



40th ANNUAL
REPORT
2019-20

Vardhman Polytex Limited
An Oswal Group® Company

Message from Chairman & Managing Director



Dear Valued Shareholders,

It is my pleasure to present to you our Annual Report 2019-20. This year was yet another challenging year with overall market conditions remaining challenging due to global slowdown of 2019 which was complemented by the outbreak of the Covid-19 pandemic, the effects becoming visible from January 2019 and only deepening as the subsequent months passed.

During the FY 2019-20, Revenue from operations of the company was Rs.56,066.23 lakh and it has come down by 30.83% from the last year figure of Rs.81,055.79 lakh. Operations of the company have resulted into net loss of Rs.7,256.16 lakh. The company has been facing difficult operating environment due to external macro-economic factors as well as liquidity crunch which resulted in sub-optimum utilization of manufacturing facilities.

With the capacity installed and competence of management and its workforce, I am confident that the Company shall come out of present situation and shall be able to improve its performance. I have no doubt that our business that is backed by sound fundamentals and that demonstrate agility and willingness to pivot, will emerge out of the adversities and regain its strength.

Before concluding, I want to thank our business associates, banks, employees, shareholders and customers, on behalf of our Board, for their support and faith in us.

Sincerely,



Adish Oswal
Chairman and Managing Director

BOARD OF DIRECTORS

Mr. Adish Oswal
Mrs. Manju Oswal
Mr. Harpal Singh
Mrs. Aarti Sharma
Mr. Suresh Kumar Banka
Mr. Varun Kumar Choudhary

- Chairman & Managing Director
- Director
- Independent Director
- Independent Director
- Director (w.e.f. 01.09.2020)
- Independent Director (w.e.f. 01.09.2020)

CHIEF FINANCIAL OFFICER

Mr. Apjit Arora

COMPANY SECRETARY

Mr. Ajay Ratra

STATUTORY AUDITORS

M/s Romesh K. Aggarwal & Associates
Miller Ganj, Ludhiana

BANKERS

Canara Bank	Punjab National Bank
Corporation Bank	Bank of India
Axis Bank Ltd.	Bank of Baroda
Bank of Maharashtra	Punjab & Sind Bank
Phoenix ARC Pvt. Ltd.	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

REGISTRAR & SHARE TRANSFER AGENT

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 **40th Annual General Meeting** of the members of the Company will be held on **Tuesday, 29th September 2020 at 04:30 p.m.** through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) 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, 2020, together with the Report of Auditors and Directors thereon; and
 - b) The Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2020, together with the Report of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Adish Oswal (DIN-00009710), who retires by rotation in accordance to Articles of Association and being eligible, offers himself for re-appointment.

3. To appoint the Statutory Auditor of the Company

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 139 and other applicable provisions of the companies Act, 2013 read with rules and regulations made there-under, M/s Romesh K. Aggarwal & Associates, Practicing Chartered Accountant Firm having registration no. 000711N, Ludhiana, be and is hereby appointed as Statutory Auditor of the company to hold office for consecutive 5 (five) years starting from the conclusion of this 40th AGM i.e., with effect from 29.09.2020 till the conclusion of 45th AGM of the Company.

RESOLVED FURTHER THAT Mr. Adish Oswal, Chairman and Managing Director and /or Mr. Ajay K. Ratra, Company Secretary be and are hereby authorized to take all steps and to do all such acts, deed and things which are necessary, proper or expedient to give effect to this resolution".

SPECIAL BUSINESS:

4. To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2021

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, 2021, be paid the remuneration of ₹ 1,25,000/- plus service tax, travel and actual out-of-pocket expenses.

RESOLVED FURTHER THAT Mr. Adish Oswal, Chairman and Managing Director and /or Mr. Ajay K. Ratra, Company Secretary be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution".

5. To re-appoint Mr. Harpal Singh as Independent Director of the Company for second term

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

"RESOLVED THAT pursuant to the provisions of the Section 149 (6) 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) and regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, Mr. Harpal Singh be and is hereby reappointed for a second term as an Independent Director on the Board of the Company for a period of 5 years with effect from this 40th AGM i.e., 29/09/2020 till the conclusion of the 45th AGM of the Company.

RESOLVED FURTHER THAT Mr. Adish Oswal, Chairman and Managing Director and /or Mr. Ajay K. Ratra, Company Secretary be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution".

6. Appointment of Mr. Suresh Kumar Banka as Non-Executive Director

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 152 and other applicable provisions of the Companies Act, 2013 read with rules and regulations made there-under, Mr. Suresh Kumar Banka (DIN: 08847246), who was appointed as additional director w.e.f 01.09.2020 and who holds office upto the conclusion of this Annual General Meeting, be and is hereby appointed as non executive director of the company, liable to retire by rotation under section 152 of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps and to do all such acts, deeds and things which are necessary, proper or expedient to give effect to this resolution".

7. Appointment of Mr. Varun Kumar Choudhary as Independent Director

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 and other applicable provisions of the Companies Act, 2013 and rules made thereunder read with Schedule IV of the Act, Mr. Varun Kumar Choudhary (DIN: 08857201), who was appointed as additional director (non-executive

independent director) of the company w.e.f. 01.09.2020, who has submitted a declaration that he meets the criteria of independence as provided in section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation under section 152 of the Companies Act, 2013, for a term of 4 (Four) years from conclusion of this 40th AGM till the conclusion of 44th AGM of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps and to do all such acts, deeds and things which are necessary, proper or expedient to give effect to this resolution”.

By Order of the Board
Sd/-

Place: Ludhiana
Date : 01/09/2020

Adish Oswal
Chairman & Managing Director
DIN: 00009710

NOTES:

1. Pursuant to the General Circular numbers 14/2020, 17/2020, 20/2020 issued by the Ministry of Corporate Affairs (MCA) and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as “the Circulars”), companies are allowed to hold AGM through Video Conferencing (VC)/Other Audio Visual Means (OAVM), without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC/OAVM.
2. 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. **Since the AGM is being held in accordance with the circulars through VC/OAVM, the facility for appointment of proxies by the members will not be available.**
3. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC/OAVM. Corporate members are requested to send a certified copy of the Board resolution authorizing their representative to attend the meeting by email to secretarial@vpl.in with a copy marked to helpdesk.evoting@cdslindia.com
4. 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.
5. **Since the AGM is held through VC/OAVM in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.**
6. **Participation of members through VC/OAVM will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013.**
7. The Register of Members and the Share Transfer Books of the Company shall remain closed from Friday, 25th September, 2020 to Tuesday, 29th September, 2020 (Both days inclusive).
8. **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. upto the date of the Annual General Meeting.**
9. **Members desiring any information as regards to accounts are requested to write to the Company at secretarial@vpl.in at least 7 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.**
10. 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.
11. 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.
12. In compliance with the circulars, the Annual Report 2019-20 is being sent through electronic mode only to the members whose email addresses are registered with the Company/ Depository Participant(s).
13. The Notice can also be accessed from the website of the company at www.vpl.in and from Stock Exchanges at www.bseindia.com and www.nseindia.com. The AGM Notice is also disseminated on the website of CDSL at www.evotingindia.com
14. **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 Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

- c) The facility for e-voting i.e. ‘Venue voting’, will also be available at the AGM 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.
- d) A person, holding shares in physical form or in dematerialized form as on the **cut-off date, i.e. Tuesday, 22nd September, 2020** shall only be entitled to avail the facility of e-voting.
- e) The remote e-voting period **commences on Saturday, 26th September, 2020 (09.00 A.M.) and ends on Monday, 28th September, 2020 (05.00 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.
- f) Mr. Ashwani Khanna of M/s Khanna Ashwani & Associates, Practicing Company Secretary has been appointed as the Scrutinizer to conduct, remote e-voting and venue voting process, in a fair and transparent manner.
- g) The Scrutinizer, after scrutinising the votes cast at the AGM and through remote e-voting, will, not later than 2(two) days of conclusion of the AGM, make a consolidated Scrutinizer’s report and submit the same to the Chairman. The results declared along with the consolidated Scrutinizer’s report shall be placed on the website of the Company www.vpl.in and on the website of CDSL e-Voting. The results shall simultaneously be communicated to the concerned Stock Exchanges, where the securities of the Company are listed.
- h) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 29th September, 2020.
- i) **Steps for remote e-voting:**
 - i) The voting period begins on 26.09.2020 at 09:00 AM and ends on 28.09.2020 at 05:00 PM. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 22.09.2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote on the day of meeting.
 - iii) The shareholders should log on to the e-voting website www.evotingindia.com
 - iv) Click on “Shareholders” module.
 - v) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL’s **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your

login credentials. Once you successfully log-in to CDSL’s **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- vi) Next enter the Image Verification as displayed and Click on Login.
- vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- viii) 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) <ul style="list-style-type: none"> ● Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot/ Attendance 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. <ul style="list-style-type: none"> ● 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 (v).

- ix) After entering these details appropriately, click on “SUBMIT” tab.
- x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii) Click on the EVSN: 200825022 of Vardhman Polytex Limited on which you choose to vote.
- xiii) 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.
- xiv) Click on the **“RESOLUTIONS FILE LINK”** if you wish

to view the entire Resolution details.

- xv) 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.
- xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix) **Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.**

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. **For Physical shareholders-** please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. **For Demat shareholders-** please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id**.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:-

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their

respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance **atleast 7 days prior to meeting** mentioning their name, demat account number/ folio number, email id, mobile number at secretarial@vpl.in . The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **atleast 7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at secretarial@vpl.in . These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
 2. Only those shareholders, who are present in the AGM through VC/OAVM and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
 3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
 4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- xx) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporate" module.
 - 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 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.
 - 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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; secretarial@vpl.in if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, 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 contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

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

ITEM NO. 4

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, 2021. 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, 2021.

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 is concerned or interested in the said resolution.

ITEM NO. 5

It is hereby informed that, Mr. Harpal Singh Independent Director of the company, was appointed in 2018 for 3 years and eligible for reappointment for one more tenure of maximum 5(Five) years as per declaration received from such director in accordance with the provisions of Companies Act, 2013 and SEBI (LODR), Regulations, 2015. On recommendation of the Nomination and Remuneration Committee and subject to the approval of the members of the Company, the board desires to reappoint Mr. Singh as Independent Director of the company for his second tenure of 5(Five) years w.e.f 29/09/2020 till the conclusion of the 45th AGM of the Company, as per the provisions of SEBI (LODR), Regulations, 2015 and Section 149 of the Companies Act, 2013 read with rules made there-under.

None of the other Directors and KMP of the Company, or their relatives, is interested in this item for approval of the members of the Company.

The board recommends Special Resolution set forth in item no. 5 for your approval.

ITEM NO. 6 and 7

Mr. Suresh Kumar Banka (DIN: 08847246) was appointed as an Additional Director of the company on 01/09/2020 under the provisions of Section 161 of the Companies Act, 2013 and holds office upto the date of this Annual General Meeting. Mr. Varun Kumar Choudhary (DIN: 08857201) was appointed as an Additional Director in independence capacity on 01/09/2020 under the provisions of Section 161 of the Companies Act, 2013 and holds office upto the date of this Annual General Meeting. They are eligible for re- appointment and as such offers themselves under the provisions of Section 160 of the Companies Act, 2013, for being re-appointed as a Non-Executive Director and Independent Director of the company respectively.

The resolution seeks the approval of the members for the appointment of Mr. Suresh Kumar Banka and Mr. Varun Kumar Choudhary as non executive director and Independent Director of the Company respectively.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the said resolutions.

The Board recommends the Ordinary Resolutions set forth in item no. 6 and 7 for the approval by the members of the Company.

By Order of the Board
Sd/-

Place: Ludhiana
Date : 01/09/2020

Adish Oswal
Chairman & Managing Director
DIN: 00009710

ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED PURSUANT TO (SEBI LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARDS-2:

As required pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause 1.2.5 of Secretarial Standards-2 on General Meetings the particulars of Directors who are proposed to be appointed or reappointed are given below:

1.	Name of Director	Mr. Adish Oswal
	DIN	00009710
	Date of Birth	18.01.1980
	Date of Appointment	01.08.2009
	Expertise in specific functional area	Wide experience in textile industry
	No. of equity shares held in VPL	4,20,511 equity shares
	Qualification	B.Com, Training programmes on Managerial Finance, Core Competence, Capability & Strategy and Strategy for Fast Growing Enterprises.
	Directorship of other companies as on 31 st March, 2020	<ol style="list-style-type: none"> 1. Panchsheel Textile Mfg and Trading Company Pvt. Ltd. 2. Kent Investments Private Limited 3. Enakshi Investments Pvt. Ltd. 4. Pioneer Mercantile India Pvt. Ltd. 5. Nighnagle Dealcom Private Ltd. 6. Oswal Industrial Enterprise Private Limited 7. Liberty Mercantile Company Pvt. Ltd. 8. Adesh Investment and Trading Company Private Limited 9. Oswal Holding Private Limited 10. Allepy Investment and Trading Co. Pvt. Ltd. 11. Alma Assets Consultancy Private Limited 12. Oswal Infratech Private Limited
	Chairmanship /Membership of Committees of other Companies as on 31 st March, 2020	NIL
	Relationship with other Directors	Son of Mrs. Manju Oswal, Director

2.	Name of Director	Mr. Harpal Singh
	DIN	06932062
	Date of Birth	20.03.1968
	Date of Appointment	24.05.2018
	Expertise in specific functional area	Human Resources and Administration
	No. of equity shares held in VPL	NIL
	Qualification	B.Com.
	Directorship of other companies as on 31 st March, 2020	<ol style="list-style-type: none"> 1. Rosewood Mercantile Private Limited 2. First Step Compusystem Private Limited 3. Woodland Infortech Private Limited
	Chairmanship /Membership of Committees of other Companies as on 31 st March, 2020	NIL
	Relationship with other Directors	No relationship with other Directors

3.	Name of Director	Mr. Suresh Kumar Banka
	DIN	08847246
	Date of Birth	05/07/1961
	Date of Appointment	01/09/2020
	Expertise in specific functional area	Accounting
	No. of equity shares held in VPL	NIL
	Qualification	B.Com.
	Directorship of other companies as on 31 st March, 2020	NIL
	Chairmanship /Membership of Committees of other Companies as on 31 st March, 2020	NIL
	Relationship with other Directors	No relationship with other Directors

4.	Name of Director	Mr. Varun Kumar Choudhary
	DIN	08857201
	Date of Birth	29/06/1990
	Date of Appointment	01/09/2020
	Expertise in specific functional area	Civil Engineer
	No. of equity shares held in VPL	NIL
	Qualification	Diploma in Civil Engineering
	Directorship of other companies as on 31 st March, 2020	NIL
	Chairmanship /Membership of Committees of other Companies as on 31 st March, 2020	NIL
	Relationship with other Directors	No relationship with other Directors

BOARD'S REPORT

Dear Shareholders,

The Directors of your Company are presenting 40th Annual Report on the affairs of the Company together with Audited Financial Statements of the Company for the year ended 31st March, 2020.

1. Financial Highlights (₹ in Lakhs)

PARTICULARS	2019-20	2018-19
Revenue from operations (Net)	56,066.23	81,055.79
Other Income	318.35	287.33
Total Income (1)	56,384.58	81343.12
Expenses		
Cost of material consumed	42,421.66	58,748.97
Purchase of traded goods	370.80	2,185.47
Changes in inventories of finished goods	234.66	880.24
Excise duty on sale of goods	-	-
Employee benefit expense	4,515.06	5,706.95
Finance costs	5,969.99	5,974.75
Depreciation and amortization expense	1,563.89	1,831.17
Other expenses	8,564.68	13,441.90
Total Expenses (2)	63640.74	88,769.45
Profit from operation before exceptional item and Tax (1-2)	(7,256.16)	(7,426.33)
Less: Exceptional Items	17,435.13	-
Profit before Tax	10,178.97	(7,426.33)
Less: Tax Expenses:		
Current Tax	-	-
Deferred Tax (Credit)	-	-
Profit after Tax	10,178.97	(7,426.33)
Other Comprehensive Income:		
Remeasurement of defined benefit obligation	(70.08)	(63.05)
Total Comprehensive Income for the Period	10,108.89	(7,489.38)
Earning Per Share:		
Basic	45.66	(33.32)
Diluted	45.66	(33.32)

Financial Performance & Review

This year was yet another challenging year with overall market conditions remaining challenging due to global slowdown of 2019 coupled with the outbreak of the Covid-19 pandemic during last quarter of FY 2019-20.

During the year under review, revenue from operations of the Company were ₹ 56,066.23 lakhs as against ₹ 81,055.79 lakhs in F.Y. 2018-19, registering the decrease of 30.83%. The FOB value of exports was NIL in FY 2019-20 as against ₹ 262.21 lakhs in FY 2018-19 due to crises in the international market. During the year under review, the Company has incurred operational loss of

₹ 7,256.16 lakhs as against ₹ 7426.33 lakhs during the previous year.

Exceptional items details: On Account of invocation of corporate guarantee towards the erstwhile subsidiary company i.e F.M. Hammerle Textile Limited, the provision was booked by the company amounting to ₹ 17,685.13 lacs during the Quarter ended 31st March, 2018. This provision has been reversed in the quarter ended 31st March, 2020, as the Corporate Guarantee of the company has been released by State Bank of India after depositing ₹ 250 lakhs as one the settlement by bank.

In the wake of the outbreak of novel Coronavirus (COVID-19) across the world including India and in compliance with Central and State Government instructions/notifications, the company had suspended all its operations at manufacturing units and offices since the last week of March 2020. Company resumed partial manufacturing operations in compliance with requisite statutory guidelines from the last week of May 2020 onwards.

Due to external macro-economic factors as well as internal financial stress faced by the company, the bank accounts of the company were classified as NPA by the consortium of bank as per RBI guidelines. Therefore, no interest is being charged by the lenders post the NPA classification. Keeping the accrual concept in consideration, the company has provided for interest based upon terms of the CDR package. The lenders have issued notices U/S 13(2) & 13(4) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFESI) Act, 2002 which were duly replied and proceedings are pending before Debt Recovery Tribunal (DRT), Chandigarh. Punjab National Bank and Jammu & Kashmir Bank and three operational creditors have filed applications under Insolvency and Bankruptcy Code 2016 with National Company law Tribunal (NCLT) Chandigarh for initiating Corporate Insolvency Resolution Process (CIRP) which have not been admitted in NCLT. There have been series of meetings between Lead Bank of Consortium and other member banks with regard to the settlement of the dues of all the Banks, wherein it was agreed by most of the member Banks that in view of the industrial scenario for the textile industry, a negotiated OTS is in the best interest of all stake holders. Lead Bank (Canara Bank) and other 5 member banks have issued letters for OTS. As on date, 80% of the total lenders are agreeable for OTS. During the year, State Bank of India (SBI) has assigned debts due and payable to SBI by the company together with underlying rights, title and interests in favour of Phoenix ARC Private Limited (Phoenix) vide Assignment Agreement. Accordingly, Phoenix has acquired all the rights of State Bank of India as a lender in respect of credit facilities/financial assistance granted by it to the Company.

Consolidated Financial Statements

Further pursuant to Ind AS-110, Consolidated Financial Statements presented in this Annual Report include financial information of the subsidiary company i.e F.M. Hammerle Verwaltungs GmbH, Austria.

2. Change in Nature of Business

During the year under review, there was no change in the nature of Business.

3. Associate, Joint Venture and Subsidiaries

Associate and Joint Venture

There is no Associate Company and Joint Venture of the Company.

Subsidiary

- **F.M. Hammerle Verwaltungs GmbH, Austria**, a wholly owned foreign subsidiary of the Company and deals in trading of shirting fabrics.

The Annual Report does not contain the financial statements of our subsidiary as the same is available on the website of the company www.vpl.in in compliance of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015.

The statement containing the salient feature of the financial statement of a Company's subsidiaries as per first proviso to sub-section (3) of section 129 in Form AOC-1 is attached as Annexure-A, and forms part of Annual Report.

4. **Material Subsidiaries** -The Board of Directors of the Company in its meeting had approved the policy for determining Material Subsidiaries. At present the Company does not have any Material Subsidiary. The Policy on Material Subsidiary has been posted on the website of the Company at the following link: http://oswalgroup.com/investor_pdf/corporate-policy/Determination-of-Material-Subsidiary-Policy2019.pdf

5. Transfer to Reserves

The Company has not transferred any amount to the General Reserves during the year under review.

6. Dividend

Board of directors of the Company do not recommend any dividend for the year ended 31st March, 2020.

7. Directors & Key Managerial Personnel

During the financial year under review, there are no changes in Directors and Key Managerial Personnel of the company except Mr. Apjit Arora was appointed as Chief Financial Officer of the Company from 01.04.2019 in place of Mr. Kuldeep Singla who continued as Chief Financial Officer of the company till 31.03.2019.

Mr. Adish Oswal retires by rotation at this Annual General Meeting, and being eligible, offers himself for re-appointment. The board recommends his re-appointment in the forthcoming Annual General Meeting.

The detailed section on 'Board of Directors' is given in the separate section titled 'Corporate Governance Report' forming part of this Annual Report.

8. Declaration of Independence

The Board has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and regulation 16 of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

In the opinion of the Board, they fulfill the conditions specified in the Act and the Rules made thereunder and are Independent of the management.

9. Number of Board Meetings

During the year ended 31st March, 2020, six meetings of the Board were held on the following mentioned dates:

SR. NO.	DATE OF BOARD MEETING
1	01-04-2019
2	24-05-2019
3	10-08-2019
4	25-09-2019
5	13-11-2019
6	12-02-2020

10. Mechanism for evaluation of board, committees and individual directors

Pursuant to the provisions of the Companies Act, 2013 and regulation 17(10) of SEBI (LODR) regulations, 2015, a structured procedure was adopted after taking into consideration the various aspects of the Board's functioning, composition of the Board and its various Committees, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was completed in time. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expresses its satisfaction with the evaluation process.

The Nomination and Remuneration ("NR") Committee has laid down proper criteria and procedure to evaluate and scrutinize performance of the Chairperson, each Executive, Non-Executive and Independent director, Board as a whole and its Committees.

The independent directors in their meeting held on 12.02.2020, through discussion, evaluated the performance of non independent directors, Board, Managing Director and Executive Directors except the director being evaluated. 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.

While evaluating the performance, the following points were considered:

- Participation in Board Meetings and Board Committee Meetings.
- Managing relationship with other directors and management.
- Knowledge and Skill i.e., understanding of duties, responsibilities, refreshment of knowledge, knowledge of industry, ability to listen and to present their views.
- Personal attributes like maintain high standard of ethics and integrity.
- Strategic perspectives or inputs regarding future growth

of Company and its performance.

11. Familiarisation programme for Independent Directors

During FY 2019-20, the Board including all Independent Directors were explained about their roles, rights, and responsibilities in the Company through detailed presentations as per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board including all Independent Directors was provided with relevant documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices from time to time besides regular briefing by the members of the Senior Leadership Team. The Familiarisation programme for Independent Directors is posted on the website www.vpl.in can be viewed at the following weblink: http://oswalgroup.com/investor_pdf/corporate-policy/Familiarization-Programmes-for-Independent-Directors.pdf

12. Remuneration Policy

Your Company has set up a Nomination and Remuneration ('NR') Committee pursuant to Section 178 of the Act which has formulated a policy for Directors' Appointment and remuneration for Directors, KMP and other employees. They have also developed the criteria for determining qualifications, positive attributes and independence of a Director including making payments to Non-Executive Directors.

NR Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages. Further the compensation package for Directors, Key Managerial Personnel, Senior Management and other employees are designed based on the following set of principles:

- Aligning key executive and Board remuneration with the long term interests of the Company and its shareholders;
- Minimise complexity and ensure transparency;
- Link to long term strategy as well as annual business performance of the Company;
- Promotes a culture of meritocracy and is linked to key performance and business drivers; and
- Reflective of line expertise, market competitiveness so as to attract the best talent.

Your directors affirm that the remuneration paid to employees, KMP and Directors is as per the Remuneration Policy of the Company. The Remuneration Policy of the Company is enclosed as Annexure-B.

13. Directors' Responsibility Statement

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

- a) in the preparation of the annual accounts for the Financial Year ended 31st March, 2020, 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 by 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, 2020 and of the profit and loss of the Company for the year ended 31st March, 2020;
- 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 for the financial year ended 31st March, 2020 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.

14. Management Discussions and Analysis Report

Management Discussions and Analysis Report as required, pursuant to Schedule V of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 is annexed and forms part of this Report.

15. Frauds reported by statutory auditors

During the financial year under review, the statutory auditors have not reported any fraud under sub section (12) of Section 143 of the Companies Act, 2013 other than those which were reportable to the Central Government.

16. Amounts due to micro, small and medium enterprises

Based on the information available with the company regarding the status of the suppliers under the MSME, there are no dues outstanding to Micro and Small Enterprises as at 31st March 2020.

17. Corporate Governance

The Company has complied with the Corporate Governance requirements, as stipulated in Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. A separate section on Corporate Governance along with a certificate from the Auditors of the Company confirming the compliance is annexed and forms part of this Report.

The Board has also evolved and adopted a Code of Conduct based on the principles of Good Corporate Governance and best management practices being followed globally. The Code of Conduct is available on the website of the Company www.vpl.in.

18. Material Changes and commitments

Save as mentioned elsewhere in this Report, no material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company – 31st March, 2020 and the date of this Report.

19. Changes in Capital Structure

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

20. Particulars of loans, guarantees and investments u/s 186

The particulars of loans, guarantees and investments covered u/s 186 of the Companies Act, 2013 are given in the financial statements which forms the part of Annual Report.

21. Related Party Transactions

During FY 2019-20, all contracts/arrangements/transactions entered into by your Company with related parties under Section 188(1) of the Act were in the ordinary course of business and on an arm's length basis. During FY 2019-20, your Company has not entered into any transactions with related parties which could be considered 'material' as per Regulation 23 of the Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 so here is no need to report any transaction in AOC-2.

Further, during FY 2019-20, there were no materially significant related party transactions made by your Company with the Promoters, Directors, Key Managerial Personnel or other designated persons, which might have potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit Committee for its approval. There was no matter requiring approval of the Board. During the year under review, the Audit Committee has approved transactions through the Omnibus mode in accordance with the provisions of the Act and Listing Regulations. Related party transactions were disclosed to the Board on regular basis as per IND AS 24. Details of related party transactions as per IND AS 24 may be referred to in Note 45 of the Standalone Financial Statements.

The policy on Related Party Transactions is available on the Company's website at www.vpl.in and can be viewed at the following link: http://oswalgroup.com/investor_pdf/corporate-policy/Policy-on-dealing-with-Related-Party-Transactions2019.pdf

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company except the remuneration received by respective directors.

22. Risk Management System

Your Company follows a comprehensive system of Risk Management and has adopted a procedure for risk assessment and its minimisation. It ensures that all the risks are timely defined and mitigated in accordance with the Risk Management Process, including identification of elements of risk which might threaten the existence of the Company. Your Company monitors the Risk Management Process in the Company and the same is periodically reviewed by the Board. The risk management policy of the company is placed at the website of the company www.vpl.in at the below mentioned link:

http://oswalgroup.com/investor_pdf/corporate-policy/Risk-Management-Policy.pdf

23. 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

24. Internal financial controls & their adequacy

The Company has a proper and adequate system of internal controls. This ensures that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorised, recorded and reported correctly. An extensive programme of internal audits and management reviews supplements the process of internal control. Properly documented policies, guidelines and procedures are laid down for this purpose. The internal control system has been designed to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets. The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

25. Insider Trading Code

In compliance with the SEBI regulations on prevention of insider trading, the Company has instituted a comprehensive Code of Conduct for regulating, monitoring and reporting of trading by Insiders. The said Code laid down guidelines, which advised them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioned them on consequences of non-compliances.

Further, the Company has put in place a Code of practices and procedures of fair disclosures of unpublished price sensitive information. Both the aforesaid Codes are in lines with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The code of conduct of the company for prevention of insider trading is placed at the website of the company under the following link: http://oswalgroup.com/investor_pdf/corporate-policy/Code-for-prevention-of-Insider-Trading.pdf

26. Corporate Social Responsibility

In accordance with the requirements of Section 135 of Companies Act, 2013, your Company has a Corporate Social Responsibility (CSR) Committee, which comprises following directors as on 31st March, 2020:

Sl. No.	Name of Director	Designation in the Committee
1.	Mr. Adish Oswal	Chairman
2.	Mrs. Manju Oswal	Member
3.	Mr. Harpal Singh	Member

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 your Company has formulated a Corporate Social Responsibility Policy (CSR Policy) which is available on the website of the Company at www.vpl.in under the section Corporate Governance.

The company undertake to do the following activities:

- eradicating hunger, poverty and malnutrition, promoting health care includes, preventive health care and sanitation and making available safe drinking water;
- promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;
- measures for the benefit of armed forces veterans, war widows and their dependents;
- training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;
- contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
- rural development projects.
- Any other activities as prescribed or recommended

The Annual Report on Corporate Social Responsibility Activities is annexed herewith as Annexure-C and forms an integral part of this report.

27. Audit Committee

The Audit Committee of the Company comprises of the following Non-Executive and Independent Directors as on

31st March, 2020:

1. Mr. Harpal Singh - Chairperson
2. Mrs. Manju Oswal - Member
3. Mrs. Aarti Sharma - Member

The details about Audit Committee and its terms of reference etc. have been given in Corporate Governance Report. During the Year under review, there was no such recommendation of the Audit Committee which was not accepted by the Board.

28. Auditors

i) Statutory Auditors

M/s. Romesh K. Aggarwal and Associates, Chartered Accountants, Ludhiana (Firm Registration No. 000711N), Chartered Accountants have been appointed as statutory auditors of the Company at 37th Annual General Meeting held on 09.09.2017 for a period of three years i.e., till the conclusion of 40th AGM of the Company.

The Audit Firm can be appointed as auditor for consecutive two terms of not more than 10 years collectively in the Listed Company and other categories of company as specified in section 139(2) of the Companies Act, 2013.

Therefore it is proposed to reappoint the above mentioned audit firm for the five (5) consecutive years starting from the conclusion of this ensuing 40th AGM till the conclusion of the 45th AGM.

