



# Vardhmān POLYTEX LIMITED

Corporate & Regd. Office : 341, K-1, Mundlan Khurd, P.O. Sahabana,  
Chandigarh Road, Ludhiana-141123 Punjab (INDIA)  
Phone : +91-161-2685301-305, Fax : +91-161-8829988  
E-mail : info@oswalgroup.com

CIN : L17122PB1980PLC004242

## FORM B

*Format of covering letter of the annual audit report to be filed with the stock exchanges*

1.	Name of the Company	VARDHMAN POLYTEX LIMITED
2.	Annual financial statements for the year ended	31 <sup>ST</sup> MARCH 2014
3.	Type of Audit qualification	Qualified
4.	Frequency of qualification	Continues as last year
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>Non creation of provision for write-off of investment in subsidiary companies namely M/s Oswal Industrial Enterprise (P) Limited (OIEPL) and Oswal F. M. Hammerle Textiles Limited (OFMII), has not been addressed by the Company</p> <p>(Audit Report Paragraph 5 Page No. 19 of Annual Report )</p> <p>We state that the said subsidiary companies i.e. OIEPL and OFMII have already started generating positive earnings and expected to improve its present financial position. The recovery in financial health of these companies could have been far better but for market unfavorable conditions including prolonged economic crises in USA &amp; Europe. However, the Companies are striving hard to turn around in the shortest possible time frame.</p>
6.	Additional comments from the board audit committee chair	NEL



7.

To be signed by-

Mr. Ashok Kumar Oswal  
Chairman and Managing Director

Also

Mr. Parvinder Singh  
Chief Financial Officer

M/s S S Kothari Mehta & Co.  
Statutory Auditor



Mr. Ajay Chaudhry  
Audit Committee Chairman

Place: Ludhiana  
Date: 05.09.2014



34<sup>th</sup> ANNUAL REPORT 2013-14



**VARDHMAN POLYTEX LIMITED**

## *Message from Chairman & Managing Director*



*Dear Stakeholders,*

*I feel pleasure to inform you that the Company has performed well and reported satisfactory results during financial year 2013-14 as compared to last year. Despite global and domestic challenges and slowdown in Indian manufacturing sectors, the Company achieved net sales turnover of ₹ 922.72 crore with an EBIDTA of ₹ 107.75 crore for the year ended 31 March, 2014 as against ₹ 786.23 crore and ₹ 91.83 crore respectively of the last year. The operational and financial efficiencies led to improvement in the margins. The Company has been able to enhance its acceptance and brand image in global market, particularly the quality conscious markets of Far East countries.*

*The Indian economy has been going through challenging times that culminated in lower than 5% growth in GDP during two consecutive years. The upward trend of inflation and indifferent response of the Government towards business and fiscal policies, resulted into slowdown. However, the developments on external account have generated some optimism to project that the Indian economy is better prepared to confront the challenges of global policy reversals, including tapering of quantitative easing in the US. Recently positive development is also observed with improvement in the fiscal deficit which augurs well for macroeconomic stabilization and expectancy of higher growth in 2014-15, yet cautious approach will be needed as the pace of recovery may be moderate.*

*In order to meet commitments to the financial institutions, the company had been making efforts to dispose off its land at Ludhiana as a chunk. However, it did not materialize due to sluggish conditions in real estate market. Ultimately, the company resorted to selling the same land in the form of residential and commercial plots/spaces which received positive response. This is going to support the company in meeting its financial obligations and improve liquidity.*

*The first half of financial year 2014-15 appears to tough for the textile industry in view of incompatible cotton prices vis-à-vis yarn prices. However, there is likelihood of silver lining in the second half as cotton prices and future indices globally are indicating downward trend which should help in stabilizing the margins.*

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

*Sincerely*



Ashok Kumar Oswal  
Chairman & Managing Director



## Message from Executive Director



Dear Stakeholders,

*It gives me immense pleasure to inform that the performance of your company during the financial year 2013-14 was quite satisfactory. The Textile Industry in general reported healthy results coupled with fairly good growth in the last 2-3 years. However, last two quarters have been full of difficulties for the spinning sector. The near future also does not seem to bode well due to high priced raw material inventory and rock bottom finished goods prices followed by slack demand. The uncertainty about Chinese policy on cotton and consequently stalemate still continues in yarn market both domestic and exports. Further, conditions of somewhat oversupply and significant concessions to industry in other States will make the going forward more tough for Northern base mills.*

