difference arising on translation of said items have been transferred to foreign currency translation reserve account.

iii) Since Foreign Subsidiary is in same line of business which function in different regulatory environment, certain policies such as in respect of reinstatement of forex liabilities are different from the policies followed by the Holding Company. The notes on accounts and policies followed by subsidiary and holding company are disclosed in their respective financial statements.

iv) Figures pertaining to the subsidiaries have been reclassified wherever necessary to bring them in the line with parent company's consolidated financial statements.

v) Going concern -

In view of continuous losses suffered by the subsidiary company, the company's accumulated losses of ₹18,811.87 Lakh has eroded 100% of the of share capital. As per Sick Industrial Companies (Special Provision) Act (SICA) of 1985, the company had been classified as "Sick Company" under section 15 of said Act and accordingly a reference had been filed with Board for Industrial and Financial Reconstruction (BIFR). W.e.f from 1 December,2016, Ministry of Finance vide notifications nos. S.O.3568(E) AND 3569(E),has dissolved the Board for Industrial and Financial Reconstruction (BIFR) due to applicability of Insolvency and Bankruptcy Code,2016.Accordingly,after the dissolution of BIFR, the company is working on different resolutions plans for its revival. The company has hired professional consultant for providing advisory services pertaining to the revival of the unit by exploring possibilities of getting strategic investors. In addition, the promoters of holding company have assured to support the company for all cash flows requirements in the future hence the consolidated financial statements have been prepared on a going concern basis.

3. SHARE CAPITAL

Particulars	As at 31.03.2017		As at 31.03.2016	
	Number	Amount ₹ in Lakh	Number	Amount ₹ in Lakh
Authorised				
Equity shares of ₹10/- each	**7,00,00,000**	**7,000.00**	7,00,00,000	7,000.00
TOTAL	**7,00,00,000**	**7,000.00**	7,00,00,000	7,000.00
Issued, subscribed and fully paid up				
2,22,90,957 (Previous year 2,22,90,957) equity shares of ₹10/- each	**2,22,90,957**	**2,229.09**	2,22,90,957	2,229.09
Forfeited shares	**-**	**3.45**	-	3.45
TOTAL	**2,22,90,957**	**2,232.54**	2,22,90,957	2,232.54

3.1 Reconciliation of the Equity Shares outstanding at the beginning and at the end of the reporting year

Particulars	As at 31.03.2017		As at 31.03.2016	
	Number	Amount ₹ in Lakh	Number	Amount ₹ in Lakh
Equity shares				
At the beginning of the year	**2,22,90,957**	**2,229.09**	2,22,90,957	2,229.09
Changes during the year	**-**	**-**	-	-
Outstanding at the end of the year (refer note i)	**2,22,90,957**	**2,229.09**	2,22,90,957	2,229.09

Note:

i) Out of 1,34,04,652 (Previous Year: 1,34,04,652) equity shares (face value of ₹10/- each) held by promoters & promoters group companies, 1,09,31,202 (Previous Year: 1,09,31,202) equity shares (face value of ₹10/- each) pledged with National Securities Depository Limited (NSDL) in favour of Canara Bank (lead banker).

3.2 Terms/rights attached to equity shares

The Holding Company has only one class of equity shares having a par value of ₹10/- per share. Each shareholder is entitled to one vote per share. In the event of liquidation of the Company, the 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 shareholders. During the year ended 31st March,2017, the amount of dividend recognized as distribution to equity shareholder was ₹ Nil (Previous year ₹ Nil).

3.3 Details of shareholders holding more than 5% Equity Shares in the Company

Particulars	As at 31.03.2017		As at 31.03.2016	
	Number	%Holding	Number	%Holding
Panchsheel Textile Mfg & Trading Co. Pvt Ltd.	**44,26,917**	**19.86**	44,26,917	19.86
Alma Assets Consultancy (P) Ltd.	**43,62,325**	**19.57**	43,62,325	19.57
Swarnim Tie Up (P) Ltd.	**4,528**	**0.02**	14,00,000	6.28
Altfort Merchants (P) Ltd.	**21,82,000**	**9.79**	21,82,000	9.79

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

3.4 Aggregate number of shares issued for consideration other than cash, bonus shares issued and shares bought back during the period of five years immediately preceding the reporting date : Nil (Previous year Nil).

4. RESERVES AND SURPLUS

Particulars	As at 31 March 2017 ₹ in Lakh	As at 31 March 2016 ₹ in Lakh
Capital subsidy		
Opening balance	**182.77**	209.76
Changes during the year	**(26.99)**	(26.99)
Closing balance	**155.78**	182.77
Capital redemption reserve		
Opening balance	**0.01**	0.01
Changes during the year	**-**	-
Closing balance	**0.01**	0.01

Particulars	As at 31 March 2017 ₹ in Lakh	As at 31 March 2016 ₹ in Lakh
Capital Reserve		
Opening balance	**-**	3,050.17
(+) Current year created	**-**	-
(-) Written back in current year (refer note 46)	**-**	(3,050.17)
Closing balance	**-**	-
General reserve		
Opening balance	**9,865.69**	9,865.69
Changes during the year	**-**	-
Closing balance	**9,865.69**	9,865.69
Amalgamation reserve		
Opening balance	**45.00**	45.00
Changes during the year	**-**	-
Closing balance	**45.00**	45.00
Foreign currency translation reserve		
Opening balance	**(3.84)**	(1.93)
Changes during the year	**6.19**	(1.91)
Closing balance	**2.35**	(3.84)
Security premium reserve		
Opening balance	**7,731.06**	7,731.06
Changes during the year	**-**	-
Closing balance	**7,731.06**	7,731.06
Net deficit balance in the statement of profit and loss		
Opening balance	**(23,014.09)**	(21,512.92)
(-) Net loss for the year	**(3,303.59)**	(1,501.16)
Closing balance	**(26,317.68)**	(23,014.09)
Total Reserve and Surplus	**(8,517.79)**	(5,193.38)

5. LONG TERM BORROWINGS

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Secured loans		
Term loans		
Rupee loan from banks (Refer note a,b, c & ii below)	**25,489.27**	27,005.98
Rupee loan from others (Refer note a,b & c below)	**544.35**	609.02
Funded interest term loan (Refer note a,b & c below)	**327.60**	1,542.19
Working capital term loan (II) (Refer note a,b & c below)	**4,943.01**	5,451.88
Vehicle loan (Refer note d below)	**40.09**	43.20
Unsecured loans		
Foreign currency convertible bonds	**472.20**	728.75
from director -related party	**-**	91.50
from body corporate -related party	**-**	15.50
TOTAL	**31,816.52**	35,488.02
Less:		
Current maturities amount disclosed under other current liabilities (refer note 10)	**(4,532.50)**	(4,937.13)
GRAND TOTAL	**27,284.02**	30,550.89

A) Terms of repayment / detail of security of holding company are as follow:-

Rupee term loan from banks (₹ in Lakh)

Particulars	Rate of Interest % P.A.	No of instalments	O/s as at 31.03.2017 ₹ in Lakh	O/s as at 31.03.2016 ₹ in Lakh	Annual Repayment Schedule 2017-18	2018-19	2019-20	2020-21	2021-22
Rupee term loan	11.00%	20 Qtly	**14,627.17**	15,932.34	2,762.88	2,739.79	3,094.02	3,448.26	2,582.22
Working capital term loan-II	11.00%	20 Qtly	**4,943.01**	5,451.88	885.18	901.74	1,030.56	1,159.38	966.15
Funded interest term loan	11.00%	02 Qtly	**327.60**	1,542.19	327.60	-	-	-	-
TOTAL			**19,897.78**	22,926.41	3,975.66	3,641.53	4,124.58	4,607.64	3,548.37

Rupee term loan from others (₹ in Lakh)

Lending institution	Rate of interest % P.A.	No of instalments	O/s as at 31.03.2017 ₹ in Lakh	O/s as at 31.03.2016 ₹ in Lakh	Annual Repayment Schedule 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Religare Finvest Ltd	13.45%	70 Monthly	**356.02**	394.32	43.43	49.65	56.75	64.87	74.16	67.16
Religare Finvest Ltd.	14.20%	57 Monthly	**188.33**	214.70	30.28	34.85	40.15	46.24	36.81	-
TOTAL			**544.35**	609.02	73.71	84.50	96.90	111.11	110.97	67.16

Vehicle Loan (₹ in Lakh)

Lending institution	Rate of interest % P.A.	No of Installment	O/s as at ₹ in Lakh	O/s as at 31.03.2016 ₹ in Lakh	Annual Repayment Schedule 2017-18	2018-19	2019-20	2020-21	2021-22
HDFC Bank	10.00%	-	**-**	3.89	-	-	-	-	-
Canara Bank	10.50%	54 Monthly	**40.09**	37.42	10.93	11.74	8.86	6.92	1.64
TOTAL			**40.09**	41.31	10.93	11.74	8.86	6.92	1.64

Details of Security:

a) Term loans from financial institutions and banks as stated as above are/shall be secured by way of joint equitable mortgage of all the immovable properties (present and future) of the Company ranking on pari- passu basis and hypothecation of all movable assets of the company (except book debts) subject to prior charge of the company's bankers on specified movable assets in respect of working capital borrowings.

b) Term loan from others is guaranteed by promoter company M/s Panchsheel Textile Mfg & Trading Co. Pvt Ltd. along with charge on specific assets.

c) All the term loans & working capital term loan from banks are guaranteed by promoter directors & Mrs. Manju Oswal (related party).

d) Vehicle loan is secured by way of hypothecation of the vehicle against such loan.

e) The period and amount of default as on the balance sheet date in case of holding company are as under:

(₹ in Lakh)

Particulars	Period of default	Principal	Interest accrued and due	Total	Paid/Settled	Balance
Secured (term loans)						
As at 31.03.2017*	From 01.04.2016 to 31.03.2017	719.76	466.26	1,186.02	223.97	962.05
As at 31.03.2016**	From 01.04.2015 to 31.03.2016	773.09	310.24	1,083.33	-	1,083.33
Unsecured (FCCB)* **						
As at 31.03.2017	From 31.03.2017	472.20	-	472.20	101.47	370.73
As at 31.03.2016	From 31.03.2016	728.75	134.19	862.94	-	862.94

Note:

* Out of ₹1,186.02 lakh, principal and interest accrued on secured (term loans) aggregating to ₹223.97 lakh have been paid by 29th May 2017.

** In previous year, principal and interest accrued on secured (term loans) as at balance sheet date had been paid by 27th May 2016.