The observations of Auditor in their Report (both Standalone and Consolidated), read with the relevant notes to accounts are self explanatory and therefore do not require further explanation pursuant to Section 134(3)(f)(i) except for the following:

Note No. 50 of the Standalone Ind AS financial statements regarding crediting a profit of Rs 396.44 lakhs due on payment of FCCB liability to the statement of profit & loss during the year ended March 31,2017 which should have been credited in the statement of profit & loss on payment of FCCB liability which is still outstanding to the tune of 554,160 USD as on March 31,2020 is not in compliance with the requirements of para 27 of the Ind AS 1- Presentation of Financial Statements w.r.t. preparation of financial statements on accrual basis. Consequently, the profit and loss has been overstated by the above mentioned amount.

We further report that, had the impact of our observations made in para above been considered, the net loss and net worth, for the period ended, would have increased and decreased respectively by ₹ 396.44 lakhs.

The Management would hereby state that the company had credited the amount on the basis of settlement of FCCB liability and out of the settled amount a major part has already been paid till year ended on 31st March, 2017.

The company is undergoing debt resolution plan with the entire of its lenders including Axis Bank Ltd which is holder of FCCB and the issue will be addressed in debt resolution plan.

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 Khanna Ashwani & Associates, Practicing Company Secretary, Ludhiana to conduct the secretarial audit of the Company for the financial year 2019-20, and reappointed the same for FY 2020-21 also.

Report of the secretarial auditor is annexed herewith as 'Annexure D', which forms part of this report. The observations/remarks made by the Secretarial Auditors' in their report are self explanatory and require no comments.

iii) Cost Auditors

M/s Ramanath Iyer & Company, Cost Accountants, New Delhi were appointed as the Cost Auditors of the Company for FY 2019-20 to audit the cost accounts of the Company. The Board of Directors has re-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, 2021. 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. The company has maintained cost records as prescribed under the Companies Act.

29. Compliance to Secretarial Standards

The company has duly complied with the applicable Secretarial Standards during the financial year 2019-20.

30. Deposits from Public

The Company has not accepted any deposits from public during the year and as such no amount on account of principal or interest on public deposits was outstanding as on the date of balance sheet.

31. Listing of securities

The shares 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 2019-20.

32. 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.

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 E'.

33. 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.

34. 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 complaint related to sexual harassment during the year.

35. 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 F'.

36. Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 for 2019-20, as required under Section 92 of the Act read with rules, is annexed as Annexure 'G' which forms an integral part of this Report and Annual Return is available on the Company's website viz. <http://oswalgroup.com/news.php>

37. Company Petition

Vardhman Polytex Ltd (VPL) being holding company of erstwhile FM Hammerle Textiles Limited 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 minority shareholder of FMH-Maschinen Umwelttechnik Transportanlagen Gesellschaft mbH, Austria [(MUT)- another 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 in the manner oppressive to VPL. VPL also filed petition before the CLB to declare that allotment of 1,90,15,920 shares to IRIS (presently held by MUT) as void ab initio for want of consideration and rectify the register by cancelling the allotment made to IRIS. In furtherance of the petition filed by the Company, the MUT filed an application against OFMHT for oppression and mismanagement. The Company Law Board (CLB) vide its consolidated order dated 13.08.2015 has dismissed all the petitions. The matter pertaining to rectification of register of members was disposed off against VPL. The same was challenged before the Punjab & Haryana High Court at Chandigarh and a stay has been granted in the matter by the Hon'ble High Court. In response to the order of CLB dated

13.08.2015, Hahn Group filed two applications at CLB for execution of above CLB order and for amendment/rectification in the order.

Also MUT had got an order dated 13.10.2017 from Supreme Court of India for adding Vardhman Polytex limited as a party to purchase the shares pursuant to CLB Order dated 13.08.2015. VPL has filed Civil Appeal under section 10 F of the companies Act, 1956 (now corresponding section 59 of the companies Act, 2013) against the judgment dated 13.08.2015 passed by the Hon'ble Company law board as modified by order 13.10.2017 passed by the Hon'ble Supreme Court of India. Punjab & Haryana High Court, Chandigarh vide its interim order dated 04-12-2019 has directed to determine the market value of shares held by minority shareholders of FM Hammerle Textiles Ltd. State Bank of India as CoC of FM Hammerle has filed Special Leave Petition (SLP) in the Hon'ble Supreme Court of India assailing the validity of the impugned interim order dated 04.12.2019 passed by Hon'ble High Court of Punjab & Haryana. Hon'ble Supreme Court of India vide its order dated 17.01.2020 was pleased to grant stay of operation of the impugned interim order of the High Court. On 10th February 2020, Supreme Court has issued Notice to VPL to submit its reply. After that the matter was not taken up in the Supreme Court. The matter is sub-judice in the Hon'ble Supreme Court and Punjab & Haryana High Court, Chandigarh and stay is continuing.

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

Except as stated in the report, 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.

39. 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.

For and on behalf of the Board

**Sd/-
(Adish Oswal)**

**Chairman and Managing Director
(DIN-00009710)**

**Date: 14th August, 2020
Place: Ludhiana**

"FORM AOC-1"

Statement containing salient features of the Financial Statement of Subsidiaries/ Associate companies/Joint Ventures
[Pursuant to first proviso of Section 129 (3) read with Rule 5 of the Companies (Accounts) Rules, 2014]

Part "A": Subsidiaries

(₹ in Lakh)

Sr. No.	Particulars	As on 31.03.2020
1	Name of Subsidiary company	FM Hammerle Verwaltungs GmbH, Austria
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable
3	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiary	1 EURO = Rs. 83.10
4	Share Capital	22.54
5	Reserves & Surplus	(285.35)
6	Total Assets	31.40
7	Total Liabilities	31.40
8	Investments	-
9	Turnover	20.27
10	Profit before Taxation	5.33
11	Profit after Taxation	3.95
12	Proposed Dividend	-
13	% of Shareholding	100 %

- Name of subsidiaries which are yet to commence operation : N.A.
- Names of subsidiaries which have been liquidated or sold during the year : N.A.

"Part-B": Associates and Joint Ventures :

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures:

Not Applicable (as the company has no associate company or joint venture)

Name of associates/Joint Ventures	-
Latest audited Balance Sheet Date	-
Shares of Associate/Joint Ventures held by the Company on the year end	-
No.	-
Amount of Investment in Associates/Joint Venture	-
Extend of Holding%	-
Description of how there is significant influence	-
Reason why the associate/joint venture is not consolidated	-
Net worth attributable to shareholding as per latest audited Balance Sheet	-
Profit/Loss for the year	-
Considered in Consolidation	-
Not Considered in Consolidation	-

For and on behalf of the company

Place: Ludhiana
Date: 14.08.2020

Sd/-
Adish Oswal
Chairman & Managing Director
DIN: 00009710

Sd/-
Manju Oswal
Director
DIN:00009449

Sd/-
Apjit Arora
Chief Financial Officer

Sd/-
Ajay Ratra
Company Secretary

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 who are in full time employment of the Company.

‘Independent Director’ shall have 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 cash less exercise of options;
 - 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.
 - 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:

- 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.
- 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.
- Chairman and Executive Directors:** Each Board member completes the peer valuation 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.
- 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.

ANNUAL REPORT ON CSR ACTIVITY

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

Vardhman Polytex Limited (VPL) believes in corporate excellence and social welfare. This corporate philosophy is the force for integrating Corporate Social Responsibility (CSR) into Company's values, culture, operation and business decisions at all levels of the organization. Being a responsible corporate citizen, VPL has a value system of giving back to society and improving life of the people and the surrounding environment. The Company's CSR initiatives are inspired by the opportunity to contribute to a more secure and sustainable future. VPL believes that the corporate strategy which embraces social developments as an integral part of the business activities ensure long term sustainability of business enterprises. With this belief, the Company is committed to make substantial improvements in the social framework of the nearby community. Looking at the social problems which the country faces today, the contribution by any corporate may look tiny. However, we believe that every such contribution shall bring a big change in our society. VPL will implement CSR programmes through Company personnel, or through external implementing agencies, and ensure proper governance, monitoring and reporting thereof.

The policy is available on the website of Company: www.vpl.in at http://oswalgroup.com/investor_pdf/corporate-policy/Corporate-Social-Responsibility-Policy.pdf

2. Composition of CSR Committee

As on 31st March, 2020, following is the composition of the Committee:

- | | |
|-----------------------|----------|
| I) Mr. Adish Oswal, | Chairman |
| II) Mr. Harpal Singh | Member |
| III) Mrs. Manju Oswal | Member |

3. Average Net Profit/(Loss) of the Company for last three Financial Years

FY 2016-17	₹ 22.62 Lakh
FY 2017-18	(₹ 42,388.30 Lakh)
FY 2018-19	(₹ 7,426.33 Lakh)
Average net profit/(Loss)	(₹ 49,792.01 Lakh)

4. CSR Expenditure (two percent of the amount as calculated in point 3 above) – N.A.

As per point no. 3 above, the average of profit for the last three financial years is negative i.e loss; therefore, the requirement to spend the amount on CSR activity is not applicable on the Company.

5. Details of CSR spent during the financial year:

- a) Total amount to be spent for the financial year: NIL
- b) Amount unspent, if any: N.A
- c) Manner in which the amount spent during the financial year is detailed below:
As stated above at point no. 4, expenditure on CSR (as per rules) is NIL.

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report:

Not applicable in view of point no.4 stated above.

7. This is to confirm that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

For and on behalf of the board

Sd/-

Adish Oswal

Chairman and Managing Director

DIN: 00009710

Date : 14.08.2020

Place : Ludhiana

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2020.
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
 The Members,
Vardhman Polytex Limited.
Vardhman Park, Chandigarh Road,
LUDHIANA-141123,
Punjab (India).

We have conducted the secretarial audit 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 our opinion thereon.

Based on our verification of the **Vardhman Polytex Limited** books, papers, minutes 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 **31.03.2020** 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 book, forms and returns filed and other records maintained by the company for the financial year ended on 31.03.2020 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 (**Substantial Acquisition of Shares and Takeovers**) Regulations, 2011;
 - b) The Securities and Exchange Board of India (**Prohibition of Insider Trading**) Regulations, 2015;
 - c) The Securities and Exchange Board of India (**Issue of Capital and Disclosure Requirements**) Regulations, 2009; not applicable to the company during period of audit.

- d) The Securities and Exchange Board of India (**Employee Stock Option Scheme and Employee Stock Purchase Scheme**) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; not applicable during the period of audit.
- e) The Securities and Exchange Board of India (**Issue and Listing of Debt Securities**) Regulations, 2008; not applicable to the company during period of audit.
- f) The Securities and Exchange Board of India (**Registrar to an Issue and Share Transfer Agents**) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (**Delisting of Equity Shares**) Regulations, 2009; not applicable to the company during period of audit.
- h) The Securities and Exchange Board of India (**Buyback of Securities**) Regulations, 1998; not applicable to the company during period of audit. And
- i) Listing Agreement and SEBI (**Listing Obligations and Disclosure Requirements**) Regulations 2015 (effective 1st December 2015)

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

- i) **Secretarial Standards** issued by The Institute of Company Secretaries of India (ICSI) - ICSI had issued Secretarial Standards numbering 1 and 2 corresponding with reference to the provisions of the **Companies Act, 2013** (effective 1 July 2015) and the Management adheres to them;
- ii) The **Listing Agreements** entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

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

vi) Other Applicable laws

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

1. The Factories Act 1948 and Rules framed there under.
2. Shops and Commercial Establishments Act, 1958 read with Shops and Commercial Establishments Rules.
3. The Contract Labour (Regulation & Abolition) Act – 1970

4. Apprentices Act, 1961 read with Apprenticeship Rules, 1992
5. Employees Provident Fund and Miscellaneous Provisions Act, 1952
6. The Employees State Insurance Act, 1948, Employees State Insurance (Central) Rules, 1950 and Employees State Insurance (General) Regulations, 1950
7. Employment Exchanges Compulsory Notification of Vacancies Act, 1959 and the Employment Exchanges Compulsory Notification of Vacancies Rules, 1960
8. Equal Remuneration Act, 1976 and Equal Remuneration Rules, 1976
9. Minimum Wages Act, 1948 read with State Minimum Wages Rules framed thereunder.
10. The Payment of Gratuity Act, 1972 read with State Payment of Gratuity Rules framed thereunder.
11. Child Labour (Prohibition and Regulation) Act, 1986 read with Child Labour (Prohibition and Regulation) Rules, 1988.
12. Payment of Wages Act, 1936 read with State Payment of Wages Rules framed thereunder.
13. The Payment of Bonus Act, 1965 read with the Payment of Bonus Rules, 1975
14. Industrial Employment (Standing Orders) Act, 1946 read with State Industrial Employment (Standing Orders) Rules
15. The Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act 2013

Environmental, Health and Safety Laws:

16. Environment Protection Rules, 2002
17. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
18. Noise Pollution (Regulation and Control) Rules, 2000
19. Air (Prevention and Control of Pollution) Act, 1981 read with State Air (Prevention and Control of Pollution) Rules:
20. Water (Prevention and Control of Pollution) Act, 1974 read with State Water (Prevention and Control of Pollution) Rules:
21. Water (Prevention and Control of Pollution) Cess Act, 1977 read with Water (Prevention and Control of Pollution) Cess Rules, 1978

Further, We have not visited the factory units due to covid-19 outbreak situated at:-

- i) Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh – 174101 (HP)
- ii) Unit – Vinayak Textiles Mill, D-295/1, Focal Point, Phase-8, Ludhiana East, Ludhiana IV, Ludhiana, Punjab, India.
- iii) Amkryon International, HB-22, Phase –VI, Focal Point, Ludhiana - 141010

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-Executive Directors and independent Directors**. 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** is given to all directors to schedule the **Board Meetings, Agenda** and detailed **notes** on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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.

We further report that during the audit period and as per the Audit report by Statutory Auditors;

- Credit Facility Accounts of the company, availed from various Scheduled Banks, Financial Institutions & NBFC's, has been classified as Non Performing Assets (NPA) in terms of RBI Master Circular- Prudential Norms on Income recognition, Asset Classification and Provisioning pertaining to the Advances Portfolio.
- As pointed out by the Statutory Auditor, Company is unable to meet with the current liabilities with respect to the Foreign Currency Convertible Bonds ("FCCB").
- In view of the financial position of the company, the company was unable to serve the bank and had occurred an operational loss to the tune of 1283.60 lacs during the quarter. The company has requested the bankers for resolution by way of One Time Settlement (OTS), Further, State Bank of India (One of the consortium banker) has assigned the Debt to Phoenix ARC Private Limited dated 27th March 2020 and the OTS Proposal of the company was approved by 80% of total lenders as on date. However, the Net-worth of the company is fully eroded, despite the fact, the decision of management of the Company to prepare the accounts of the Company on going concern basis, being considered as operative company.
- On Account of invocation of corporate guarantee towards the subsidiary company i.e F.M. Hammerle Textile Limited, the provision was booked by the company amounting to ₹ 17,685.13 lacs during the Quarter ended march, 2018. The same has been reversed in the current quarter, as the Corporate Guarantee has been released by State bank of India after depositing the sum being demanded by the bank.

Ø Two of the lender bankers Punjab National Bank and Jammu & Kashmir Bank being Financial Creditor and few Operational Creditors has filed an application under Section 7 & 9 of Insolvency and Bankruptcy Code, 2016, respectively, before National Company Law Tribunal, Chandigarh for initiating Corporate Insolvency Resolution Process (CIRP), The same has not been admitted so far.

Place: Ludhians
Date: 10.07.2020

Sd/-
(Ashwani Kumar Khanna)
FCS No. 3254
CP No. 2220

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report

**Annexure: -A
of Form MR-3**

To,
The Members,
Vardhman Polytex Limited.
Vardhman Park, Chandigarh Road,
LUDHIANA-141123,
Punjab (India).

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. In view of the outbreak caused By Covid-19, we were unable to do physical verification of the records and have relied upon the information being supplied and provided by the management of company and the verification of the record/information supplied to us done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company and had relied upon the reports been issued by the statutory auditors of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc and we have relied on such representation for giving our report.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with the management has conducted the affairs of the Company.

Place: Ludhiana
Date: 10.07.2020

Sd/-
(Ashwani Kumar Khanna)
FCS No. 3254
CP No. 2220

Particulars of Employees
Details pertaining to remuneration under Section 197(12) of the Companies Act, 2013 read with rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. 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, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year:

S.No.	Particulars	Ratio to Median Remuneration	% increase in remuneration in the financial year
1.	Mr. Adish Oswal Chairman & Managing Director	*	Nil
2.	Mr. Apjit Arora (Chief Financial Officer)	-	Nil
3.	Mr. Ajay K. Ratra (Company Secretary)	-	Nil

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

*Mr. Adish Oswal was appointed as Chief Operating Officer (COO) of the Company w.e.f 26.12.2018 and he drew remuneration (CTC) of ₹ 1,20,00,000/- during the FY 2019-20 in the capacity of COO. Ratio to median remuneration is 99.45.

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, 2020

S. No.	Name of Employee	Date of Birth	Designation	Qualification	Total Experience (In Years)	Date of commencement of employment in VPL	Remuneration (CTC) drawn during the year (Rs in Lakh)	Previous employer
1	Mr. Adish Oswal	18.01.1980	Chief Operating Officer	B.Com, Training Programmes on Managerial Finance, Core Competence, Capability & Strategy for Fast Growing Enterprises	17	26.12.2018	120.00	-
2	Mr. Sandeep Bahl	28.05.1967	Chief General Manager	B.Tech Textile Technology	31	19.09.2016	40.44	Spintex Mills
3	Mr. Rohit Bhasker	04.05.1965	Vice-President	PGDBM, PGDCA	29	01.06.2011	35.42	Cheema Spintex Limited
4	Mr. Apjit Arora	27.05.1976	Chief Financial Officer	CA, LLB	18	28.11.2005	27.00	Avon Group
5	Mr. Amitabh Singh Dagar	09.11.1973	GM (Operations)	B.Tech	25	27.09.2003	25.30	Arihant Spinning Mills
6	Mr. Vijay Arora	02.03.1970	Associate Vice President	B.Com, LLB	25	20.10.1998	23.76	Annant Spinning Mills
7	Mr. Dibyakant Singh	02.12.1982	Associate Vice President- HR	MBA	16	17.08.2017	23.52	Varun Beverage Limited
8	Mr. Sulabh Shinghal	06.08.1974	Associate General Manager	BA, PGD (HR)	20	15.01.2019	20.00	LNJ Kanya Kheri
9	Mr. Amit Pandey	24.10.1973	General Manager- Operation	B.Tech Textile Technology	25	01.03.1997	20.00	Delhi Cloth Mills
10	Mr. Sandeep Kumar	21.12.1973	Associate General Manager- Finance and Accounts	CA	20	22.05.2014	18.00	Trident Limited

- Note:**
1. All are permanent employees, and are governed by letter of employment.
 2. No employee of the company holds 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 being son of Mrs. Manju Oswal.

b) Details of employees who are getting remuneration of ₹ 1,02,00,0000/- P.A. or ₹ 8,50,000/- or more per month

S. No.	Name of Employee	Date of Birth	Designation	Qualification	Total Experience (In Years)	Date of commencement of employment in VPL	Remuneration (CTC) drawn during the year (Rs in Lakh)	Previous employer
1.	Mr. Adish Oswal	18.01.1980	Chief Operating Officer	B.Com, Training programmes on Managerial Finance, Core Competence, Capability & Strategy and Strategy for Fast Growing Enterprises	17	26.12.2018	120.00	-

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

1. 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 and utilization of energy including

identification of energy conservation areas in the different manufacturing units of the Company.

(a) Energy conservation measures taken, its impact and capital investment on equipment:

Energy saving measures taken in 2019-20	Power saving (Units/KWH in Lakhs)	Capital investment (Rs. in lakh)
Energy saved in 2019-20 with following gadgets:-		
1. Arrested Compressed Air Leakages.	Units saved by plugged leakages of compressed air. Saving : 63 Cfm/day and Units : 307 Kwh/day	4.45
2. Installed of SMT Pressure Pack assembly sets.	Unit saved by installation of SMT Pressure Pack assembly on 12Nos. of Ring-frame G5/2S. Units' saved : 132 Kwh/day	9.23
3. Replaced heavy weighted spindles with Light weight spindles on Ring-frame G51/D taken from VPLB machines.	Unit saved by the replacement of Heavy weight spindles with Light weight spindles on 06Nos. of Ring-frames G5/1D. Units' saved : 286 Kwh/day	Taken from VPLB machines. So investment NIL.
4. Installed one Energy Efficient - 55KW Main Motor on Ringframe-KTTM	Unit saved by installing energy efficient motor 01Nos. on Ring-frames Kttm-RX1240e. Units' saved : 54 Kwh/day	2.17
5. Installed one VFD-22KW on Dyeing Machine	Unit saved by installing VFD-22KW 01Nos. on Dyeing machine. Units' saved : 131Kwh/day	Taken from VPL-6. So investment NIL
6. Installed one VFD-30KW on Dyeing Machine	Unit saved by installing VFD-30KW 02Nos. on Dyeing machine. Units' saved : 317Kwh/day	Taken from VPL-6. So investment NIL
7. Installed one VFD-110KW on Dyeing Machine	Unit saved by installing VFD-110KW 01Nos. on Dyeing machine. Units' saved : 744 Kwh/day	2.6

(b) Steps taken by the Company for utilizing the alternative sources of energy

1. Energy efficient Fan Impeller
2. Controlling Compressed air leakages
3. Installation of SMT Pressure Pack assembly sets
4. Replacement of heavy weighted spindles from VPL, Bathinda

R&D is also being carried out on Nano Technology to develop anti-viral, anti-bacterial textile material that will prove to be highly efficient in protecting the wearer from getting infected from various gram positive and gram negative virus and bacteria.

b) Benefits derived as result of R&D

The Company initiated the value addition and upgraded varieties of normal yarn as a result of improved raw material, efficient technology, modern R&D techniques and maintaining consistency in quality. It has been able to establish successfully two of its premium branded yarn named ZOYA (100% Compact Cotton Yarn) and SHAKTI (High quality Poly-Cotton blended yarn) in the domestic market, those not only improve quality, but yield higher productivities to the subsequent value chains.

Technology imported (imported during the last three years reckoned from the beginning of the financial year) - None

- (a) the details of technology imported; N.A
- (b) the year of import; N.A

2. Technology Absorption

Efforts -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 on value addition by upgrading part of its production into Superior quality yarn, process re- engineering to improve product performance in today's high speed fabrication machineries in the subsequent value chains – both technically & commercially, thereby increasing product range & achieving customer satisfaction.

- (c) whether the technology been fully absorbed: Yes
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; N.A

c) Expenditure on R&D ₹ in lakh

Particulars	2019-20
Capital	-
Recurring	2.54
Total	2.54
As % of Turnover	0.005%

3, Technology absorption, adaptation and innovation

Technology upgradation 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.

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

₹ in lakh

Particulars	2019-20	2018-19
Earnings (FOB value of exports)	-	262,21
CIF value of imports	-	292.22
Expenditure in foreign currency	16.33	15.51

**EXTRACT OF ANNUAL RETURN:
Form No. MGT-9**

as on the financial year ended on 31st March, 2020
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

S. No.	Particulars	Details
i)	CIN	L17122PB1980PLC004242
ii)	Registration Date	20 th August, 1980
iii)	Name of the Company	Vardhman Polytex Limited
iv)	Category/ Sub-Category of the Company	Company Limited by shares / Indian Non -Government Company
v)	Address of the Registered office and contact details	Vardhman Park, Chandigarh Road, Ludhiana-141123, Punjab, India.
vi)	Whether listed company	Yes (NSE & BSE)
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Alankit Assignments Limited 1E/13, Alankit Heights, Jhandewalan Extn., New Delhi- 110055. Phone: 011- 41540060-63 Fax: 011- 41540064 E-mail: 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:-

S. No	Name and Description of main products /services	NIC Code of the product/service	%to total turnover of the company
1.	Textiles	131	100%

III. Particulars of Holding, Subsidiary and Associate Companies:

S. No	Name and Address of the company	CIN/ GLN	Holding /Subsidiary/ Associate	% of shares held	Applicable section
1.	F.M. H mmerle Verwaltungs Gmbh, Austria	N.A.	Subsidiary Company	100.00	2 (87) (ii)

IV. Share holding pattern (Equity Share Capital Breakup as percentage of Total Equity)
A) Category -wise share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physicals	Total	% of Total Shares	Demat	Physicals	Total	% of Total Shares	
A. Promoters									
1.) Indian									
a) Individual /HUF	6,38,650	-	6,38,650	2.87	6,38,650	-	6,38,650	2.87	-
b) Central Govt./ State Govt. (s)	-	-	-	-	-	-	-	-	-
c) Banks /FI	-	-	-	-	-	-	-	-	-
d) Any other (Specify) Bodies corporate	12,766,002	-	12,766,002	57.27	12,766,002	-	12,766,002	57.27	-
Trust	10000	-	10000	0.04	10000	-	10000	0.04	-
Sub –total (A)(1):-	13,414,652	-	13,414,652	60.18	13,414,652	-	13,414,652	60.18	-
(2) Foreign									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Government	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physicals	Total	% of Total Shares	Demat	Physicals	Total	% of Total Shares	
c) Institutions	-	-	-	-	-	-	-	-	-
d) Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
Sub -total (A)(2):-	-	-	-	-	-	-	-	-	-
Total Shareholding of promoter (A)=(A)(1)+(A) (2)	13,414,652	-	13,414,652	60.18	13,414,652	-	13,414,652	60.18	-
B. Public Shareholding									
1. Institutions									
a.) Mutual Funds	500	1300	1800	0.01	500	1300	1800	0.01	-
b.) Venture Capital Funds	-	-	-	-	-	-	-	-	-
c.) Alternate investment Funds	-	-	-	-	-	-	-	-	-
d.) Foreign venture Capital	-	-	-	-	-	-	-	-	-
e.) Foreign Portfolio Investors	2,55,008	1,200	2,56,208	1.15	2,55,008	1,300	2,56,308	1.15	-
f.) Banks /FI	-	1034	1,034	0.005	1,032	-	1,032	0.005	-
g.) Insurance Companies	-	-	-	-	-	-	-	-	-
h.) Provident Funds/Pension Funds	-	-	-	-	-	-	-	-	-
i.) Any Others (specify) Bank Foreign	-	100	100	-	-	-	-	-	-
Sub-Total(B)(1)	2,55,508	3,634	2,59,142	1.16	2,56,540	2,600	2,59,140	1.16	-
2. Central Government/State Government(s)/President of India	-	-	-	-	-	-	-	-	-
Sub -total (B)(2):-	-	-	-	-	-	-	-	-	-
3. Non Institutions									
A. Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 2 lakhs	65,12,177	3,16,050	68,28,227	30.63	64,29,421	3,10,243	67,39,664	30.23	-0.04
ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs.	5,53,246	-	5,53,246	2.48	8,36,386	-	8,36,386	3.75	1.27
b) NBFCs registered with RBI	-	-	-	-	-	-	-	-	-
c) Employee Trusts	-	-	-	-	-	-	-	-	-
d) Overseas Depositories (holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-
e) Any Other (specify) # CORPORATE BODY	8,67,286	4,403	8,71,689	3.91	6,18,895	5,437	6,24,332	2.80	-1.11
e) Any Other (specify) # NRI	93,499	400	93,899	0.42	1,15,734	-	1,15,734	0.52	0.10
e) Any Other (specify) # CLEARING MEMBER	13,959	-	13,959	0.06	29,759	-	29,759	0.13	0.07
f) Any Other (specify) # HUF	2,56,143	-	2,56,143	1.15	2,71,290	-	2,71,290	1.22	0.07
Sub-Total (B)(3)	82,96,310	3,20,853	86,17,163	38.66	83,01,485	3,15,680	86,17,165	38.66	-
Total public shareholding (B)=(b) (1)+(b) (2)+(b) (3)	85,51,818	3,24,487	88,76,305	39.82	85,58,025	3,18,280	88,76,305	39.82	-
C. Shares held by custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand total (A + B + C)	21966470	3,24,487	22,290,957	100	2,19,72,677	318,280	22,290,957	100	-



B) Shareholding of Promoters:

(i) Body Corporate & Trust:

S. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of 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	0.00
2.	Enakshi Investments (P) Ltd.	370250	1.66	1.66	370250	1.66	1.66	0.00
3.	Allepy Investment & Trading Co. (P) Ltd.	95500	0.43	0.43	95500	0.43	0.43	0.00
4.	Gagan Mercantile Co. (P) Ltd.	163900	0.74	0.74	163900	0.74	0.74	0.00
5.	Calgary Investment & Trading Co. (P) Ltd.	67300	0.30	0.30	67300	0.30	0.30	0.00
6.	Kent Investments (P) Ltd.	46950	0.21	0.21	46950	0.21	0.21	0.00
7.	Liberty Mercantile Co. (P) Limited	120550	0.54	0.54	120550	0.54	0.54	0.00
9	Pioneer Marcantile Co. (P) Limited	49350	0.22	0.22	49350	0.22	0.22	0.00
10	Ruby Mercantile Co. (P) Ltd.	153000	0.69	0.69	153000	0.69	0.69	0.00
11	Adesh Investment & Trading Co (P) Ltd.	35100	0.16	0.16	35100	0.16	0.16	0.00
12	Boras Investment & Trading Co. (P) Ltd.	32860	0.15	0.15	32860	0.15	0.15	0.00
13	Alma Assets Consultancy (P) Ltd.	4362325	19.57	19.57	4362325	19.57	19.57	0.00
14	Nightnagle Dealcom (P) Ltd.	660000	2.96	2.96	660000	2.96	2.96	0.00
15	Alfort Merchants Private Ltd.	2182000	9.79	-	2182000	9.79	-	0.00
16	Amrante Trust through Rakhi Oswal	10000	0.04	-	10000	0.04	-	0.00
	Total (A)	12776002	57.31	47.48	12776002	57.31	47.48	0.00

(ii) Individuals:

S. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of 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	0.00
2.	Mr. Ashok Kumar Oswal	127748	0.57	0.57	127748	0.57	0.57	0.00
3.	Mrs. Manju Oswal	52694	0.24	0.24	52694	0.24	0.24	0.00
4.	Mrs. Rakhi Oswal	17820	0.08	0.08	17820	0.08	0.08	0.00
5.	Mr. Abhinav Oswal	14307	0.06	0.06	14307	0.06	0.06	0.00
6.	Ms. Aketa Oswal	5460	0.02	0.02	5460	0.02	0.02	0.00
7.	Ashok Kumar & Sons (HUF)	110	0.00	0.00	110	0.00	0.00	0.00
	Total (B)	638650	2.86	1.55	638650	2.86	1.55	0.00
	Total (A + B)	1,34,14,652	60.18	49.03	1,34,14,652	60.18	49.03	0.00

(iii) Change in promoter's Shareholding (please specify, if there is no change): N.A.