*In order to compete, sustain and grow in the above environment, your company has embarked upon a different business model wherein modernization with affordable investment, product differentiation, cost optimization, value addition and low inventories will be key factors. Apart from this, initiatives for energy conservation and rationalization of human resource have been taken as real time targets to reduce the overall cost. There is an urgent need to deviate from the treaded path and carve out a niche to generate better margins and serve the stakeholders rightfully.*

*I am happy to inform that Nalagarh project has been completed to its planned capacity of 40800 spindles after adding 15800 spindles recently. The plant is now working at full capacity with appreciable efficiency and is 100% dedicated to quality conscious export markets.*

*In the process of compliance of CDR conditions, your company has monetized its land admeasuring 19.42 acres by carving out a residential colony cum commercial project named "Vardhman Park" in Ludhiana. The infrastructural development is under way. This maiden initiative of the company has received excellent response even in the depressed real estate market. The proceeds from this project shall help in partially liquidating the due financial liabilities and support company's long term working capital requirements over a period of time.*

*Looking to overall market scenario, the initiatives already taken and a few being in pipe line when implemented, shall help the company in reaping the desired benefits and improve profit margins. Barring unforeseen circumstances, we believe that your company should be able to consolidate its position and become a debt light company over a period of 3 years.*

*I take this opportunity to express my gratitude to all the stakeholders for reposing confidence and trust in the management.*

Sincerely



Adish Oswal  
Executive Director

## BOARD OF DIRECTORS

Mr. Ashok Kumar Oswal  
Mr. Adish Oswal  
Mr. Ashok Kumar Goyal  
Dr. Balbir Singh Bhatia  
Mr. Ajay Chaudhry  
Mr. Manohar Dattatraya Kanitkar  
Mr. Amit Jain  
Mrs. Rakhi Oswal

– Chairman & Managing Director  
– Executive Director  
– Executive Director  
– Independent Director  
– Independent Director  
– Independent Director  
– Independent Director  
– Director

## CHIEF FINANCIAL OFFICER

Mr. Parvinder Singh

## COMPANY SECRETARY

Mr. Sushil Sharma

## AUDITORS

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

## BANKERS

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

## WORKS

- Vardhman Polytex Limited, Badal Road, Bathinda - 151 005
- Vinayak Textile Mills (Spinning Unit), D-295/1, Phase VIII, Focal Point, Ludhiana - 141 123
- Vinayak Textile Mills (Dyeing Unit), D-295/1, Phase VIII, Focal Point, Ludhiana - 141 123
- Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh-174 101(HP)
- Amkryon International  
HB-22, Phase-VI, Focal Point, Ludhiana - 141 010
- Vardhman Park, 341 K-1, Mundian Khurd, Chandigarh Road, Ludhiana - 141 123

## REGISTRAR & SHARE TRANSFER AGENT

M/s Alankit Assignments Limited  
1E/13, Alankit Heights,  
Jhandewalan Extension,  
New Delhi - 110 055  
Phones : +91-11-42541234, 23541234  
Fax: +91-11-41543474

## REGISTERED & CORPORATE OFFICE

341 K-1, Mundian Khurd, P.O. Sahabana,  
Chandigarh Road, Ludhiana - 141 123  
Phones : +91-161-2685301-05, 6629888, 6629990  
Fax : +91-161-6629988  
E-mail: vpl.sect@oswalgroup.com  
Website: www.oswalgroup.com  
CIN: L17122PB1980PLC004242

## ADMINISTRATIVE & BRANCH OFFICE

305, Ansal Bhawan, 16, K.G. Marg,  
New Delhi - 110 001  
Phones : +91-11-23311582, 23312478  
Fax: +91-11-23312477

## BRANCH OFFICE

B/31/5436, St. No. 0, Vishwkarma Nagar,  
Tajpur Road, Ludhiana - 141 008

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## NOTICE

NOTICE is hereby given that the **34<sup>th</sup> Annual General Meeting** of the members of **Vardhman Polytex Limited** ('the Company') will be held on Tuesday, the 30<sup>th</sup> day of September, 2014 at 11:00 a.m. at the Registered Office of the Company situated at 341 K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana-141123 to transact the following business :-

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and Statement of Profit and Loss for the year ended on that date, together with the Report of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Ashok Kumar Goyal (DIN 06676556), who retires by rotation and being eligible, offers himself for re-appointment.
3. **Appointment of Statutory Auditors 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 Sections 139 of the Companies Act, 2013 ("Act") and other applicable provisions of the Act, if any and the Rules framed thereunder, as amended from time to time, and pursuant to the recommendation of the Audit Committee, M/s S.S. Kothari Mehta & Co., Chartered Accountants, New Delhi (Firm Reg. No. 000756N), be and are hereby appointed/ reappointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 37th Annual General Meeting, subject to ratification by the member at every AGM, at such remuneration as may be fixed by the Board of Directors of the Company."