Note (contd...):

*** In earlier years, the Company had Issued 2% Unsecured Foreign Currency Convertible Bonds (FCCBs) in the aggregate principal amount of United State Dollars 12 (Twelve) Millions in the course of International offerings. The expenses incurred & premium payable on the redemption of such bonds has been adjusted with share premium reserves in accordance with the provisions of Section 78 of the erstwhile Companies Act, 1956 (as superceded by Companies Act, 2013).The company had signed settlement agreement with Foreign Currency Convertible Bond holders of principal value of USD 85,00,000 equivalent to ₹4,613.80 lakh worth of bonds and redemption premium of USD 15,64,850 equivalent to ₹849.40 lakh aggregating the total of USD 1,00,64,850 equivalent to ₹5,463.20 lakh. Under the settlement agreement, the final amount including redemption premium has been settled at USD 51,71,513 which is payable in instalment up to March 31, 2016. Out of the final settled amount of USD 51,71,513 the company had paid an amount of USD 44,67,353 (equivalent value bonds surrendered to the company) till September 30, 2015. Profit on written back of bonds has been recognized under the head "Other income". The Axis Bank bond holders reserves the right to exit the settlement agreement on the balance amount of USD 11,00,000 as on April 1, 2016, if there is reasonable ground for it to conclude (at its own discretion) that the company may not fulfil its obligation and retains its rights to recompense and accordingly during the current financial year ended March 31, 2017, the Company has credited profit of ₹396.44 lakh due on payment of FCCB liability of remaining USD 704,160 to the statement of profit and loss. As on 31st March 2017, the FCCB liability is still outstanding of ₹472.20 lakh (including foreign exchange gain of ₹5.70 lakh). Out of settled liability of USD 704,160 equivalent to ₹472.20 lakh, the company has deposited USD 150,000 equivalent to ₹101.47 lakh at AXIS Bank, Singapore branch which will be adjusted upon final payment.

B) Details of security of subsidiary company i.e F.M. Hammerle Textiles Limited are as follows:-

a) During the previous year the Company had exited Corporate Debt Structuring (CDR). In the absence of certainty of repayment schedule of all term loans the principal amount outstanding as on the balance sheet date is being classified as long term borrowings.

b) Term loans from financial institutions and banks as stated above are secured by way of joint equitable mortgage of all the immovable properties (present and future) of the company ranking pari- passu basis and hypothecation of all movable assets of the company (except book debts).

c) Corporate guarantee has been given by Vardhman Polytex Limited, holding company.

d) Personal guarantee has been given by promoters - Mr. Ashok Kumar Oswal & Mr. Adish Oswal.

e) Collateral security of residential flat situated at Vasant Vihar, Delhi held in the name of Mr. Ashok Kumar Oswal.

The period and amount of default as on the balance sheet date are as under:

(₹ in Lakh)

Period of default (secured)	Principal	Interest accrued and due	Total	Paid	Balance
01.07.14 to 31.03.17	3,677.45	3,638.32	7,315.77	415.23	6,900.54
01.07.14 to 31.03.16	2,233.60	2,179.01	4,412.61	270.01	4,142.60

6. DEFERRED TAX (NET)

Particulars	As at 31.03.2017 ₹ in Lakh	Charge / (credit) during the year ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Deferred tax liabilities			
Arising on account of timing difference :			
Accumulated depreciation	**2,399.74**	127.25	2,272.49
Deferred tax assets			
Arising on account of timing difference :			
Unabsorbed depreciation / losses and Sec 43B items and provision for leave encashment	**(7,415.92)**	(127.25)	(7,288.67)
Net deferred tax liability/ (assets)	**(5,016.18)**	-	(5,016.18)

a) The Holding company has deferred tax liability upto the end of the current year on account of differences arising between depreciation as per books of accounts and that as per income tax. However, deferred tax assets on account of unabsorbed depreciation/losses, section 43B items & provision for leave encashment as per income tax computation are much higher than the deferred tax liability. In view of this no further deferred tax assets are being provided as at March 31, 2017. Based on the company's future expectations of the profit, the company is carrying a deferred tax asset of ₹5,016.18 lakh as on March 31, 2017.

b) The Subsidiary company i.e. F.M. Hammerle Textiles Limited has deferred tax liability of ₹2,099.50 lakh up to the end of this year on account of differences arising between depreciation as per books of accounts and that as per income tax. However, deferred tax assets on account of unabsorbed depreciation as per income tax computation are much higher than the deferred tax liability. In view of absence of virtual certainty of profits in the near future deferred tax assets have been restricted to the extent of deferred tax liability on account of unabsorbed depreciation and those on account of unabsorbed losses have not been recognized at all.

7. PROVISIONS

Particulars	Long term		Short term	
	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Premium on redemption of FCCB	-	-	-	134.19
Employee related				
Gratuity	283.46	192.75	38.68	39.37
Leave encashment	74.37	315.39	10.71	127.89
TOTAL	**357.83**	**508.14**	**49.39**	**301.45**

8. SHORT TERM BORROWINGS

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Secured		
Loans repayable on demand		
Working capital loans from banks (refer notes below)	**19,383.49**	17,541.79
Others	**-**	-
Unsecured		
from director - related party	**254.50**	40.00
from body corporate -related party	**115.50**	50.00
from other body corporate	**225.00**	250.00
TOTAL	**19,978.49**	17,881.79

In case of Holding Company:-

a) Working capital loans from banks are secured by hypothecation of all stocks (except the stock of raw material already pledge with third party), present and future of stores, spare parts, packing materials, raw materials, finished goods, goods in transit/process, book debts, outstanding money receivable, claims, bills etc. and second charge by way of joint equitable mortgage of immovable properties of Company.

b) Personal guarantee given by promoter Director & Mrs. Manju Oswal (Related party).

c) Includes credit balance in current account.

In case of Subsidiary Company i.e F.M. Hammerle Textiles Limited

i) Working capital Loans from banks are secured by hypothecation of all stocks present and future, stores, spare parts, packing materials, raw materials, finished goods, goods in transit / process, book debts, outstanding monies receivable, claims, bills etc. and second charge by way of joint equitable mortgage of immovable properties of the company.

ii) Corporate guarantee given by Vardhman Polytex Limited, holding company.

iii) Personal guarantee given by promoters Mr. Ashok Kumar Oswal & Mr. Adish Oswal.

iv) Collateral security of residential flat situated at Vasant Vihar, Delhi held in the name of Mr. Ashok Kumar Oswal.

v) In the earlier years, the bank had classified the accounts as Non Performing Asset (NPA).

The period and amount of default as on the balance sheet date are as under:

(₹ in Lakh)

Period of default (secured)	Principal	Interest accrued and due	Total	Paid	Balance
01.07.14 to 31.03.17	1,328.81	372.86	1,701.67	31.93	1669.74
01.07.14 to 31.03.16	1,328.81	231.94	1,.560.75	-	1560.75

9. TRADE PAYABLES

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Payable to Micro & Small Enterprises (MSME)*	-	-
Payable to other than MSME	8,132.24	7,617.33
TOTAL	8,132.24	7,617.33

*Status of vendors as defined under The Micro, Small and Medium Enterprises (Development) Act, 2006 ("the Act") has not been received so far, so the disclosure requirement for balance outstanding, interest paid/payable as at the year end as required by the Act has not been given.

10. OTHER CURRENT LIABILITIES

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Current maturities of long-term borrowings (refer note 5)	4,060.30	4,937.13
Foreign currency convertible bonds payable (Refer note 5)	472.20	-
Interest accrued and due on borrowings	5,466.69	3,880.76
Interest accrued but not due**	0.75	1.32
Creditor for service & contracts	220.99	261.58
Trade deposits & advances	192.12	81.12
Security deposits	134.32	133.38
Payable to capital goods suppliers	52.38	94.36
Employees related	974.44	735.78
Statutory dues	237.81	233.21
Trade expenses	1,009.80	941.79
Others*	1,972.18	1,133.81
TOTAL	14,793.98	12,434.24

In case of Holding Company:-

* Includes bank book overdraft of ₹769.59 lakh (previous year-Nil) and , there is no amount due to be credited to Investor Eduction and Protection Fund as on March 31, 2017 however In previous year, such amont had been credited during the year ended March 31, 2016.

In case of Subsidiary Company i.e F.M. Hammerle Textiles Limited

** Interest of ₹0.75 Lakh (Previous Year ₹1.32 Lakh) (net of TDS) is due for payment within 60 days of the end of March 31st,2017 to Altfort Merchants Private Limited.

11. FIXED ASSETS

a) As at 31st March, 2017

(₹ in Lakh)

Particulars	Tangible assets								Intangible assets			Total Assets
	Leasehold land*	Freehold land	Building	Plant & machinery	Other equipments	Furniture and fixtures	Vehicles	Total tangible	Softwares (Bought out)	Trade mark (Bought out)	Total intangible	
Cost												
As at 1st April 2016	430.88	1,774.62	19,620.27	56,584.92	216.56	468.78	549.17	79,645.20	667.35	2,634.97	3,302.32	82,947.51
Additions	-	125.60	660.87	1,745.54	10.12	18.37	13.46	2,573.97	20.43	7.67	28.10	2,602.07
Relating to Disposals	-	-	-	(1.17)	-	(56.86)	(22.52)	(80.55)	-	-	-	(80.55)
As at 31st March 2017	**430.88**	**1,900.22**	**20,281.14**	**58,329.29**	**226.69**	**430.30**	**540.11**	**82,138.61**	**687.78**	**2,642.64**	**3,330.42**	**85,469.03**
Depreciation												
As at 1st April 2016	24.56	-	5,137.86	37,708.77	151.54	318.26	303.69	43,644.68	522.17	2,026.26	2,548.43	46,193.10
Charge for the year	2.34	-	618.85	2,042.26	15.74	39.45	55.14	2,773.78	32.58	241.48	274.06	3,047.84
Relating to Disposals	-	-	-	(0.89)	-	(26.40)	(16.83)	(44.11)	-	-	-	(44.11)
As at 31st March 2017	26.90	-	5,756.71	39,750.13	167.28	331.32	342.00	46,374.34	554.74	2,267.74	2,822.48	49,196.83
Net Block												
As at 31st March 2017	**403.98**	**1,900.22**	**14,524.43**	**18,579.16**	**59.40**	**98.98**	**198.11**	**35,764.27**	**133.03**	**374.90**	**507.93**	**36,272.20**

b) As at 31st March, 2016

(₹ in Lakh)

Particulars	Tangible assets								Intangible assets			Total assets
	Leasehold land	Freehold land	Building	Plant & machinery	Other equipments	Furniture and fixtures	Vehicles	Total tangible	Softwares (Bought out)	Trade mark (Bought out)	Total intangible	
Cost												
As at 1st April 2015	430.88	1,839.65	19,215.47	56,161.33	192.26	465.31	605.77	78,910.68	580.66	2,624.09	3,204.75	82,115.43
Additions	-	-	404.79	452.63	24.30	3.48	30.74	915.94	92.24	10.88	103.12	1,019.06
Relating to Disposals	-	(65.04)	-	(29.05)	-	-	(87.34)	(181.43)	(5.55)	-	(5.55)	(186.98)
As at 31st March 2016	**430.88**	**1,774.62**	**19,620.27**	**56,584.92**	**216.56**	**468.78**	**549.17**	**79,645.20**	**667.35**	**2,634.97**	**3,302.32**	**82,947.51**
Depreciation												
As at 1st April 2015	22.21	-	4,527.09	34,914.87	134.44	276.64	306.48	40,181.74	501.97	1,777.51	2,279.48	42,461.22
Charge for the year	2.34	-	610.78	2,816.69	17.10	41.61	62.97	3,551.49	25.29	248.75	274.04	3,825.53
Relating to Disposals	-	-	-	(22.79)	-	-	(65.76)	(88.55)	(5.09)	-	(5.09)	(93.64)
As at 31st March 2016	24.56	-	5,137.86	37,708.77	151.54	318.26	303.69	43,644.68	522.17	2,026.26	2,548.43	46,193.10
Net Block												
As at 31st March 2016	**406.32**	**1,774.62**	**14,482.40**	**18,876.15**	**65.02**	**150.52**	**245.48**	**36,000.52**	**145.18**	**608.71**	**753.90**	**36,754.42**