(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):-

S. No.	Name	Shareholding at the beginning i.e. 01.04.2019		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year/ as on 31.03.2020	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
1	SCM INDIA PRIVATE LIMITED	402203	1.80	Transaction Period From 01.04.2019 to 31.03.2020	NIL	NIL	402203	1.80
2	ASPIRE EMERGING FUND	255008	1.14	Transaction Period From 01.04.2019 to 31.03.2020	NIL	NIL	255008	1.14
3	NAND LAL KOTHARI	80412	0.36	Transaction Period From 01.04.2019 to 31.03.2020	NIL	NIL	80412	0.36
4	SHUCHI GARG	40258	0.18	Transaction Period From 01.04.2019 to 31.03.2020	NIL	NIL	40258	0.18
5	ANITA GARG	42369	0.19	Transaction Period From 01.04.2019 to 31.03.2020	NIL	NIL	42369	0.19
6	DINDI MADHU	57223	0.26	Transaction Period From 01.04.2019 to 31.03.2020	12260	Purchase	69483	0.31
					8132	Sale	61351	0.28
7	RANJIT SETH	10399	0.05	Transaction Period From 01.04.2019 to 31.03.2020	31472	Purchase	41871.00	0.19
					2818	Sale	39053	0.18
8	DHARAM PAL AGGARWAL	0	0.00	Transaction Period From 01.04.2019 to 31.03.2020	110601	Purchase	110601	0.50
9	SHREY GUPTA	10607	0.05	Transaction Period From 01.04.2019 to 31.03.2020	38,271	Purchase	48,878	0.22
					7855	Sale	41,023	0.18
10	SHANTILAL	25000	0.11	Transaction Period From 01.04.2019 to 31.03.2020	36000	Purchase	61000	0.27
					17000	Sale	44000	0.20

iv) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-19 to 31-03-20)	
		No. of shares at the beginning (01.04.19)/end of the year (31.03.20)	% of total Shares of the company				No. of Shares	% of total Shares of the company
1.	Mr. Adish Oswal (Chairman & Managing Director)	420511	1.88	31-Mar-2020	No transaction during the year	420511	1.88	
2.	Mrs. Manju Oswal (Director)	52694	0.24	31-Mar-2020	No transaction during the year	52694	0.24	
3.	Harpal Singh (Independent Director)	-	-	31-Mar-2020	No transaction during the year	-	-	
4.	Mrs. Aarti Shama (Independent Director)	-	-	31-Mar-2020	No transaction during the year	-	-	
5.	Mr. Ajay K. Ratra (Company Secretary)	-	-	31-Mar-2020	No transaction during the year	-	-	
6.	Mr. Apjit Arora (CFO)	-	-	31-Mar-2020	No transaction during the year	-	-	

(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	20243.33	454.19	0.00	20697.52
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i + ii + iii)	20243.33	454.19	0	20697.52
Change in Indebtedness during the financial year				
* Addition	441.17	130.04	0.00	571.22
* Reduction	0.00	0.00	0.00	0.00
Net Change	8725.68	233.86	0.00	8959.54
Indebtedness at the end of the financial year				
i) Principal Amount	20,684.50	584.23	-	21,268.74
ii) Interest due but not paid	8,284.51	103.81	-	8,388.32
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	28,969.01	688.05	-	29,657.06

Indebtedness details as on 31.03.2020 includes ₹ 20393.55 lakh. This amount has been shown in Short Term Borrowings.

(vi) Remuneration of Directors and Key Managerial Personnel:

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

(₹ in lakhs)

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. Adish Oswal (CMD)	
1	Gross Salary		
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	-
	b) Value of perquisites u/s 17(2) Income-Tax Act,1961	-	-
	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, specify	-	-
5	Others, please Specify	-	-
	Total (A)	-	-
	Ceiling as per the Act	As per Companies Act, 2013	

Notes:

- Mr. Adish Oswal was appointed as Chief Operating Officer (COO) of the Company w.e.f 26.12.2018 and he drew remuneration (CTC) of ₹ 1,20,00,000 /- during the FY 2019-20 in the capacity of COO.

B. Remuneration to other directors:

(in Rs.)

S. No.	Name of Directors	Particulars of Remuneration			Total
		Fee for attending board/committee meetings	Commission	Others, please specify	
1.	Independent directors				
A	Mr. Harpal Singh	72,500	-	-	72,500
B	Mrs. Aarti Sharma	58,500	-	-	58,500
	Sub- Total (1)	1,31,000			1,31,000
2.	Non- Independent Director				
A	Mrs. Manju Oswal	65,500	-	-	65,500
	Sub- total (2)	65,500	-	-	65,500
	Total (B)= (1) + (2)	1,96,500	-	-	1,96,500
	Total managerial remuneration				

C. Remuneration to key managerial personnel other than MD/Manager /WTD (in Rs.)

S. No.	Particulars of remuneration	Key managerial Personnel		
		CFO	Company Secretary	Total
		Mr. Apjit Arora	Mr. Ajay Ratra	
1	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act,1961	22,12,006	11,95,417	34,07,423
	b) Value of perquisites u/s 17(2) Income Tax Act,1961	45,548	-	45,548
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- As % of profit	-	-	-
	- Others, specify	-	-	-
5	Others, Please Specify	4,49,156	2,33,260	6,82,416
	Total	27,06,710	14,28,677	41,35,387

vii) Penalties/punishment /compounding of offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any (give details)
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment			N.A.		
Compounding					
C. Other Officers in Default					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

Sd/-

Adish Oswal

 Chairman & Managing Director
 (DIN- 00009710)

Date : 14. 08. 2020

Place: Ludhiana

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC OVERVIEW

Global Economy

According to the International Monetary Fund (IMF), global economies are estimated to have grown by 2.9% in 2019, down from 3.6% in 2018 on account of rising geopolitical tensions, notably between the United States and Iran, intensifying social unrest, further worsening of relations between the United States and its trading partners and deepening economic frictions between other countries.

The COVID-19 pandemic is inflicting high and rising human costs worldwide. Protecting lives and allowing health care systems to cope have required isolation, lockdowns and widespread closures to slow the spread of the virus. The health crisis is, therefore, having a severe impact on economic activity globally.

The IMF expects global economic growth to drop sharply in 2020. Worst pandemic situation in many countries, declined consumption & services output, depressed movement in retail, transit stations & workplaces, severe hit to the global labour market, contraction in global trade and weaker inflation etc. on account of the Covid-19 pandemic are expected to adversely affect the global economic growth.

As per IMF's World Economic Outlook (WEO) forecast, Global growth is projected at -4.9 percent in 2020. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. The adverse impact on low-income households is particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s.

Indian Economy

According to the International Monetary Fund (IMF), the Indian economy has registered a growth of 4.2% in 2019, much lower than the 6.1% in 2018. The sluggish growth in the manufacturing sector, stressed non-banking financial sector and decline in credit growth caused a sharp drop in domestic demand.

The growth outlook for the Indian economy was optimistic prior to the COVID-19 outbreak. However, this optimism has been changed due to COVID-19 pandemic and the economic impact of the resultant lockdowns. IMF's latest forecast does not have too much good news for India. As IMF's World Economic Outlook, India's growth rate in 2020 is tipped to come down from 1.9 per cent as forecasted in IMF's April report to -4.5 percent. If the projection holds true, India's economy could see a contraction for the first time since 1980.

INDUSTRY STRUCTURE & DEVELOPMENTS

Global Textile Industry

The global textile market is expected to decline from \$673.9 billion in 2019 to \$655.2 billion in 2020 at a compound annual growth rate (CAGR) of -2.8%. The decline is mainly due to economic slowdown across countries owing to the COVID-19 outbreak and the measures to contain it. The market is then expected to recover and grow at a CAGR of 7% from 2021 and reach \$795.4 billion in 2023. Asia-Pacific was the largest region in the global textile market, accounting for 50% of the market in 2019. Western Europe was the second largest region accounting for 18% of the global textile market. Africa was the smallest region in the global textile market.

Indian Textiles Industry

India's textiles sector is one of the oldest industries in the Indian economy, dating back to several centuries. The industry is extremely varied, with hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital-intensive sophisticated mills sector on the other end. The decentralised power looms/ hosiery and knitting sector forms the largest component in the textiles sector. The close linkage of textiles industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles makes it unique in comparison to other industries in the country. India's textiles industry has a capacity to produce wide variety of products suitable for different market segments, both within India and across the world.

India's textiles industry contributed seven per cent of the industry output (in value terms) in FY19. It contributed two per cent to the GDP of India and employed more than 45 million people in FY19. The sector contributed 15 per cent to India's export earnings in FY19. Textiles industry has around 4.5 crore employed workers including 35.22 lakh handloom workers across the country. The domestic textiles and apparel market stood at an estimated US\$ 100 billion in FY19. The production of raw cotton in India is estimated to have reached 36.04 million bales in FY20. During FY19, production of fibre in India stood at 1.44 million tonnes (MT) and reached 1.60 MT in FY20 (till January 2020), while that for yarn, the production stood at 4,762 million kgs during same period.

Opportunities & Threats

The world is challenging Covid-19 Pandemic, which has not left any part of the world to face it. One side lives are being lost as a result of Pandemic, other largest consequence that the world is facing big downfall in the economy too. This economic crisis has attacked various business in and around the world. All sort of Travel, Hospitality, Hotels, Restaurants, Bar, Package food, retail, e-commerce, Automobile etc. One of the severely affected industry is Textile Manufacturing too. Which is the second largest employment creating industry after agriculture. The slew of measures being taken by the government to fight the coronavirus pandemic has put textile manufacturers in a spot. While on the one hand, the sector is struggling to continue with its production schedule as offtake has almost

come to a halt, on the other the pressure to repay its dues to banks is alarming. It is expected that overall textile business will be severely affected which would result in various job losses across the value chain.

First half of FY 21 is expected to be very tough and the second half is expected to give some relief to the business and the society in general if all the countries specially India is able to control the COVID 19 Pandemic.

Going ahead, there could be a positive side for textile business as USA and EU customers who will be looking for alternative for China, may move to other countries such as Vietnam, Bangladesh, India, etc. Hence it is expected that demand will increase in textile fabrics for exports, but we need to ensure that we prepare ourselves to take the advantage of the expected business which might drift away from China

COMPANY OVERVIEW & ROLE

Vardhman Polytex Limited manufactures yarns that are synonymous with the highest quality. With prominent position in the domestic and international market, its range of Cotton Yarns (Carded, Combed, Organic, BCI), Cotton Polyester Yarns and Value Added Yarns (Grey and Dyed) in variable counts, hold a place of pride in the industry. Using the finest raw materials and cutting edge technology for production, each yarn confirms to highest global standards. Leader in the field, Oswal Group puts forth fresh products through constant innovation and synchronization with trends.

Segment-wise/Product-wise Performance

The company operates in one segment only i.e Textile and product-wise sale details are as under:

₹ in Lakh

Sale of products	2019-20	2018-19
Grey yarn	40,489.42	63,094.37
Dyed yarn	9,373.60	8,978.73
Garments	221.64	333.89
Waste sale	5,504.48	7,087.08
Trading goods (textile)	409.89	1,468.21
Total	55,999.03	80,962.28

Outlook

Overall, FY 21 is expected to be a tough year for the textile industry and major focus shall be on cost cutting measures, improving productivity, reduction in wastage and efforts on taking quality to next level and deriving efficiency to make products further cost competitive. Once we are through from the lock-down and the market reopens, the company expects to bounce back. It is a testing period for all of us, but with our good brand image and network in the market, we expect to be back on track soon.

Management perception of Risk & Concerns

Overall negative impact is expected across the industry due to current COVID 19 pandemic. A shift towards online business is expected to happen due to the fear & the restrictions to maintain the social distancing. Also, there could be short time recessionary pressure due to job losses and money crunch in the market and it will take a good 6 to 8 months before we could see demand coming back in the Textile industry.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. Besides the current COVID situation, the main risks inter alia include strategic risk, operational risk, financial risk and compliances & legal risk. The fast technology obsolescence, high cost of manufacturing and irrational taxation are the major risk/ concerns of the business. The Company has devised and implemented a mechanism for risk management and has developed a Risk Management Policy. The Audit Committee also evaluates risk management system of the Company periodically. 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.

Internal Control System & their adequacy:

The Company has a well-established framework of internal controls in all areas of its operations, including suitable monitoring procedures and competent personnel. In addition to statutory audit, the financial controls of the Company at various locations are reviewed by the Internal Auditors, who report their findings to the Audit Committee of the Board. The Audit Committee is headed by an Independent Director and this ensures independence of functions and transparency of the process of supervision. The Committee meets on a regular basis to review the progress of the internal audit initiatives, significant audit observations and planning and implementation of the follow-up action required. The Company conducts its business with integrity and high standards of ethical behavior and in compliance with the all applicable laws and regulations that govern its business.

Discussion on Financial Performance with respect to Operational Performance

During the year under review, earnings before interest, tax and depreciation (EBITDA) of the Company was ₹ 277.72 lakh as compared to previous year figure of ₹ 379.59 lakh. EBITDA has come down as compared to the previous year with respect to its continuing operations i.e. Textiles.

The Financial Performance of our textile units in Ludhiana, Bhatinda and Nalagarh have been affected by the slowdown in the textile sector, internal financial conditions. The margins have been under pressure due to the liquidity crunch during this fiscal because of less demand, eroding market share and limited ability to pass on the increase in raw material prices.

Resource utilization:

The gross fixed assets as at 31st March, 2020 were ₹ 59,251.57 lakh against ₹ Rs.60,807.35 lakh in the previous year. The Net block of assets as on 31st March, 2020 was ₹ 19,059.08 lakh as against ₹ 20,612.94 lakh in the previous year.

Inventory levels as at 31st March, 2020 were ₹ 2076.67 lakh as against ₹ 2061.37 lakh in the previous year. The trade receivable as at 31st March, 2020 were ₹ 569.67 lakh as against ₹ 854.77 lakh in the previous year.

Financial condition & liquidity:

₹ in Lakh

Particulars	2019-20	2018-19
Cash & cash equivalents		
Beginning of the year	27.14	168.25
End of the year	14.24	27.14
Net cash provided(used) by:		
Operating Activities	1345.04	6345.90
Investing Activities	36.59	(84.54)
Financial Activities	(1394.53)	(6402.47)

Human Resources Development:

The total number of employees as on 31st March, 2020 were 3211. The industrial relations in all units of the Company continue to be cordial. Your Company believes that its employees are its core strength and development of people is a key priority for the organization to drive business objectives and goals. Robust HR policies are in place which enables building a stronger performance culture.

Health & Safety Measures:

As a conscientious and caring employer, the Company actively pursues safety and health measures continuously. We believe in good health of our employees. Modern occupational health and medical services are accessible to all employees through well equipped occupational health centers at all manufacturing units.

The Company has always considered safety as one of its key focus areas and strives to make continuous improvement on this front. The Company is committed to complying with all relevant regulations and ensure safer plants by conducting safety audits, risk assessments and periodic safety awareness campaigns and training to employees.

Significant key financial ratios

Particulars	FY 2019-20	FY 2018-19
(i) Debtors Turnover	9.01	4.38
(ii) Inventory Turnover	13.54	9.30
(iii) Interest Coverage Ratio	-0.22	-0.24
(iv) Current Ratio	0.08	0.08
(v) Debt Equity Ratio	-0.02	-0.02
(vi) Operating Profit Margin (%)	-2.30	-1.79
(vii) Net Profit Margin (%)	18.06	-9.25



Return on Net Worth

Particulars	FY 2019-20	FY 2018-19
Return on Net Worth	-0.35	0.19

Cautionary Statement:

Statements in this report on Management Discussion and Analysis, describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking, considering the applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include finished goods prices, raw materials costs and availability, global and domestic demand-supply conditions, fluctuations in exchange rates, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts. The Company assumes no responsibility in respect of the forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.

CORPORATE GOVERNANCE REPORT

Corporate governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices that ensure that a Company meets its obligations to optimize shareholders' value and fulfill its responsibilities to the community, customers, employees, Government and other segments of society. 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.

Pursuant to SEBI (LODR) Regulations, the Company has executed fresh Listing Agreements with the Stock Exchanges. The Company is in compliance with the requirements stipulated under SEBI (LODR) Regulations, as applicable, with regard to corporate governance.

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
- Faith in individual potential and respect for human values
- Achieving excellence through culture integration
- Accepting change as a way of life
- Act as responsible corporate citizen and discharge our social responsibilities.

2. BOARD OF DIRECTORS

a) Composition:

The Board consists of four Directors out of which one is Executive Director and remaining three are Non-Executive Directors including two woman directors. The half of the Board comprises of Independent Directors. The Board of the Company is composed of eminent individuals from diverse fields. During the year, there is no change in the composition of the board of directors of the company.

Chart or a Matrix setting out the Skills/Expertise/Competencies of the Board of Directors:

The following skills / expertise / competencies required in the context of Company's businesses have been identified by the Board for it to function effectively viz.:

- (i) Business Strategy, Planning and Corporate Management (ii) Accounting & Financial Skills
- (ii) Marketing (iv) Communication, Advertising and Media (v) Corporate Governance (vi) Legal & Risk Management (iii) Discharge of Corporate Social Responsibility.

These are available with the Board.

b) Board Meetings

During the financial year under review, Six Board Meetings were held on the following mentioned dates and the gap between two consecutive meetings did not exceed one hundred twenty days.

SR. NO.	DATE OF BOARD MEETING
1	01.04.2019
2	24.05.2019
3	10.08.2019
4	25.09.2019
5	13.11.2019
6	12.02.2020

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

Name of Director/ Designation	Category of Directorship	No. of Shares held	No. of Board Meeting attended	Attendance at last AGM held on 25.09.2019	Total number of Directorship in other Companies [^]		Total number of positions in Committee of Companies ^{^^}	
					Chairperson	Member	Chairperson	Member
Mr. Adish Oswal (DIN: 00009710) (Chairman & Managing Director)	Promoter- Executive	4,20,511	6/6	YES	-	12	-	1
Mrs. Manju Oswal (DIN: 00009449)	Promoter, Non-Executive	52694	5/6	YES	-	12	1	1
Mr. Harpal Singh (DIN: 06932062)	Non-Executive Independent	NIL	5/6	YES	-	3	1	1
Mrs. Aarti Sharma (DIN: 07156525)	Non-Executive Independent	NIL	5/6	YES	-	1	-	1

[^] Directorship includes alternate directorship and exclude foreign directorship.

^{^^} The total number of positions in committees include only the positions in the Audit and Stakeholders' relationship committees of the companies.

Notes:

- 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.
- There is no inter-se relationship between the directors except Mr. Adish Oswal being son of Mrs. Manju 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. 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

- Executive Directors:** The Company can pay remuneration to Chairman & Managing Director, Managing Director and Executive Directors as approved by the Board of Directors and Members of the Company. As of now, the company is not paying remuneration to anyone in the capacity of Executive Director.
- 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	Benefits, Allowances & other Perquisites	Sitting Fee	Total Remuneration
Mr. Adish Oswal	Chairman & Managing Director	—	—	NA	—
Mrs. Manju Oswal	Non- Executive Non-Independent Director	—	—	0.66	0.66
Mr. Harpal Singh	Non- Executive Independent Director	—	—	0.73	0.73
Mrs. Aarti Sharma	Non- Executive Independent Director	—	—	0.59	0.59

1. Mr. Adish Oswal was appointed as 'Chief Operating Officer' of the Company with effect from 26th December, 2018 on a total remuneration (CTC) of Rs.10 lacs per month. He drew remuneration of ₹ 1,20,00,000 /- (CTC) during the FY 2019-20 in the capacity of COO.
2. None of the Non-Executive Directors has any pecuniary relationships or transactions vis- -vis the Company except the sitting fees received by respective directors.
3. Salary/remuneration of working directors do not include performance incentive or any variable pay etc. The Company has not granted any Stock Options to its Directors or Employees.
4. No severance fee is payable to any Managing Director of the company.

f) Independent Directors

Independent directors are non-executive directors as defined under Regulation 16(1) (b) of the SEBI (LODR) Regulations, 2015. 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. Familiarization programmes for Independent Director is available on website of the company at following link: http://oswalgroup.com/investor_pdf/corporate-policy/Familiarization-Programmes-for-Independent-Directors.pdf

During the year, a separate meeting of the independent directors was held on 12.02.2020 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, 2015, which comprises Two Independent Directors i.e. Mr. Harpal Singh is as the Chairman and Mrs. Aarti Sharma as member of the committee. 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 Five times during the year on 01.04.2019, 24.05.2019, 10.08.2019, 13.11.2019, and 12.02.2020. Attendance of the members of the Committee is given below:

Members	Category	Meetings Attended
Mr. Harpal Singh (Chairman)	Non-Executive Independent Director	5
Mrs. Manju Oswal (Member)	Non-Executive Non-Independent Director	4
Mrs. Aarti Sharma (Member)	Non-Executive Independent Director	5

Note: There is no change in the composition of the Audit Committee during the year.

b) Stakeholders' Relationship Committee

The Company has a Stakeholders' Relationship Committee to look into the redressal of stakeholders complaints on various issues. The Committee comprised of Mr. Adish Oswal; Mr. Harpal Singh and Mrs. Manju Oswal. Mrs. Manju Oswal is the Chairperson of the Committee. The Committee met four (4) times during the year on 24.05.2019, 10.08.2019, 13.11.2019 and 12.02.2020. The composition and attendance of committee is as under:

Members	Category	Meetings Attended
Mrs. Manju Oswal (Chairperson)	Non- Executive Director	3
Mr. Adish Oswal	Chairman & Managing Director	4
Mr. Harpal Singh	Non-Executive Director	4

During the financial year 2019-20, the Company received 2 complaints which were duly resolved during the year and no complaint was pending as on 31st March, 2020.

Mr. Ajay Kumar Ratra, Company Secretary, 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, 2015, 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, 2015. The role of the Nomination and Remuneration committee is as set out in Part D of Schedule II of SEBI (LODR) Regulations, 2015.

The committee comprised of three Non-executive Directors. During the year, one (1) committee meeting was held on 01.04.2019 and requisite quorum was present at the meetings.

The composition of committee and attendance is given hereunder:

Members	Category	Meetings Attended
Mr. Harpal Singh (Chairman)	Non-Executive Independent Director	1
Mrs. Manju Oswal	Non-Executive Non-Independent Director	1
Mrs. Aarti Sharma	Non-Executive Independent Director	1

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.

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 as Annexure-1 and which forms part of this 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.

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 subsidiary company. The Company has a 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-Policy2019.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.

b) **Previous Annual General Meetings**

The detail of last three Annual General Meetings (AGM) is given hereunder:

Meeting	Day, date & time of the meeting	Venue	No. of Special Resolutions
39 th AGM	Wednesday, 25 th day of September, 2019 at 11:00 a.m.	Regd. Office:Vardhman Park, Chandigarh Road, Ludhiana - 141 123	NIL
38 th AGM	Monday, 24 th day of September, 2018 at 11:00 a.m.	Regd. Office:Vardhman Park, Chandigarh Road, Ludhiana - 141 123	NIL
37 th AGM	Saturday, 9 th day of September, 2017 at 11:00 a.m.	Regd. Office:Vardhman Park, Chandigarh Road, Ludhiana - 141 123	NIL

Postal Ballot:- During the year 2019-20, 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., Financial Express, Economic Times and Desh Sewak (Punjabi).

The financial results, annual report, corporate governance 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 Ind-AS 24. 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-Transactions2019.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. Securities of the Company have not been suspended for trading at any point of time during the year and the Company has duly complied with Corporate Governance requirements as specified under Regulation 17 to 27, Regulation 46 (2) clause (b) to (i) and para C, D and E of Schedule V of the Listing Regulations.

- 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 have 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.

- e) The detail of total fees for all services paid, by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, is given hereunder

S. No.	Name of Entity	Relationship with VPL	Details of Services	Amount (₹ Lakh)
1	Vardhman Polytex Limited	-	Statutory Audit	9.00
2	Vardhman Polytex Limited	-	Tax Audit	1.50
3	Vardhman Polytex Limited	-	Other services	0.95
4	Vardhman Polytex Limited	-	Out of pocket expenses	0.13
	Total			11.58

f) Disclosure in Relation of Sexual Harassment of Women at Workplace

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. During the year under review no complaint was received.

- g) Company has obtained a certificate from Company Secretary in Practice stating that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of company by SEBI/ Ministry of Corporate Affairs or any such statutory authority.
- h) The Board of Directors had accepted all the recommendations as and when received from its Committees on different matters.

9. GENERAL SHAREHOLDERS INFORMATION
I) 40th Annual General Meeting

Date : Tuesday, 29th September, 2020

Time : 04:30 P.M.

Venue : Meeting through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)

II) Financial Year : 1st April, 2019 to 31st March, 2020
III) Financial Calendar for 2020-21 (Tentative)

First Quarter Results August, 2020

Second Quarter Results November, 2020

Third Quarter Results February, 2021

Annual Results May, 2021

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

The Company has duly paid the listing fees to BSE and NSE for the year 2019-20.

VI) Stock Market Data

The month-wise highest, lowest and closing stock prices vis- -vis BSE Sensex and NSE Nifty during the financial year 2019-20 are given below:-

FINANCIAL YEAR 2019-20 (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	9.43	7.62	7.82	39487.45	38460.25	39031.55	9.7	7.6	7.65	11856.15	11549.1	11748.15
MAY	7.64	5.62	6.17	40124.96	36956.1	39714.2	7.9	5.7	6.2	12039.25	11108.3	11922.8
JUNE	6.33	3.57	4.25	40312.07	38870.96	39394.64	6.45	3.65	4.1	12103.05	11625.1	11788.85
JULY	4.34	3.1	3.1	40032.41	37128.26	37481.12	4.3	3.35	3.45	11981.75	10999.4	11118
AUGUST	3.55	2.75	2.81	37807.55	36102.35	37332.79	3.6	2.75	2.9	11181.45	10637.15	11023.25
SEPTEMBER	3.3	2.6	2.71	39441.12	35987.8	38667.33	3.15	2.65	2.75	11694.85	10670.25	11474.45
OCTOBER	2.79	1.81	1.81	40392.22	37415.83	40129.05	2.85	1.75	1.75	11945	11090.15	11877.45
NOVEMBER	2.94	1.72	2.94	41163.79	40014.23	40793.81	2.85	1.7	2.85	12158.8	11802.65	12056.05
DECEMBER	3.13	2.4	2.5	41809.96	40135.37	41253.74	3.15	2.4	2.65	12293.9	11832.3	12168.45
JANUARY	3.05	2.37	2.37	42273.87	40476.55	40723.49	2.85	2.3	2.35	12430.5	11929.6	11962.1
FEBRUARY	2.71	2.04	2.71	41709.3	38219.97	38297.29	2.7	1.9	2.7	12246.7	11175.05	11201.75
MARCH	4.33	2.78	4.12	39083.17	25638.9	29468.49	4.25	2.8	3.35	11433	7511.1	8597.75

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) Dematerialization 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. 98.57% of the paid up equity share capital comprising 2,19,72,677 shares were dematerialized as on 31st March, 2020.

X) Distribution of Shareholding as on 31st March, 2020

Range (No. of shares)	Shareholders		Shares	
	Numbers	%age	Numbers	%age
Upto - 500	13608	83.40	2042612	9.16
501 - 1000	1344	8.24	1096726	4.92
1001 - 5000	1137	6.97	2488669	11.16
5001 - 10000	130	0.80	908718	4.08
10001 & Above	98	0.60	15754232	70.68
Total	16317	100.00	2,22,90,957	100.00

XI) Shareholding Pattern of the Company

Sr. No.	Category of the shareholders	As on 31 st March, 2019	
		No. of Shares	%age
1.	Promoters/Promoter Group	1,34,14,652	60.18
2.	Foreign Portfolio Investors (FPIs) & Foreign Institutional Investors (FIIs)	2,56,308	1.15
3.	Mutual Funds & UTI	1,800	0.01
4.	Banks, Financial Institutions, Insurance Co.	1,032	0.00
5.	Bodies Corporate	6,24,332	2.80
6.	Indian Public	75,76,050	33.99
7.	NRIs, OCBs, FIIs	1,15,734	0.52
8.	Any other (HUF, Clearing Member)	3,01,049	1.35
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.

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

The Company is exposed to commodity price risk/foreign exchange risks. The Company continuously evaluates risks exposures and takes required actions from time to time to minimize the impact of fluctuations.

IV) Plant/Unit Locations

- Vardhman Polytex Limited,
Badal Road, Bathinda-151 005.
- Vardhman Polytex Limited (Spinning and Dyeing division)
D- 295/1, Phase VIII, Focal Point, Ludhiana-141 010
- Vardhman Polytex Limited,
Village Nangal Nihla/Upperla,
Swarghat Road, Nalagarh -174 101(HP)
- Amkryon International,
D- 295/1, Phase VIII, Focal Point,
Ludhiana-141 010



Company's Registered Office

Vardhman Park, Chandigarh Road, Ludhiana -141 123

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 Company Secretary and Compliance Officer at the Registered Office of the Company at Vardhman Park, Chandigarh Road, Ludhiana -141 123.

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).

Queries relating to the Financial Statements may be addressed to CFO at the Registered Office of the Company at Vardhman Park, Chandigarh Road, Ludhiana -141 123.

Tel: 0161-6629888, Fax: 0161-6629988

XVI) Unpaid/Unclaimed Dividend

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. CERTIFICATE OF COMPLIANCE FROM AUDITOR

Certificates from M/s Romesh K. Aggarwal & Associates, Chartered Accountant (Firm Registration No. 000711N), was issued confirming compliance with conditions of Corporate Governance as stipulated under Listing Regulations - Attached to this Report as Annexure - 2

11 . CEO / CFO Certification

In terms of Regulation 17(8) of Listing Regulations, the certificate duly signed by the Chief Executive Officer and Chief Financial Officer of the Company was placed before the Board at its meeting held on 10th July, 2020 and is annexed to this report as Annexure -3.