**SPECIAL BUSINESS:**

4. **Appointment of Mr. Ajay Chaudhry as an 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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules made thereunder as read with Schedule IV to the Act, as amended from time to time, Mr. Ajay Chaudhry (DIN 00055733), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years upto 31st March, 2019."
5. **Appointment of Dr. B. S. Bhatia as an 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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules made thereunder as read with Schedule IV to the Act, as amended from time to time, Dr. B. S. Bhatia (DIN 00551715), a non-executive independent director of the Company, who has submitted a declaration that

he meets the criteria of independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years upto 31st March, 2019."

6. **Appointment of Mr. M. D. Kanitkar as an 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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules made thereunder as read with Schedule IV to the Act, as amended from time to time, Mr. M. D. Kanitkar (DIN 00551803), a non-executive independent director of the Company, who retires by rotation at this Annual General Meeting and eligible for re-appointment and who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years upto 31st March, 2019."

7. **Appointment of Mr. Amit Jain as an 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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules made thereunder as read with Schedule IV to the Act, as amended from time to time, Mr. Amit Jain (DIN 00020860), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years upto 31st March, 2019."

8. **Appointment of Mrs. Rakhi Oswal as a Director**

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

"RESOLVED THAT Mrs. Rakhi Oswal, (DIN 00009682) who was appointed as an Additional Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation under the Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all formalities, acts, matter and things which may be necessary, proper and expedient to give effect to this Resolution."

9. **Amendment in the terms of appointment of Mr. Adish Oswal, Executive Director of the Company**

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

“RESOLVED THAT in partial modification of the resolution passed at the Annual General Meeting of the Company held on 29.09.2012 for the appointment of Mr. Adish Oswal, Executive Director of the Company, the approval of the members be and is hereby accorded to alter the terms of appointment of Mr. Adish Oswal, Executive Director as liable to retire by rotation and the other terms and conditions of his appointment and remuneration shall remain the same.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all formalities, acts, matter and things which may be necessary, proper and expedient to give effect to this Resolution.”

## 10. Amendment in the Articles of Association of the Company

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

“RESOLVED THAT pursuant to provisions of Section 14 and any other applicable provisions of the Companies Act, 2013 (including any amendments, statutory modification(s) or re-enactment thereof for the time being in force) and the Rules made thereunder, the Articles of Association of the Company be amended by insertion of the following Article after the existing Article 159:

‘159A. Position of Chairman and Managing Director

An individual may be appointed or reappointed to, or hold, the position of Chairperson or Co-Chairperson of the Company and also its Managing Director or Chief Executive Officer (as the case may be) at the same time.’

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all formalities, acts, matter and things which may be necessary, proper and expedient to give effect to this Resolution.”

## 11. Approval for entering into contracts and/or agreements with Related Parties

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

“RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and subject to such approvals, consents, sanctions and permissions as may be necessary, consent of the members of the Company be accorded to authorize the Board of Directors of the Company to enter into contracts and/or agreements with Related Parties as defined under the Act with respect to sale, purchase or supply of any goods or materials, selling or otherwise disposing of, or buying, leasing of property of any kind, availing or rendering of any services, appointment of agent for purchase or sale of goods, materials, services or property or appointment of such related party to any office or place of profit in the Company or its subsidiary or associates company or any other transactions of whatever nature with related parties.

RESLOVED FURTHER THAT the Board of Directors of the Company or a Committee thereof be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company or a Committee thereof be and is hereby authorized

to determine the actual sums to be involved in the proposed transactions and the terms & conditions related thereto and all other matters arising out of or incidental to the proposed transactions and to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this Resolution.”