In case of Holding Company:-

i) The Company's right on leasehold land has been forfeited by Maharashtra Industrial Development Corporation (MIDC), due to non compliance of the terms of allotment. The land was alloted for a period of 95 years of amount of ₹136.77 lakh (P.Y. ₹136.77 lakh) as on March 31, 2017. During April 2017, the company has entered into an agreement with parties for assignment of leasehold rights amounting to ₹150 lakh and out of which ₹15 lakh has been received.

ii) During the year, the company had received an order from the Hon'ble Supreme Court regarding payment of enhancement compensation on Land amounting ₹275.76 lakh. Out of the above, the company has paid ₹101.75 lakh to Punjab Government till March 31, 2017. Further, the company has also capitalized ₹23.85 lakh on account of Interest accrued as on March 31,2017.

iii) The Company has reassessed the estimated useful life of plant and machinery based on the estimation as made by the independent chartered engineer. Up to the previous year, the company was taking useful life of 20 years and now it has been revised to 30 years. In such cases, the company has not opted for the rates as given in the Schedule II of the Companies Act, 2013. Consequently, the depreciation charge for the year ended March 31, 2017 is lower by ₹ 613.74 lakh.

In case of Subsidiary Company i.e F.M. Hammerle Textiles Limited :-

iv) * Land is leased for a period of 95 years from MIDC, Kolhapur (Maharashtra)

12. INVESTMENTS

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Non Current Investments		
Other Investment (valued at cost, except for permanent diminution in value)		
Unquoted - Investment in others		
Oswal Industrial Enterprise (P) Ltd.		
1,000 (Previous year 1,000) equity shares of ₹10 each fully paid	**0.09**	0.09
VKM Colour Spin Limited		
250 (Previous Year 250) Equity shares of ₹10/- each fully paid	**0.03**	0.03
Deluxe Fabrics Limited		
5,000 (Previous Year 5,000) Equity Shares of ₹10/- each fully paid	**0.50**	0.50
TOTAL	**0.62**	0.62
CURRENT INVESTMENTS		
Other investments (valued at lower of cost and net realizable value)		
Unquoted - Investment in others		
578 (Previous Year 1,834) of IL & FS Milestone Fund of ₹1000/- each	**5.78**	18.34
TOTAL	**5.78**	18.34
GROSS TOTAL	**6.40**	18.96
Aggregate amount of unquoted investments	**6.40**	18.96

13. LOANS & ADVANCES

Particulars	Long-term		Short-term	
	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Unsecured, considered good unless stated other wise				
Security deposits	679.63	651.99	-	-
Advances for goods / services				
Unsecured, considered good	-	-	48.97	598.32
Balances with Statutory Authorities	-	-	2,006.01	1,783.78
Prepaid expenses	-	-	331.24	222.72
Interest receivable (including TUFF subsidy)	-	-	471.29	669.63
Direct taxes refundable (net of provisions of ₹1,460.21 lakh, previous year ₹1,460.21 lakh)	19.48	23.92	411.84	450.82
Capital advance	444.62	817.09	-	-
Other receivables	-	36.37	736.58	930.75
TOTAL	**1,143.73**	**1,529.37**	**4,005.93**	**4,656.02**

In case of Holding Company:-

a) Based on legal advice, discussions with the solicitors, etc., the management believes that there are fair chances of decisions in the company's favour in respect of all the items listed above and no value adjustment is considered necessary as at March 31, 2017.

b) Direct taxes refundable represent amounts recoverable from the Income Tax Department for various assessment years. In respect of disputed demands, company has filed appeals which are pending at various levels and the company is hopeful of getting the desired reliefs at various forums. Necessary value adjustments shall be made on final settlement by the department.

c) Provision for Income Tax for earlier years has been made based on the tax liability calculated at prevalent rates.

d) Balance with statutory authorities includes ₹186.83 lakh (Previous Year ₹186.83 lakh) being amount of ESI, Excise Duty, Sales Tax, PSEB deposited under protest. No provision has been made in accounts in respect thereof. The same will be made in the year of settlement.

14. OTHER CURRENT ASSETS

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Assets held for disposal	**-**	6.26
TOTAL	**-**	6.26

15. OTHER NON CURRENT ASSETS

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Other bank balances*	**95.02**	294.37
TOTAL	**95.02**	294.37

*Held with bank against margin money against letter of credit,bank guarantee and others.

16 INVENTORIES (AS TAKEN, VALUEDAND CERTIFIED BY THE MANAGEMENT)

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Raw Material	**2,602.15**	3,327.06
[Includes material in transit ₹6.92 lakh ; (previous year ₹62.54 lakh)]		
Work-in-progress (refer note 22)	**2,520.37**	2,252.14
Finished goods (refer note 22)	**3,086.70**	2,128.08
Stores and spares	**589.10**	187.89
Stock in trade	**35.68**	701.65
Asset held for disposal		
TOTAL	**8,834.00**	8,596.82

17. TRADE RECEIVABLES

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	**397.56**	1,112.84
Doubtful	**796.95**	562.59
Less : Provision for doubtful debts	**(796.95)**	(562.59)
Net	**397.56**	1,112.84
Outstanding for a period Less than six months from the date they are due for payment		
Unsecured, considered good	**8,185.24**	7,975.79
Doubtful	**-**	-
Net	**8,185.24**	7,975.79
TOTAL	**8,582.80**	9,088.63

18. CASH AND BANK BALANCES

Particulars	Non Current		Current	
	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Cash and cash equivalents				
Cash on hand (refer note 40)	**-**	-	**37.28**	61.83
Bank balance in current account	**-**	-	**166.11**	167.81
Bank balance in fixed deposit account with maturity of upto three months*	**-**	-	**141.13**	226.04
SUB TOTAL	**-**	-	**344.52**	455.68
Other bank balances				
Bank balance in escrow account			**0.77**	0.77
Earmarked balance for unpaid dividend	**-**	-	**0.40**	0.40
Fixed deposit * (Refer note 15)	**95.02**	294.37	**562.90**	472.30
SUB TOTAL	**95.02**	294.37	**564.07**	473.47
Less:				
Amount disclosed under the head "other non current assets"	**(95.02)**	(294.37)	**-**	-
TOTAL	**-**	-	**908.59**	929.15

*Pledge with bank against margin money against Letter of Credit,bank guarantee to Custom Department and others.

19. REVENUE FROM OPERATIONS

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Grey Yarn	**56,173.79**	61,421.78
Dyed Yarn	**12,589.41**	11,161.53
Fabric Sales	**6,038.92**	7,159.73
Garments	**860.96**	1,097.67
Trading goods (Textile goods)	**9,653.57**	3,674.49
Waste Sales	**4,950.32**	5,197.22
Real estate business	**-**	3,970.86
Sale of Services (Job Work)	**525.24**	331.00
Other Operating Income (export incentives)	**1,479.74**	1,347.40
TOTAL	**92,271.95**	95,361.68

20. OTHER INCOME

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Interest Income from bank deposits & others	**218.17**	217.24
Profit from Sale of Investment / Buy back of liability	**396.44**	635.42
Profit from Sale of Fixed Assets (net)	**1.73**	232.42
Dividend Income from Current Investment	**-**	-
Provisions no longer required written back	**167.58**	158.82
Foreign exchange fluctuation gain (net)	**408.40**	270.63
Other miscellaneous income	**322.58**	524.18
Income recognised under Government grant	**26.99**	26.99
Rent Received	**134.33**	74.31
Transfer from capital reserve (refer note 46)	**-**	3,050.17
Profit on trading Activity [refer note 20 (a)]	**1.84**	2.01
Total	**1,678.06**	5,192.19

In case of Subsidiary Company i.e. F.M. Hammerle Textiles Limited

a) TRADING ACTIVITY

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Sales	**7.13**	30.54
Less:		
Purchase	**5.29**	28.53
Profit on trading activity	**1.84**	2.01

21. COST OF MATERIAL CONSUMED

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Cotton	**39,696.76**	44,749.79
Cotton Yarn	**6,365.12**	3,877.07
Synthetic Fibre	**6,751.21**	4,762.06
Dyes & Chemical	**2,025.17**	2,180.43
Fabric	**26.77**	114.36
Real estate project development cost*	**-**	3,591.30
Cost of material consumed	**54,865.03**	59,275.01

The above consumption figures are disclosed on the basis of derived figures and are after adjusting excesses and shortages ascertained on physical count, unserviceable items, etc.

* excluding real estate project development cost

Value of indigenous & imported raw material consumption

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
	₹ in Lakh	%	₹ in Lakh	%
Indigenous	49,155.33	89.59	59,196.54	99.87
Imported	5,709.70	10.41	78.47	0.13
	54,865.03	**100.00**	**59,275.01**	**100.00**

21A IN CASE OF HOLDING COMPANY

Purchase of stock in trade

The detail are as follow:

For the year ended 31st March,2017

(₹ in Lakh)

Particulars	Opening stock		Purchase		Sale		Closing stock	
	Qty	₹ in Lakh	Qty	₹ in Lakh	Qty	₹ in Lakh	Qty	₹ in Lakh
Fabric	2,97,030.84	699.08	16,55,350.00	3,484.47	19,40,653.00	4,373.98	11,727.49	35.68
	(2,11,537.27)	(479.45)	(11,61,846.37)	(2,874.68)	(10,76,352.80)	(2,744.79)	(2,97,030.84)	(609.34)
Yarn	1,686.32	2.57	8,51,535.54	1,597.82	8,53,221.86	1,600.39	-	0.00
	(-)	(-)	(5,49,905.38)	(932.27)	(5,48,219.06)	(929.70)	(1,686.32)	(2.57)
Cotton	-	-	31,17,441.00	3,684.63	31,17,441.00	3,679.19	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total	**2,98,717.16**	**701.65**	**56,24,326.54**	**8,766.93**	**59,11,315.86**	**9,653.57**	**11,727.49**	**35.68**
	(2,11,537.27)	(479.45)	(17,11,751.75)	(3,806.95)	(16,24,571.86)	(3,674.49)	(2,98,717.16)	(701.65)

Figures in brackets in aforesaid note represent previous year figures

22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Opening balance of inventories		
Finished goods (including waste)	**2,128.08**	3,077.54
Work in progress	**2,252.14**	1,926.10
Trading goods	**701.65**	479.45
	5,081.87	5,483.09
Closing balance of inventories		
Finished goods (including waste)	**3,086.70**	2,128.08
Work in progress	**2,520.37**	2,252.14
Trading goods	**35.69**	701.65
	5,642.76	5,081.87
(Increase)/Decrease	**(560.89)**	401.22