Annexure-1

DECLARATION BY CHAIRMAN & MANAGING DIRECTOR ABOUT THE COMPLIANCE OF CODE OF CONDUCT BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

In compliance with the provisions as contained in Regulation 34(3) and Schedule V of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 it is hereby stated that the company has adopted a code of conduct for the members of the board and senior management personnel of the company.

I, undersigned, further declare that the members of the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Companies Code of Conduct during the financial year ending 31st March, 2020.

Date: 14.08.2020
Place: Ludhiana

Sd/-
Adish Oswal
Chairman & Managing Director
DIN: 00009710

Annexure-2

CERTIFICATE OF COMPLIANCE FROM AUDITOR

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, 2020, 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 ROMESH K AGGARWAL & ASSOCIATES
Chartered Accountants
Firm Registration No. 000711N

Place: Ludhiana
Dated: 10-07-2020

Sd/-
Ruchir Singla
Partner
Membership no. 519347



CEO/CFO Certification

To
The Board of Directors,
Vardhman Polytex Ltd.
Vardhman Park, Chandigarh Road,
Ludhiana-141123

Subject: CEO/CFO certification (Pursuant to Regulation 17(8) and Regulation 33(2)(a) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

We, hereby, certify to the board of directors of the company that:

- (a) We have reviewed financial statements for the quarter/financial year ended 31st March, 2020 and that to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) 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.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) 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 and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee-
 - (i) Significant changes in internal control during the quarter, if any;
 - (ii) Significant changes in accounting policies during the quarter, if any and that the same have been disclosed in the notes to the financial statements; and,
 - (iii) 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.

(Apjit Arora)
CFO

(Adish Oswal)
CMD

Place: Ludhiana
Dated: 10-07-2020

INDEPENDENT AUDITOR'S REPORT

To The Members of Vardhman Polytex Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of Vardhman Polytex Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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 stated in the "Basis for Qualified Opinion" section of this report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the **Companies (Indian Accounting Standards) Rules, 2015**, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified opinion

Note No. 50 of the Standalone Ind AS financial statements regarding crediting a profit of Rs 396.44 lakhs due on payment of FCCB liability to the statement of profit & loss during the year ended March 31, 2017 which should have been credited in the statement of profit & loss on payment of FCCB liability which is still outstanding to the tune of 554,160 USD as on March 31, 2020 is not in compliance with the requirements of para 27 of the Ind AS 1- Presentation of Financial Statements w.r.t. preparation of financial statements on accrual basis. Consequently, the profit and loss has been overstated by the above mentioned amount.

We further report that, had the impact of our observations made in para above been considered, the net loss and the net worth, for the period ended, would have increased and decreased respectively by Rs. 396.44 lakhs.

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

Emphasis of Matter

We draw attention to Note 52 to the Standalone Ind AS Financial Statements, which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p>Evaluation of uncertain tax positions</p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Notes to the Standalone Ind AS Financial Statements</p>	<p>Principal Audit Procedures: Obtained details of completed tax assessments and demands till the year ended March 31, 2020 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.</p>

2.	<p>On account of invocation of Corporate Guarantee of the company towards its erstwhile subsidiary M/s. F.M. Hammerle Textiles limited, a provision of ₹ 17,685.13 lacs was booked during the March 2018 quarter. This provision has been reversed in the current year as the Corporate Guarantee of the Company has been released by State Bank of India after depositing ₹ 250 lacs as demanded by bank.</p>	<p>Our audit procedures include the following substantive procedures</p> <ul style="list-style-type: none"> - Obtained an understanding of the matter. - The audit team, along with our internal experts: - read and analyzed select key correspondences and consultations carried out by the Company - discussed with appropriate senior management the issue in complete detail - Evaluated the settlement letter received in order to take into consideration all minute details.
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Information Other than the Standalone Financial Statements and Auditor’s Report Thereon

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

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

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

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 Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor’s Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditor’s report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind As financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

Due to the COVID-19 related lockdown, we were not able to attend the physical verification of inventory carried out by the management subsequent to the year end. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 “Audit Evidence - Specific Considerations for Selected Items” and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Standalone Financial Statements. Our report is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the “Annexure 1” a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that :
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015.
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2”.
- g) With respect to the matter to be included in the Auditors’ Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us :
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements. Refer note 40 to the standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

For Romesh K Aggarwal & Associates
Chartered Accountants
FRN - 000711N

Sd/-
Ruchir Singla
Partner
Place - Ludhiana
Dated - July 10, 2020

Sd/-
Ruchir Singla
Partner
M. No. 519347
UDIN - 20519347AAAAAP7776

Annexure 1 referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

- (i) In respect of the Company’s fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships
- (c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2020 on account of dispute are given below :

(₹ in Lakhs)

Name of the statute	Nature of dues	Period to which it pertains	Amount in dispute	Forum where dispute is pending	Amount deposited	Matter of disputed
Central Excise Act, 1944	Excise Duty	1997-98	42.34	Hon’ble Punjab & Haryana High Court, Chandigarh	42.34	Difference on account of loose and packed yarn
	Excise Duty	2004-05	28.93	CESTAT, New Delhi	-	Cenvat credit on input has been reversed.
	Excise Duty	2008-09	103.2	Additional Commissioner C.E. Commissionerate, Chandigarh	-	Rebate on exports.
	Excise Duty	2009-10	1.14	Joint Secretary to Govt. of India, Ministry of Finance, New Delhi	-	Rebate on exports.
	Excise Duty	2014-15	168.55	Hon’ble Punjab & Haryana High Court, Chandigarh	-	Rebate on exports.
	Excise Duty	2014-15	22.42	Joint Secretary to Govt. of India, Ministry of Finance, New Delhi	-	
	Excise Duty	2017-18	50.63	Joint Secretary to Govt. of India, Ministry of Finance, New Delhi	-	
Service tax act	Service tax	2004-05, 2005-06 and 2006 – 07	14.11	CESTAT, New Delhi	1.41	Service Tax on Overseas commission

Name of the statute	Nature of dues	Period to which it pertains	Amount in dispute	Forum where dispute is pending	Amount deposited	Matter of disputed
	Service tax	2009-10	1.27	CESTAT, New Delhi	-	SCN for Service Tax refund claimed.
Income Tax Act	Income tax	1998-99 to 2002-2003, 2007-08	779.59	CIT (Appeals), Ludhiana	25.69	Disallowance of deduction under section 80HHC & 80M, 44AD & 68 of Income Tax Act, Disallowance of Interest u/s 36(1)(iii) for investment in subsidiary companies, Disallowance of depreciation on profit on buy back of FCCB Bonds.
	Income tax	2004-2005, 2005-06, 2006-2007, 2011-12	528.22	ITAT, Chandigarh	41.66	Disallowance of Interest u/s 36(1)(iii) for investment in subsidiary companies, computation u/s 14A, Interest disallowance on advances to subsidiary companies u/s 36(1)(iii) Disallowance of depreciation on profit on buy back of FCCB Bonds, Subscription of Share Capital-Section 68
	Income tax	1998-99 to 2001-2002, 2003-2004, 2004-2005, 2008 - 2009, 2009 - 2010, 2010 - 2011	527.14	Hon'ble Punjab & Haryana High Court, Chandigarh	152.65	Disallowance of deduction under section 80HHC, 80IB & 80M, 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	Punjab Vat	2000-01, 2001-02	17.61	DETC Appeal	4.4	Incremental production in respect of additional fixed capital investment.
	Punjab Vat	2005-06	0.48	DETC, Patiala	0.12	
	Punjab Vat	2006-07	33.08	DETC (Appeals), Faridkot (Pb.)	-	Disallowance of ITC in respect of purchases from M/s Chabra Ind. & ITC on Diesel.
	Punjab Vat	2008-09	62.14	VAT Tribunal, Punjab	-	Disallowance of ITC on Diesel & reversal of entry tax in respect of branch transfer & 19(5)
	Punjab Vat	2009-10	79	VAT Tribunal, Punjab	-	ITC on diesel, Reversal of 19(5) in exempted units, reversal of entry tax in respect of branch transfer & 19(5).
	Punjab VAT	2011-12	18	DETC Appeals, Faridkot	4.5	Interest on additional demand.
	Punjab VAT	2012-13	16.09	DETC Appeals, Faridkot	4.02	Interest on additional demand.
	Punjab VAT	2014-15	3.8	DETC Appeals, Faridkot	-	Vehicle detained for not having billing documents.
Wealth Tax Act	Wealth Tax	A.Y. 1998-99	2.47	ITAT, Chandigarh	-	Dispute on valuation of land

(viii) In our opinion and according to the information and explanations given to us, the Company has defaulted in the repayment of dues to banks as follows:

Working Capital Term Loan			
Name of Bank	Sanction Amount	Default Amount	Overdrawn Start
Canara Bank	180400000	P 129888000	June, 2017
State Bank of India	148300000	P 111225000	June, 2017
State Bank of Patiala	34500000	P 25875000	June, 2017
Punjab National Bank	42300000	P 30456000	July, 2017
Bank of Baroda	34200000	P 26334000	February, 2017
Punjab & Sind Bank	22800000	P 15540123	November, 2017
Axis Bank	20400000	P 10710000	September, 2014
Bank of India	42200000	P 32204195	February, 2017
Corporation Bank	20300000	P 13636000	September, 2017

Working Capital Term Loan			
Name of Bank	Sanction Amount	Default Amount	Overdrawn Start
Andhra Bank	62700000	P 45595997	June, 2017
United Bank of India	36000000	P 27720000	January, 2017
Term Loan			
Name of Bank	Sanction Amount	Default Amount	Overdrawn Start
Canara Bank	260100000	P 197277000	June, 2017
State Bank of India	56682000	P 41811989	June, 2017
Punjab National Bank	420000000	P 283569400	July, 2017
Bank of India	61100000	P 30603823	February, 2017
Bank of Baroda	309390700	P 195949108	February, 2017
Corporation Bank	69700000	P 53910249	September, 2017
United Bank of India	387555000	P 259043532	January, 2017
Bank of Maharashtra	234480000	P 180549600I 65977644	March, 2017
Jammu & Kashmir Bank	236250000	P 156542175I 62864644	June, 2017
Allahabad Bank	47174000	P 31345480I 10726208.78	March, 2017
Cash Credit (CC)			
Name of Bank	Sanction Amount (₹ In Crores)	Default Amount (₹ In Crores)	Overdrawn Start
Canara Bank	49.94	P 61.92I 27.87	Same as above
State Bank of India	39.63	P 27.19I 17.93	Same as above
Punjab National Bank	10.62	P 11.62I 15.42	Same as above
Bank of Baroda	12.08	P 15.38 I 14.11	Same as above
Punjab & Sind Bank	5.92	P 3.21I 1.10	Same as above
Axis Bank	5.45	P 2.76I 0.44	Same as above
Bank of India	10.62	P 13.62I 7.19	Same as above
Corporation Bank	5.13	P 5.90I 3.36	Same as above
Andhra Bank	28.10	P 30.18I 3.48	Same as above
United Bank of India	8.85	P 9.18I 9.77	Same as above

Interest for term loans and Working capital term loans was charged from CC itself so the default interest shown under CC includes interest default on term loans and Working capital term loans. Further the total interest default amount includes ₹ 75.99 Cr. which has not been charged by banks after the NPA date but the same is being charged in books of accounts.

- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where

applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Romesh K Aggarwal & Associates
Chartered Accountants
FRN - 000711N

Sd/-
Ruchir Singla
Partner

Place - Ludhiana
Dated - July 10, 2020

M. No. 519347
UDIN - 20519347AAAAAP7776

ANNEXURE 2 to the Independent Auditor's Report of even date on the Standalone Ind As Financial statements

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

We have audited the internal financial controls over financial reporting of Vardhman Polytex Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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.

For Romesh K Aggarwal & Associates

Chartered Accountants

FRN - 000711N

Sd/-

Ruchir Singla

Partner

M. No. 519347

UDIN - 20519347AAAAAP7776

Place - Ludhiana
Dated - July 10, 2020



BALANCE SHEET AS AT 31ST MARCH 2020

(₹ in Lakh)

	Note No.	As at 31 March 2020	As at 31 March 2019
Assets			
1 Non current assets			
a) Property, plant and equipment	2	19,053.85	20,607.00
b) Investment Property	2(a)	485.38	495.22
c) Capital work-in-progress	2(b)	0.11	-
d) Other intangible assets	2	5.23	5.96
e) Financial assets			
i) Investments	3	23.15	23.15
ii) Loans	4	-	-
iii) Other financial assets	5	1.55	-
f) Trade receivable	6	812.20	115.99
g) Deferred tax assets (net)	7	5,016.18	5,016.18
h) Other non-current assets	8	734.96	671.71
Total Non Current Assets		<u>26,132.61</u>	<u>26,935.21</u>
2 Current assets			
a) Inventories	9	2,076.67	2,061.37
b) Financial assets			
i) Trade and other receivables	10	569.67	854.77
ii) Cash and cash equivalents	11	7.99	19.41
iii) Bank balances other than above	12	6.25	7.73
iv) Loans	13	10.03	12.14
v) Other financial assets	14	45.69	28.92
c) Current tax assets	15	279.10	276.29
d) Other current assets	16	1,772.42	2,180.78
Total Current Assets		<u>4,767.82</u>	<u>5,441.41</u>
TOTAL ASSETS		<u>30,900.43</u>	<u>32,376.62</u>
II EQUITY AND LIABILITIES			
1 EQUITY			
a) Equity share capital	17	2,229.10	2,232.54
b) Other equity	18	(31,292.95)	(41,401.84)
Total Equity		<u>(29,063.85)</u>	<u>(39,169.30)</u>
2 Non-current liabilities			
a) Financial liabilities			
i) Borrowings	19	547.13	656.00
b) Long term provisions	20	23.00	57.47
c) Other non-current liabilities	21	0.53	0.53
Total Non Current Liabilities		<u>570.66</u>	<u>714.00</u>
3 Current liabilities			
a) Financial liabilities			
i) Borrowings	22	48,366.49	43,874.31
ii) Trade payables	23		
- Total Outstanding dues of micro small and Medium Enterprises		-	-
- Total Outstanding dues of Creditors other than micro small and Medium Enterprises		6,201.93	4,422.51
iii) Other financial liabilities	24	4,361.63	22,029.58
b) Other current liabilities	25	203.35	262.57
c) Short term provisions	26	260.22	242.95
Total Current Liabilities		<u>59,393.62</u>	<u>70,831.92</u>
TOTAL EQUITY AND LIABILITIES		<u>30,900.43</u>	<u>32,376.62</u>
Significant accounting policies	1		

The accompanying notes form an integral part of these financial statements

As per our report of even date

For Romesh K. Aggarwal & Associates
Chartered Accountants

Firm Reg. No:- 000711N

Sd/-
Ruchir Singla
Partner
Membership No. 519347

Place : Ludhiana
Date : 10th July 2020

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

Sd/-
Manju Oswal
Director
(DIN-00009449)

Sd/-
Ajay Ratra
Company Secretary

Sd/-
Adish Oswal
Chairman & Managing Director
(DIN-00009710)

Sd/-
Apjit Arora
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ in Lakh)

Particulars	Note No.	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue			
Revenue from operations	27	56,066.23	81,055.79
Other incomes	28	318.35	287.33
Total Income (I)		56,384.58	81,343.12
Expenses			
Cost of material consumed	29	42,421.66	58,748.97
Purchase of traded goods	30	370.80	2,185.47
Changes in inventories of finished goods	31	234.66	880.24
Employee benefit expense	32	4,515.06	5,706.95
Finance costs	33	5,969.99	5,974.75
Depreciation and amortization expense	2	1,563.89	1,831.17
Other expenses	34	8,564.68	13,441.90
Total expenses (II)		63,640.74	88,769.45
Profit before exceptional items and tax (I-II = III)		(7,256.16)	(7,426.33)
Exceptional items (IV)/(Income)	35	(17,435.13)	-
Profit before tax (III - IV = V)		10,178.97	(7,426.33)
Tax expense (VI)			
Current tax		-	-
Deferred tax (credit)		-	-
Profit for the period from continuing operations After Tax (V - VI = VII)		10,178.97	(7,426.33)
Other Comprehensive Income (VIII)			
Items that will not be reclassified to profit or loss			
(i) Remeasurement of defined benefit obligation		(70.08)	(63.05)
Total Comprehensive Income for the period (VII + VIII = IX)		10,108.89	(7,489.38)
(Comprising Profit (Loss) and Other Comprehensive income for the period)			
Earnings per equity share	38		
Basic		45.66	(33.32)
Diluted		45.66	(33.32)
	2		
The accompanying notes form an integral part of these financial statements			

As per our report of even date

For Romesh K. Aggarwal & Associates
Chartered Accountants
Firm Reg. No:- 000711N

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

Sd/-
Ruchir Singla
Partner
Membership No. 519347

Sd/-
Manju Oswal
Director
(DIN-00009449)

Sd/-
Adish Oswal
Chairman & Managing Director
(DIN-00009710)

Place : Ludhiana
Date : 10th July 2020

Sd/-
Ajay Ratra
Company Secretary

Sd/-
Apjit Arora
Chief Financial Officer



CASH FLOW STATEMENT FOR THE HALF YEAR ENDED MARCH 31, 2020

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue		
A. Cash flow from Operating Activities:		
Net profit before tax	10,178.97	(7,426.33)
Adjustments for:		
Add:		
Depreciation and amortisation	1,563.89	1,831.17
Finance costs	5,969.99	5,974.75
Foreign currency monetary item translation difference (net)	51.97	36.40
Sundry balance written off	0.00	22.79
Provision for doubtful advances	(127.13)	152.13
Provision for Subsidiary	(17,435.13)	-
Provision for Miscellaneous Recoverable	-	104.86
Net Loss on sale / discarding of fixed assets	5.52	-
Less:		
Interest income	(42.39)	(46.27)
Share Forfeited A/c	(3.45)	-
Net Profit on sale / discarding of fixed assets	-	(2.46)
Operating Profit before Working Capital changes	162.24	647.04
Adjustments for changes in Working Capital :		
- Increase/(decrease) in trade payables and other Liabilities	1,410.26	902.52
- (Increase)/decrease in trade receivables and other receivables	(214.97)	2,665.35
- (Increase)/decrease in inventories	(15.30)	2,195.51
Cash generated from Operating Activities	1,342.23	6,410.43
- Taxes (paid) (net of tax deducted at source)	2.81	(64.53)
Net cash (used in)/ generated from Operating Activities	1,345.04	6,345.90
B. Cash flow from Investing Activities:		
Purchase of fixed assets	(173.40)	(187.24)
Sale of fixed assets	167.60	56.44
Reduction in value of investments	-	-
Interest received	42.39	46.27
Net Cash from Investing Activities	36.59	(84.54)
C. Cash flow from Financing Activities:		
Proceeds from Short borrowings	4,492.18	19,342.12
Repayment of long term borrowings	(95.69)	(19,526.19)
Interest paid	(5,791.02)	(6,218.39)
Net Cash from Financing Activities	(1,394.53)	(6,402.47)
Net Increase/(Decrease) in cash & cash equivalents	(12.90)	(141.11)
Cash and cash equivalents as at 1st April (Opening Balance)	27.14	168.25
Cash and cash equivalents as at 31st March (Closing Balance)	14.24	27.14
Cash and cash equivalents comprise		
Cash & cheques in hand	3.91	10.36
Balance with banks	10.33	16.78
	14.24	27.14

Notes :

The accompanying notes are an integral part of these financial statements

As per our report of even date
For Romesh K. Aggarwal & Associates
 Chartered Accountants
 Firm Reg. No:- 000711N

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

Sd/-
Ruchir Singla
 Partner
 Membership No. 519347

Sd/-
Manju Oswal
 Director
 (DIN-00009449)

Sd/-
Adish Oswal
 Chairman & Managing Director
 (DIN-00009710)

Place : Ludhiana
Date : 10th July 2020

Sd/-
Ajay Ratra
 Company Secretary

Sd/-
Apjit Arora
 Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY SHARE CAPITAL FOR THE YEAR ENDED 31ST MARCH, 2020

a. Equity share capital		(₹ in Lakh)	
Particulars	Number of Shares	Amount	
Paid up Capital			
Balance as at April 1, 2018	22,290,957	2,229.09	
Changes during the year	-	-	
Balance as at April 1, 2019	22,290,957	2,229.09	
Changes during the year	-	-	
Balance as at March 31, 2020	22,290,957	2,229.09	
Add:- Forfeited Shares in earlier years	-	-	
Total Equity Share Capital	22,290,957	2,229.09	

b. Other Equity		(₹ in lakh)			
Particulars	Reserves and Surplus			Items of other comprehensive income	Total
	General reserve*	Security premium**	Retained earnings***	Actuarial Gain/(Loss)	
Balance at April 1, 2018	9,865.25	7,731.06	(51,563.47)	54.70	(33,912.46)
Reinstatement adjustment			(7,426.33)		(7,426.33)
Profit for the year	-	-	-	(63.05)	(63.05)
Total comprehensive income for the year	-	-	(7,426.33)	(8.35)	(7,489.39)
Balance at March 31, 2019	9,865.25	7,731.06	(58,989.79)	(8.35)	(41,401.84)
Balance at April 1, 2019	9,865.25	7,731.06	(58,989.79)	(8.35)	(41,401.84)
Profit for the year	-	-	10,178.97	0	10,178.97
Other comprehensive income for the year, net of income tax				(70.08)	(70.08)
Changes in accounting policy/errors					
Total comprehensive income for the year	-	-	10,178.97	(70.08)	10,108.89
Balance at March 31, 2020	9,865.25	7,731.06	(48,810.82)	(78.43)	(31,292.95)

* The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another.

** Security Premium reserve represents amount of premium recognised on issue of shares to shareholders at a price more than its face value.

*** Retained earnings refer to net earnings not paid out as dividends, but retained by the Company to be reinvested in its core business. This amount is available for distribution of dividends to its equity shareholders.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2020
1 Corporate Information

- 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. The company is listed on two stock exchange i.e at National Stock Exchange & Bombay Stock Exchange.
- 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:
 - i) Badal Road, Bathinda, Punjab - 151005
 - ii) D295/1, Phase VIII, Focal point, Ludhiana, Punjab - 141123
 - iii) Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh, Himachal Pradesh - 174101
- c) These financial statements are presented in Indian Rupees (Rs) which is also its functional currency.

1A Significant accounting policies
a) Statement of compliance & Basis of preparation & presentation

The financial statements are prepared in accordance with and in compliance, in all material aspects, with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read along with Companies (Indian Accounting Standards) Rules, as amended and other provisions of the Act. The presentation of the Financial Statements is based on Ind AS Schedule III of the Companies Act, 2013. The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

Revenue is recognised at fair value of the consideration received or receivable. The amount disclosed as revenue is inclusive of and net of returns, trade discounts, Goods & Service Tax related taxes and amount collected on behalf of third parties.

The company recognizes revenue when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

i) Sale of goods

Revenue from sale of goods is recognized when significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be reliably estimated and there is no continuing effective control or managerial involvement with the goods and the amount of revenue can be measured reliably. Revenue is recognized in respect of export sales on the basis of bill of lading.

ii) Export Incentives

Revenue in respect of export incentives / benefits are accounted for on post export basis.

iii) Dividends

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

iv) Interest

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

v) Insurance Claim

Claims with insurance companies are accounted on accrual basis to the extent, No significant uncertainty exist and these are measurable and ultimate collection is reasonably certain.

d) Inventories

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence. Cost of inventories comprises of cost of purchase, conversion and other cost including manufacturing overhead net of recoverable taxes incurred in bringing them to their respective present location and condition. The cost in respect of various items of inventory is

computed as under:

- i. 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.
- ii. In case of work in progress at raw material cost plus conversion cost depending upon the stage of completion.
- iii. Finished goods 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.
- iv. Cost is determined on the basis of weighted average method.

e) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

I. Initial recognition and measurement

On initial recognition, all the financial asset and liabilities are recognized at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability except financial asset or financial liability measured at fair value through profit or loss account. Transaction costs of financial asset and liabilities carried at fair value through profit and loss are immediately recognized in the Statement of Profit or Loss.

II. Subsequent Measurement (Non Derivative Financial Instrument)

a) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified date to cash flows that are solely payments on principal and interest on the principal amount outstanding.

b) Financial Asset At Fair Value Through Other Comprehensive Income (FVTOCI)

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

c) Financial Assets At Fair Value Through Profit or Loss (FVTPL)

A financial asset is measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income.

d) Financial Liabilities

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

f) Property, plant and equipment

Land is carried at cost and all other items of property plant, equipments and fixtures are stated at cost less accumulated depreciation. The cost of property, plant and equipment includes 1) its purchase price including import duties and non refundable taxes after reducing trade discount and rebate if any. 2) any attributable expenditure directly attributable to bring an assets to the location and the working condition for its intended use. Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method except the assets costing ₹ 5000 or below on which depreciation is charged at the rate 100% p.a. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Property that is held for long-term rental yields or for capital appreciation or both, and that is not used in the production of goods and services or for the administrative purposes is classified as investment property. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure related to investment properties

are added to its book value only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Investment properties are depreciated using the straight line method over the estimated useful lives.

g) Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over expected useful life on a straight line basis from the date they are available for use.

h) Impairment of assets

I. FINANCIAL ASSETS

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets expected credit losses are measured at an amount equal to the 12 month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in statement of profit or loss.

II. Non-Financial Assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for cash generating unit to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior year..

i) Foreign exchange transactions/translation

a. 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.

b. 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.

c. 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.

d. 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.

k) Employee benefits

i. Short Term Employee Benefits

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the statement of Profit and loss of the year in which the related service is rendered.

ii. Post Employee Benefits

A) Defined Contribution Plans

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.

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.

B) Defined Benefit Plans

Gratuity

The company provides for gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees of the company. The gratuity plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the company.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the standalone balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

l) Taxes on income

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case, it is also recognized in equity or other comprehensive income respectively.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized in respect of temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (including those arising from consolidation adjustments such as unrealized profit on inventory etc.). Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

m) Government grants and subsidies

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

n) 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.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

o) 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

p) Earning per share

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

q) Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and in hand, including offsetting bank overdrafts, and short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in fair value and have a maturity of three months or less from the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2020

2 FIXED ASSETS

a) As at 31st March 2020

	₹ in Lakh											
	Leasehold land*	Free hold land	Building	Plant & machinery	Other equipment	Furniture and fixtures	Vehicles	Computer	Tangible assets		Total assets	
									Trade mark (bought out)	Total		
Cost												
As at 1st April 2019 (Refer Note (a))	136.77	2,444.85	12,948.08	43,909.39	210.62	246.44	348.73	551.53	60,796.41	10.94	10.94	60,807.35
Additions	-	-	7.54	157.49	6.45	0.14	-	1.67	173.29	-	-	173.29
Relating to disposals	-	-	-	(1,722.96)	(1.24)	(0.69)	(4.18)	-	(1,729.07)	-	-	(1,729.07)
Transfer from	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March 2020	136.77	2,444.85	12,955.62	42,343.92	215.83	245.89	344.55	553.20	59,240.63	10.94	10.94	59,251.57
Depreciation												
As at 1st April 2019 (Refer Note (a))	-	-	4,624.39	34,474.83	170.28	208.14	272.34	439.43	40,189.41	4.98	4.98	40,194.39
Charge for the year	-	-	375.90	1,109.26	12.37	9.13	22.68	23.98	1,553.32	0.73	0.73	1,554.05
Relating to disposals	-	-	-	(1,550.14)	(1.17)	(0.67)	(3.97)	-	(1,555.95)	-	-	(1,555.95)
Transfer from	-	-	-	127.54	-	-	-	-	127.54	-	-	127.54
Transfer to	-	-	-	(127.54)	-	-	-	-	(127.54)	-	-	(127.54)
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March 2020	-	-	5,000.29	34,033.95	181.48	216.60	291.05	463.41	40,186.78	5.71	5.71	40,192.49
Net block												
As at 31st March 2020	136.77	2,444.85	7,955.33	8,309.97	34.35	29.29	53.50	89.79	19,053.85	5.23	5.23	19,059.08

b) As at 31st March 2019

	₹ in Lakh											
	Leasehold land	Free hold land	Building	Plant & machinery	Other equipment	Furniture and fixtures	Vehicles	Computer	Tangible assets		Total assets	
									Trade mark (bought out)	Total		
Cost												
As at 1st April 2018	136.77	2,444.85	12,948.42	44,421.30	203.22	245.27	350.59	519.25	61,269.67	10.94	10.94	61,280.61
Additions	-	-	1.38	81.54	7.40	1.17	-	32.66	124.15	-	-	124.15
Relating to disposals	-	-	(1.72)	(593.45)	-	-	(1.86)	(0.38)	(597.41)	-	-	(597.41)
As at 31st March 2019	136.77	2,444.85	12,948.08	43,909.39	210.62	246.44	348.73	551.53	60,796.41	10.94	10.94	60,807.35
Depreciation												
As at 1st April 2018	-	-	4,245.94	33,648.65	155.42	196.51	244.82	420.91	38,912.25	4.25	4.25	38,916.50
Charge for the year	-	-	378.45	1,367.91	14.86	11.63	28.87	18.88	1,820.60	0.73	0.73	1,821.33
Relating to disposals	-	-	-	(541.73)	-	-	(1.35)	(0.36)	(543.44)	-	-	(543.44)
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March 2019	-	-	4,624.39	34,474.83	170.28	208.14	272.34	439.43	40,189.41	4.98	4.98	40,194.39
Net Block												
As at 31st March 2019	136.77	2,444.85	8,323.69	9,434.56	40.34	38.30	76.39	112.10	20,607.00	5.96	5.96	20,612.96

a) *This amount has been completely provided for as the Company's right on leasehold land has been forfeited by MIDC due to non compliance of allotment.
 b) The Company has sold assets with net book value of ₹ 173.11 Lakh for ₹ 167.60 Lakh during the current year. The same has been compensated by adding assets worth Rs 173.29 lakh.