## 12. Authorisation for Borrowings

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

“RESOLVED THAT in supersession of the earlier resolution passed at the General Meeting held on 07.12.2011 in terms of Section 293(1)(d) of the Companies Act, 1956 and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, the consent of the members of the Company be and is hereby accorded to authorize the Board of Directors (including Committee thereof) to borrow from time to time, at its discretion either from the Company’s Bank or any other bank, financial institution or any other lending institutions or Bodies Corporate(s) or such other persons as may be considered suitable by the Board of Directors for the purpose of Company’s business any sum or sums of money as it may deem proper notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company, if any, (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, if any, that is to say, reserves not set apart for any specific purpose provided that the total amount of moneys to be borrowed together with moneys already borrowed (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) shall not exceed ₹ 1,000 crore (Rupees One thousand crore only) outstanding at any one time and that for the implementation of this resolution the Board of Directors may act through any member thereof or any other person duly authorized by the Board of Directors in that behalf.

RESOLVED FURTHER THAT the Board of Directors of the Company or a Committee thereof be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary and expedient for giving effect to this resolution.”

## 13. Creation of charges / mortgages on the properties of the Company

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

“RESOLVED THAT in supersession of the earlier resolution passed at the Annual General Meeting held on 29.08.2011 in terms of Section 293(1)(a) of the Companies Act, 1956 and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof) the Company hereby accords its consent to the Board of Directors to mortgage and/or charge in addition to the mortgages/charges created /to be created by the Company in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of business and concern



of the Company in certain events of default, in favour of the lender(s), agent(s), trustee(s) for securing the borrowings of the Company availed/ to be availed by way of loan(s) (in foreign currency and/or in rupee currency) working capital limits and securities (comprising of fully/partly convertible debentures and/or secured premium notes and/or floating rates notes/ bonds or other debt instruments), issued /to be issued by the Company, from time to time, in one or more tranches, upto an aggregate limit of ₹ 1,000 crore (Rupees One thousand crore only) as approved under Section 180(1)(c) of the Companies Act, 2013 together with interest at the respective agreed rates, additional interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the agent(s) and/or trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/ revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the respective loan agreement(s), heads of agreement(s), debenture trust deed(s) or loan agreements or any other document entered into/ to be entered into between the Company and the lender(s)/ investor(s)/agent(s) and/or trustee(s) in respect of the said and continuing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that and agreed to between the Board of Directors or any Committees thereof and the lender(s), agent(s), and/ or trustee(s).

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalise the documents and such other agreements for creation of charge as specified above and to do all such acts, deeds, matters and things as may be deemed necessary and expedient for giving effect to this resolution."

#### 14. Invitation and acceptance of fixed deposits from the members and public

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

"RESOLVED THAT pursuant to the provisions of Sections 73 and 76 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Acceptance of Deposits) Rules, 2014, the consent of the members be and is hereby accorded to the Board of Directors of the Company to invite and accept fixed deposits from the Public and Members, within limits prescribed in the Act and the overall borrowing limits of the Company, as approved by the Members, from time to time.

RESOLVED FURTHER THAT the Board of Directors or a Committee thereof be and is hereby authorized to finalise the scheme for invitation and acceptance of fixed deposits from the Members and the Public and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this Resolution."

**By Order of the Board**  
Sd/-

(Sushil Sharma)  
Company Secretary

**Place: Ludhiana**  
**Date : 12<sup>th</sup> August, 2014**

**Registered Office:** 341 K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana -141 123, Punjab (INDIA)  
Phones: 0161-2685301-05, 6629888, 6629990 Fax: 0161-6629988  
Website: www.oswalgroup.com, E-Mail: info@oswalgroup.com  
CIN: L17122PB1980PLC004242

#### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy, in order to be effective, must be received by the company not less than 48 hours before the meeting. The blank proxy form is enclosed.
2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of items specified in special business and the information required pursuant to the Clause 49 of the Listing Agreement(s) regarding the directors seeking appointment/re-appointment in the Annual General Meeting are annexed hereto and both forms part of the Notice.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 24.09.2014 to 30.09.2014 (Both days inclusive).
4. Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Company/Registrar and Transfer Agent (RTA). However, members holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participant.
5. Members desiring any information as regards to accounts are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.
6. 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.
7. Members are requested to bring their attendance slip along with their copy of Annual Report to the Annual General Meeting.
8. 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.
9. The Annual Report shall be sent electronically at e-mail address provided by you to the Company, its RTA or with your depositories.

We request you to update your email address with your Depository Participant/Company/RTA to ensure that the Annual Report and other Communication reach you on your preferred email. The members, if they desire, may write to the Company to obtain the physical copy of the Annual Report.