23. EMPLOYEE BENEFITS EXPENSE

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Salaries and wages	**6,225.02**	6,292.77
Contribution to provident and other funds	**550.94**	538.62
Staff welfare	**451.52**	421.53
TOTAL	**7,227.48**	7,252.92

24. FINANCE COSTS

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Interest Expense		
Term loans	**3,772.36**	4,281.28
Working capital borrowings	**2,517.36**	2,963.49
Others	**925.23**	1,250.33
Other borrowing costs	**91.48**	73.39
TOTAL	**7,306.44**	8,568.49

25. DEPRECIATION AND AMORTIZATION

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Depreciation/amortization on tangible assets	**2,773.78**	3,551.49
Amortization on intangible assets	**274.06**	274.04
TOTAL	**3,047.84**	3,825.53

26. OTHER EXPENSES

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Packing charges	**1,158.71**	1,280.43
Job/process charges	**298.41**	413.23
Power & fuel	**9,320.44**	10,341.72
Repairs and maintenance		
Plant & machinery	**831.24**	1,128.93
Building	**49.02**	65.97
General	**272.40**	310.25
Contractual labour	**45.59**	49.86
Rent	**146.95**	140.04
Rates and taxes, excluding taxes on income	**101.81**	65.38
Insurance charges	**144.49**	137.30
Travelling expenses	**220.17**	282.80
Legal & professional expenses	**201.65**	176.07
Sundry balances written off	**148.66**	106.64
Fixed assets written off	**30.46**	-
Electricity & water charges	**95.90**	115.70
Commission	**401.01**	807.85
Delivery expenses (Including freight,octroi & others)	**1,676.49**	1,929.92
Rebate & discounts	**204.01**	281.91
Provision for doubtful debts	**235.14**	240.48
Cost of samples	**52.72**	98.57
Advertisement cost	**-**	5.19
Bank charges	**429.43**	470.46
Loss on sale of current investment	**8.60**	-
Prior period expenses (refer note 41)	**58.82**	23.02
Miscellaneous expenses	**471.59**	456.35
TOTAL	**16,603.71**	18,928.07

Note: Miscellaneous expenses include the following:-

(i) Payment to statutory auditor the details of which are as follows:

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
As auditor:		
Statutory audit	**11.78**	11.74
Tax audit	**2.87**	2.87
Other services	**4.31**	4.29
Reimbursement of expenses	**1.56**	2.48
TOTAL	**20.52**	21.38

(ii) Value of indigenous & imported stores & spares consumption*

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
	₹ in Lakh	%	₹ in Lakh	%
Indigenous – stores & spares	**662.79**	**67.77**	1,045.21	80.45
Imported – stores & spares	**315.28**	**32.23**	253.94	19.55
TOTAL	**978.07**	**100.00**	1,299.15	100.00

*The break up of stores & spares have been disclosed in note 26 above as per details given below:

(₹ in Lakh)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Repairs and maintenance : General	**162.26**	189.02
Repairs and maintenance : Plant & Machinery	**673.09**	960.96
Repairs and maintenance : Electric	**23.04**	26.50
Packing charges	**48.35**	42.04
Power & fuel	**5.80**	8.44
Others	**65.53**	72.19
TOTAL	**978.07**	1,299.15

27. EARNINGS PER SHARE

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
The basic and diluted Earning Per Share is as under:		
Net loss after tax (₹ in lakh)	**(3,303.59)**	(1,501.16)
Weighted average no. of equity shares outstanding *	**2,22,90,957**	2,22,90,957
Nominal value of per equity share (₹)	**10.00**	10.00
Basic earnings per share (₹)	**(14.82)**	(6.73)
Diluted earnings per share (₹)	**(14.82)**	(6.73)

*There are no dilutive potential equity shares.

28. CONTINGENT LIABILITIES

Particulars		As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
a)	Claims against the Company not acknowledged as debts	**221.25**	221.25
b)	Bills discounted with bankers.	**7,572.81**	5,220.90
c)	Income Tax demands under appeal (net of amount deposited ₹240 lakh, Previous year-₹245 lakh)	**774.64**	657.33
d)	Letter of credit & bank gurantee issued	**229.00**	369.72
e)	Enhancement Compensation on VTM land	**174.01**	275.76
f)	Liability on EPCG license pending export fulfillment	**-**	-
g)	Subordination letter for not to withdraw the loan from foreign subsidiary until negative equity situation reverses	**237.33**	237.33
h)	Corporate guarantee given on behalf of subsidiary company "F.M. Hammerle Textiles Limited " pursuant to scheme of CDR	**8,233.00**	8,233.00
i)	Corporate guarantee given on behalf of Holding Company	**1,600.00**	1,600.00
j)	Demand of PSEB for voltage surcharge and DSA	**104.56**	256.24
k)	Service Tax demands under appeal (net of amount deposited ₹1.91 lakh, Previous year - ₹1.41 lakh)	**12.20**	12.20

29. LITIGATION STATUS OF THE COMPANY AS ON 31ST MARCH, 2017 ARE AS FOLLOWS:

Holding company :

a) The following is a summarized status of pending litigation against the holding company:

(₹ in Lakh)

S. No.	Nature of Dispute	Name of Statute	Amount Involved	Provision Made	Disclosed as Contingent Liability	Amount Deposited Under Protest
i)	Indirect Taxation	Central Excise Act 2002	572.67	-	220.79	42.34
			(574.18)	-	(220.79)	(42.34)
		Service Tax Act	33.53	-	14.11	1.91
			(33.53)	-	(14.11)	(1.91)
		Punjab Vat Act	200.94	158.52	0.46	5.48
			(200.94)	(158.52)	(0.46)	(5.48)
ii)	Direct Taxation	Income Tax Act	1,094.97	-	774.64	220.00
			(975.67)	-	(657.33)	(245.00)
		Wealth Tax Act	2.11	-	-	-
			(2.11)	-	-	-
iii)	Labour laws	ESI Act	2.20	-	-	2.20
			(2.20)	-	-	(2.20)
iv)	Commercial matters	PSEB	104.56	-	104.56	104.56
			(256.24)	-	(256.24)	(134.89)
	Total		2,010.98	158.52	1,114.56	376.49
			(2,044.87)	(158.52)	(1,148.93)	(431.82)

Figures in brackets in aforesaid note represent previous year figures

b) The following is a summarized status of pending litigation by the holding company:

(₹ in Lakh)

S. No.	Nature of Dispute	Amount Involved	Provision Made	Amount Decreed in favour of the Company (under execution)	Balance Amount Still contested by the Company
1	Commercial matters - Legal cases customers	334.75 (331.26)	151.71 (138.96)	- -	183.04 (192.30)

Figures in brackets in aforesaid note represent previous year figures

Subsidiary company (F.M. Hammerle Textiles Limited) :

i) The following is a summarized status of pending litigation involving F.M. Hammerle Textiles Limited against the Company

(₹ in Lakh)

S. No.	Nature of Dispute	Name of Statute	Amount Involved	Provision Made	Disclosed as Contingent Liability	Amount Deposited Under Protest
1	Direct Taxation	Income Tax Act	0.85 (0.85)	-	-	0.72 (0.72)
2	Under Section 397, 398 of the Erstwhile Companies Act 1956	Punjab & Haryana High Court (Refer note ii below)	-	-	-	-
	TOTAL		**0.85** **(0.85)**	**-** **-**	**-** **-**	**0.72** **(0.72)**

Figures in brackets in aforesaid note represent previous year figures

ii) Vardhman Polytex Ltd the holding company had filed a petition u/s 397, 398 of the erstwhile Companies Act,1956 in the Hon'ble Company Law Board, Principal Bench, New Delhi against Maschinen Umwelttechnik Transportanlagen Gesellschaft mbH, Austria (one of the shareholder), IRIS Textile GmbH(erstwhile foreign Collaborator), Mr. Josef Hahnl, Director and Mr. Ishwinder Maddh (erstwhile Alternate director to Mr. Josef Hahnl) alleging that the activities and acts of Mr. Josef Hahnl and Mr. Ishwinder Maddh are oppressive to both to the Company and Vardhman Polytex Ltd (holding company). It had also filed case under Section 111A of the erstwhile Companies Act, 1956. The said cases had been dismissed/disposed of by the Hon'ble Company Law Board vide its order dated 13.08.2015 and certain compensation had been awarded to the opposite parties. The Company had filed appeals against the above said order of the Hon'ble Company Law Board which are pending adjudication before the Hon'ble High Court of State of Punjab and Haryana at Chandigarh which is yet to be admitted. The amount of compensation is not determinable at this stage.

30. OBLIGATIONS AND COMMITMENTS OUTSTANDING (HOLDING COMPANY):

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	**22.54**	182.22
b) Estimated value of contracts remaining to be executed on other than capital account and not provided for (net of advances)-Pending cotton purchase commitment	**7,839.92**	4,805.86

31. DERIVATIVE HEDGED INSTRUMENTS AND HEDGED/UN-HEDGED FOREIGN CURRENCY EXPOSURE

Derivative instruments and un-hedged foreign Currency exposure

a) Particulars of foreign currency forward contracts and derivatives outstanding at the balance sheet date (Holding company)

Particulars	Currency	As at 31.03.2017		As at 31.03.2016	
		In million	₹ in Lakh	In million	₹ in Lakh
Forward cover (trade receivables)	USD	**2.98**	**2,073.12**	3.79	2,587.63
TOTAL		**2.98**	**2,073.12**	3.79	2,587.63

b) Particulars of foreign currency exposure un-hedged at the balance sheet date (Holding Company)

Particulars	Currency	As at 31.03.2017		As at 31.03.2016	
		In million	₹ in Lakh	In million	₹ in Lakh
Trade Receivables*	USD	3.90	2,535.30	4.54	3,005.71
Loan (including interest, current year-Nil, previous year-Rs. 134.19 lakh)	USD	0.55	370.73	1.30	862.94
TOTAL USD		**4.45**	**2,906.03**	5.84	3,868.65

*excluding bill negotiated of Rs7,526.14 lakh (previous year Rs. 5,202.14 lakh)

c) Un – hedged foreign currency exposure as at the balance sheet date (Subsidiary company) i.e. F.M. Hammerle Textiles Limited.

Trade receivables

Particulars	Currency	As at 31.03.2017		As at 31.03.2016	
			₹ in Lakh		₹ in Lakh
Trade receivables (net of advances)	USD	**209,013.83**	**135.54**	106,296.22	70.42
	EURO	**48,725.08**	**33.64**	53,738.82	40.54
TOTAL		**257,738.91**	**169.18**	160,035.04	110.96

Trade Payables

Particulars	Currency	As at 31.03.2017		As at 31.03.2016	
			₹ in Lakh		₹ in Lakh
Trade Payables (net of advances)	USD	**12,241.46**	**7.94**	11,783.54	7.81
	EURO	**9,878.07**	**6.82**	-	-
TOTAL		**22,119.53**	**14.76**	11,783.54	7.81

32. In case of Group, Inventories, loans & advances, trade receivables and other current / non-current assets are reviewed annually and in the opinion of the Management do not have a value on realization less than the amount at which they are stated at the balance sheet date in the ordinary course of business.