2(a) INVESTMENT PROPERTY

(₹ in Lakh)

	Building	
	Amount	Amount
Cost		
As at 1st April 2019 & 2018	631.55	631.55
Additions	-	-
Relating to disposals	-	-
As at 31st March 2020 & 2019	631.55	631.55
Depreciation		
As at 1st April 2019 & 2018	136.33	126.49
Charge for the year	9.84	9.84
Relating to disposals	-	-
Adjustment	-	-
As at 31st March 2020 & 2019	146.17	136.33
Net block		
As at 31st March 2020 & 2019	485.38	495.22

2(b) CAPITAL WORK-IN-PROGRESS

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Capital Work in Progress	0.11	-
Total	0.11	-

3 FINANCIAL ASSETS: NON CURRENT INVESTMENTS

(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
A. Unquoted Investments (Financial Assets carried at cost, except for permanent diminution in value)		
I. Equity Instruments in Subsidiary		
F.M. Hammerle Textiles Limited (Refer note 1) (Former Subsidiary)		
9,12,64,073 (31.03.19- 9,12,64,073) equity shares of ₹10 each fully paid	9,126.41	9,126.41
Less : Provision for diminution in the value of Investment	(9,126.41)	(9,126.41)
F.M. Hammerle Verwaltung GmbH, Austria (Minimum Registration Capital)	22.54	22.54
II. Equity Instruments in Others		
(a) Oswal Industrial Enterprise (P) Ltd		
1,000 (Previous Year-1,000) equity shares of ₹ 10 each fully paid	0.09	0.09
(b) VKM Colour Spin Limited		
250 (Previous Year-250) equity shares of ₹ 10 each fully paid	0.03	0.03
(c) Deluxe Fabrics Limited		
5000 (Previous Year- 5000) equity shares of ₹ 10 each fully paid	0.50	0.50
	23.15	23.15
Total aggregate Investments	23.15	23.15
Total investment carrying value	23.15	23.15
Aggregate amount of unquoted investments	23.15	23.15
Aggregate value of quoted investments	-	-
Market value of quoted investments	-	-

Note :

- Investment in the Former subsidiary, F.M. Hammerle Textiles, was completely provided for as the entire networth of the subsidiary was already eroded due to losses suffered. Further the said company has ceased to be a subsidiary due to loss of control as per the principles laid down by Ind AS 110 - Consolidated Financial Statements. The Company F.M. Hammerle Textile Limited has filed CIRP under Insolvency and Bankruptcy code (IBC) 2016. The Resolution Plan of F.M. Hammerle Textiles Limited has been approved by NCLT vide its order dated 13-03-2020.

4 FINANCIAL ASSETS: LOANS (NON CURRENT) (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Carried at amortised cost		
(a) Loan to others	10.00	10.00
Less: Provision for doubtful loans	(10.00)	(10.00)
Total	-	-

5 OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST(NON CURRENT) (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Advance to Subsidiaries*	3,064.97	3,064.97
Less: Provision for doubtful advances	(3,064.97)	(3,064.97)
(b) Fixed deposits (With more than 12 months Maturity)	1.55	-
Total	1.55	-

*This amount pertains to the subsidiary F.M. Hammerle Textiles Limited, India & F.M. Hammerle Verwaltung GmbH, Austria which was completely provided for. In case of F.M. Hammerle Textiles Limited, India, the entire networth of the subsidiary was already eroded due to losses suffered. Further the said company has ceased to be a subsidiary due to loss of control as per the principles laid down by Ind AS 110 - Consolidated Financial Statement. The Company F.M. Hammerle Textile Limited has filed CIRP under Insolvency and Bankruptcy code (IBC) 2016. The Resolution Plan of F.M. Hammerle Textiles Limited has been approved by NCLT vide its order dated 13-03-2020.

6 FINANCIAL ASSETS: TRADE RECEIVABLES(NON CURRENT) (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Receivable from Others		
- Unsecured, Considered Good :	812.20	115.99
- Doubtful	358.10	485.24
Less: Allowance for doubtful receivable	(358.10)	(485.24)
Total Long Term Debtors	812.20	115.99

7 Deferred Tax (NET) (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax liabilities		
Arising on account of timing difference :		
Opening	2,057.12	2,089.11
Accumulated depreciation	135.50	(31.99)
Total (A)	2,192.62	2,057.12
Deferred tax assets		
Arising on account of timing difference :		
Opening	(7,073.30)	(7,105.29)
Unabsorbed depreciation/Brought forward losses	(135.50)	31.99
Others	-	-
Total (B)	(7,208.80)	(7,073.30)
Net deferred tax liability/(Assets) (A) + (B)	(5,016.18)	(5,016.18)

The company has deferred tax liability till the end of the current year on account of differences arising between carrying cost of fixed assets as per books of accounts and that as per income tax. However, deferred tax assets are much higher than the deferred tax liability. In view of this, no further deferred tax assets are being recognised as at March 31, 2020. Based on the company's virtual certainty of the profit, the company is carrying a deferred tax asset of ₹ 5,016.18 lakh as on March 31, 2020. Further despite the net worth being eroded the management is taking all due steps to revive the company. Therefore the financial statements have been prepared on goign concern basis.

8 OTHER NON CURRENT ASSETS (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Capital advances		
Unsecured - considered good**	29.07	26.30
Security Deposit With P&T	1.76	1.76
Security deposit with government authorities	693.18	632.70
Security Deposit-Others*	10.95	10.95
Total	734.96	671.71

* This amount is net of provisions to the tune of ₹ 60 Lakh.

** This amount is net of provisions to the tune of ₹ 51.20 Lakh.

9 INVENTORIES (valued at lower of cost or net realizable value) (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials	469.02	240.50
Work in progress	482.33	913.47
Finished goods	999.84	803.37
Stores & spares parts	125.48	104.03
Total	2,076.67	2,061.37

10 FINANCIAL ASSETS: TRADE RECEIVABLES(CURRENT) (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Receivable from Others		
- Unsecured, Considered Good :	1,739.97	1,456.00
Less: Non Current Trade Receivable	1,170.30	601.23
	569.67	854.77
Less: Provision for doubtful debts	-	-
Total	569.67	854.77

11 FINANCIAL ASSETS: CASH AND CASH EQUIVALENTS (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and Cash Equivalents		
Cash on hand	3.91	10.36
Bank balances:		
in current accounts	4.08	9.05
in deposit accounts with original maturity upto 3 months	-	-
Total	7.99	19.41

12 FINANCIAL ASSETS: BANK BALANCES OTHER THAN ABOVE (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Bank balances:		
Fixed deposits (More than 3 months but less than 12 months maturity)*	6.25	7.73
Total	6.25	7.73

* Held with bank(s) against margin money against letter of credit, bank guarantee and others.

13 FINANCIAL ASSETS: LOANS (CURRENT) (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Carried at amortised cost		
(a) Other loans		
Loans to employees		
Un Secured - considered good	10.03	12.14
Total	10.03	12.14

14 OTHER FINANCIAL ASSETS(CURRENT) (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Interest receivable	38.97	20.85
Others*	6.72	8.07
Total	45.69	28.92

*This amount is net of provisions to the tune of ₹ 36.52 Lakh.

15 CURRENT TAX ASSETS (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Direct Taxes Refundable	279.10	276.29
Total	279.10	276.29

Direct taxes refundable represent amounts recoverable from the Income Tax Department for various assessment years net of provision. 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.

16 OTHER CURRENT ASSETS (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Advance to employees	2.56	3.22
Balances with Government Authorities	2,037.89	2,383.70
Less: Provision against Govt receivable	(448.75)	(448.75)
Prepaid expenses	44.98	71.81
Others	135.74	170.80
Total	1,772.42	2,180.78

- a) Balance with Government authorities includes ₹ 62.80 lakh (Previous Year ₹ 58.78 Lakh) being amount of ESI, Excise Duty, Service Tax & Sales Tax, deposited under protest.
- b) Balance with Government authorities includes, GST, VAT, Excise, Service Tax etc.

17 EQUITY SHARE CAPITAL

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount ₹ in Lakh	Number of shares	Amount ₹ in Lakh
Authorised Share Capital				
Equity share of ₹ 10 each	70,000,000	7,000.00	70,000,000	7,000.00
Total	<u>70,000,000</u>	<u>7,000.00</u>	<u>70,000,000</u>	<u>7,000.00</u>
Issued & Subscribed Share Capital				
2,23,54,484 (Previous year 2,23,54,484 equity shares of ₹ 10 each)	22,354,484	2,235.45	22,354,484	2,235.45
Paid up Share Capital				
2,22,90,957 (Previous year 2,22,90,957 equity shares of ₹ 10 each)	22,290,957	2,229.10	22,290,957	2,229.09
Forfeited shares in earlier years	-	-	63,527	3.45
Total	<u>22,290,957</u>	<u>2,229.10</u>	<u>22,354,484</u>	<u>2,232.54</u>

17.1 Reconciliation of the Number of shares and amount outstanding at the beginning and at the end of the reporting year

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	₹ in Lakh	No. of shares	₹ in Lakh
Equity shares				
At the beginning of the year	22,290,957	2,229.10	22,290,957	2,229.10
Add:				
Shares allotted during the year	-	-	-	-
Outstanding at the end of reporting period (refer note no.a)	<u>22,290,957</u>	<u>2,229.10</u>	<u>22,290,957</u>	<u>2,229.10</u>

Note:

- a) Out of total shares held by promoters and promoter group (i.e.1,34,14,652), 1,09,31,202 equity shares (face value of ₹ 10 each) are pledged in favour of Canara Bank (Lead banker).

17.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each shareholder is entitled to one vote per share. In the event of liquidation of the Company, the equity shareholders 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'2020, the amount of dividend recognized as distribution to equity shareholder was ₹ Nil (Previous year ₹ Nil)

17.3 Detail of Shareholders holding more than 5% shares in the company:

Name of equity shareholder	As at 31 March 2020		As at 31 March 2019	
	No. of shares	%	No. of shares	%
Panchsheel Textile Mfg. & Trdg. Co. (P) Ltd.	4,426,917	19.86	4,426,917	19.86
Alma Assets Consultancy (P) Ltd.	4,362,325	19.57	4,362,325	19.57
Altfort Merchants (P) Ltd.	2,182,000	9.79	2,182,000	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.

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

18. OTHER EQUITY

(₹ in Lakh)

Particulars	Reserves and Surplus			Items of other comprehensive income	Total
	General reserve*	Security premium**	Retained earnings***	Actuarial Gain/(Loss)	
Balance at April 1, 2018	9,865.25	7,731.06	(51,563.47)	54.70	(33,912.46)
Profit for the year	-	-	(7,426.33)	0	(7,426.33)
Other comprehensive income for the year, net of income tax	-	-	-	(63.05)	(63.05)
Total comprehensive income for the year	-	-	(7,426.33)	(63.05)	(7,489.39)
Balance at March 31, 2019	9,865.25	7,731.06	(58,989.79)	(8.35)	(41,401.84)
Balance at April 1, 2019	9,865.25	7,731.06	(58,989.79)	(8.35)	(41,401.84)
Profit for the year	-	-	10,178.97	0	10,178.97
Other comprehensive income for the year, net of income tax	-	-	-	(70.08)	(70.08)
Total comprehensive income for the year	-	-	10,178.97	(70.08)	10,108.89
Balance at Mar 31, 2020	9,865.25	7,731.06	(48,810.82)	(78.43)	(31,292.95)

* The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another.

** Security Premium reserve represents amount of premium recognised on issue of shares to shareholders at a price more than its face value.

*** Retained earnings refer to net earnings not paid out as dividends, but retained by the Company to be reinvested in its core business. This amount is available for distribution of dividends to its equity shareholders.

19 LONG TERM BORROWINGS

(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Secured loans		
Term loans		
Rupee loan from banks	-	-
Rupee loan from others (Refer note a & b below)	655.99	751.67
Working capital term loan (II)	-	0.00
Funded interest term loan	-	0.00
Total	655.99	751.67
Less : Amount disclosed under other current liability (refer note no. 24)	(108.86)	(95.67)
Grand total	547.13	656.00

During the period ended 31st March, 2017, the company credited profit of ₹ 396.44 lakh due on payment of FCCB liability (total liability as on 31st March 2017 being ₹ 868.64 Lakh) out of the above mentioned FCCB liability, ₹ 365.04 lakh is still outstanding as on 31st March 2020.

Terms & Conditions of Secured Loan Taken from bank and status of default at the year end as on 31.03.2020

Types of Loan	Term Loan from others	
	TL-I	TL-II
Sanctioned Amount	500.00	500.00
Balance As on 31.03.2020	206.19	84.76
Rate of Interest	13.45%	15.2%
Repayment Type	Quarterly	Quarterly
Repayment Schedule		
31.03.2021	63.59	45.26
31.03.2022	75.44	39.50
31.03.2023	67.16	0.00

Details of security :-

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

- b) Since all the long term bank borrowings have turned NPA, so they have been classified in current borrowings as they are repayable instantly

20 PROVISIONS (NON CURRENT)

(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Employee related	23.00	57.47
Total	23.00	57.47

21 OTHER NON-CURRENT LIABILITIES

(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Security deposit received	0.53	0.53
Total	0.53	0.53

22 SHORT TERM BORROWINGS

(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Secured Borrowings		
Loans repayable on demand		
Working capital loans from banks (Refer note a & (b) below)	27,753.75	23,563.42
- Long Term loans Considered as Short Term (Refer note a & b below)	20,393.55	19,856.70
Unsecured Borrowings		
from related party -body corporate & directors	40.00	304.19
Unsecured loans from others	179.19	150.00
Total	48,366.49	43,874.31

Detail of securities :
Terms & Conditions of Secured Loan Taken from bank and status of default at the year end as on 31.03.2020

Types of Loan	Woking capital loan	Term Loan from others		
		Rupee TL	WCTL-II	FITL
Sanctioned Amount	17634.2	19712.12	6441.00	1112.20
Balance As on 31.03.2020	27753.75	15641.48	4691.84	59.73
Rate of Interest	11%	11%	11%	11%
Overdue Principal	18096.2	14249.55	4691.84	56.47
Overdue Interest*		11053.24		
Overdue Principal Since	Jan-17	Jan-17	Jan-17	Mar-17

* This includes Overdue Interest amount of working capital loans and Term loans from others.

Out of total overdue interest amount ₹ 7598.72 Lakhs Pertains to the interest after the NPA date which has not been charged by bank but the same has been provided by us keeping accrual concept in consideration.

Details of security :- Long Terms Loans

- 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.
- All the term loans & working capital term loan from banks are guaranteed by promoter directors.

Details of security :- Working Capital loans

- 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.
- Includes credit balance in current account.

Detail of Bank wise NPA date:

Name	Date of NPA
Canara Bank	30.10.2017
State Bank of India	21.09.2017
Punjab National Bank	31.10.2017
United Bank of India	30.06.2017
Bank of Baroda	30.06.2017
Andhra Bank	31.01.2018
Bank of India	30.06.2017
Bank of Maharashtra	30.06.2017
J & K Bank	30.12.2017
Corporation Bank	31.01.2018
Axis Bank	30.09.2014
Punjab & Sind Bank	28.02.2018
Allahabad Bank	30.11.2017

State Bank of India (One of our consortium lenders) has assigned our debt to Phoenix ARC Private Limited through an Assignment agreement dated 27th March, 2020. OTS proposal of the company has been approved by 80.00 % of total lenders as on date. Further two of the lenders namely Punjab National Bank & Jammu and Kashmir Bank and operational creditors have filed applications under Insolvency and Bankruptcy Code 2016 with NCLT for initiating Corporate Insolvency Resolution Process (CIRP). The petitions have not been admitted so far.

23 TRADE PAYABLES

(₹ in Lakh)

Particulars	As at	As at
	31 March 2020	31 March 2019
Total Outstanding dues of Micro, Small and Medium Enterprises	-	-
Total Outstanding dues of Creditors other than Micro, Small and Medium Enterprises	6,201.93	4,422.51
Total	6,201.93	4,422.51

The information as required to be disclosed under The Micro, Small and Medium Enterprises (Development) Act, 2006 ("the Act") has been received but there is no outstanding, so the disclosure requirement for balance outstanding, interest paid/payable as at the year end as required by the Act has not been given.

24 OTHER FINANCIAL LIABILITIES-CURRENT

(₹ in Lakh)

Particulars	As at	As at
	31 March 2020	31 March 2019
Current maturities of long-term borrowings (Refer Note19)**	108.86	95.67
Interest Payable	584.09	404.65
Trade deposits & advances	92.52	91.18
Other payables		
Employees related	560.31	545.67
Trade expenses payable	1,821.75	2,045.53
Liability for Corporate Guarantee*	(0.00)	17,685.13
Enhanced Land Compensation (VTM Land)	348.25	348.25
Others	845.85	813.50
Total	4,361.63	22,029.58

Note:

* On account of invocation of Corporate Guarantee of the company towards its erstwhile subsidiary M/s. F.M. Hammerle Textiles limited, a provision of ₹ 17,685.13 lacs was booked during the March 2018 quarter. This provision has been reversed in the current year as the Corporate Guarantee of the Company has been released by State Bank of India after depositing ₹ 250 lacs as demanded by bank.

** Since all the long term bank borrowings have been classified as short term (except religare), therefore no current maturities pertaining to those borrowings have been disclosed separately.

25 OTHER CURRENT LIABILITIES

(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Advances/deposits from customers	27.53	34.53
Statutory dues*	145.74	198.51
Security deposit received	30.08	29.53
Total	203.35	262.57

*It includes contribution to ESIC, EPF, TDS, TCS

26 PROVISION (CURRENT)

(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Employees Benefit-Leave Encashment	23.32	6.05
Provision Against forfeiture of MIDC Land	136.00	136.00
Others	100.90	100.90
Total	260.22	242.95

27 REVENUE FROM OPERATIONS

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
i) Sale of products		
- Grey yarn	40,489.42	63,094.37
- Dyed yarn	9,373.60	8,978.73
- Garments	221.64	333.89
- Waste sale	5,504.48	7,087.08
- Trading goods (textile)	409.89	1,468.21
ii) Job charges income	84.42	125.38
Total	56,083.45	81,087.66
Rebate & Discount	(17.22)	(36.54)
Net sales	56,066.23	81,051.12
Other Operating Income		
i) Export Incentive/Benefits	-	4.67
ii) Gain on foreign currency transaction and translation (net)	-	-
TOTAL	56,066.23	81,055.79

Note: The company has entered into arrangement with few vendors, from whom company is purchasing raw materials and in turn, processing the same and selling the finished output back to them.

28 OTHER INCOME

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income on Bank deposits & others	42.87	55.53
Profit on sale of fixed assets	-	2.46
Rent received	162.17	146.06
Miscellaneous Income	113.79	92.54
Total	318.83	296.59
Less: Interest on Margin Money reduced from finance cost (Refer Note 33)	0.48	9.26
Total	318.35	287.33

29 COST OF MATERIAL CONSUMED

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Raw material consumption		
Cotton	33,114.31	52,094.01
Cotton yarn	5,475.91	2,220.78
Synthetic fibre	2,967.70	3,519.70
Dyes & chemicals	863.74	914.48
Total	42,421.66	58,748.97

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	For the year ended 31 March 2020		For the year ended 31 March 2019	
	₹ in Lakh	%	₹ in Lakh	%
Indigenous	42,421.66	100.00	58,748.97	100.00
Imported	-	-	-	-
Total	42,421.66	100.00	58,748.97	100.00

30 PURCHASE OF STOCK IN TRADE

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Fabrics	327.17	1,866.31
Yarn	43.63	319.16
Total	370.80	2,185.47

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Closing inventories		
Finished goods (Including waste)	999.84	803.37
Work in progress	482.33	913.46
	1,482.17	1,716.83
Opening inventories		
Finished goods (Including waste)	803.37	1,563.34
Work in progress	913.46	1,033.73
	1,716.83	2,597.07
(Increase) / Decrease	234.66	880.24

32 EMPLOYEE BENEFIT EXPENSES

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, Wages & Other Benefits	3,946.31	4,947.86
Contribution to Provident & Other Funds	307.65	389.25
Staff Welfare Expenses	261.10	369.84
Total	4,515.06	5,706.95

33 FINANCE COSTS
(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense		
- Term loans	2,773.98	2,546.05
- Working capital borrowings	2,414.04	2,147.91
- Other	780.98	1,290.05
Other borrowing costs	1.47	-
	5,970.47	5,984.01
Less: Interest on Margin Money(Refer Note 28)	0.48	9.26
Total	5,969.99	5,974.75

Note:- Out of total overdue interest amount ₹ 7598.72 Lakhs Pertains to the interest after the NPA date which has not been charged by bank but the same has been provided by us keeping accrual concept in consideration.

34 OTHER EXPENSES
(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Packing Material Consumed	712.37	1,070.98
Power & Fuel	5,489.54	7,852.10
Processing Charges	84.52	167.20
Repairs and maintenance :		
Plant & machinery	777.97	1,510.03
Building	20.93	83.52
General	141.50	170.89
Electric	1.65	5.23
Rent	79.25	92.04
Rates and taxes	41.24	63.70
Insurance	116.82	69.44
Travelling & Boarding Expenses	202.02	202.41
Legal & professional	155.48	196.04
Exchange rate fluctuation (net)	51.97	36.40
Sundry balances written off	0.00	22.79
Provision for doubtful debts	(127.13)	152.13
Commission on sale	23.84	99.55
Delivery Expenses (Including Freight, Octroi & Others)	453.76	500.79
Rebate & discounts	115.68	233.63
Bank charges	0.71	4.47
Loss on Sale of Fixed Assets	5.52	-
Loss on Sale of Raw Material	20.79	66.25
Miscellaneous expenses	196.25	842.31
Total	8,564.68	13,441.90

Note: Miscellaneous expenses Include payment to statutory auditor the details of which are as follows:

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
As auditor:		
- Statutory audit	9.00	9.00
- Tax audit	1.50	1.50
- Other services	0.95	0.00
Reimbursement of expenses	0.13	0.27
Total	11.58	10.77

Value of Indigenous & Imported Stores & Spares Consumption*

Particulars	For the year ended 31 March 2020		For the year ended 31 March 2019	
	₹ in Lakh	%	₹ in Lakh	%
Indigenous	881.21	99.99	1360.22	83.83
Imported	0.10	0.01	262.36	16.17
Total	881.31	100.00	1622.58	100.00

* The break up of stores & spares have been disclosed in note 34 of the financial statements as per details given below:

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Repairs and maintenance :- General	134.64	157.40
Repairs and maintenance : Plant & Machinery	745.03	1,459.95
Repairs and maintenance : Electric	1.65	5.23
Total	881.31	1,622.58

35 EXCEPTIONAL ITEMS

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Provision Against Corporate Guarantee to Subsidiary*	(17,435.13)	-
Provision for Diminution in value of investments in subsidiary	-	-
Provision for loans & advances given to subsidiary	-	-
Total	(17,435.13)	-

*On account of invocation of Corporate Guarantee of the company towards it erstwhile subsidiary M/s. F.M. Hammerle Textiles limited, a provision of ₹ 17,685.13 lacs was booked during the March 2018 quarter. This provision has been reversed in the current year as the Corporate Guarantee of the Company has been released by State Bank of India after depositing ₹ 250 lacs as demanded by bank.

36. FINANCIAL INSTRUMENT BY CATEGORY

The carrying value and fair value of the financial instruments at the end of each reporting period is as follows:

As at March 31,2020

(₹ in Lakh)

Particulars	Notes No.	As at March 31, 2020	At cost	At Amortised Cost	At fair value through P&L		At fair value through OCI		Total Carrying value	Total Fair Value
					Designation upon initial recognition	Mandatory	Designation upon initial recognition	Mandatory		
Assets:										
i) Investments(Non Current)	3	23.15			23.15				23.15	23.15
ii) Trade receivable(Non Current)	6	812.20		812.20					812.20	812.20
iii) Trade and other receivables (Current)	10	569.67		569.67					569.67	569.67
iv) Cash and cash equivalents	11	7.99		7.99					7.99	7.99
v) Bank balances other than above	12	6.25		6.25					6.25	6.25
vi) Loans (Current)	13	10.03		10.03					10.03	10.03
vii) Other financial assets (Current)	14	45.69		45.69					45.69	45.69
Total		1,474.98	-	1,451.83	23.15	-	-	-	1,474.98	1,474.98
Liabilities:										
i) Borrowings (Non Current)	19	547.13		547.13					547.13	547.13
ii) Borrowings (Current)	22	48,366.49		48,366.49					48,366.49	48,366.49
iii) Trade payables (Current)	23	6,201.93		6,201.93					6,201.93	6,201.93
iv) Other financial liabilities (Current)	24	4,361.63		4,361.63					4,361.63	4,361.63
Total		59,477.18	-	59,477.18	-	-	-	-	59,477.18	59,477.18

As at March 31, 2019
(₹ in Lakh)

Particulars	Notes No.	As at March 31, 2019	At cost	At fair value through P&L			At fair value through OCI		Total Carrying value	Total Fair Value
				At Amortised Cost	Designation upon initial recognition	Mandatory	Designation upon initial recognition	Mandatory		
Assets:										
i) Investments (Non Current)	3	23.15	-		23.15				23.15	23.15
ii) Trade receivable (Non Current)	6	115.99		115.99					115.99	115.99
iii) Trade and other receivables (Current)	10	854.77		854.77					854.77	854.77
iv) Cash and cash equivalents	11	19.41		19.41					19.41	19.41
v) Bank balances other than above	12	7.73		7.73					7.73	7.73
vi) Loans (Current)	13	12.14		12.14					12.14	12.14
vii) Other financial assets (Current)	14	28.92		28.92					28.92	28.92
Total		1,062.11	-	1,038.96	23.15	-	-	-	1,062.11	1,062.11
Liabilities:										
i) Borrowings (Non current)	19	656.00		656.00					656.00	656.00
ii) Borrowings (Current)	22	43,874.31		43,874.31					43,874.31	43,874.31
iii) Trade payables ((Current)	23	4,422.51		4,422.51					4,422.51	4,422.51
iv) Other financial liabilities (Current)	24	22,029.58		22,029.58					22,029.58	22,029.58
Total		70,982.40	-	70,982.40	-	-	-	-	70,982.40	70,982.40

36(b) Fair Value Measurement
(i) Fair Value hierarchy

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

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

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value: As at 31st March 2020

Particulars	Fair Value measurement using			
	Fair Value	Level 1	Level 2	Level 3
Long Term Investments				
Fair Value through Profit and Loss (designated upon initial recognition)				23.15
Current Investments				
Fair Value through Profit and Loss				

(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value: As at 31st March 2019

Particulars	Fair Value measurement using			
	Fair Value	Level 1	Level 2	Level 3
Long Term Investments				
Fair Value through Profit and Loss (designated upon initial recognition)				23.15
Current Investments				
Fair Value through Profit and Loss			-	

37 DISCLOSURE UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ARE PROVIDED AS UNDER, TO THE EXTENT THE COMPANY HAS RECEIVED INTIMATION FROM THE "SUPPLIERS" REGARDING THEIR STATUS UNDER THE ACT.

(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
(i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;		
(a) Principal amount due to micro and small enterprise	-	-
(b) Interest due on above	-	-
(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-

The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.

38 EARNINGS PER SHARE

(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
The basic and diluted earning per share is as under:		
Net Profit/(loss) after tax (₹ lakh)	10,178.97	(7,426.33)
Net Profit/(loss) after tax but before Exceptional Items (₹ lakh)**	(7,256.16)	(7,426.33)
Weighted average no. of equity shares outstanding (*)	22,290,957	22,290,957
Nominal value of per equity shares (in ₹)	10.00	10.00
Earnings per share (of ₹ 10 each) After Exceptional Items		
Basic earnings per share (₹)	45.66	(33.32)
Diluted earnings per share (₹)	45.66	(33.32)
Earnings per share (of ₹ 10 each) before Exceptional Items		
Basic earnings per share (₹)	(32.55)	(33.32)
Diluted earnings per share (₹)	(32.55)	(33.32)

*There are no dilutive potential equity share.

** For exceptional items refer note no.35

39 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
a) Claims against the Company not acknowledged as debts (net of amount deposited ₹ 59.19 lakh, Previous year- ₹ 55.17 lakh)	156.46	114.20
b) Letter of credit & bank guarantee issued	122.80	122.80
c) Income Tax demands under appeal (net of amount deposited ₹ 220 lakh, Previous year- ₹ 220 lakh)	803.45	1,472.71
d) Service Tax demands under appeal (net of amount deposited ₹ 1.41 lakh, Previous year- ₹ 1.41 lakh)	12.70	12.70

40 LITIGATION STATUS OF THE COMPANY AS ON 31ST MARCH 2020 ARE AS FOLLOWS:

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

(₹ in Lakh)

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	417.21 (417.21)	299.22 (299.22)	133.27 (133.27)	42.34 (42.34)
	Service Tax Act	15.38 (15.38)	1.27 (1.27)	14.11 (14.11)	1.41 (1.41)
	Punjab Vat Act	229.72 (214.12)	182.93 (174.21)	44.83 (36.10)	16.85 (12.83)
	Income Tax Act	1,837.42 (2,016.43)	-	1,023.45 (1,692.71)	220.00 (220.00)
ii) Direct Taxation	Wealth Tax Act	2.47 (2.11)	-	-	-
	ESI Act	2.20 (2.20)	-	-	2.20 (2.20)
iii) Labour laws	Industrial Dispute Act 1947	2.99	-	2.99	-
	Code of Civil Procedure Act 1908	-	-	-	-
iv) Commercial matters		37.56	-	37.56	-
		-	-	-	-
Total		2,544.95 (2,667.45)	483.42 (474.70)	1,256.20 (1,876.19)	282.80 (278.78)

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)

Nature of Dispute	Amount Involved	Provision Made	Amount Decried in favour of the Company (under execution)	Balance Amount Still contested by the Company
Commercial matters - Legal cases customers	1,170.30 (601.23)	358.10 (485.24)	-	812.19 (115.99)

Figures in brackets in aforesaid note represent previous year figures

41 OBLIGATIONS AND COMMITMENTS OUTSTANDING:

(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	9.72	5.03
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	2,493.58	2,156.89
c) Estimated value of contracts remaining to be executed on other than capital account and not provided for (net of advances)-Pending Service commitment	-	4.41

42 DERIVATIVE HEDGED INSTRUMENTS AND UN-HEDGED FOREIGN CURRENCY EXPOSURE

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

	Currency	As at 31 March 2020		As at 31 March 2019	
		In million	₹in Lakh	In million	₹in Lakh
Trade Payables*	INR	-	57.88	-	49.70
Loan (including interest)**	USD	0.55	365.04	0.55	365.04
Total		0.55	422.92	0.55	414.74

* Trade Payables contains multiple outstanding balances in different foreign currency, So we have reported the Indian Currency(INR) amount.

** This is actual loan amount and doesnot include Reinstatement effects. The Foreign currency fluctuation impact on this amount has been considered separately and duly account for in the book of accounts.