10. Members wishing to claim dividends which remain unclaimed are requested to correspond with Company Secretary of the Company. Members are requested to note that the dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education & Protection Fund (IEPF). The information regarding unclaimed and unpaid amounts is available on the website of the Company [www.oswalgroup.com](http://www.oswalgroup.com)

#### 11. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 34th Annual General Meeting (AGM) by electronic means

and the business may be transacted through e-Voting services provided by Central Depository Services (India) Limited (CDSL):

**A. Instructions for Members for voting electronically are as under:-**

- i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- ii) Click on “Shareholders” tab.
- iii) Now enter your User ID
  - a) For CDSL: 16 digits beneficiary ID
  - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID
  - c) Members holding shares in physical form: Folio Number registered with the Company
- iv) Next enter the Captcha (Verification) Code as displayed and Click on Login.
- v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department ( <i>Applicable for both demat shareholders as well as physical shareholders</i> ) <ul style="list-style-type: none"> <li>➤ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (given where shareholders’ address is printed) in the PAN field.</li> <li>➤ In case the sequence number is less than 8 digits enter the applicable number of 0’s before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Date of Birth	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in <b>dd/mm/yyyy</b> format.
Dividend Bank Details	Enter the Dividend Bank details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank details in order to login. If the details are not recorded with the depository or company please enter the Demat A/c / folio number in the Dividend Bank details field as mentioned in instruction (iii).

- vii) After entering these details appropriately, click on “SUBMIT” tab.
- viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach

‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x) Click on the **EVSN (140822020) for Vardhman Polytex Ltd.**
- xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii) Click on the “**RESOLUTIONS FILE LINK**” if you wish to view the entire Resolution details.
- xiii) After selecting the resolution you have decided to vote on, click on “**SUBMIT**”. A confirmation box will be displayed. If you wish to confirm your vote, click on “**OK**”, else to change your vote, click on “**CANCEL**” and accordingly modify your vote.
- xiv) Once you “**CONFIRM**” your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on “**Click here to print**” option on the Voting page.
- xvi) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii) Note for Institutional Shareholders
  - a) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - b) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - c) After receiving the login details they have to create 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.
  - d) The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - e) 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.
- xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

## B. Other Instructions:

- I. The e-voting period **commences on Wednesday, 24th September, 2014 (9.00 a.m. IST) and ends on Friday, 26th September, 2014 (6.00 p.m. IST)**. During this period, Members of the Company, holding shares either in physical form or in electronic form, as on the cut-off date 29th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast and confirmed by the Member, he shall not be allowed to change it subsequently.
- II. The voting rights of Members shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on the cut-off date 29th August, 2014.
- III. Mr. B.K. Gupta of M/s B.K. Gupta and Associates, Practicing Company Secretary has been appointed as the Scrutinizer to conduct the e-voting process in a fair and transparent manner. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of atleast two witnesses not in the employment of the Company and submit a Scrutinizer's Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.
- IV. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website **www.oswalgroup.com** within two days of the passing of the resolutions at the 34<sup>th</sup> AGM of the Company and communicated to the Bombay Stock Exchange Ltd (BSE) and the National Stock Exchange of India Ltd (NSE), where the shares of the Company are listed.

## ANNEXURE TO THE NOTICE

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

#### ITEM NO. 4 to 7

Mr. Ajay Chaudhry (DIN 00055733), Dr. B. S. Bhatia (DIN 00551715), Mr. M. D. Kanitkar (DIN 00551803) and Mr. Amit Jain (DIN 00020860) are Non Executive (Independent) Director of the Company. Pursuant to the provisions of Section 149(10) of the Companies Act, 2013 ('the Act'), an independent director shall hold office for a term upto 5 (five) consecutive years on the Board of a Company and shall be eligible for re-appointment for another term of five years on passing of a special resolution by the Company.

The Independent Directors were appointed as per the erstwhile applicable provisions of the Companies Act, 1956, where they were liable to retire by rotation. It is proposed to appoint Mr. Ajay Chaudhry (DIN 00055733), Dr. B. S. Bhatia (DIN 00551715), Mr. M. D. Kanitkar (DIN 00551803) and Mr. Amit Jain (DIN 00020860), as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement for a term of five consecutive years upto 31st March, 2019. Further, pursuant to the provisions of Section 152(6) of the Act, the term of the Independent Directors shall not be liable to retire by rotation.