33. EMPLOYEE BENEFIT OBLIGATION

Holding company

Defined contribution plan

Contribution to defined Contribution Plan recognized as expenses for the year are as under:-

Particulars	Year ended 31.03. 2017 ₹ in Lakh	Year ended 31.03. 2016 ₹ in Lakh
i) Employer's contribution to Provident Fund	**208.18**	210.85
ii) Employer's contribution to Superannuation Fund	**7.95**	9.42
iii) Employer's contribution to Pension Scheme	**96.42**	92.69

Defined Benefit Plan

The Employees' Gratuity Fund scheme managed by a trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations.

Reconciliation of opening and closing balances of Defined Benefit Obligation

Particulars	Year ended 31.03. 2017 ₹ in Lakh	Year ended 31.03. 2016 ₹ in Lakh
Defined benefit obligation at the beginning of the year	502.49	453.54
Current service cost	56.16	72.17
Interest cost	35.70	33.98
Acturial gain / (loss)	(89.10)	(4.90)
Benefit paid	(95.75)	(52.29)
Defined obligation at year end	409.50	502.49

Reconciliation of opening and closing balances of fair value of plan assets

Particulars	Year ended 31.03. 2017 ₹ in Lakh	Year ended 31.03. 2016 ₹ in Lakh
Fair value of plan assets at the beginning of the Year	**503.18**	419.88
Expected return on plan assets	**35.75**	43.55
Acturial gain / (loss)	**(6.03)**	(1.70)
Employer contribution	**-**	41.45
Benefit paid	**-**	-
Fair value of plan assets at year end	**532.90**	503.18

Reconciliation of fair value of assets &obligation

Particulars	Year ended 31.03. 2017 ₹ in Lakh	Year ended 31.03. 2016 ₹ in Lakh
Fair value of plan assets at the end	**532.90**	503.18
Present value of obligation	**409.50**	502.49
Net asset/(liability) recognized in the balance sheet	**123.40**	0.69

Amount recognized in the statement of profit & loss

Particulars	Year ended 31.03. 2017 ₹ in Lakh	Year ended 31.03. 2016 ₹ in Lakh
Current service cost	**56.16**	72.17
Interest cost	**35.70**	33.98
Expected return on plan assets	**(35.75)**	(43.55)
Acturial (gain)/loss recognized in IVP	**(83.08)**	(3.20)
Amount recognized in the statement of profit & loss	**(26.96)**	59.39

The principal assumptions used in determining gratuity for the Company's plans are shown below :

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Discount rate	**7.75%**	7.95%
Attrition rate	**5.00%**	30.00%
Expected rate of return on assets	**7.75%**	8.75%
Mortality rate	**IALM 2006-08 Ultimate**	IAL 2006-08 Ultimate
Salary rise	**5.00%**	5.00%

Amount for the current year and previous 4 years in respect of gratuity are as follows:

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh	Year ended 31.03.2015 ₹ in Lakh	Year ended 31.03.2014 ₹ in Lakh	Year ended 31.03.2013 ₹ in Lakh
Defined benefit obligation	409.50	502.49	453.54	398.94	323.27
Plan assets	532.90	503.18	419.88	380.96	349.77
Surplus/(deficit)	123.40	0.69	(33.66)	(23.63)	(49.17)
Experience adjustment on plan assets	(6.03)	(1.70)	(3.27)	3.21	3.70
Experience adjustment on plan liabilities	89.10	4.90	(11.85)	31.23	(40.19)

LEAVE ENCASHMENT (UNFUNDED)

Reconciliation of opening and closing balances of defined benefit obligation

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Defined benefit obligation at the beginning of the year	**213.08**	206.77
Current service cost	**12.43**	104.41
Interest cost	**15.14**	14.33
Acturial (gain) /loss	**(36.06)**	(59.41)
Benefit paid	**(155.32)**	(53.02)
Defined obligation at year end	**49.27**	213.08

RECONCILIATION OF FAIR VALUE OF ASSETS & OBLIGATIONS

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Fair value of plan assets at the end	**-**	-
Present value of obligation	**49.27**	213.08
Amount recognized in balance sheet	**49.27**	213.08

AMOUNT RECOGNIZED IN THE STATEMENT OF PROFIT & LOSS

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Current service cost	**12.43**	104.41
Interest cost	**15.14**	14.33
Expected return on plan assets	**-**	-
Acturial (gain)/loss recognized in IVP	**(36.06)**	(59.41)
Amount recognized in the statement of profit & loss	**(8.49)**	59.33

The principal assumptions used in determining leave encashment for the Company's plans are shown below :

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Discount rate	**7.75%**	7.95%
Attrition rate	**5.00%**	30.00%
Expected rate of return on assets	**NA**	NA
Mortality rate	**IALM 2006-08 Ultimate**	IAL 2006-08 Ultimate
Salary rise	**5.00%**	5.00%

In previous year, acturary had given the disclosure table for long term provision only in respect of leave encashment in the certificate however we have recognised the short term provision & long term provision in the books as per the index summary given in actuarial certificate.

Subsidiary Company i.e. F.MHammerle Textiles Limited

Defined contribution plan

Contribution to defined contribution plan recognized as expenses for the year are as under:

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
a) Employer's contribution to provident fund	45.16	59.19
b) Employer's contribution to superannuation fund	-	-
c) Employer's contribution to pension scheme	54.43	41.72

Defined benefit plan

The employees' gratuity plan for the company is a defined benefit plan where the annual contribution on the actuarial valuation is charged to the statement of profit & loss. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Reconciliation of Opening and Closing Balances of Defined Benefit Obligation

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Defined benefit obligation at the beginning of the year	**232.12**	185.86
Current service cost	**43.01**	39.98
Interest cost	**16.25**	14.45
Acturial gain / (loss)	**47.30**	2.19
Benefit paid	**(16.54)**	(10.36)
Defined obligation at the end of the year	**322.14**	232.12

RECONCILIATION OF FAIR VALUE OF ASSETS & OBLIGATION

Particulars	As at 31.03.2017 ₹ in Lakh	As at 31.03.2016 ₹ in Lakh
Fair value of plan assets at the end	**-**	-
Present value of obligation	**322.14**	232.12
Amount Recognized in balance sheet	**322.14**	232.12

Amount recognized in the statement of profit & loss

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Current service cost	**43.01**	39.98
Interest cost	**16.25**	14.45
Acturial (gain)/loss recognized in IVP	**47.30**	2.19
Amount recognized in the statement of profit & loss	**106.56**	56.63

The principal assumptions used in determining gratuity for the company's plans are shown below :

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Discount rate	**7.00%**	8.00%
Attrition rate	**15.00%**	15.00%
Expected rate of return on assets	**NA**	NA
Mortality table	**IALM 2006-08 Ultimate**	IAL 2006-08 Ultimate
Salary rise	**10.00%**	10.00%

Amount for the current year and previous 4 years in respect of gratuity are as follows:-

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh	Year ended 31.03.2015 ₹ in Lakh	Year ended 31.03.2014 ₹ in Lakh	Year ended 31.03.2013 ₹ in Lakh
Defined benefit obligation	**322.14**	232.12	232.12	60.82	55.30
Plan assets	**-**	-	-	-	-
Surplus/(deficit)	**322.14**	232.12	185.86	105.66	60.82
Experience adjustment on plan assets	**47.30**	2.19	51.21	16.02	(6.16)
Experience adjustment on plan liabilities	**-**	-	-	-	-

LEAVE ENCASHMENT (UNFUNDED)

Reconciliation of opening and closing balances of defined benefit obligation

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Defined benefit obligation at the beginning of the year	**102.31**	96.17
Current service cost	**6.41**	61.24
Interest cost	**7.17**	6.53
Acturial (gain) /loss	**(44.69)**	(32.61)
Benefit paid	**(35.39)**	(29.03)
Defined obligation at year end	**35.81**	102.31

Reconciliation of fair value of assets & obligations

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Fair value of plan assets at the end :	**-**	-
Present value of obligation	**35.81**	102.31
Amount recognized in balance sheet	**35.81**	102.31

Amount recognized in the statement of profit & loss

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Current service cost	**6.41**	61.24
Interest cost	**7.17**	6.53
Acturial (gain)/loss recognized in IVP	**(44.69)**	(32.61)
Amount recognized in the statement of profit & loss	**(31.11)**	35.17

The principal assumptions used in determining leave encashment for the company's plans are shown below :

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Discount rate	**7.00%**	8.00%
Attrition rate	**15.00%**	15.00%
Expected rate of return on assets	**NA**	NA
Mortality rate	**IALM 2006-08 Ultimate**	IAL 2006-08 Ultimate
Salary rise	**10.00%**	10.00%

Amount for the current year in respect of leave encashment are as follows:-

Particulars	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Defined benefit obligation	**102.31**	96.17
Plan assets	**-**	-
Surplus / (deficit)	**35.81**	102.31
Experience adjustment on plan assets	**-**	-
Experience adjustment on plan liabilities	**-**	-

In previous year, acturary had given the disclosure table for long term provision only in respect of gratuity & leave encashment in the certificate however we have recognised the short term provision & long term provision in the books as per the index summary given in acturial certificate.
Disclosure in respect of previous three annual periods as required by Accounting Standard-AS-15 "Employee Benefits" is not presented as the manangement consider its impracticable in absence of requisite information

34. RELATED PARTY DISCLOSURES:-

i) List of related parties and relationships

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
a. Key Management Personnel (KMP)	Mr. Ashok Kumar Oswal	Mr. Ashok Kumar Oswal
	Mr. Adish Oswal	Mr Adish Oswal
	Mr. Ashok Kumar Goyal	Mr. Ashok Kumar Goyal
	Mr. Sushil Sharma	Mr. Sushil Sharma
	Mr.Parvinder Singh (Till 31st August 2016)	Mr. Parvinder Singh
	Mr. Kuldeep Singla (w.e.f 1st September 2016)	Mr. Kuldeep Singla
	Ms Avnee Mehra (w.e.f. 17 September 2016)	Mr. Sumit Jain (Till 3rd August 2015)
	Mr. Vipan Kumar Sharma (w.e.f. 15 February, 2017)	-
b. Relative Of KMP	Mrs. Manju Oswal	Mrs. Manju Oswal
	Mr. Abhinav Oswal	Mr. Abhinav Oswal
	Mrs. Rakhi Oswal	Mrs. Rakhi Oswal
	Ms. Aketa Oswal	Ms. Aketa Oswal
	Ms. Shruti Goyal (till 16th July 2016)	Ms. Shruti Goyal (w.e.f 1st June 2015)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
c. Enterprise over which KMP is able to exercise significant influence	Panchsheel Textile Mfg & Trading Co. Pvt. Ltd. Enakshi Investments Private Limited. Liberty Mercantile Co. Pvt. Ltd. Allepy Investment & Trading Co. Pvt. Ltd. Kent Investments Pvt. Ltd. Ruby Mercantile Co. Pvt. Ltd. Boras Investment & Trading Co. Pvt. Ltd. Gagan Mercantile Co. Pvt. Ltd. Pioneer Mercantile India Pvt. Ltd. Adesh Investment & Trading Co. Pvt. Ltd. Calgary Investment & Trading Co. Pvt. Ltd. Oswal Infratech Pvt. Ltd. Oswal Tradecom Pvt. Ltd. Oswal Holding Pvt. Ltd. Nightangle Dealcom Pvt. Ltd. Alma Assets Consultancy Pvt. Ltd. Altfort Merchants Pvt. Ltd. Oswal Industrial Enterprises Pvt. Ltd. Vardhman Amarante Pvt. Limited	Panchsheel Textile Mfg & Trading Co. Pvt Ltd Enakshi Investments Pvt. Ltd. Liberty Mercantile Co. Pvt. Ltd. Allepy Investment & Trading Co. Pvt. Ltd. Kent Investments Pvt. Ltd. Ruby Mercantile Co. Pvt. Ltd. Boras Investment & Trading Co. Pvt. Ltd. Gagan Mercantile Co. Pvt. Ltd. Pioneer Mercantile India Pvt. Ltd. Adesh Investment & Trading Co. Pvt. Ltd. Calgary Investment & Trading Co. Pvt. Ltd. Oswal Infratech Pvt. Ltd. Oswal Tradecom Pvt. Ltd. Oswal Holding Pvt. Ltd. Nightangle Dealcom Pvt. Ltd. Alma Assets Consultancy Pvt. Ltd. Altfort Merchants Pvt. Ltd. Oswal Industrial Enterprise Pvt. Ltd. Vardhman Amarante Pvt. Ltd.