43 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.

44 EMPLOYEE BENEFIT OBLIGATION

Defined Contribution Plan

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
i) Employer's contribution to Provident Fund	156.13	181.53
ii) Employer's contribution to Superannuation Fund	3.30	5.10
iii) Employer's contribution to Pension Scheme	75.21	86.17

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Defined benefit obligation at the beginning of the year	409.91	377.41
Current service cost	40.88	76.27
Interest cost	28.69	28.31
Actuarial gain / (loss)	56.93	23.04
Benefit paid*	(183.10)	(95.12)
Past Service Cost	-	-
Defined obligation at year end	353.31	409.91

*Total benefit paid amount includes adjustment entry of ₹ 70.01 Lakh pertaining to previous years

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Fair value of plan assets at the beginning of the Year	577.88	569.52
Expected return on plan assets	40.45	42.71
Actuarial gain / (loss)	(2.52)	(14.35)
Adjustment of earlier years	(70.01)	-
Benefit paid	(56.75)	(20.00)
Fair value of plan assets at year end	489.05	577.88

Reconciliation of fair value of assets & obligation

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Fair value of plan assets at the end	489.05	577.88
Present value of obligation	353.31	409.90
Net asset/(liability) recognized in the balance sheet	135.74	167.97

(a) Amount recognized in the statement of profit & loss
(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current service cost	40.88	76.27
Interest cost	28.69	28.31
Expected return on plan assets	(40.45)	(42.71)
Amount recognized in the statement of profit & loss	-	-
	29.12	61.87

(b) Other comprehensive(income)/expense(Remeasurement)
(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Actuarial (gain)/loss -obligation	56.93	23.04
Actuarial (gain)/loss -plan assets	2.52	14.35
Amount recognized in the statement of profit & loss	59.45	37.39

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

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Discount rate	7.00%	7.50%
Attrition rate	46.80%	5.50%
Expected rate of return on assets	7.00%	7.50%
Mortality rate	IALM 2012-14 Ultimate	IALM 2006-08 Ultimate
Salary rise	5.00%	6.00%

Amount for the current year and previous 4 years in respect of gratuity are as follows:-
(₹ in Lakh)

	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016
Defined benefit obligation	353.31	409.90	377.41	409.50	502.49
Plan assets	489.05	586.24	569.52	532.90	503.18
Surplus/(deficit)	135.74	176.33	192.11	123.40	0.69
Experience adjustment on plan assets	(2.52)	(14.35)	(1.24)	3.14	(1.70)
Experience adjustment on plan liabilities	(126.18)	(72.08)	(117.15)	(158.96)	4.90

Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:

Period	As on: 29-02-2020
Defined Benefit Obligation (Base)	3,53,30,069 @ Salary Increase Rate : 5%, and discount rate :7%
Liability with x% increase in Discount Rate 3,47,06,003	3,47,06,003; x = 1.00% [Change (2)%]
Liability with x% decrease in Discount Rate	3,59,77,403; x = 1.00% [Change 2%]
Liability with x% increase in Salary Growth Rate	3,58,56,069; x = 1.00% [Change 1%]
Liability with x% decrease in Salary Growth Rate	3,48,35,646; x = 1.00% [Change (1)%]
Liability with x% increase in Withdrawal Rate	3,52,43,243; x = 1.00% [Change 0%]
Liability with x% decrease in Withdrawal Rate	3,54,18,232; x = 1.00% [Change 0%]

Leave Encashment(unfunded)**Reconciliation of opening and closing balances of defined benefit obligation** (₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Defined benefit obligation at the beginning of the year	63.52	48.43
Current service cost	14.05	25.24
Interest cost	4.45	3.63
Actuarial (gain) /loss	10.63	25.66
Benefit paid	(46.31)	(39.44)
Defined obligation at year end	46.33	63.52

Reconciliation of fair value of assets & obligations (₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Fair value of plan assets at the end	-	-
Present value of obligation	46.33	63.52
Amount recognized in balance sheet	46.33	63.52

(a) Amount recognized in the statement of profit & loss (₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current service cost	14.05	25.24
Interest cost	4.45	3.63
Expected return on plan assets	-	-
Amount recognized in the statement of profit & loss	18.49	28.88

(b) Other comprehensive(income)/expense(Remeasurement) (₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Actuarial (gain)/loss -obligation	10.63	25.66
Actuarial (gain)/loss -plan assets	-	-
Amount recognized in the statement of profit & loss	10.63	25.66

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

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Discount rate	7.00%	7.50%
Attrition rate	46.80%	5.50%
Expected rate of return on assets	NA	NA
Mortality rate	IALM 2012-14	IALM 2006-08
Salary rise	5.00%	Ultimate 6.00%

Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:

Period	As on: 29-02-2020
Defined Benefit Obligation (Base)	46,32,753
Liability with x% increase in Discount Rate	45,47,047; x = 1.00% [Change (2)%]
Liability with x% decrease in Discount Rate	47,21,733; x = 1.00% [Change 2%]
Liability with x% increase in Salary Growth Rate	47,22,628; x = 1.00% [Change 2%]
Liability with x% decrease in Salary Growth Rate	45,44,666; x = 1.00% [Change (2)%]
Liability with x% increase in Withdrawal Rate	46,36,232; x = 1.00% [Change 0%]
Liability with x% decrease in Withdrawal Rate	46,29,159; x = 1.00% [Change 0%]

45 RELATED PARTY DISCLOSURES:-
i) List of related parties and relationships

	2019-20	2018-19
a) Subsidiary Company	F.M. Hammerle Verwaltung GmbH, Austria - -	F.M. Hammerle Textiles Ltd (Ceased to be a subsidiary due to loss of control as per IND AS-110 w.e.f. 07.12.2018) F.M. Hammerle Verwaltung GmbH, Austria -
b) Key Management Personnel	Mr. Adish Oswal Mr Apjit Arora Mr. Ajay Ratra	Mr. Ashok Kumar Oswal (upto 15th November, 2018) Mr. Adish Oswal Mr. Ajay Ratra (w.e.f. 12th November, 2018) Mr. Pankaj Agarwal (upto 29th September, 2018) Mr. Kuldeep Singla
c) Relative of KMP	Mr. Abhinav Oswal Mrs. Manju Oswal Ms. Aketa Oswal Mrs. Rakhi Oswal Mrs. Priya Oswal	Mr. Abhinav Oswal Mrs. Manju Oswal Ms. Aketa Oswal Mrs. Rakhi Oswal Mrs. Priya Oswal
d) Enterprise over which KMP is able to exercise significant influence	Oswal Industrial Enterprise Private Limited Panchsheel Textile Mfg & Trading Co.Pvt Ltd Enakshi Investments Private Limited. Liberty Mercantile Co.(P)Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments Private Limited. Ruby Mercantile Co. Private Limited. Boras Investment & Trading Co. (P) Limited. Gagan Mercantile Co. Private Limited. Pioneer Mercantile India Private Limited. Adesh Investment & Trading Co. (P) Limited. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech Pvt. Ltd. Oswal Tradecom Pvt. Ltd. Oswal Holding Pvt. Ltd. Nightangle Dealcom Pvt. Ltd. Alma Assets Consultancy (P) Ltd Altfort Merchants (P) Ltd Vardhman Amarante Private Limited	Oswal Industrial Enterprise Private Limited Panchsheel Textile Mfg & Trading Co.Pvt Ltd Enakshi Investments Private Limited. Liberty Mercantile Co.(P)Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments Private Limited. Ruby Mercantile Co. Private Limited. Boras Investment & Trading Co. (P) Limited. Gagan Mercantile Co. Private Limited. Pioneer Mercantile India Private Limited. Adesh Investment & Trading Co. (P) Limited. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech Pvt. Ltd. Oswal Tradecom Pvt. Ltd. Oswal Holding Pvt. Ltd. Nightangle Dealcom Pvt. Ltd. Alma Assets Consultancy (P) Ltd Altfort Merchants (P) Ltd Vardhman Amarante Private Limited

ii) Transaction with related parties during the year:-
(₹ in Lakh)

	Subsidiaries		KMP		Relatives of KMP		Enterprise over which KMP is able to exercise Significant Influence		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Loan received	-	-	-	-	-	-	356.98	172.00	356.98	172.00
Loan repaid	-	-	-	1.50	-	-	481.98	122.00	481.98	123.50
Sale of goods	-	-	-	-	-	-	265.98	434.73	265.98	434.73
Purchase of fabric/bed sheet	-	-	-	-	-	-	-	6.98	-	6.98
Net Advance(Received)/Paid	-	-	-	-	-	-	21.09	4.22	21.09	4.22
Rent paid	-	-	-	35.43	48.72	13.28	-	-	48.72	48.71
Job charges Paid	-	-	-	-	-	-	8.02	3.30	8.02	3.30
Rent received	-	-	-	-	-	-	0.48	0.48	0.48	0.48
Interest paid	-	-	-	-	-	-	6.33	23.63	6.33	23.63
Remuneration	-	-	41.35	34.73	-	5.13	-	-	41.35	39.86
Managerial remuneration	-	-	97.42	27.40	-	-	-	-	97.42	27.40

ii) Transaction with related parties during the year:-

(₹ in Lakh)

	Subsidiaries		KMP		Relatives of KMP		Enterprise over which KMP is able to exercise Significant Influence		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
OUTSTANDING BALANCES AT YEAR END	-	-	-	-	-	-	-	-	-	-
Corporate guarantee by subsidiary	-	-	-	-	-	-	-	-	-	-
Investment in equity shares	22.54	*9148.95	-	-	-	-	0.09	0.09	22.63	9,149.04
Unsecured loan	-	-	-	92.19	92.19	-	87.00	212.00	179.19	304.19
Amount payable/(recoverable)	-	-	-	-	-	-	(260.35)	8.83	(260.35)	8.83
Advance*	*235.45	*3064.96	-	-	-	-	-	-	*235.45	*3064.96

*** These amounts have provided for in the books of accounts**

As per by Ind AS 110 - Consolidated Financial Statement, F.M. Hammerle Textiles Limited ceased to be our subsidiary from 07.12.2018 as the company was undergoing Corporate Insolvency resolution process (CIRP), wherein, the operations were being run by committee of creditors (COC) appointed and NCLT approved resolution professional. Further Corporate Guarantee of the company towards its erstwhile subsidiary M/s. F.M. Hammerle Textiles limited has been released by State Bank of India after depositing ₹ 250 lacs as demanded by bank. Resolution Plan of F.M. Hammerle Textiles Limited has been approved by NCLT vide its order dated 13-03-2020.

46. FINANCIAL RISK MANAGEMENT

The principal financial assets of the Company include loans, trade and other receivables and cash and bank balances that derive directly from its operations. The principal financial liabilities of the company, include loans and borrowings, trade and other payables and the main purpose of these financial liabilities is to finance the day to day operations of the company.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks and that advises on financial risks and the appropriate financial risk governance framework for the Company.

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

Market Risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans & borrowings and deposits. The sensitivity analyses in the following sections relate to the position as at 31 March 2020 and 31 March 2019.

(i) Foreign Currency risk management

The company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

(ii) Interest Rate Risk

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

As the Company has no significant interest-bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates, which are included in interest bearing loans and borrowings in these financial statements. The company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

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

Particulars	As at 31 March 2020	As at 31 March 2019
Variable rate instruments		
Long term borrowings	547.13	656.00
Current maturities of long term debt	108.86	95.67
Short term borrowings	48,366.49	43,874.31

Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/(decreased) profit or loss for the below years by the amounts shown below. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	(₹ in Lakh)	
	As at 31 March 2020	As at 31 March 2019
Increase/ (decrease) in 100 basis point	490.22	446.26

Liquidity Risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has outstanding bank borrowings. The Company is passing through a phase of liquidity stress and there is a mismatch in cash flows. Due to this, the capacities of the Company are running at sub-optimal level. The Company is working towards devising a plan which would correct the cash flow mismatch. The Company believes that the Company would be able to generate enough cash inflows to meet its working capital requirements in the medium and long run. The company manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The Company has exposure to credit risk from trade receivable balances on sale of Yarns & Readymade Garments. The Company ensures concentration of credit does not significantly impair the financial assets since the customers to whom the exposure of credit is taken are well established and reputed industries engaged in their respective field of business. The creditworthiness of customers to which the Company grants credit in the normal course of the business is monitored regularly.

The Following is the detail of revenues generated from top five customer of the company and allowance for life time expected credit loss:

Particulars	(₹ in Lakh)	
	As at 31 March 2020	As at 31 March 2019
(a) Revenue from top five customers		
- Amount of Sales	45073.62	61151.41
- % of total Sales	80.39%	75.44%
(b) Allowance for doubtful debts		
Balance at the beginning of the period	485.24	518.9
Recognized during the year	25.00	152.13
Amount Write Off	152.13	185.79
Balance At the end of the period	358.11	485.24

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables as disclosed at Note 6 & 10.

Write off policy

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

45A CAPITAL MANAGEMENT

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The director's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. No Changes were made in the objectives, policies or processes during the years ended 31st March 2020 and 31st March 2019.

47 a) Value of imports calculated on CIF basis in respect of: (Accrual Basis) (₹ in Lakh)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Raw materials	-	-
Components & spare parts	-	292.22
Capital Goods	-	-
Total	-	292.22

b) Expenditure in foreign currency on account of: (₹ in Lakh)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Commission, consultancy, travelling, interest and others	16.33	15.51

48 EARNINGS IN FOREIGN CURRENCY (₹ in Lakh)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Export of goods calculated on FOB basis	-	262.21

- 49 (i)** As the company accounts have been declared as NPA, therefore no interest is being charged by the lenders post the NPA classification. Keeping the accrual concept in consideration, the company has provided for interest based upon terms of the CDR package. The lenders have issued notices U/S 13(2)& 13(4) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFESI) Act, 2002 which were duly replied and proceedings are pending before Debt Recovery Tribunal (DRT), Chandigarh. Two of the lenders namely Punjab National Bank & Jammu and Kashmir Bank have filed application under Section 7 of Insolvency and Bankruptcy Code 2016 with NCLT for initiating Corporate Insolvency Resolution Process (CIRP) but the same have not been admitted till date.

State Bank of India (One of our consortium lenders) has assigned our debt to Phoenix ARC Private Limited through an Assignment agreement dated 27th March, 2020. OTS proposal of the company has been approved by 80.00% of total lenders as on date. Further two of the lenders namely Punjab National Bank & Jammu and Kashmir Bank and operational creditors have filed applications under Insolvency and Bankruptcy Code 2016 with NCLT for initiating Corporate Insolvency Resolution Process (CIRP). The petitions have not been admitted so far.

- (ii)** Despite the fact that the net worth of the Company has been fully eroded in the current year, the Management is of the view that the company is an operative company and with all necessary steps and continuing professional management, is confident to turnaround the company and accordingly Deferred Tax assets will be recognised. In view of the same, the financial statements have been prepared on going concern basis.
- 50** During the period ended year 31st March, 2017, the Company had credited profit of ₹ 396.44 lakh due on payment of FCCB liability (Total Liability as on 31/03 /2017 being ₹ 868.64 lacs). Out of the above mentioned FCCB liability ₹ 365.04 lacs is still outstanding as on 31/03/2020.
- 51** The 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 IND AS-17 are not applicable.
- 52** The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, Investments, Inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, has used internal and external sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered.
- 53** The balances of Trade Receivables, Loan and Advances, Deposits and Trade Payables are subject to confirmation/reconciliation and subsequent adjustments, if any. During the year, letters have been sent to various parties with a request to confirm their balances as on 31st March, 2020. Except for the provision created against these receivables, they are realizable as per management of the company.



54 The business of company falls within a single primary segment viz, Textile and hence, the disclosure requirement of IND AS - 108 'Operating segment' is not applicable.

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

As per our report of even date

For Romesh K. Aggarwal & Associates

Chartered Accountants

Firm Reg. No:- 000711N

Sd/-

Ruchir Singla

Partner

Membership No. 519347

Place : Ludhiana

Date : 10th July 2020

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

Sd/-

Manju Oswal

Director

(DIN-00009449)

Sd/-

Ajay Ratra

Company Secretary

Sd/-

Adish Oswal

Chairman & Managing Director

(DIN-00009710)

Sd/-

Apjit Arora

Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To The Members of Vardhman Polytex Limited

Report on the Audit of the Consolidated Ind As Financial Statements

Qualified Opinion

We have audited the accompanying consolidated Ind As financial statements of Vardhman Polytex Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and on the other financial information of the subsidiaries, except for the effects of the matter stated in the "Basis for Qualified Opinion" section of this report, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the **Companies (Indian Accounting Standards) Rules, 2015**, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, their consolidated profit and their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Basis for Qualified opinion

The Holding company had credited a profit of Rs 396.44 lakhs due on payment of FCCB liability to the statement of profit & loss during the year ended March 31, 2017 which should have been credited in the statement of profit & loss on payment of FCCB liability which is still outstanding to the tune of 554,160 USD as on March 31, 2020 is not in compliance with the requirements of para 27 of the Ind AS 1- Presentation of Financial Statements w.r.t. preparation of financial statements on accrual basis. Consequently, the profit and loss has been overstated by the above mentioned amount.

We further report that, had the impact of our observations made in para above been considered, the net loss and the net worth, for the period ended, would have increased and decreased respectively by Rs. 396.44 lakhs.

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

Emphasis of Matter

We draw attention to Note 49 to the Consolidated Ind AS Financial Statements, which describes the uncertainties and the impact of Covid-19 pandemic on the Group's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Sr. No.	Key Audit Matter	Auditor's Response
1.	Evaluation of uncertain tax positions The Holding Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes to the Consolidated Ind AS Financial Statements	Principal Audit Procedures: Obtained details of completed tax assessments and demands till the year ended March 31, 2020 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.

Other Information

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

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

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Ind AS Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, total consolidated comprehensive income, consolidated changes in equity and consolidated cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 Consolidated Ind AS 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 Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS Financial Statements, the respective board of directors in the group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective board of directors in the group are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient audit evidence regarding the financial information of the Holding Company or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision

and performance of the audit of the financial statements of such entity included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of F.M. Hammerle Verwaltung GmbH, Austria, (Subsidiary located outside India) whose financial statements reflect Total Assets of Rs.31.40 lacs as at March 31, 2020, Total Revenue Rs. 20.27 lacs and Total Profit of Rs. 3.95 lacs for the period ended March 31, 2020, as considered in the consolidated Ind AS financial statements. The financial statements of M/s F.M. Hammerle Verwaltung GmbH, Austria are unaudited and have been furnished to us by the management. The Holding Company's management has converted the financial statements of the subsidiary located outside India from accounting principles generally accepted in their country to INDAs. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of Section 143 (3) of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports as mentioned above.

Due to the COVID-19 related lockdown, we were not able to attend the physical verification of inventory carried out by the management subsequent to the year end. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Consolidated Ind AS Financial Statements. Our report is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

and on the consideration of conversion report of the management on separate financial statements and the other financial information of subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies, incorporated in India, are disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" which is based on the Auditor's report of the Holding Company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of the Holding Company.
- g) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Holding Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

- i. The Group has disclosed the impact of pending litigations on its consolidated financial position in its Consolidated Ind AS Financial Statements.
- ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, 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.

For Romesh K Aggarwal & Associates
Chartered Accountants
FRN - 000711N

Sd/-
Ruchir Singla
Partner
Place - Ludhiana
Dated - July 10, 2020
M. No. 519347
UDIN - 20519347AAAAAO5552

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

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

In conjunction with our audit of the consolidated IND AS financial statements of the Group as of and for the year ended 31 March, 2020, we have audited the internal financial controls over financial reporting of Vardhman Polytex Limited ("the Holding Company"), as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company, which is incorporated in India, is 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 respective Holding 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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 authorisations of management and directors of the company; and (3) 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 financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company, which is incorporated in India, has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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.

For Romesh K Aggarwal & Associates
Chartered Accountants
FRN - 000711N

Sd/-
Ruchir Singla
Partner
Place - Ludhiana
Dated - July 10, 2020
M. No. 519347
UDIN - 20519347AAAAAO5552

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2020

(₹ in Lakh)

	Note No.	As at 31 March 2020	As at 31 March 2019
Assets			
1 Non current assets			
a) Property, plant and equipment	2	19,084.10	20,643.91
b) Investment Property	2(a)	485.38	495.25
c) Capital work-in-progress	2(b)	0.11	-
d) Other intangible assets	2	5.22	5.95
e) Financial assets			
i) Investments	3	0.62	0.62
ii) Loans	4	-	-
iii) Other financial assets	5	1.55	-
f) Trade receivable	6	812.20	115.99
g) Deferred tax assets (net)	7	5,016.18	5,016.18
h) Other non-current assets	8	734.96	671.71
Total Non Current Assets		26,140.32	26,949.61
2 Current assets			
a) Inventories	9	2,076.67	2,061.37
b) Financial assets			
i) Trade and other receivables	10	569.67	854.77
ii) Cash and cash equivalents	11	7.99	19.69
iii) Bank balances other than above	12	6.25	7.73
iv) Loans	13	10.03	12.14
v) Other financial assets	14	46.82	29.75
c) Current tax assets	15	279.10	276.29
d) Other current assets	16	1,772.42	2,180.78
Total Current Assets		4,768.95	5,442.52
TOTAL ASSETS		30,909.27	32,392.13
II EQUITY AND LIABILITIES			
1 EQUITY			
a) Equity share capital	17	2,229.10	2,232.54
b) Other equity	18	(31,321.26)	(41,435.06)
c) Preference Share Capital		-	-
Total Equity		(29,092.16)	(39,202.52)
2 Non-current liabilities			
a) Financial liabilities			
i) Borrowings	19	547.13	656.00
b) Long term provisions	20	23.00	57.47
c) Other non-current liabilities	21	0.53	0.53
Total Non Current Liabilities		570.66	714.00
3 Current liabilities			
a) Financial liabilities			
i) Borrowings	22	48,366.66	43,874.31
ii) Trade payables	23	-	-
- Total Outstanding dues of Micro, Small and Medium Enterprises		-	-
- Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		6,227.09	4,463.07
iii) Other financial liabilities	24	4,373.45	22,037.75
b) Other current liabilities	25	203.35	262.57
c) Short term provisions	26	260.22	242.95
Total Current Liabilities		59,430.77	70,880.65
TOTAL EQUITY AND LIABILITIES		30,909.27	32,392.13
Significant accounting policies	1		
The accompanying notes form an integral part of these financial statements			

As per our report of even date
For Romesh K. Aggarwal & Associates
Chartered Accountants
Firm Reg. No:- 000711N

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

Sd/-
Ruchir Singla
Partner
Membership No. 519347

Sd/-
Manju Oswal
Director
(DIN-00009449)

Sd/-
Adish Oswal
Chairman & Managing Director
(DIN-00009710)

Place : Ludhiana
Date : 10th July 2020

Sd/-
Ajay Ratra
Company Secretary

Sd/-
Apjit Arora
Chief Financial Officer



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ in Lakh)

Particulars	Note No.	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue			
Revenue from operations	27	56,086.50	81,075.31
Other incomes	28	318.35	287.36
Total Income (I)		56,404.85	81,362.67
Expenses			
Cost of material consumed	29	42,421.66	58,748.98
Purchase of traded goods	30	370.80	2,185.47
Changes in inventories of finished goods	31	234.66	862.68
Employee benefit expense	32	4,519.96	5,706.96
Finance costs	33	5,969.98	5,974.74
Depreciation and amortization expense	2	1,570.56	1,837.63
Other expenses	34	8,568.08	13,444.33
Total expenses (II)		63,655.70	88,760.79
Profit before exceptional items and tax (I-II = III)		(7,250.85)	(7,398.12)
Exceptional items (IV)	35	(17,435.13)	-
Profit before tax (III - IV = V)		10,184.28	(7,398.12)
Tax expense (VI)			
Current tax		1.38	1.42
Deferred tax (credit)		-	-
Profit for the period from continuing operations After Tax (V - VI = VII)		10,182.90	(7,399.53)
Other Comprehensive Income (VIII)			
Items that will not be reclassified to profit or loss			
(i) Remeasurement of defined benefit obligation		(70.08)	(63.05)
Total Comprehensive Income for the period (VII + VIII = IX)		10112.82	(7462.58)
(Comprising Profit (Loss) and Other Comprehensive income for the period)			
Earnings per equity share	38		
Basic		45.68	(33.20)
Diluted		45.68	(33.20)
	2		
The accompanying notes form an integral part of these financial statements			

As per our report of even date

For Romesh K. Aggarwal & Associates
Chartered Accountants
Firm Reg. No:- 000711N

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

Sd/-
Ruchir Singla
Partner
Membership No. 519347

Sd/-
Manju Oswal
Director
(DIN-00009449)

Sd/-
Adish Oswal
Chairman & Managing Director
(DIN-00009710)

Place : Ludhiana
Date : 10th July 2020

Sd/-
Ajay Ratra
Company Secretary

Sd/-
Apjit Arora
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
A. Cash flow from Operating Activities:		
Net profit before tax	10,182.90	(7,398.12)
Adjustments for:		
Add:		
Depreciation and amortisation	1,570.56	1,837.63
Finance costs	5,969.98	5,974.74
Foreign currency monetary item translation difference (net)	51.97	36.40
Sundry balance written off	0.00	22.79
Provision for doubtful advances	(127.13)	152.13
Provision for Subsidiary	(17,435.13)	-
De-recognition of FMH Balance		(8,242.32)
Provision for Miscellaneous Recoverable		104.86
Net Loss on sale / discarding of fixed assets	5.52	-
Less:		
Interest income	(42.39)	(46.27)
Share Forfeited A/c	(3.45)	-
Net Profit on sale / discarding of fixed assets	-	(2.46)
Operating Profit before Working Capital changes	172.84	(7,560.61)
Adjustments for changes in Working Capital :		
- Increase/(decrease) in trade payables and other Liabilities	1,399.35	15,712.16
- (Increase)/decrease in trade receivables and other receivables	(210.92)	2,854.56
- (Increase)/decrease in inventories	(15.30)	2,384.29
Cash generated from Operating Activities	1,345.97	13,390.40
- Taxes (paid) (net of tax deducted at source)	(1.38)	(1.42)
Net cash (used in)/ generated from Operating Activities	1,344.59	13,388.98
B. Cash flow from Investing Activities:		
Purchase of fixed assets	(173.40)	187.23
Sale of fixed assets	167.60	56.43
De-recognition of FMH Assets	-	11,067.98
Interest received	42.39	46.27
Net Cash from Investing Activities	36.59	11,357.91
C. Cash flow from Financing Activities:		
Proceeds from Short borrowings	4,492.35	18,013.29
De-recognition of FMH Pref Share capital	-	(1,220.75)
Repayment of long term borrowings	(95.69)	(30,245.82)
Interest paid	(5,791.02)	(11,655.46)
Net Cash from Financing Activities	(1,394.36)	(25,108.74)
Net Increase/(Decrease) in cash & cash equivalents	(13.18)	(361.85)
Cash and cash equivalents as at 1st April (Opening Balance)	27.42	389.28
Cash and cash equivalents as at 31st March (Closing Balance)	14.24	27.43
Cash and cash equivalents comprise		
Cash & cheques in hand	7.99	19.69
Balance with banks	6.25	7.73
	14.24	27.42

Notes :

The accompanying notes are an integral part of these financial statements

As per our report of even date
For Romesh K. Aggarwal & Associates
Chartered Accountants
 Firm Reg. No:- 000711N

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

Sd/-
Ruchir Singla
 Partner
 Membership No. 519347

Sd/-
Manju Oswal
 Director
 (DIN-00009449)

Sd/-
Adish Oswal
 Chairman & Managing Director
 (DIN-00009710)

Place : Ludhiana
 Date : 10th July 2020

Sd/-
Ajay Ratra
 Company Secretary

Sd/-
Apjit Arora
 Chief Financial Officer

Consolidated Statement of Changes in Equity Share Capital for the year ended 31st March 2020

a. Equity share capital		(₹ in Lakh)	
Particulars	Number of Shares	Amount	
Paid up Capital			
Balance as at April 1, 2018	22,290,957	2,229.09	
Changes during the year	-	-	
Balance as at April 1, 2019	22,290,957	2,229.09	
Changes during the year	-	-	
Balance as at March 31, 2020	22,290,957	2,229.09	
Add:- Forfeited Shares in earlier years	-	-	
Total Equity Share Capital	22,290,957	2,229.09	

b. Other Equity		Reserves and Surplus				Items of other comprehensive income	Total
Particulars	General reserve*	Foreign currency translation reserve**	Security premium***	Retained earnings****	Actuarial Gain / (Loss)		
Balance at April 1, 2018	9,865.25	(3.02)	7,731.06	(43,389.47)	2.97	(25,793.21)	
Derecognition of FMH Balance	-	-	-	(8,495.96)	51.73	(8,444.23)	
Profit for the year	-	-	-	(7,399.53)	-	(7,399.53)	
Changes during the year	-	29.52	-	235.44	0.00	264.96	
Other comprehensive income for the year, net of income tax	-	-	-	-	(63.05)	(63.05)	
Changes in accounting policy/errors	-	-	-	-	-	-	
Total comprehensive income for the year	-	29.52	-	(7,164.09)	(63.05)	(7,197.62)	
Balance at March 31, 2019	9,865.25	26.50	7,731.06	(59,049.52)	(8.35)	(41,435.06)	
Balance at April 1, 2019	9,865.25	26.50	7,731.06	(59,049.52)	(8.35)	(41,435.06)	
Profit for the year	-	-	-	10,182.90	-	10,182.90	
Changes during the year	-	(4.87)	-	5.85	-	0.98	
Other comprehensive income for the year, net of income tax	-	-	-	-	(70.08)	(70.08)	
Changes in accounting policy/errors	-	-	-	-	-	-	
Total comprehensive income for the year	-	(4.87)	-	10,188.75	(70.08)	10,113.80	
Effects of retrospective application or retrospective restatement	-	-	-	-	-	-	
Amounts transferred to initial amount of hedged item	-	-	-	-	-	-	
Balance at Mar 31, 2020	9,865.25	21.63	7,731.06	(48,860.77)	(78.43)	(31,321.26)	

* The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another.

** FCTR on foreign currency translation reserve is difference between the translated values of any asset/liability at EOM rate and historical rate.

*** Security Premium reserve represents amount of premium recognised on issue of shares to shareholders at a price more than its face value.