The Company has received the consent in writing from them to act as Director and a declaration that they are not disqualified to act as Director under Section 164(2) of the Act and meet the criteria of independence as provided in Section 149(6) of the Act.

Notices under section 160 of the Act have been received from Members proposing candidature of the above said directors for the office of Independent Director of the Company. In the opinion of the Board, these directors fulfill the conditions specified in the Act and the Rules made thereunder for appointment as Independent Directors of the Company.

A brief profile of proposed Independent Directors, including nature of their expertise, is provided at this Annual Report.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives except the proposed appointees is concerned or interested in the said Resolutions.

#### ITEM NO. 8

Mrs. Rakhi Oswal, (DIN 00009682), age 32 years, was appointed as an additional director on the Board w.e.f. 12.08.2014 in terms of the Articles of Association of the Company. Pursuant to Section 161 of the Companies Act, 2013 ('the Act') she holds office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member under Section 160 of the Act proposing her candidature for the appointment as a Director of the Company.

Mrs. Rakhi Oswal is Graduate in Business Administration from Daly College Bussiness School, Indore. She is having more than 10 years of experience in business and management. She is currently holding position of Managing Director in the Oswal Industrial Enterprise Pvt Ltd, a subsidiary of Vardhman Polytex Ltd. The Board has considered that the Company would be immensely benefited by her knowledge, experience and advice, hence recommends the resolution for your approval.

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

#### ITEM NO. 9

As per section 152 of the Companies Act, 2013, unless the articles provide for the retirement of all directors at every annual general meeting, not less than two-thirds of the total number of directors (not including independent directors) of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation. To provide proper composition to the Board, the Board of Director in its meeting 30.05.2014 has approved that the term of appointment of Mr. Adish Oswal, Executive Director shall be liable to retire by rotation and other terms and conditions of his appointment and remuneration as Executive Director shall remain the same as approved by shareholders vide resolution dated 29.09.2012.

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

#### ITEM NO. 10

The Articles of Association of the Company does not contain a provision that the position of Chairman may be held by Managing Director. To enable such a provision as required under Section 203 of the Companies Act, 2013, it is proposed to insert new article as Article No. 159A in the Articles of Association of the Company.

The proposed amendment in the Articles of Association of the Company requires the approval of the members in the General Meeting. The Board recommends the given resolution for your approval.

None of the Directors, Key Managerial Person (KMP) or their respective relatives are concerned or interested in the said Resolution.

## ITEM NO. 11

Pursuant to Section 188 of the Companies Act, 2013 ("the Act"), the company can enter into transaction mentioned under aforesaid resolution, which are not in the ordinary course of business and/or are not on arm length basis, only with the approval of the shareholders accorded by way of a special resolution. Though, your Company always seeks to enter into transactions with related parties in the ordinary course of business and at arm's length basis; still there may be some transactions which are done in the interest of the Company and for which your approval is required under the provisions of the Act.

The proposal outlined above is in the interest of the Company and the Board re-commends the resolution set out in the accompanying Notice as special resolution. The details as required under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 are as under:

Name of Related Party	Name of Directors/ KMP who is related and nature of Interest	Particulars of the Contract and relevant information	Maximum Yearly Monetary Value (In ₹)
M/s Oswal F. M. Hammerle Textiles Ltd. (Subsidiary)	<ol style="list-style-type: none"> <li>Mr. Ashok Kumar Oswal (Chairman and Managing Director) being as promoter director &amp; shareholder.</li> <li>Mr. Adish Oswal (Executive Director) being as director &amp; shareholder.</li> <li>Mr. Parvinder Singh (CFO) being as director.</li> <li>Mr. Ajay Chaudhry (Director) being as director.</li> </ol>	Sale, purchase or supply of goods, material or services including Job work and Lease/ sale of immovable property	₹ 20 crore
M/s Oswal Industrial Enterprise Pvt Ltd (Subsidiary)	<ol style="list-style-type: none"> <li>Mr. Adish Oswal (Executive Director) being as director &amp; shareholder.</li> <li>Mr. B S Bhatia (Director) being as director.</li> <li>Mrs. Rakhi Oswal (Director) being as director.</li> <li>Mr. Ashok Kumar Oswal (Chairman and Managing Director) being as relative of director.</li> </ol>	Sale, purchase or supply of goods, material or services including Job work and Lease/ sale of immovable property	₹ 20 crore
Vardhman Fine Trade (Prop. Firm)	<ol style="list-style-type: none"> <li>Mrs. Rakhi Oswal (Director) being as Proprietor.</li> <li>Mr. Ashok Kumar Oswal (Chairman and Managing Director) being as relative of director.</li> <li>Mr. Adish Oswal (Executive Director) being as relative of director.</li> </ol>	Sale, purchase or supply of goods, material or services including Job work and Lease/ sale of immovable property	₹ 10 crore
Mr. Ashok Kumar Oswal (Promoter Director)	<ol style="list-style-type: none"> <li>Mr. Ashok Kumar Oswal himself.</li> <li>Mr. Adish Oswal (Executive Director) being as relative of director.</li> <li>Mrs. Rakhi Oswal (Director) being as relative of director.</li> </ol>	Lease of immovable property	₹ 1 crore