ii) Transaction with related parties during the year:

(₹ in Lakh)

Nature of transaction	KMP		Relative of KMP		Enterprise over which KMP is able to exercise Significant Influence		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Loan received	**539.50**	40.00	**-**	-	**192.50**	450.00	**732.00**	490.00
Loan repaid	**416.50**	-	**-**	-	**142.50**	400.00	**559.00**	400.00
Advance received against goods	**-**	-	**-**	-	**649.04**	-	**649.04**	-
Sale of goods	**-**	-	**-**	-	**399.47**	8.20	**399.47**	8.20
Purchase of goods	**-**	-	**-**	-	**-**	8.24	**-**	8.24
Advance given against goods	**-**	-	**-**	-	**644.35**	-	**644.35**	-
Expense reimbursement (Receivable)	**-**	-	**-**	-	**4.69**	-	**4.69**	-
Rent paid	**40.85**	36.84	**-**	-	**-**	-	**40.85**	36.84
Job charges paid	**-**	-	**-**	-	**29.63**	59.69	**29.63**	59.69
Interest paid	**16.76**	-	**-**	-	**8.00**	12.30	**24.76**	12.30
Rent received	**-**	-	**-**	-	**1.31**	1.53	**1.31**	1.53
Remuneration	**44.86**	60.72	**18.05**	18.44	**-**	-	**62.91**	79.16
Managerial Remuneration	**193.49**	178.51	**-**	-	**-**	-	**193.49**	178.51
Amount received	**-**	77.96	**-**	74.54	**-**	-	**-**	152.50
Development cost recoverable	**-**	9.13	**-**	8.72	**-**	-	**-**	17.85
Outstanding balances at year end					**-**			
Advance	**-**	5.00	**-**	-	**-**	-	**-**	5.00
Investment in equity shares	**-**	-	**-**	-	**0.09**	0.09	**0.09**	0.09
Amount receivable	**9.00**	9.00	**-**	-	**10.07**	9.59	**19.07**	18.59
Amount payable on account of unsecured loan	**254.50**	131.50	**-**	-	**115.50**	65.50	**370.00**	197.00
Amount payable/(recoverable)	**-**	(51.02)	**-**	20.87	**-**	-	**-**	(30.15)

Transactions during the year:-

a) Loan received from KMP includes loan received from Mr Ashok Kumar Oswal of ₹539.50 lakh (Previous year ₹40 lakh) in case of holding company and loan received from enterprise over which KMP has significant influence is ₹65.50 lakh (Previous year-₹ 450 lakh) from Altfort merchants (P) Ltd., ₹127 lakh (Previous year ₹ Nil) from Vardhman Amarante Pvt. Ltd in case of subsidiary company i.e F.M. Hammerle Textiles Limited

b) Loan paid from KMP includes loan repaid to Mr Ashok Kumar Oswal ₹325.00 lakh (Previous year ₹ Nil) from holding company and ₹91.50 lakh (Previous year ₹ Nil) from subsidiary company i.e F.M. Hammerle Textiles Limited and Loan repaid to enterprise over which KMP has significant influence is ₹127.00 lakh (Previous year ₹ Nil) to Vardhman Amarante Pvt. Ltd from holding company.

c) Rent paid to Mr. Ashok Kumar Oswal ₹40.85 lakh (Previous year ₹36.84 lakh) in case of subsidiary company i.e F.M. Hammerle Textiles Limited.

d) Advance received against goods includes advance received from Oswal Industrial Enterprises Pvt. Ltd. of ₹649.04 lakh (Previous year ₹ Nil) in case of holding company.

e) Advance given against goods includes transactions with Oswal Industrial Enterprises Pvt. Ltd. of ₹644.35 lakh (Previous year ₹Nil) in case of holding company.

f) Expense reimbursement includes transactions with Oswal Industrial Enterprises Pvt. Ltd. of ₹4.69 lakh (Previous year ₹ Nil) in case of holding company.

g) Job charges includes paid to Oswal Industrial Enterprises Pvt. Ltd. ₹29.63 lakh (Previous year ₹59.69 lakh) in case of holding company.

h) Rent received includes rent from Oswal Industrial Enterprises Pvt. Ltd. ₹1.31 lakh (Previous year ₹1.53 lakh) in case of holding company.

i) Interest paid includes interest paid to enterprises over which KMP has significant influence includes ₹6.78 lakh (Previous year ₹12.30 lakh) to Altfort Merchants (P) Ltd in case of holding company and ₹1.12 lakh in case of subsidiary company i.e F.M. Hammerle Textiles Limited and interest paid to KMP includes ₹16.76 lakh (Previous year ₹ Nil lakh) paid to Mr Ashok Kumar Oswal in case of holding company.

j) Remuneration includes transaction with Mr. Abhinav Oswal ₹18.05 lakh (Previous year ₹17.39 lakh), Mr. Parvinder Singh ₹12.57 lakh(till 31st August,2016) (Previous Year ₹30.72 lakh), Mr.Kuldeep Singla ₹9.85 lakh (w.e.f 1st september,2016) & Mr. Sushil Sharma ₹13.95 lakh (Previous year 15.19 lakh) in case of holding Company and Remuneration of ₹8.49 Lakh includes ₹5.65 Lakh of Mr. Kuldeep Singla(till 31st August,2016) (Previous year ₹14.54 Lakh),Ms Avnee Mehra (w.e.f 17.09.2016) of ₹1.26 Lakh, Mr. Vipan Kumar sharma (w.e.f 15.02.2017) of ₹1.41 Lakh and Mr Sushil Sharma (till 31.03.2016) of ₹0.16 Lakh in case of subsidiary company i.e F.M. Hammerle Textiles Limited.

k) Managerial Remuneration ₹193.49 lakh (Previous year ₹178.51 lakh) includes transactions with Mr.Ashok Kumar Oswal ₹72.06 lakh (Previous year ₹66.43 lakh), Mr. Adish Oswal ₹70.74 lakh (Previous year ₹64.78 lakh) and Mr. Ashok Goyal ₹ 50.69 lakh (previous year ₹ 47.30 lakh) in case of holding company.

l) Amount received of ₹ Nil (Previous year ₹152.50 lakh) includes ₹ Nil lakh (Previous year ₹77.96 lakh) on behalf of Mr. Adish Oswal and ₹ Nil lakh (Previous year ₹74.54 lakh) on behalf of Mr. Abhinav Oswal on sale of plots in case of holding company.

m) Development cost recoverable of ₹ Nil (Previous year ₹17.85 lakh) includes ₹ Nil lakh (Previous year ₹9.13 lakh) recoverable on account of Mr. Adish Oswal and ₹ Nil lakh (Previous Year ₹8.72 lakh) recoverable on account of Mr. Abhinav Oswal on real estate transaction.

n) Sale of goods includes transactions of ₹394.43 lakh (Previous year-₹1.26 lakh) with Oswal Industrial Enterprises (P) Ltd in case of holding company and ₹5.04 lakh in case of subsidiary company i.e F.M. Hammerle Textiles Limited

o) Purchase of goods includes transactions with Oswal Industrial Enterprises Pvt. Ltd. of ₹ Nil (Previous year ₹8.24 lakh).

Closing balance at the year end:-

a) Amount payable on account of Unsecured loan includes payable amount of ₹115.50 lakh (Previous year ₹50 lakh) against M/s Altfort Merchants Pvt. Ltd. and the ₹254.50 Lakh (Previous year ₹40 lakh) of Mr. Ashok Kumar Oswal in case of holding company and Unsecured loan includes payable amount of ₹ Nil (Previous year-₹15.50 Lakh) against M/s Altfort Merchants Pvt. Ltd. and ₹ Nil Lakh (Previous year-₹91.50 Lakh) of Mr. Ashok Kumar Oswal in case of subsidiary company i.e F.M. Hammerle Textiles Limited.

b) Balance due from company under same management includes ₹10.07 Lakh (Previous year ₹9.59 Lakh Lakh) of Oswal Industrial Enterprises Pvt. Ltd. in case of subsidiary company i.e F.M. Hammerle Textiles Limited.

c) Amount recoverable of ₹ Nil (previous year ₹30.16) lakh includes ₹ Nil (Previous year-₹ (₹45.02) lakh from Mr. Adish Oswal & ₹ Nil (Previous year ₹20.87) to Mr. Abhinav Oswal on account of real estate transactions and ₹ Nil (Previous year-₹ (6) lakh) from Mr. Ashok Kumar Oswal on account of security deposit given in case of holding company.

35. DETAILS RELATING TO NET ASSETS AND PROFIT OR LOSS IN RESPECT OF SUBSIDIARIES ARE AS FOLLOWS:

Name of the entity	Year	Net Assets		Share in profit or loss	
Subsidiaries		**Amount (₹ in Lakh)**	**As % of consolidated net assets**	**Amount (₹ in Lakh)**	**As % of consolidated profit or loss**
A. Parent					
Vardhman Polytex Limited	Current Year	10,743.01	-212.14%	22.62	-0.68%
	Previous Year	10,742.18	-617.34%	901.64	-60.06%
B. Subsidiaries					
Indian Subsidiaries					
F. M. Hammerle Textiles Limited	Current Year	(6,425.12)	126.88%	(3,332.37)	100.87%
	Previous Year	(3,065.76)	176.18%	(2,404.55)	160.18%
Foreign Subsidiaries					
F. M. Hammerle Verwaltung GmbH	Current Year	(232.92)	4.60%	6.15	-0.19%
	Previous Year	(265.13)	15.24%	1.75	-0.12%
Less: Elimination / Adjustments	Current Year	(9,149.02)	180.67%	-	-
	Previous Year	(9,151.39)	525.92%	-	-
TOTAL	Current Year	**(5,064.05)**	100.00%	**(3,303.60)**	**100.00%**
	Previous Year	**(1,740.09)**	100.00%	**(1,501.15)**	**100.00%**

36. There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Accounting Standard (AS)-29 `Provisions, Contingent Liabilities & Contingent Assets' as it is not probable that an outflow of resources embodying economic benefits will be refunded in case of Group.