**** Retained earnings refer to net earnings not paid out as dividends, but retained by the Company to be reinvested in its core business. This amount is available for distribution of dividends to its equity shareholders.

Notes to the Consolidated Financial Statements for the year ended 31st March 2020

CORPORATE INFORMATION

- a) The Consolidated Financial Statements comprise financial statements of "Vardhman Polytex Limited" ("the Holding Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31st March 2020. The principal activity of group is manufacturing of yarn and garments. The company is listed on two stock exchange i.e at National Stock Exchange & Bombay Stock Exchange.
- b) These consolidated financial statements are presented in Indian Rupees (₹) which is also its functional currency.
- c) The consolidated financial results include results of F.M. Hammerle Verwaltung GmbH, Austria. The subsidiary Company is located outside India whose financial statements and other financial information have been prepared in accordance with the accounting principles generally accepted in their respective country. The company's management has converted the above mentioned financial statement and other financial information of such subsidiary company located outside India from accounting principles generally accepted in their respective country to accounting principles generally accepted in India.

1 Significant accounting policies

a) Statement of compliance & Basis of preparation & presentation

The Consolidated financial statements of the Company have been prepared in accordance Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the act. Upto the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirements of previous Indian GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

The Consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

Fair value for measurement and/or disclosure purposes in these standalone financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

b) Principal of Consolidation

- i) The financial statements of the Holding Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- ii) Profits or losses resulting from intra-group transactions that are recognised in assets, such as Inventory and Property, Plant and Equipment, are eliminated in full.
- iii) In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year.
- iv) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- v) 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.
- vi) Figures pertaining to the subsidiaries have been reclassified wherever necessary to bring them in the line with parent company's consolidated financial statements.

The Consolidated Financial Statements comprises of Vardhman Polytex Limited and its subsidiaries, being the entities that it controls. Controls are assessed in accordance with the requirement of Ind AS 110 - Consolidated Financial Statements.

c) Use of estimates & Judgements

The preparation of consolidated financial statements in conformity with Ind AS 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 date of the financial statements. 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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis.

d) Revenue recognition

Revenue is recognised at fair value of the consideration received or receivable. The amount disclosed as revenue is inclusive of net of returns, trade discount, Goods & Service Tax related taxes and amount collected on behalf of third parties.

The company recognizes revenue when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

i) Sale of goods

Revenue from sale of goods is recognized when significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be reliably estimated and there is no continuing effective control or managerial involvement with the goods and the amount of revenue can be measured reliably. Revenue is recognized in respect of export sales on the basis of bill of lading.

ii) Export Incentives

Revenue in respect of export incentives/benefits are accounted for on post export basis.

iii) Dividends

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

iv) Interest

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

v) Insurance Claim

Claims with insurance companies are accounted on accrual basis to the extent, No significant uncertainty exist and these are measurable and ultimate collection is reasonably certain.

e) Inventories

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence. Cost of inventories comprises of cost of purchase, conversion and other cost including manufacturing overhead net of recoverable taxes incurred in bringing them to their respective present location and condition. The cost in respect of various items of inventory is computed as under:

- i.** 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.
- ii.** In case of work in progress at raw material cost plus conversion cost depending upon the stage of completion.
- iii.** Finished goods 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.
- iv.** Cost is determined on the basis of weighted average method.

f) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of an other entity.

I. Initial recognition and measurement

On initial recognition, all the financial asset and liabilities are recognized at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability except financial asset or financial liability measured at fair value through profit or loss account. Transaction costs of financial asset and liabilities carried at fair value through profit and loss are immediately recognized in the Statement of Profit or Loss.

II. Subsequent Measurement (Non Derivative Financial Instrument)

a) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified date to cash flows that are solely payments on principal and interest on the principal amount outstanding.

b) Financial Asset At Fair Value Through Other Comprehensive Income (FVTOCI)

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

c) **Financial Assets At Fair Value Through Profit or Loss (FVTPL)**

A financial asset is measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income.

d) **Financial Liabilities**

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

III. Derivative Financial Instruments

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

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

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

f) **Property, plant and equipment**

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Land is carried at cost and all other items of property plant, equipments and fixtures are stated at cost less accumulated depreciation. The cost of property, plant and equipment includes 1) its purchase price including import duties and non refundable taxes after reducing trade discount and rebate if any. 2) any attributable expenditure directly attributable to bring an assets to the location and the working condition for its intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method except the assets costing ₹ 5000 or below on which depreciation is charged at the rate 100% p.a. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

g) **Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over expected useful life on a straight line basis from the date they are available for use.

h) **Impairment of assets**

I. FINANCIAL ASSETS

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets expected credit losses are measured at an amount equal to the 12 month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in statement of profit or loss.

II. Non-Financial Assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in

circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for cash generating unit to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior year..

i) Foreign exchange transactions/translation

a. 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.

b. 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.

c. 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.

d. 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.

k) Employee benefits

i. Short Term Employee Benefits

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the statement of Profit and loss of the year in which the related service is rendered.

ii. Post Employee Benefits

A) Defined Contribution Plans

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.

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.

B) Defined Benefit Plans

Gratuity

The company provides for gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees of the company. The gratuity plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the

tenure of employment with the company.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the standalone balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

l) Taxes on income

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case, it is also recognized in equity or other comprehensive income respectively.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized in respect of temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (including those arising from consolidation adjustments such as unrealized profit on inventory etc.). Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

m) Government grants and subsidies

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

n) 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.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

o) 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

p) Earning per share

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

q) Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and in hand, including offsetting bank overdrafts, and short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in fair value and have a maturity of three months or less from the acquisition date.

2	FIXED ASSETS	a)	As at 31st March 2020	₹ in Lakh																
				Leasehold land*	Free hold land	Building	Plant & machinery	Other equipment	Furniture and fixtures	Vehicles	Computer	Tangible assets Total (bought out)	Intangible assets Total	Total assets						
	Cost																			
	As at 1st April 2019 (Refer note (a))			136.77	2,444.85	12,948.08	43,909.39	210.62	246.43	348.73	702.41	60,947.28	10.94	10.94	60,958.22					
	Additions			-	-	7.54	157.49	6.45	0.14	-	1.67	173.29	-	-	173.29					
	Relating to disposals			-	-	-	(1,722.96)	(1.24)	(0.69)	(4.18)	-	(1,729.07)	-	-	(1,729.07)					
	Transfer from			-	-	-	-	-	-	-	-	-	-	-	-					
	Transfer to			-	-	-	-	-	-	-	-	-	-	-	-					
	As at 31st Mar 2020			136.77	2,444.85	12,955.62	42,343.92	215.83	245.88	344.55	704.08	59,391.50	10.94	10.94	59,402.44					
	Depreciation																			
	As at 1st April 2019			-	-	4,624.42	34,474.83	170.27	208.12	272.34	553.39	40,303.39	4.99	4.99	40,308.39					
	Charge for the year			-	-	375.90	1,109.26	12.37	9.14	22.68	30.63	1,559.96	0.73	0.73	1,560.69					
	Relating to disposals			-	-	-	(1,550.14)	(1.17)	(0.67)	(3.97)	-	(1,555.95)	-	-	(1,555.95)					
	Transfer from			-	-	-	-	-	-	-	-	-	-	-	-					
	Transfer to			-	-	-	-	-	-	-	-	-	-	-	-					
	Adjustment			-	-	-	-	-	-	-	-	-	-	-	-					
	As at 31st Mar 2020			-	-	5,000.32	34,033.95	181.47	216.59	291.05	584.02	40,307.40	5.72	5.72	40,313.12					
	Net block			136.77	2,444.85	7,955.30	8,309.97	34.36	29.29	53.50	120.06	19,084.10	5.22	5.22	19,089.32					
	As at 31st March 2020			136.77	2,444.85	7,955.30	8,309.97	34.36	29.29	53.50	120.06	19,084.10	5.22	5.22	19,089.32					
	b)																			
	As at 31st March 2019																			
	Cost																			
	As at 1st April 2018			372.90	2,444.85	19,693.37	58,264.54	232.61	440.74	389.06	670.13	82,508.20	2,570.92	2,570.92	85,079.12					
	Derecognition of FMH Balance			(236.13)	-	(6,744.95)	(13,843.24)	(29.39)	(195.48)	(38.47)	-	(21,087.66)	(2,559.98)	(2,559.98)	(23,647.64)					
	Additions			-	-	1.38	81.54	7.40	1.17	-	32.66	124.16	-	-	124.16					
	Relating to disposals			-	-	(1.72)	(593.45)	-	-	(1.86)	(0.38)	(597.41)	-	-	(597.41)					
	As at 31st March 2019			136.77	2,444.85	12,948.08	43,909.39	210.62	246.43	348.73	702.41	60,947.28	10.94	10.94	60,958.22					
	Depreciation																			
	As at 1st April 2018			29.24	-	6,263.32	41,539.09	182.78	358.44	267.61	528.40	49,168.88	2,434.78	2,434.78	51,603.66					
	Derecognition of FMH Balance			(29.24)	-	(2,017.35)	(7,890.44)	(27.37)	(161.95)	(22.79)	-	(10,149.14)	(2,430.52)	(2,430.52)	(12,579.66)					
	Charge for the year			-	-	378.45	1,367.92	14.86	11.64	28.87	25.35	1,827.09	0.73	0.73	1,827.82					
	Relating to disposals			-	-	-	(541.73)	-	-	(1.35)	(0.36)	(543.45)	-	-	(543.45)					
	Adjustment			-	-	-	-	-	-	-	-	-	-	-	-					
	As at 31st March 2019			(0.00)	-	4,624.42	34,474.83	170.27	208.12	272.34	553.39	40,303.38	4.99	4.99	40,308.38					
	Net Block			136.77	2,444.85	8,323.66	9,434.56	40.35	38.31	76.39	149.02	20,643.91	5.95	5.95	20,649.86					
	As at 31st March 2019			136.77	2,444.85	8,323.66	9,434.56	40.35	38.31	76.39	149.02	20,643.91	5.95	5.95	20,649.86					

a) *This amount has been completely provided for as the Company's right on leasehold land has been forfeited by MIDC due to non compliance of terms of allotment.

b) The Company has sold assets with net book value of ₹ 173.11 Lakh during the current year. The same has been compensated by adding assets worth ₹ 173.29 Lakh.

2(a) INVESTMENT PROPERTY

(₹ in Lakh)

	Building	
	Amount	Amount
Cost		
As at 1st April 2019 & 2018	631.55	631.55
Additions	-	-
Relating to disposals	-	-
As at 31st March 2020 & 2019	631.55	631.55
Depreciation		
As at 1st April 2019 & 2018	136.30	126.49
Charge for the year	9.87	9.81
Relating to disposals	-	-
Adjustment	-	-
As at 31st March 2020 & 2019	146.17	136.30
Net block		
As at 31st March 2020 & 2019	485.38	495.25

2(b) CAPITAL WORK-IN-PROGRESS

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Capital Work in Progress	0.11	-
Total	0.11	-

3 FINANCIAL ASSETS: NON CURRENT INVESTMENTS

(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
A. Unquoted Investments		
(Financial Assets carried at cost, except for permanent diminution in value)		
I. Equity Instruments in Former Subsidiary		
F.M Hammerle Textiles Limited*		
9,12,64,073 (31.03.19- 9,12,64,073) equity shares of ₹ 10 each fully paid	9,126.41	9,126.41
Less : Provision for diminution in the value of Investment	(9,126.41)	(9,126.41)
Equity Instruments in Others		
(a) Oswal Industrial Enterprise (P) Ltd 1,000 (Previous Year-1,000) equity shares of ₹ 10 each fully paid	0.09	0.09
(b) VKM Colour Spin Limited 250 (Previous Year-250) equity shares of Rs. ₹ 10 each fully paid	0.03	0.03
(c) Deluxe Fabrics Limited 5000 (Previous Year-5000) equity shares of Rs. ₹ 10 each fully paid	0.50	0.50
Total	0.62	0.62
Aggregate amount of unquoted investments	0.62	0.62

* In case of holding company, investment in the Former subsidiary, F.M Hammerle Textiles, was completely provided for as the entire networth of the subsidiary was already eroded due to losses suffered. Further the said company has ceased to be a subsidiary due to loss of control as per the principles laid down by Ind AS 110 - Consolidated Financial Statement. The Company F.M Hammerle Textiles Limited has filled CIRP under Insolvency and Bankruptcy code (IBC) 2016. The Resolution Plan has been approved by NCLT vide its order dated 13-03-2020, so no longer it is a subsidiary.

4 FINANCIAL ASSETS: LOANS(NON CURRENT) (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Carried at amortised cost		
(a) Loan to others	10.00	10.00
Less: Provision for doubtful loans	(10.00)	(10.00)
Total	-	-

5 OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST(NON CURRENT) (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Advance to Subsidiaries*	2829.52	2829.52
Less: Provision for doubtful advances	(2829.52)	(2829.52)
(b) Fixed deposits (With more than 12 months Maturity)**	1.55	0.00
Total	1.55	-

* This amount pertains to the Former subsidiary F.M. Hammerle Textiles Limited, India, which was completely provided for as the entire networth of the subsidiary was already eroded due to losses suffered. Further the said company has ceased to be a subsidiary due to loss of control as per the principles laid down by Ind AS 110 - Consolidated Financial statements. The Resolution Plan has been approved by NCLT vide its order dated 13-03-2020, so no longer it is a subsidiary.

6 FINANCIAL ASSETS: TRADE RECEIVABLES(NON CURRENT) (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Receivable from Others		
- Unsecured, Considered Good :	812.20	115.99
- Doubtful	358.10	485.24
Less: Allowance for doubtful receivable	(358.10)	(485.24)
Total Long Term Debtors	812.20	115.99

7 DEFERRED TAX (NET) (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax liabilities		
Arising on account of timing difference :		
Opening	2,057.12	2,089.11
Accumulated depreciation	135.50	(31.99)
Total (A)	2,192.62	2,057.12
Deferred tax assets		
Arising on account of timing difference :		
Opening	(7,073.30)	(7,105.29)
Unabsorbed depreciation	(135.50)	31.99
Others	-	-
Total (B)	(7,208.80)	(7,073.30)
Net deferred tax liability/(Assets) (A) + (B)	(5,016.18)	(5,016.18)

The Holding company has deferred tax liability till the end of the current year on account of differences arising between carrying cost of fixed assets as per books of accounts and that as per income tax. However, deferred tax assets are much higher than the deferred tax liability. In view of this, no further deferred tax assets are being recognised as at March 31, 2020. Based on the company's virtual certainty of the profit, the company is carrying a deferred tax asset of ₹ 5,016.18 lakh as on March 31, 2020. Further despite the net worth being eroded the management is taking all due steps to revive the company. Therefore the financial statements have been prepared on goign concern basis.

8 OTHER NON CURRENT ASSETS		(₹ in Lakh)	
Particulars	As at 31 March 2020	As at 31 March 2019	
Capital advances			
Unsecured - considered good	29.07	26.30	
Security Deposit With P&T	1.76	1.76	
Security deposit with government authorities	693.18	632.70	
Security Deposit-Others	10.95	10.95	
Total	734.96	671.71	
9 INVENTORIES (valued at lower of cost or net realizable value)		(₹ in Lakh)	
Particulars	As at 31 March 2020	As at 31 March 2019	
Raw materials	469.02	240.50	
Work in progress	482.33	913.47	
Finished goods	999.84	803.37	
Stores & spares parts	125.48	104.03	
Total	2,076.67	2,061.37	
10 FINANCIAL ASSETS: TRADE RECEIVABLES (CURRENT)		(₹ in Lakh)	
Particulars	As at 31 March 2020	As at 31 March 2019	
Receivable from Others			
- Unsecured, Considered Good :	1,739.97	1,456.00	
Less: Non Current Trade Receivable	1,170.30	601.23	
	569.67	854.77	
Doubtful	-	-	
Less: Provision for doubtful debts	-	-	
Total	569.67	854.77	
11 FINANCIAL ASSETS: CASH AND CASH EQUIVALENTS		(₹ in Lakh)	
Particulars	As at 31 March 2020	As at 31 March 2019	
Cash and Cash Equivalents			
Cash on hand	3.91	10.36	
Bank balances:			
in current accounts	4.08	9.33	
in deposit accounts with original maturity upto 3 months	-	-	
Total	7.99	19.69	
12 FINANCIAL ASSETS: BANK BALANCES OTHER THAN ABOVE		(₹ in Lakh)	
Particulars	As at 31 March 2020	As at 31 March 2019	
Bank balances:			
Fixed deposits (More than 3 months but less than 12 months maturity)*	6.25	7.73	
Total	6.25	7.73	

* Held with bank(s) against margin money against letter of credit, bank guarantee and others.

13 FINANCIAL ASSETS: LOANS (CURRENT) (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Carried at amortised cost		
(a) Other loans		
Loans to employees		
Un Secured - considered good	10.03	12.14
Total	10.03	12.14

14 OTHER FINANCIAL ASSETS(CURRENT) (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Government Authorities	1.13	0.83
Interest receivable	38.97	20.85
Others	6.72	8.07
Less: Provision for other doubt advances	-	-
Total	46.82	29.75

15 CURRENT TAX ASSETS (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Direct Taxes Refundable	279.10	276.29
Total	279.10	276.29

Direct taxes refundable represent amounts recoverable from the Income Tax Department for various assessment years net of provision. 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.

16 OTHER CURRENT ASSETS (₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Advance to employees	2.56	3.22
Balances with Government Authorities	2,037.89	2,383.70
Less: Provision against Govt receivable	(448.75)	(448.75)
Prepaid expenses	44.98	71.81
Others	135.74	170.80
Total	1,772.42	2,180.78

- a) Balance with statutory authorities includes ₹ 62.80 lakh (Previous Year ₹ 58.78 Lakh) being amount of ESI, Excise Duty, Service Tax & Sales Tax, deposited under protest.
- b) Balance with Government authorities includes, GST, VAT, Excise, Service Tax etc.

17 EQUITY SHARE CAPITAL

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	Amount ₹ in Lakh	Number	Amount ₹ in Lakh
Authorised Share Capital				
Equity shares of ₹ 10 each	70,000,000	7,000.00	70,000,000	7,000.00
Total	<u>70,000,000</u>	<u>7,000.00</u>	<u>70,000,000</u>	<u>7,000.00</u>
Issued & Subscribed Share Capital				
2,23,54,484 (Previous year 2,23,54,484 equity shares of ₹ 10 each)	22,354,484	2,235.45	22,354,484	2,235.45
Paid up Share Capital				
2,22,90,957 (Previous year 2,22,90,957 equity shares of ₹ 10 each)	22,290,957	2,229.10	22,290,957	2,229.09
Forfeited shares in earlier years	-	-	63,527	3.45
Total	<u>22,290,957</u>	<u>2,229.10</u>	<u>22,354,484</u>	<u>2,232.54</u>

17.1 Reconciliation of the Number of shares and amount outstanding at the beginning and at the end of the reporting year

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	₹ in Lakh	No. of shares	₹ in Lakh
Equity shares				
At the beginning of the year	22,290,957	2,229.10	22,290,957	2,229.10
Add:				
Shares allotted during the year	-	-	-	-
Outstanding at the end of reporting period (refer note no. a)	<u>22,290,957</u>	<u>2,229.10</u>	<u>22,290,957</u>	<u>2,229.10</u>

Note:

- a) Out of total shares held by promoters and promoter group (i.e. 1,34,14,652), 1,09,31,202 equity shares (face value of ₹ 10 each) are pledged with National Securities Depository Limited (NSDL) in favour of Canara Bank (Lead banker).

17.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each shareholder is entitled to one vote per share. In the event of liquidation of the Company, the equity shareholders 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, 2020, the amount of dividend recognized as distribution to equity shareholder was ₹ Nil (Previous year ₹ Nil)

17.3 Detail of Shareholders holding more than 5% shares in the company:

Name of equity shareholder	As at 31 March 2020		As at 31 March 2019	
	No. of shares	%	No. of shares	%
Panchsheel Textile Mfg. & Trdg. Co. (P) Ltd.	4,426,917	19.86	4,426,917	19.86
Alma Assets Consultancy (P) Ltd.	4,362,325	19.57	4,362,325	19.57
Altfort Merchants (P) Ltd.	2,182,000	9.79	2,182,000	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

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

18. OTHER EQUITY

(₹ in lakh)

Particulars	Reserves and Surplus				Items of other comprehensive income	Total
	General reserve*	Foreign currency translation reserve**	Security premium***	Retained earnings****	Actuarial Gain / (Loss)	
Balance at April 1, 2018	9,865.25	(3.02)	7,731.06	(43,389.47)	2.97	(25,793.21)
Derecognition of FMH Balance	-	-	-	(8,495.96)	51.73	(8,444.23)
Profit for the year	-	-	-	(7,399.53)	-	(7,399.53)
Changes during the year	-	29.52	-	235.44	0.00	264.96
Other comprehensive income for the year, net of income tax	-	-	-	-	(63.05)	(63.05)
Total comprehensive income for the year	-	29.52	-	(7,164.09)	(63.05)	(7,197.62)
Balance at March 31, 2019	9,865.25	26.50	7,731.06	(59,049.52)	(8.35)	(41,435.06)
Balance at April 1, 2019	9,865.25	26.50	7,731.06	(59,049.52)	(8.35)	(41,435.06)
Profit for the year	-	-	-	10,182.90	-	10,182.90
Changes during the year	-	(4.87)	-	5.85	-	0.98
Other comprehensive income for the year, net of income tax	-	-	-	-	(70.08)	(70.08)
Changes in accounting policy/errors	-	-	-	-	-	-
Total comprehensive income for the year	-	(4.87)	-	10,188.75	(70.08)	10,113.80
Balance at Mar 31, 2020	9,865.25	21.63	7,731.06	(48,860.77)	(78.43)	(31,321.26)

* The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another.

** FCTR on foreign currency translation reserve is difference between the translated values of any asset/liability at EOM rate and historical rate.

*** Security Premium reserve represents amount of premium recognised on issue of shares to shareholders at a price more than its face value.

**** Retained earnings refer to net earnings not paid out as dividends, but retained by the Company to be reinvested in its core business. This amount is available for distribution of dividends to its equity shareholders.

19 LONG TERM BORROWINGS

(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Secured loans		
Term loans		
Rupee loan from banks	-	-
Rupee loan from others (Refer note a & b below)	655.99	751.67
Working capital term loan (II)	-	-
Funded interest term loan	-	-
Total	655.99	751.67
Less : Amount disclosed under other current liability (refer note no. 24)	(108.86)	(95.67)
Grand total	547.13	656.00

In case of holding Company, During the period ended 31st March, 2017, the company credited profit of ₹ 396.44 lakh due on payment of FCCB liability (total liability as on 31st March 2017 being ₹ 868.64 Lakh) out of the above mentioned FCCB liability, ₹ 365.04 lakh is still outstanding as on 31st March 2020.

B) In case of holding Company- Vardhman Polytex Limited
Terms & Conditions of Secured Loan Taken from bank and status of default at the year end as on 31.03.2020

Types of Loan	Term Loan from others	
	TL-I	TL-II
Sanctioned Amount	500.00	500.00
Balance As on 31.03.2019	206.19	84.76
Rate of Interest	13.45%	15%
Repayment Type	Quarterly	Quarterly
Repayment Schedule		
31.03.2021	63.59	45.26
31.03.2022	75.44	39.50
31.03.2023	67.16	0.00

Details of security :-

- Term loan from others (Religare) is guaranteed by promoter company M/s Panchsheel Textile Mfg & Trading Co. Pvt Ltd. along with charge on specific assets.
- Since all the long term bank borrowings have turned NPA, so they have been classified in current borrowings as they are repayable instantly

20 PROVISIONS (NON CURRENT)
(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Leave Encashment	23.00	57.47
Total	23.00	57.47

21 OTHER NON-CURRENT LIABILITIES
(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Security deposit received	0.53	0.53
Total	0.53	0.53

22 SHORT TERM BORROWINGS
(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Secured Borrowings		
Loans repayable on demand		
Working capital loans from banks (Refer note a&b below)	27,753.92	23,563.42
- Long Term loans Considered as Short Term (Refer note a&b below)	20,393.55	19,856.70
Unsecured Borrowings		
from related party -body corporate & directors	40.00	304.19
Unsecured loans from others	179.19	150.00
Total	48,366.66	43,874.31

In case of Holding Company :- Detail of securities :

Terms & Conditions of Secured Loan Taken from bank and status of default at the year end as on 31.03.2020

Types of Loan	Woking capital loan	Term Loan from others		
	WCT	Rupee TL	WCTL-II	FITL
Sanctioned Amount	17634.2	19712.12	6441.00	1112.20
Balance As on 31.03.2020	27753.75	15641.48	4691.84	59.73
Rate of Interest	11%	11%	11%	11%
Overdue Principle	18096.2	14249.55	4691.84	56.47
Overdue Interest*	11053.24			
Overdue Principle Since	Jan-17	Jan-17	Jan-17	Mar-17

* This includes Overdue Interest amount of working capital loans and Term loans from others.

Out of total overdue interest amount ₹ 7598.72 Lakhs Pertains to the interest after the NPA date which has not been charged by bank but the same has been provided by us keeping accrual concept in consideration.

Details of security :-

- 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.
- All the term loans & working capital term loan from banks are guaranteed by promoter directors .

Detail of securities :

- 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.
- Includes credit balance in current account.

Detail of Bank wise NPA date:

Name	Date of NPA
Canara Bank	30.10.2017
State Bank of India	21.09.2017
Punjab National Bank	31.10.2017
United Bank of India	30.06.2017
Bank of Baroda	30.06.2017
Andhra Bank	31.01.2018
Bank of India	30.06.2017
Bank of Maharashtra	30.06.2017
J & K Bank	30.12.2017
Corporation Bank	31.01.2018
Axis Bank	30.09.2014
Punjab & Sind Bank	28.02.2018
Allahabad Bank	30.11.2017

State Bank of India (One of our consortium lenders) has assigned our debt to Phoenix ARC Private Limited through an Assignment agreement dated 27th March, 2020. OTS proposal of the company has been approved by 80.00 % of total lenders as on date. Further two of the lenders namely Punjab National Bank & Jammu and Kashmir Bank and operational creditors have filed applications under Insolvency and Bankruptcy Code 2016 with NCLT for initiating Corporate Insolvency Resolution Process (CIRP). The petitions have not been admitted so far.

23 TRADE PAYABLES
(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Total Outstanding dues of Micro, Small and Medium Enterprises	-	-
Total Outstanding dues of Creditors other than Micro Entreprises and Small Enterprises	6,227.09	4,463.07
Total	6,227.09	4,463.07

The information as required to be disclosed under The Micro, Small and Medium Enterprises (Development) Act, 2006 ("the Act") has been received but there is no outstanding, so the disclosure requirement for balance outstanding, interest paid/payable as at the year end as required by the Act has not been given.

24 OTHER FINANCIAL LIABILITIES-CURRENT
(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Current maturities of long-term borrowings (refer note no-19)**	108.86	95.67
Interest Payable	584.09	404.65
Trade deposits & advances	92.52	91.18
Other payables		
Employees related	560.31	545.67
Trade expenses payable	1,821.75	2,045.53
Liability for Corporate Guarantee*	(0.00)	17,685.13
Enhanced Land Compensation (VTM Land)	348.25	348.25
Others	857.67	821.67
Total	4,373.45	22,037.75

* On account of invocation of Corporate Guarantee of the company towards it erstwhile subsidiary M/s. F.M. Hammerle Textiles limited, a provision of ₹ 17,685.13 lacs was booked during the March 2018 quarter. This provision has been reversed in the current quarter as the Corporate Guarantee of the Company has been released by State Bank of India after depositing ₹ 250 lacs as demanded by bank.

** In case of Holding Company -Since all the long term bank borrowings have been classified as short term this year (Except religare), therefore no current maturities pertaining to those borrowings have been disclosed seperately

25 OTHER CURRENT LIABILITIES
(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Advances/deposits from customers	27.53	34.53
Statutory dues*	145.74	198.51
Security deposit received	30.08	29.53
Total	203.35	262.57

*It includes contribution to ESIC, EPF, TDS, TCS

26 PROVISION(CURRENT)
(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
Employees Benefit-Leave Encashment	23.32	6.05
Provision Against forfeiture of MIDC Land	136.00	136.00
Others	100.90	100.90
Total	260.22	242.95

27 REVENUE FROM OPERATIONS (₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
i) Sale of products		
- Grey yarn	40,489.42	63,094.37
- Dyed yarn	9,373.60	8,978.73
- Garments	241.91	353.41
- Waste sale	5,504.48	7,087.08
- Trading goods (textile)	409.89	1,468.21
ii) Job charges income	84.42	125.38
Total	56,103.72	81,107.18
Rebate & Discount	(17.22)	(36.54)
Net sales	56,086.50	81,070.64
Other Operating Income		
i) Export Incentive/Benefits	-	4.67
TOTAL	56,086.50	81,075.31

* Note: In case of Holding Company, the company has entered into arrangement with few vendors, from whom company is purchasing raw materials and in turn, processing the same and selling the finished output back to them.

28 OTHER INCOME (₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income on Bank deposits & others	42.87	55.53
Profit on sale of fixed assets	-	2.46
Rent received	162.17	146.06
Miscellaneous Income	113.79	92.57
Total	318.83	296.62
Less: Interest on Margin Money reduced from finance cost (Refer Note 33)	0.48	9.26
Total	318.35	287.36

29 COST OF MATERIAL CONSUMED (₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Raw material consumption		
Cotton	33,114.31	52,094.01
Cotton yarn	5,475.91	2,220.78
Synthetic fibre	2,967.70	3,519.70
Dyes & chemicals	863.74	914.49
Total	42,421.66	58,748.98

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	For the year ended 31 March 2020		For the year ended 31 March 2019	
	₹ in Lakh	%	₹ in Lakh	%
Indigenous	42,421.66	100.00	58,748.98	100.00
Imported	-	-	-	-
Total	42,421.66	100.00	58,748.98	100.00

30 PURCHASE OF STOCK IN TRADE (₹ in Lakh)		
Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Fabrics	327.17	1,866.31
Yarn	43.63	319.16
Total	370.80	2,185.47
31 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE (₹ in Lakh)		
Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Closing inventories		
Finished goods (Including waste)	999.84	803.37
Work in progress	482.33	913.46
	1,482.17	1,716.83
Opening inventories		
Finished goods (Including waste)	803.37	1,555.59
Work in progress	913.46	1,023.92
	1,716.83	2,579.51
(Increase) / Decrease	234.66	862.68
32 EMPLOYEE BENEFIT EXPENSES (₹ in Lakh)		
Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, Wages & Other Benefits	3,951.21	4,947.86
Contribution to Provident & Other Funds	307.65	389.25
Staff Welfare Expenses	261.10	369.85
Total	4,519.96	5,706.96
33 FINANCE COSTS (₹ in Lakh)		
Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense		
- Term loans	2,773.98	2,546.05
- Working capital borrowings	2,414.04	2,147.91
- Other	780.97	1,290.04
Other borrowing costs	1.47	-
	5,970.46	5,984.00
Less: Interest on Margin Money(Refer Note 28)	0.48	9.26
Total	5,969.98	5,974.74

Note :- Out of total overdue interest amount ₹ 7,598.72 Lakhs Pertains to the interest after the NPA date which has not been charged by bank but the same has been provided by us keeping accrual concept in consideration.