None of the Directors or Key Managerial Personnel of the Company or their respective relatives except as specified above are concerned or interested in the said resolution.

## ITEM NO. 12

The Shareholders in the General Meeting held on 07.12.2011 had authorized the Board of Directors for the borrowings upto an amount of ₹ 1,000 crore (Rupees One thousand crore only) by passing ordinary resolution, pursuant to section 293(1)(d) of the Companies Act, 1956.

The corresponding section i.e. 180(1)(c) of the Companies Act, 2013 requires the approval of company/ shareholders by a special resolution for exercise the borrowing powers. The Board accordingly recommends the resolution of borrowing upto an amount of ₹ 1,000 crore (Rupees One thousand crore only) for the approval of the members by a special resolution.

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. 13

The Shareholders in the Annual General Meeting held on 29.08.2011 had authorized the Board of Directors for creation of charges / mortgages on the moveable and immovable properties of the Company, both present and future, in respect of borrowings upto an amount of ₹ 600 crore (Rupees Six hundred crore only) by passing ordinary resolution, pursuant to Section 293(1)(a) of the Companies Act, 1956.

The corresponding section i.e. 180(1)(a) of the Companies Act, 2013 requires the approval of company/ shareholders by a special resolution to exercise such powers. The Board accordingly recommend the resolution, for creation of security/ charges on the borrowings limits as approved by members under section 180(1)(c) of the Companies Act, 2013 for an amount not exceeding ₹ 1,000 crore (Rupees One thousand crore only), for the approval of the members by a special resolution.

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. 14

The Board of Directors at their meeting held on 30.05.2014, have in-principle approved and recommended the invitation and acceptance of Fixed Deposits from the members and public pursuant to Sections 73 and 76 of the Companies Act, 2013 ("Act") and Companies (Acceptance of Deposits) Rules, 2014 ("Rules") as one of the modes to meet the ongoing fund requirements of the Company. The Fixed Deposit scheme would be credit rated on an annual basis and the Company may provide deposit insurance cover, if required under the Act read with the said Rules. It is proposed to authorise the Board or a committee thereof to negotiate and finalise the terms of Fixed Deposit Scheme and to do such other acts and deeds as may be necessary or incidental thereto.

In compliance with the provisions of Section 73 and 76 of the Act, read together with Rule 2(e) of the Companies (Acceptance of Deposits) Rules, 2014, approval of the Members by way of special resolution is being sought. The funds to be borrowed through the Fixed Deposits Scheme would be within the borrowing limit as approved/to be approved by members under section 180(1)(c) of the Companies Act, 2013. The Board recommends the Resolution for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, in the said resolution, except to the extent of any Fixed Deposits that may be placed with company by them, their relatives or by the companies/ institutions in which they are directors.

**By Order of the Board**

Sd/-  
**Place: Ludhiana**  
**Date : 12<sup>th</sup> August, 2014**

Sd/-  
**(Sushil Sharma)**  
**Company Secretary**



## Information pursuant to Clause 49 of the Listing Agreement(s) regarding the Directors seeking appointment/re-appointment in the AGM.