37. The Holding Company is paying rentals for office premises taken on rent which are not in the nature of lease agreements. Therefore, disclosure requirements of Accounting Standard AS-19 are not applicable.

38. In accordance with the provisions of Accounting Standard on impairment of Assets, (AS-28), the management has made assessment of assets in use & considering the business prospects related thereto, no provision is considered necessary in these accounts on account of impairment of assets at Group level.

39. In subsidiary company i.e. F.M. Hammerle Textiles Limited

a) The Govt. of Maharashtra had sanctioned value added tax (Vat) subsidy in the form of lower tax rate under the mega project scheme.

b) Under mega project scheme, Govt of Maharashtra has sanctioned subsidized power in power loom area of the plant and electricity duty exemption from the period 01.08.2008 to 31.07.2023

c) Under the Textile Up-gradation Fund Scheme (TUFF) the company is not eligible for a 5% interest subsidy on term loans as during the previous year all loan accounts had been classified as Non Performing Assets (NPA) by the bankers or financial institutions.

d) During the year 2009-10, the company had received capital subsidy of ₹276.17 Lakhs on specific items of fixed assets in process house / dye house machinery.

40. Specified bank note transactions

Pursuant to Notification No. G.S.R.307 (E) and Notification No. G.S.R. 308 (E) dated March 30, 2017 of Ministry of Corporate Affairs, disclosure of specified bank notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016 is provided in table below:

In case of Holding Company

(₹ in Lakh)

	SBNs	**Other denomination notes**	**Total**
Closing cash in hand as on 08.11.2016	87.18	35.96	123.14
(+) Permitted receipts	-	40.17	40.17
(-) Permitted payments	87.18	59.78	146.96
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	**16.35**	**16.35**

In case of Subsidiary Company-F.M. Hammerle Textiles Limited

(₹ in Lakh)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	11.99	10.41	22.40
(+) Permitted receipts	-	7.35	7.35
(-) Permitted payments	-	6.27	6.27
(-) Amount deposited in Banks	11.99	0.00	11.99
Closing cash in hand as on 30.12.2016	-	**11.49**	**11.49**

41. The details of prior period expenses in case of Subsidiary Company-F.M. Hammerle Textiles Limited are as follows:

(₹ in Lakh)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Bonus	**38.98**	-
Duty drawback	**7.29**	-
Export commission	**0.75**	1.57
Others	**11.8**	21.45
TOTAL	**58.82**	23.02

42. Following disclosures in respect of non-cancellable operating lease as per Para 25 of Accounting standard -AS-19 "Leases" as per details given below:
In case of Subsidiary Company-F.M. Hammerle Textiles Limited

(₹ in Lakh)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Lease payments for the year	45.14	62.06

(₹ in Lakh)

Future Minimum Lease Payments	Year ended 31.03.2017	Year ended 31.03.2016
Not later than one year	28.66	12.39
Later than one year and not later than five years	96.30	-
Later than five years	-	-
TOTAL	**124.96**	12.39

43. In case of Subsidiary Company-F.M. Hammerle Textiles Limited

As per Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, specified companies shall have at least two Independent Directors. After the resignation of Mr. Purshotam Lal Singla, Independent Director w.e.f. 17.09.2016, the company has only one independent director. The Company is in violation of the provisions of the Act in relation thereto.

44. Corporate debt restructuring (Holding company)

i) The Debt Restructuring Scheme (the 'Scheme') under CDR Mechanism had been approved and Letter of Approval issued on December, 28 2012. The Scheme inter-alia included restructuring of repayment schedule, interest funding, reduction in interest rates and additional security in favour of CDR lenders by pledge of shares of promoters stipulated.

Master Restructuring Agreement ("MRA") had been executed on March 15, 2013 with the lenders. The impact in terms of the approved Scheme has been given effect in financial statements with effect from the cut-off date being January 1, 2012.

ii) Interest has been accounted for based upon terms of package/confirmations received from the banks.

iii) The Funded Interest Term Loan (FITL) has been created on certain credit facilities.

iv) The credit facilities/loans under CDR are further secured by unconditional & irrevocable personal guarantee of promoter director & Mrs. Manju Oswal (related party) and corporate guarantee of M/s F.M. Hammerle Textiles Ltd., subsidiary company.

v) Other conditions as stipulated under the scheme are being complied with.

45. IN CASE OF HOLDING COMPANY

Discontinuing Operations

During the previous year ended March 31, 2016, the directors of the company had decided to discontinue the operations of real estate business. The carrying amounts of assets and liabilities of discontinuing operations are as follows:

Particulars	2016-17 ₹ in Lakh	2015-16 ₹ in Lakh
Total Assets	32.37	122.00
Total Liabilities	0.21	81.14
Net Assets	**32.16**	**40.86**

The net cash flows attributable to discontinuing operations are as follows:

Particulars	2016-17 ₹ in Lakh	2015-16 ₹ in Lakh
Operating	(9.40)	(233.64)
Investing	-	231.85
Financing	-	-
Net cash Outflows	**(9.40)**	**(1.79)**

The amount of revenue and expenses in respect of discontinuing operations are as follows:

Particulars	2016-17 ₹ in Lakh	2015-16 ₹ in Lakh
Net sales	-	3,970.86
Other income	-	3,479.72
Total expenses	0.85	3,595.63
Finance cost	-	0.01
Profit/(Loss) before tax	(0.85)	3,854.95
Tax expenses	-	-
Profit/(Loss) after tax	**(0.85)**	3,854.95
One time expenses (Exceptional items)	**-**	**-**

46. IN CASE OF HOLDING COMPANY

Disclosure in respect of project which falls under the Revised Guidance Note issued by the Institute of Chartered Accountants of India on "Accounting for Real Estate transactions (Revised 2012)" are as follows:

a) Description	Year ended 31.03.2017 ₹ in Lakh	Year ended 31.03.2016 ₹ in Lakh
Amount of project revenue recognized as revenue during the year	-	4,400.41
Aggregate amount of costs incurred	-	3,595.63
Profit recognized to date	-	804.78
Transfer from capital reserve	-	3,050.17
Profit recognized to date	-	3,854.95
Amount of advances received	-	-
Amount of real estate development work-in-progress	-	-

b) During the previous year, the Company had sold inventory relating to Vardhman Park thereby transferring from Capital Reserve an amount of ₹3,050.17 lakh to the credit of statement of profit & loss and transfer of real estate inventory of ₹4,276.76 lakh to the debit of statement of profit and loss.

47. IN CASE OF HOLDING COMPANY

Due to sale of entire inventory of "Vardhman Park"during the previous year ended 31st March, 2016, there is no income from real estate segment during the year ended 31st March, 2017. Hence, Segment reporting is not being provided in the current year financial statments. The segment information for the year ended 31st March, 2016 had been given below:

The following table presents segment revenues, results, assets & liabilities in accordance with Accounting Standard-17:

(₹ in Lakh)

Segment Particulars	**Textile Business**	**Real Estate Business**	**Total**
Net Revenue	87,837.24	3,970.86	91,808.10
Segment result	2,090.21	3,854.95	5,945.16
Less: Finance Cost	-	-	6,996.71
Add: Other unallocable income net of unallocable expenditure	-	-	1,953.19
Profit before tax	-	-	901.64
Segment capital employed	25,887.78	40.86	25,928.64

48. Minority interest has not been computed due to losses at consolidation level.

49. The company has given loans / advances to various companies. Amount outstanding at year end is as follows:

Description	**As at 31.03.2017 ₹ in Lakh**	As at 31.03.2016 ₹ in Lakh
Opening Balance	**35.00**	135.00
Add: Given during the year	**-**	-
Less: Received back during the year	**-**	(100.00)
TOTAL	**35.00**	35.00

The above loans have been given for business purposes as interest free

50. Previous year figures have been regrouped/ reclassified wherever necessary to conform to current year classification.

As per our report of even date
For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Reg. No:-000756N

Sd/-
Sunil Wahal
Partner
Membership No. 087294

Place : New Delhi
Date : 29th May 2017

FOR AND ON BEHALF OF BOARD OF DIRECTORS OF VARDHMAN POLYTEX LIMITED

Sd/-
Ashok Kumar Oswal
Chairman & Managing Director
(DIN-00009403)

Sd/-
Ajay Chaudhry
Director
(DIN-00055733)

Sd/-
Kuldeep Singla
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary
(FCS-6535)

Place : Ludhiana
Date : 29th May 2017

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(₹ in Lakh)

Sr. No.	Particulars	As at 31.03.2017	As at 31.03.2017
1	Name of the company	F.M. Hammerle Textiles Ltd (Formerly: Oswal F.M. Hämmerle Textiles Limited), India	F.M. Hämmerle Verwaltungs GmbH, Austria
2	Reporting period of the subsidiary concerned, if different from the holding company's reporting period.	Not Applicable	Not Applicable
3	Reporting currency and exchange rate as on the last date of the relevant financial year in case of foreign subsidiaries.	Not Applicable	1EURO=₹75.44
4	Share Capital	12,386.75	22.54
5	Reserves & Surplus	18,811.87	253.61
6	Total Assets	14,566.29	69.52
7	Total Liabilities	14,566.29	69.52
8	Details of Investment (except in case of investment in the subsidiaries)	-	-
9	Turnover (Net)	6,681.65	16.27
10	Profit before taxation	(3,332.37)	7.43
11	Provision for taxation	-	1.27
12	Profit after taxation	(3,332.37)	6.16
13	Proposed dividend (including tax thereon)	-	-
14	% of shareholding	81.73%	100%

Note: 1. Name of the subsidiaries which are yet to commence operations - N.A.
2. Names of subsidiaries which have been liquidated or sold during the year: - Nil

Part "B": Associates and Joint Ventures: Not Applicable

Note: The above statement also indicates performance and financial position of each of the Subsidiary.

FOR AND ON BEHALF OF BOARD OF DIRECTORS OF VARDHMAN POLYTEX LIMITED

Sd/-	Sd/-	Sd/-	Sd/-
Kuldeep Singla	**Sushil Sharma**	**Ajay Chaudhry**	**Ashok Kumar Oswal**
Chief Financial Officer	Company Secretary (FCS-6535)	Director (DIN-00055733)	Chairman & Managing Director (DIN-00009403)

Place : Ludhiana
Date : 29th May, 2017

REQUEST FOR DEMATERIALIZATION (DEMAT) OF SHARES

Dear Shareholder,

As you may be aware that the shares of Vardhman Polytex Limited can be held in Electronic mode by getting them dematerialized through any of the Depository Participant (DP) registered with Securities and Exchange Board of India (SEBI).