34 OTHER EXPENSES

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Packing Material Consumed	712.37	1,070.98
Power & Fuel	5,489.54	7,852.10
Processing Charges	84.52	167.20
Repairs and maintenance :		
Plant & machinery	777.97	1,510.03
Building	20.93	83.52
General	141.50	170.89
Electric	1.65	5.23
Rent	79.25	92.04
Rates and taxes	41.24	63.70
Insurance	116.82	69.44
Travelling & Boarding Expenses	202.03	202.58
Legal & professional	158.57	198.03
Exchange rate fluctuation (net)	51.97	36.40
Sundry balances written off	0.00	22.79
Provision for doubtful debts	(127.13)	152.13
Commission on sale	23.84	99.55
Delivery Expenses (Including Freight, Octroi & Others)	453.76	500.79
Rebate & discounts	115.68	233.63
Bank charges	1.01	4.74
Loss on Sale of Fixed Assets	5.52	-
Loss on Sale of Raw Material	20.79	66.25
Miscellaneous expenses	196.25	842.31
Total	8,568.08	13,444.33

Note: Miscellaneous expenses Include payment to statutory auditor the details of which are as follows:

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
As auditor:		
- Statutory audit	9.00	9.00
- Tax audit	1.50	1.50
- Other services	0.95	0.00
Reimbursement of expenses	0.13	0.27
Total	11.58	10.77

ii) Previous year expenses

Value of Indigenous & Imported Stores & Spares Consumption*

Particulars	For the year ended 31 March 2020		For the year ended 31 March 2019	
	₹ in Lakh	%	₹ in Lakh	%
Indigenous	881.21	99.99	1360.22	83.83
Imported	0.10	0.01	262.36	16.17
Total	881.31	100.00	1622.58	100.00

* The break up of stores & spares have been disclosed in note 34 of the financial statements as per details given below:

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Repairs and maintenance :- General	134.64	157.40
Repairs and maintenance : Plant & Machinery	745.03	1,459.95
Repairs and maintenance : Electric	1.65	5.23
Total	881.31	1,622.58

35 EXCEPTIONAL ITEMS

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Provision Against Corporate Guarantee to Subsidiary*	(17,435.13)	-
Total	(17,435.13)	-

*In case of holding Company, On account of invocation of Corporate Guarantee of the company towards its erstwhile subsidiary M/s. F.M. Hammerle Textiles limited, a provision of ₹ 17,685.13 lacs was booked during the March 2018 quarter. This provision has been reversed in the current quarter as the Corporate Guarantee of the Company has been released by State Bank of India after depositing ₹ 250 lacs as demanded by bank.

36. FINANCIAL INSTRUMENT BY CATEGORY

The carrying value and fair value of the financial instruments at the end of each reporting period is as follows:

As at March 31, 2020

(₹ in Lakh)

Particulars	Notes No.	As at March 31, 2020	At cost	At fair value through P&L		At fair value through OCI		Total Carrying value	Total Fair Value
				At Amortised Cost	Designation upon initial recognition	Mandatory	Designation upon initial recognition		
Assets:									
i) Investments (Non Current)	3	0.62			0.62			0.62	0.62
f) Trade receivable (Non Current)	6	812.20		812.20				812.20	812.20
ii) Trade and other receivables (Current)	10	569.67		569.67				569.67	569.67
iii) Cash and cash equivalents	11	7.99		7.99				7.99	7.99
iv) Bank balances other than above	12	6.25		6.25				6.25	6.25
v) Loans (Current)	13	10.03		10.03				10.03	10.03
vi) Other financial assets (Current)	14	46.82		46.82				46.82	46.82
Total		1,453.59	-	1,452.97	0.62	-	-	1,453.59	1,453.59
Liabilities:									
i) Borrowings (Non Current)	19	547.13		547.13				547.13	547.13
i) Borrowings (Current)	22	48,366.66		48,366.66				48,366.66	48,366.66
ii) Trade payables (Current)	23	6,227.09		6,227.09				6,227.09	6,227.09
iii) Other financial liabilities (Current)	24	4,373.45		4,373.45				4,373.45	4,373.45
Total		59,514.34	-	59,514.34	-	-	-	59,514.34	59,514.34

As at March 31, 2019

(₹ in Lakh)

Particulars	Notes No.	As at March 31, 2020	At cost	At fair value through P&L		At fair value through OCI		Total Carrying value	Total Fair Value
				At Amortised Cost	Designation upon initial recognition	Mandatory	Designation upon initial recognition		
Assets:									
i) Investments (Non current)	3	0.62	-		0.62			0.62	0.62
ii) Trade receivable (Non Current)	6	115.99		115.99				115.99	115.99
ii) Trade and other receivables (current)	10	854.77		854.77				854.77	854.77
iii) Cash and cash equivalents	11	19.69		19.69				19.69	19.69
iv) Bank balances other than above	12	7.73		7.73				7.73	7.73
v) Loans (Current)	13	12.14		12.14				12.14	12.14
vi) Other financial assets (Current)	14	29.75		29.75				29.75	29.75
Total		1,040.69	-	1,040.07	0.62	-	-	1,040.69	1,040.69
Liabilities:									
i) Borrowings (Non current)	19	656.00		656.00				656.00	656.00
i) Borrowings (Current)	22	43,874.31		43,874.31				43,874.31	43,874.31
ii) Trade payables (Current)	23	4,463.07		4,463.07				4,463.07	4,463.07
iii) Other financial liabilities (Current)	24	22,037.75		22,037.75				22,037.75	22,037.75
Total		71,031.13	-	71,031.13	-	-	-	71,031.13	71,031.13

36(b) Fair Value Measurement

(i) Fair Value hierarchy

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) should share from new line Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value: As at 31st March 2020

(₹ in Lakh)

Particulars	Fair Value measurement using			
	Fair Value	Level 1	Level 2	Level 3
Long Term Investments				
Fair Value through Profit and Loss (designated upon initial recognition)				0.62
Current Investments				
Fair Value through Profit and Loss				

(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value: As at 31st March 2019

(₹ in Lakh)

Particulars	Fair Value measurement using			
	Fair Value	Level 1	Level 2	Level 3
Long Term Investments				
Fair Value through Profit and Loss (designated upon initial recognition)				0.62
Current Investments				
Fair Value through Profit and Loss				-

37 DISCLOSURE UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ARE PROVIDED AS UNDER, TO THE EXTENT THE COMPANY HAS RECEIVED INTIMATION FROM THE “SUPPLIERS” REGARDING THEIR STATUS UNDER THE ACT.

(₹ in Lakh)

Particulars	As at	As at
	31 March 2020	31 March 2019
(i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;		
(a) Principal amount due to micro and small enterprise	-	-
(b) Interest due on above	-	-
(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(iii) The amount of interest due and payable for the period of delay in making payment(which has been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-

The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.

38 EARNINGS PER SHARE
(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
The basic and diluted earning per share is as under:		
Net Profit/(loss) after tax (₹ lakh)	10,182.90	(7,399.53)
Net Profit/(loss) after tax but before Exceptional Items (₹ lakh)**	(7,252.23)	(7,399.53)
Weighted average no. of equity shares outstanding (*)	22,290,957	22,290,957
Nominal value of per equity shares (in ₹)	10.00	10.00
Earnings per share (of ₹ 10 each) After Exceptional Items		
Basic earnings per share (₹)	45.68	(33.20)
Diluted earnings per share (₹)	45.68	(33.20)
Earnings per share (of ₹ 10 each) before Exceptional Items		
Basic earnings per share (₹)	(32.53)	(33.20)
Diluted earnings per share (₹)	(32.53)	(33.20)

*There are no dilutive potential equity share.

** For exceptional items refer note no.35

39 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:
(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
a) Claims against the Company not acknowledged as debts (net of amount deposited ₹ 59.19 lakh, Previous year- ₹ 55.17 lakh)	156.46	114.20
b) Letter of credit & bank guarantee issued	122.80	122.80
c) Income Tax demands under appeal (net of amount deposited ₹ 220 lakh, Previous year - ₹ 220 lakh)	803.45	1472.71
d) Service Tax demands under appeal (net of amount deposited ₹ 1.41 lakh, Previous year - ₹ 1.41 lakh)	12.70	12.70

40 LITIGATION STATUS OF THE COMPANY AS ON 31ST MARCH 2020 ARE AS FOLLOWS:

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

(₹ in Lakh)

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	417.21 (417.21)	299.22 (299.22)	133.27 (133.27)	42.34 (42.34)
	Service Tax Act	15.38 (15.38)	1.27 (1.27)	14.11 (14.11)	1.41 (1.41)
	Punjab Vat Act	229.72 (214.12)	182.93 (174.21)	44.83 (36.10)	16.85 (12.83)
	ii) Direct Taxation	Income Tax Act	1,837.42 (2,016.43)	-	1,023.45 (1,692.71)
	Wealth Tax Act	2.47 (2.11)	-	-	-
Labour laws	ESI Act	2.20 (2.20)	-	-	2.20 (2.20)
	Industrial Dispute Act 1947	2.99	-	2.99	-
Commercial matters	Code of Civil Procedure Act 1908	37.56	-	37.56	-
		-	-	-	-
Total		2,544.95 (2,667.45)	483.42 (474.70)	1,256.20 (1,876.19)	282.80 (278.78)

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)

Nature of Dispute	Amount Involved	Provision Made	Amount Decreed in favour of the Company (under execution)	Balance Amount Still contested by the Company
Commercial matters - Legal cases customers	1,170.30 (601.23)	358.10 (485.24)	- -	812.19 (115.99)

Figures in brackets in aforesaid note represent previous year figures

41 OBLIGATIONS AND COMMITMENTS OUTSTANDING:

(₹ in Lakh)

Particulars	As at 31 March 2020	As at 31 March 2019
a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	9.72	5.03
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	2,493.98	2,156.89
c) Estimated value of contracts remaining to be executed on other than capital account and not provided for (net of advances)-Pending Service commitment	-	4.41

42 DERIVATIVE HEDGED INSTRUMENTS AND UN-HEDGED FOREIGN CURRENCY EXPOSURE

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

Currency	As at 31 March 2020		As at 31 March 2019		
	In million	₹ in Lakh	In million	₹ in Lakh	
Trade Payables*	USD	-	57.88	-	49.70
Loan (including interest)**	USD	0.55	365.04	0.55	365.04
Total USD		0.55	422.92	0.55	414.74

* Trade Payables contains multiple outstanding balances in different foreign currency, So we have reported the Indian Currency (INR) amount.

** This is actual loan amount and does not include Reinstalment effects. The Foreign currency fluctuation impact on this amount has been considered separately and duly account for in the book of accounts.

- 43 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 in the ordinary course of business, less than the amount at which they are stated in the Balance Sheet.

44 EMPLOYEE BENEFIT OBLIGATION

Holding Company

Defined Contribution Plan

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
i) Employer's contribution to Provident Fund	156.13	181.53
ii) Employer's contribution to Superannuation Fund	3.30	5.10
iii) Employer's contribution to Pension Scheme	75.21	86.17

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
(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Defined benefit obligation at the beginning of the year	409.91	377.41
Current service cost	40.88	76.27
Interest cost	28.69	28.31
Actuarial gain / (loss)	56.93	23.04
Benefit paid*	(183.10)	(95.12)
Past Service Cost	-	-
Defined obligation at year end	353.31	409.91

*Total benefit paid amount includes adjustment entry of ₹ 70.01 Lakh pertaining to previous years.

**This is actual loan amount and doesnot include Reinstalment effects. The Foreign currency fluctuation impact on this amount has been considered separately and duly account for in the book of accounts.

Reconciliation of opening and closing balances of fair value of plan assets
(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Fair value of plan assets at the beginning of the Year	577.88	569.52
Expected return on plan assets	40.45	42.71
Actuarial gain / (loss)	(2.52)	(14.35)
Adjustment of earlier years	(70.01)	-
Benefit Paid	(56.75)	(20.00)
Fair value of plan assets at year end	489.05	577.88

Reconciliation of fair value of assets & obligation
(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Fair value of plan assets at the end	489.05	577.88
Present value of obligation	353.31	409.90
Net asset/(liability) recognized in the balance sheet	135.74	167.97

(a) Amount recognized in the statement of profit & loss
(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current service cost	40.88	76.27
Interest cost	28.69	28.31
Expected return on plan assets	(40.45)	(42.71)
Past Service Cost	-	-
Amount recognized in the statement of profit & loss	29.12	61.87

(b) Other comprehensive(income)/expense(Remeasurement)
(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Actuarial (gain)/loss -obligation	56.93	23.04
Actuarial (gain)/loss -plan assets	2.52	14.35
Amount recognized in the statement of profit & loss	59.45	37.39

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

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Discount rate	7.00%	7.50%
Attrition rate	46.80%	5.00%
Expected rate of return on assets	7.00%	7.50%
Mortality rate	IALM 2012-14	IALM 2006-08 Ultimate
Salary rise	5.00%	6.00%

Amount for the current year and previous 4 years in respect of gratuity are as follows:- (₹ in Lakh)

	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016
Defined benefit obligation	353.31	409.90	377.41	409.50	502.49
Plan assets	489.05	577.88	569.52	532.90	503.18
Surplus/(deficit)	135.74	167.97	192.11	123.40	0.69
Experience adjustment on plan assets	(2.52)	(14.35)	(1.24)	3.14	(1.70)
Experience adjustment on plan liabilities	(126.18)	(72.08)	(117.15)	(158.96)	4.90

Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:

Period	As on: 29-02-2020
Defined Benefit Obligation (Base)	3,53,30,069 @ Salary Increase Rate : 5%, and discount rate :7%
Liability with x% increase in Discount Rate 3,47,06,003	3,47,06,003; x = 1.00% [Change (2)%]
Liability with x% decrease in Discount Rate	3,59,77,403; x = 1.00% [Change 2%]
Liability with x% increase in Salary Growth Rate	3,58,56,069; x = 1.00% [Change 1%]
Liability with x% decrease in Salary Growth Rate	3,48,35,646; x = 1.00% [Change (1)%]
Liability with x% increase in Withdrawal Rate	3,52,43,243; x = 1.00% [Change 0%]
Liability with x% decrease in Withdrawal Rate	3,54,18,232; x = 1.00% [Change 0%]

Leave Encashment(unfunded)

Reconciliation of opening and closing balances of defined benefit obligation (₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Defined benefit obligation at the beginning of the year	63.52	48.43
Current service cost	14.05	25.24
Interest cost	4.45	3.63
Actuarial (gain) /loss	10.63	25.66
Benefit paid	(46.31)	(39.44)
Defined obligation at year end	46.33	63.52

Reconciliation of fair value of assets & obligations

(₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Fair value of plan assets at the end		
Present value of obligation	46.33	63.52
Amount recognized in balance sheet	46.33	63.52

(a) Amount recognized in the statement of profit & loss (₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current service cost	14.05	25.24
Interest cost	4.45	3.63
Expected return on plan assets	-	-
Amount recognized in the statement of profit & loss	18.49	28.87

(b) Other comprehensive(income)/expense(Remeasurement) (₹ in Lakh)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Actuarial (gain)/loss -obligation	10.63	25.66
Actuarial (gain)/loss -plan assets	-	-
Amount recognized in the statement of profit & loss	10.63	25.66

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

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Discount rate	7.00%	7.50%
Attrition rate	46.80%	5.50%
Expected rate of return on assets	NA	NA
Mortality rate	IALM 2012-14	IALM 2006-08 Ultimate
Salary rise	5.00%	6.00%

Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:

Period	As on: 29-02-2020
Defined Benefit Obligation (Base)	46,32,753
Liability with x% increase in Discount Rate	45,47,047; x = 1.00% [Change (2)%]
Liability with x% decrease in Discount Rate	47,21,733; x = 1.00% [Change 2%]
Liability with x% increase in Salary Growth Rate	47,22,628; x = 1.00% [Change 2%]
Liability with x% decrease in Salary Growth Rate	45,44,666; x = 1.00% [Change (2)%]
Liability with x% increase in Withdrawal Rate	46,36,232; x = 1.00% [Change 0%]
Liability with x% decrease in Withdrawal Rate	46,29,159; x = 1.00% [Change 0%]

45 RELATED PARTY DISCLOSURES IN ACCORDANCE WITH IND AS-24 "RELATED PARTY" :-
i) List of related parties and relationships

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
a. Key Management Personnel (KMP)	Mr. Adish Oswal Mr. Apjit Arora Mr. Ajay Ratra	Mr. Ashok Kumar Oswal (upto 15th November, 2018) Mr. Adish Oswal Mr. Ajay Ratra (w.e.f. 12th November, 2018) Mr. Pankaj Agarwal (upto 29th September, 2018) Mr. Kuldeep Singla (Upto 31st March, 2019)
b. Relative Of KMP	Mrs. Manju Oswal Mr. Abhinav Oswal Mrs. Rakhi Oswal Ms. Aketa Oswal Mrs. Priya Oswal	Mrs. Manju Oswal Mr. Abhinav Oswal Mrs. Rakhi Oswal Ms. Aketa Oswal Mrs. Priya Oswal

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
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.(P)Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments Private Limited. Ruby Mercantile Co. Private Limited. Boras Investment & Trading Co. (P) Limited. Gagan Mercantile Co. Private Limited. Pioneer Mercantile India Private Limited. Adesh Investment & Trading Co. (P) Limited. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech Pvt. Ltd. Oswal Tradecom Pvt. Ltd. Oswal Holding Pvt. Ltd. Nightangle Dealcom Pvt. Ltd. Alma Assets Consultancy (P) Ltd Alfort Merchants (P) Ltd Oswal Industrial Enterprises Private Limited Vardhman Amarante Pvt. Limited	Panchsheel Textile Mfg & Trading Co.Pvt Ltd Enakshi Investments Private Limited. Liberty Mercantile Co.(P)Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments Private Limited. Ruby Mercantile Co. Private Limited. Boras Investment & Trading Co. (P) Limited. Gagan Mercantile Co. Private Limited. Pioneer Mercantile India Private Limited. Adesh Investment & Trading Co. (P) Limited. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech Pvt. Ltd. Oswal Tradecom Pvt. Ltd. Oswal Holding Pvt. Ltd. Nightangle Dealcom Pvt. Ltd. Alma Assets Consultancy (P) Ltd Alfort Merchants (P) Ltd Oswal Industrial Enterprises Private Limited Vardhman Amarante Pvt. Limited

ii) Transaction with related parties during the year:-

(₹ in Lakh)

Nature of transaction	KMP		Relatives of KMP		Enterprise over which KMP is able to exercise Significant Influence		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Loan received	-	-	-	-	359.98	172.00	359.98	172.00
Loan repaid	-	1.50	-	-	481.98	122.00	481.98	123.50
Sale of goods	-	-	-	-	265.98	434.73	265.98	434.73
Purchase of goods	-	-	-	-	-	6.98	-	6.98
Net Advance(Received)/Paid	-	-	-	-	21.09	4.22	21.09	4.22
Expense reimbursement (Receivable)	-	-	-	-	-	-	-	-
Rent paid	-	35.43	48.72	13.28	-	-	48.72	48.71
Job charges paid	-	-	-	-	8.02	3.30	8.02	3.30
Interest paid	-	-	-	-	6.33	23.63	6.33	23.63
Rent received	-	-	-	-	0.48	0.48	0.48	0.48
Remuneration	41.35	34.73	-	5.13	-	-	41.35	39.86
Managerial Remuneration	97.42	27.40	-	-	-	-	97.42	27.40
Outstanding balances at year end								
Investment in equity shares	-	-	-	-	0.09	0.09	0.09	0.09
Amount payable on account of unsecured loan	-	92.19	92.19	-	87.00	212.00	179.19	304.19
Amount payable/recoverable)	-	-	-	-	(260.35)	8.83	(260.35)	8.83

As per by Ind AS 110 - Consolidated Financial Statement, F.M. Hammerle Textiles Limited ceased to be our subsidiary from 07.12.2018 as the company was undergoing Corporate Insolvency resolution process (CIRP), wherein, the operations were being run by committee of creditors (COC) appointed and NCLT approved resolution professional. Further Corporate Guarantee of the company towards its erstwhile subsidiary M/s. F.M. Hammerle Textiles limited has been released by State Bank of India after depositing ₹ 250 lacs as demanded by bank. Resolution Plan of FM Hammerle Textiles Limited has been approved by NCLT vide its order dated 13-03-2020.

46. FINANCIAL RISK MANAGEMENT

The principal financial assets of the Company include loans, trade and other receivables, and cash and bank balances that derive directly from its operations. The principal financial liabilities of the company, include loans and borrowings, trade and other payables and the main purpose of these financial liabilities is to finance the day to day operations of the company.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks and that advises on financial risks and the appropriate financial risk governance framework for the Company.

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

Market Risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans & borrowings and deposits. The sensitivity analyses in the following sections relate to the position as at 31 March 2020 and 31 March 2019.

(i) Foreign Currency risk management

The company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

(ii) Interest Rate Risk

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

As the Company has no significant interest-bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates, which are included in interest bearing loans and borrowings in these financial statements. The company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

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

Particulars	As at 31 March 2020	As at 31 March 2019
Variable rate instruments		
Long term borrowings	547.13	656.00
Current maturities of long term debt	108.86	95.67
Short term borrowings	48366.66	43874.31

Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/(decreased) profit or loss for the below years by the amounts shown below. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Increase/ (decrease) in 100 basis point	490.23	446.26

Liquidity Risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has outstanding bank borrowings. The Company is passing through a phase of liquidity stress and there is a mismatch in cash flows. Due to this, the capacities of the Company are running at sub-optimal level. The Company is working towards devising a plan which would correct the cash flow mismatch. The Company believes that the Company would be able to generate enough cash inflows to meet its working capital requirements in the medium and long run. The company manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The Company has exposure to credit risk from trade receivable balances on sale of Yarns & Readymade Garments. The Company ensures concentration of credit does not significantly impair the financial assets since the customers to whom the exposure of credit is taken are well established and reputed industries engaged in their respective field of business. The creditworthiness of customers to which the Company grants credit in the normal course of the business is monitored regularly.

The Following is the detail of revenues generated from top five customer of the company and allowance for life time expected credit loss:

Particulars	(₹ in Lakh)	
	As at 31 March 2020	As at 31 March 2019
(a) Revenue from top five customers		
- Amount of Sales	45,073.62	61,151.41
- % of total Sales	80.36%	75.43%
(b) Allowance for doubtful debts		
Balance at the beginning of the period	485.24	518.90
Recognized during the year	25.00	152.13
Amount Write Off	152.13	185.79
Balance At the end of the period	358.11	485.24

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables as disclosed at Note 6 & 10.

Write off policy

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

47A CAPITAL MANAGEMENT

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The director's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. No Changes were made in the objectives, policies or processes during the years ended 31st March 2020 and 31st March 2019.

47 DETAILS RELATING TO NET ASSETS AND PROFIT OR LOSS IN RESPECT OF SUBSIDIARIES ARE AS FOLLOWS:

Name of the entity Subsidiaries	Year	Net Assets		Share in profit or loss	
		Amount (₹ in Lakh)	As % of consolidated net assets	Amount (₹ in Lakh)	As % of consolidated profit or loss
A. Parent					
Vardhman Polytex Limited	Current Year	(29063.85)	99.90%	10108.89	-100%
	Previous Year	(39169.30)	99.92%	(7489.38)	-100%
B. Foreign Subsidiaries					
F. M. Hammerle Verwaltung GmbH	Current Year	(262.69)	0.90%	3.95	0%
	Previous Year	(275.61)	0.70%	9.24	0.12%
Less: Minority Interest in all subsidiaries		0.00		0.00	
Less: Elimination / Adjustments	Current Year	234.38	-0.81%	0.00	0%
	Previous Year	242.42	-0.62%	17.56	-0.24%
Total	Current Year	(29092.16)	100.00%	10112.84	100%
	Previous Year	(39202.52)	100.00%	(7462.58)	100%

48 The Holding Company is paying rentals for office premises taken on rent which are not in the nature of operating lease agreements. Therefore, disclosure requirements of IND AS-17 are not applicable.

49 The Holding Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, Investments, Inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, has used internal and external sources on the expected future performance of the Group. The Group has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered.

50 Corporate debt restructuring (Holding company)

i) As the company accounts have been declared as NPA, therefore no interest is being charged by the lenders post the NPA classification. Keeping the accrual concept in consideration, the company has provided for interest based upon terms of the

CDR package. The lenders have issued notices U/S 13(2) & 13(4) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFESI) Act, 2002 which were duly replied and proceedings are before Debt Recovery Tribunal (DRT), Chandigarh. Two of the lenders namely Punjab National Bank & Jammu and Kashmir Bank have filed application under Section 7 of Insolvency and Bankruptcy Code 2016 with NCLT for initiating Corporate Insolvency Resolution Process (CIRP) but the same have not been admitted till date.

State Bank of India (One of our consortium lenders) has assigned our debt to Phoenix ARC Private Limited through an Assignment agreement dated 27th March, 2020. OTS proposal of the company has been approved by 80.00 % of total lenders as on date. Further two of the lenders namely Punjab National Bank & Jammu and Kashmir Bank and operational creditors have filed applications under Insolvency and Bankruptcy Code 2016 with NCLT for initiating Corporate Insolvency Resolution Process (CIRP). The petitions have not been admitted so far.

ii) Despite the fact that the net worth of the Company has been fully eroded in the current year, the Management is of the view that the company is an operative company and with all necessary steps and continuing professional management, is confident to turnaround the company and accordingly Deferred Tax assets will be recognised. In view of the same, the financial statements have been prepared on going concern basis.

51 Vardhman Polytex Ltd (VPL), holding company has 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 the company, Maschinen Umwelttechnik Transportanlagen Gesellschaft mbH, Austria [(MUT)- another shareholder], IRIS Textile GmbH (erstwhile foreign Collaborator), Mr. Josef Hahn, Director and Mr. Ishwinder Maddh (erstwhile Alternate director to Mr. Josef Hahn) alleging that the activities and acts of Mr. Josef Hahn and Mr. Ishwinder Maddh are in the manner oppressive to VPL. VPL also filed petition before the CLB to declare that allotment of 1,90,15,920 shares to IRIS (presently held by MUT) as void ab initio for want of consideration and rectify the register by cancelling the allotment made to IRIS. In furtherance of the petition filed by the Company, the MUT filed an application against OFMHT for oppression and mismanagement. The Company Law Board (CLB) vide its consolidated order dated 13.08.2015 has dismissed all the petitions. The matter pertaining to rectification of register of members was disposed off against VPL. The same was challenged before the Punjab & Haryana High Court at Chandigarh and a stay has been granted in the matter by the Hon'ble High Court. In response to the order of CLB dated 13.08.2015, Hahn Group filed two applications at CLB for execution of above CLB order and for amendment/ rectification in the order.

Also MUT had got an order dated 13.10.2017 from Supreme Court of India for adding Vardhman Polytex limited as a party to purchase the shares pursuant to CLB Order dated 13.08.2015. VPL has filed Civil Appeal under section 10 F of the companies Act, 1956 (now corresponding section 59 of the companies Act, 2013) against the judgment dated 13.08.2015 passed by the Hon'ble Company Law Board as modified by order 13.10.2017 passed by the Hon'ble Supreme Court of India. Punjab & Haryana High Court, Chandigarh vide its interim order dated 04-12-2019 has directed to determine the market value of shares held by minority shareholders of FM Hammerle Textiles Ltd. State Bank of India as CoC of FM Hammerle has filed Special Leave Petition (SLP) in the Hon'ble Supreme Court of India assailing the validity of the impugned interim order dated 04.12.2019 passed by Hon'ble High Court of Punjab & Haryana. Hon'ble Supreme Court of India vide its order dated 17.01.2020 was pleased to grant stay of operation of the impugned interim order of the High Court. On 10th February 2020, Supreme Court has issued Notice to VPL to submit its reply. After that the matter was not taken up in the Supreme Court. The matter is sub-judice in the Hon'ble Supreme Court and Punjab & Haryana High Court, Chandigarh and stay is continuing.

52 As per by Ind AS 110 - Consolidated Financial Statement, F.M. Hammerle Textiles Limited ceased to be our subsidiary from 07.12.2018 as the company was undergoing Corporate Insolvency resolution process (CIRP), wherein, the operations were being run by committee of creditors (COC) appointed and NCLT approved resolution professional. Further Corporate Guarantee of the company towards its erstwhile subsidiary M/s. F.M. Hammerle Textiles limited has been released by State Bank of India after depositing Rs 250 lacs as demanded by bank. Resolution Plan of FM Hammerle Textiles Limited has been approved by NCLT vide its order dated 13-03-2020.

53 The balances of Trade Receivables, Loan and Advances, Deposits and Trade Payables are subject to confirmation/reconciliation and subsequent adjustments, if any. During the year, letters have been sent to various parties with a request to confirm their balances as on 31st March, 2020. Except for the provision created against these receivables, they are realizable as per management of the company.

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

As per our report of even date

For Romesh K. Aggarwal & Associates

Chartered Accountants

Firm Reg. No:- 000711N

Sd/-

Ruchir Singla

Partner

Membership No. 519347

Place : Ludhiana

Date : 10th July 2020

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

Sd/-

Manju Oswal

Director

(DIN-00009449)

Sd/-

Ajay Ratra

Company Secretary

Sd/-

Adish Oswal

Chairman & Managing Director

(DIN-00009710)

Sd/-

Apjit Arora

Chief Financial Officer

Panoramic view of Spinning Process



Panoramic view of Spinning Process





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