Dematerialization is a process by which shares held in physical form (Share Certificates) are converted to an equivalent number of securities/shares in electronic form. Some of the advantages of holding shares in dematerialized (Demat) mode are as under:-

1. A safe and convenient way of holding securities.
2. Immediate transfer of securities.
3. No stamp duty on transfer of securities.
4. No chances of counterfeit certificates, forgery and signature mismatch etc.
5. No risk of loss, mutilation or theft of certificates.
6. Online trading facility.
7. Faster settlement cycle.
8. No odd lot problem, even one security/ share can be traded.
9. Change in address recorded with DP gets electronically registered with all the Companies in which investor holds securities. Thereby, eliminating the need to correspond with each of them separately.
10. Regular accounts status updates available from the DP at any point of time.
11. Faster disbursement of cash and non cash benefits like dividend, bonus securities etc.

The shares of our Company are compulsorily traded in Demat mode and more than 90% of our equity shares have already been dematerialized by the shareholders.

In view of the above mentioned advantages, you may like to get your shareholding in Vardhman Polytex Limited's shares dematerialized through any of the DPs located in your area.

As a special offer, Geojit Financial Services Limited has offered to render services towards opening of regular Demat and trading account to our shareholders. You can open a demat account with them and for this purpose, Account opening charges will not be levied. Also, Annual Maintenance charges (AMC) on such DP account would be waived off till 30th September, 2018.

For any assistance with respect to the opening of Demat account, please feel free to contact Geojit Financial Services Limited, at their toll free numbers 1800 425 5501/1800 103 5501 or any of the Geojit Financial Services Limited branches. Alternatively, you can also mail us at secretarial@vpl.in

We would like to mention here that any action on your part pursuant to this letter is completely voluntary. The Company has no business association with Geojit Financial Services Ltd. in any manner whatsoever. The Company shall not be in any way responsible for your dealings with Geojit Financial Services Ltd. You are free to open Demat account with any other Depository Participant of your own choice.

With Regards

For Vardhman Polytex Limited

Sd/-
(Mr. Ashok Kumar Goyal)
Compliance Officer

Date: 12th August, 2017

Vardhman Polytex Limited (CIN: L17122PB1980PLC004242)

Registered Office: Vardhman Park, Chandigarh Road, Ludhiana -141 123, Punjab (INDIA)
Phones: 0161-6629888 Fax: 0161-6629988 Website: www.vpl.in, E-Mail: info@vpl.in

ATTENDANCE SLIP

37th Annual General Meeting – 9th September, 2017

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the **37th ANNUAL GENERAL MEETING** of Vardhman Polytex Limited at Registered Office: Vardhman Park, Chandigarh Road, Ludhiana -141123, Punjab (INDIA), **at 11.00 a.m. on Saturday, the 9th September, 2017** .

Name of the member / proxy : _____ (in Block letters)

No. of Share(s) held: _____ Folio No. / DP ID and Client ID _____

Signature _____

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the meeting.

Vardhman Polytex Limited (CIN: L17122PB1980PLC004242)

Registered Office: Vardhman Park, Chandigarh Road, Ludhiana -141 123, Punjab (INDIA)
Phones: 0161-6629888 Fax: 0161-6629988 Website: www.vpl.in, E-Mail: info@vpl.in

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) : .....

Registered address : .....

E-mail Id : ..... Folio No. / DP Id and Client ID .....

I / We, being the member(s) holding ..... equity shares of Vardhman Polytex Limited, hereby appoint:

1. Name : ..... Email ID : .....
   Address : ..... Signature ..... or failing him/her.
2. Name : ..... Email ID : .....
   Address : ..... Signature ..... or failing him/her.
3. Name : ..... Email ID : .....
   Address : ..... Signature ..... or failing him/her.

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **37th ANNUAL GENERAL MEETING** of the Company to be held at Registered Office: Vardhman Park, Chandigarh Road, Ludhiana -141 123, Punjab (INDIA), **at 11.00 a.m. on Saturday, the 9th day of September, 2017** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description of the Resolution	For	Against
	Ordinary Business		
1(a).	Adoption of Audited Financial Statements of the Company for the financial year ended 31st March, 2017, together with the Report of Auditors and Board of Directors thereon; and		
1(b).	Adoption of Audited Consolidated Financial Statements of the Company for the financial year ended 31 st March, 2017, together with the Report of Auditors thereon.		
2.	Appointment of Director in place of Mr. Ashok Goyal (DIN 06676556), who retires by rotation and being eligible, offers him self for re-appointment.		
3.	To appoint Statutory Auditors and fix their remuneration.		
	Special Business		
4.	Regularisation of Additional Director, Ms. Manju Oswal (DIN 00009449).		
5.	To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2018.		

Signed this ..... day of 2017

Affix Revnue Stamp Re. 1/-

..... Signature of Proxy holder(s)

..... Signature of Members(s)

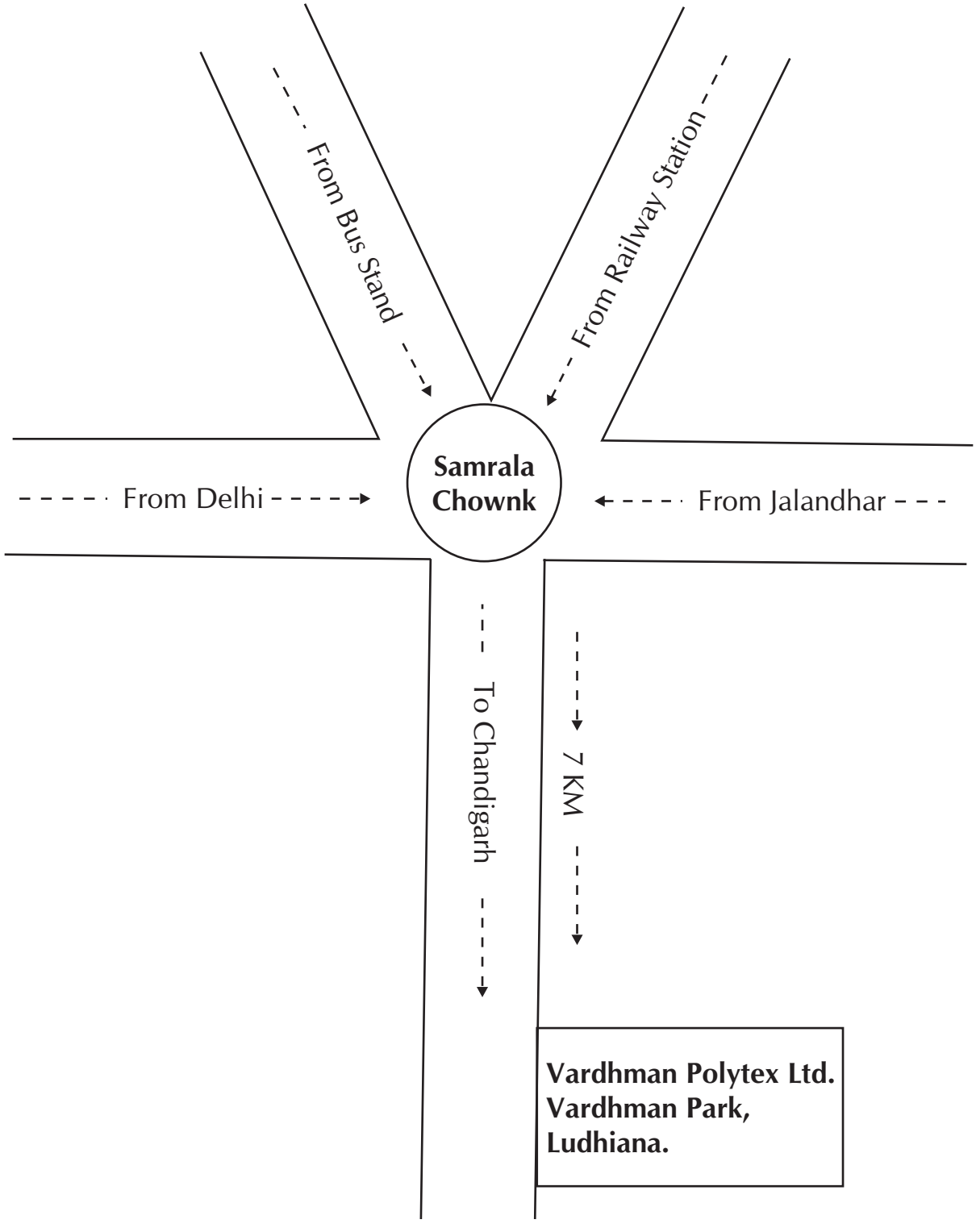
Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

For E-voting the EVSN of the Company: 170812019

Route Map

to

Vardhman Polytex Ltd., Ludhiana, Punjab



NOTES

Financial Highlights for Five Years

(₹ in lakh)

Parameters	2016-17	2015-16	2014-15	2013-14	2012-13
Gross sales and operating income	**85,647.84**	87,808.92	94,241.29	92,272.44	78,623.30
FOB value of Exports	**32,062.60**	38,245.21	43,237.25	44,123.61	30,294.91
Net Profit	**22.62**	901.64	(2,880.20)	477.51	117.07
Profit Before Tax (PBT)	**22.62**	901.64	(2,231.93)	332.23	(505.17)
Cash Profit(PBT + Dep.-Excep. Items)	**2,087.67**	3,720.06	(2,578.37)	3,598.07	3,154.90
Gross Block (FA + CWIP)	**62,246.80**	59,832.75	58772.20	57,823.03	57,326.37
Net Block (NA + CWIP)	**24,897.44**	24,530.72	26,194.95	29,088.61	30,888.61
Paid up Share Capital	**2,232.54**	2,232.54	2,232.54	1,985.24	1,787.75
Net Worth	**10,743.01**	10,742.18	12,862.35	11,888.88	10,227.69
Capital Employed	**62,564.75**	62,697.83	70,218.50	71,924.09	68,521.81
Long Term Debt Equity Ratio	**1.53**	1.82	1.83	2.20	3.04
Current Ratio	**0.57**	0.62	0.77	0.74	0.78

Equity shares data for five years

Parameters	2016-17	2015-16	2014-15	2013-14	2012-13
Book Value per share (₹)	**48.19**	48.19	57.70	59.99	57.32
Earning per share (₹)					
-Basic	**0.10**	4.04	(14.02)	2.59	0.72
-Diluted	**0.10**	4.04	(14.02)	2.28	0.72
-Cash	**9.37**	16.69	(10.41)	16.14	17.68
Dividend per share (₹)	**-**	-	-	-	-
P/E Ratio	**680**	9.38	(2.72)	14.47	91.88
Price to Cash Earning Ratio	**4.07**	2.27	(3.67)	2.05	3.74
Price to Book Value per share	**1.41**	0.79	0.66	0.55	1.15

Panoramic view of Spinning & Dyeing Processes





Panoramic view of Spinning & Dyeing Processes





BOOK POST

Vardhman Polytex Limited
CIN : L17122PB1980PLC004242

REGISTERED & CORPORATE OFFICE
Vardhman Park, Chandigarh Road,
Ludhiana-141123 (India)
Ph: + 91-161-6629990
Fax: +91-161-6629988
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