Name of the Director	Mr. Ashok Kumar Goyal	Mr. Ajay Chaudhry	Mr. B. S. Bhatia	Mr. M. D. Kanitkar	Mr. Amit Jain	Mrs. Rakhi Oswal
DIN	06676556	00055733	00551715	00551803	00020860	00009682
Date of Birth	23.10.1959	19.10.1953	20.07.1942	11.12.1945	28.10.1972	03.09.1981
Date of appointment	01.09.2013	08.06.1989	22.01.1987	31.01.2005	06.05.2013	12.08.2014
Expertise in specific functional area	Business operations and marketing of yarn	Leading lawyer in taxation	Management consultant	Textile consultancy in spinning, weaving etc.	Industrialist	Industrialist
No. of Shares in VPL	Nil	155	250	Nil	Nil	17,820
Qualification	FCS, L.L.B, Dip. in Business Mgt.	B.Sc., L.LB	M.Com, Ph.D	LTM,VJTI – Mumbai	B.Sc. (Textile)	BBA
Directorships of other Companies as on 31st March, 2014	Nil	1. Oswal F.M. Hammerle Textiles Ltd 2. Sportking India Ltd 3. LSE Securities Ltd 4. Kangaro Industries Ltd	1. Oswal Industrial Enterprise Pvt Ltd	1. Shivam Texmech Pvt Ltd	1. Shingora Textiles Ltd 2. Shingora Fashion Fabrics Pvt Ltd 3. Young President's Organisation	1. Oswal Industrial Enterprise Pvt Ltd 2. Oswal Tradecom Pvt Ltd
Chairmanship / Membership of Committees of Companies as on 31st March, 2014	Nil	<b>Chairman - Audit Committee</b> Vardhman Polytex Ltd Sportking India Ltd LSE Securities Ltd <b>Chairman – Investors' Grievance Committee</b> Vardhman Polytex Ltd	<b>Member - Audit Committee</b> Vardhman Polytex Ltd	<b>Member - Audit Committee</b> Vardhman Polytex Ltd <b>Member – Investors' Grievance Committee</b> Vardhman Polytex Ltd	Nil	Nil
Relationship with other Directors	Not related to any director	Not related to any director	Not related to any director	Not related to any director	Not related to any director	Relative of Mr Ashok Kumar Oswal and Mr Adish Oswal

## DIRECTORS' REPORT

Dear Fellow,

The Directors of your Company are presenting their 34<sup>th</sup> Annual Report on the affairs of the Company together with Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2014.

### 1. Financial Results

The financial results for the year are as under:

Particulars	(₹ lac)	
	2013-14	2012-13
Turnover	92,272.43	78,623.30
Profit/(Loss) before Interest, Depreciation & Tax	10,775.47	9,183.14
Finance Cost	7,177.39	6,028.24
Profit/(Loss) before Depreciation & Tax	3,598.08	3,154.90
Depreciation	3,265.85	3,660.07
Profit/(Loss) before Tax	332.23	(505.17)
Provision for Tax	(145.28)	(622.23)
Profit/(Loss) after Tax	477.51	117.06
Earnings Per Share (EPS) (in ₹)		
- Basic	2.59	0.72
- Diluted	2.28	0.72

### 2. Business Performance

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

#### ▪ Sales Revenue

During the year under review, the turnover of the Company was ₹ 92,272.43 lac as against ₹ 78,623.30 lac in 2012-13, registering an increase of 17.36%. The FOB value of exports during the year increased to ₹ 44,123.61 lac from ₹ 30,294.91 lac in 2012-13, registering a growth of 45.65%.

#### ▪ Profitability

During the year under review, the Company earned a profit before interest, depreciation and tax of ₹ 10,775.47 lac as against of ₹ 9,183.14 lac during the previous year. The Company earned a net profit after tax of ₹ 477.51 lac during the current year against of ₹ 117.06 lac in the previous year.

### 3. Management Discussion and Analysis Report

#### (a) Industry structure, Development & Future outlook

India's textiles and clothing industry is one of the mainstays of the national economy. It is also one of the largest contributing sectors to Indian economy in terms of direct and indirect employment generation and net foreign exchange earnings. Textile sector contributes about 14% to industrial production, 4% to the Gross Domestic Product (GDP) and 27% to the country's foreign exchange inflows. It provides direct employment to over 45 million people and second largest provider of

employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the national economy.

The Indian textiles industry accounts for about 24% of the world's spindle capacity and 8% of global rotor capacity. The cotton yarn production in India has increased by about 10% during April 2013-February 2014 and the total cloth production grew by 3% during the period April 2013 - February 2014. The Man-Made Fibers (MMF) in Indian textile has successfully established its presence in almost all the countries across the globe. MMF production recorded an increase of 4% during the period April 2013 - February 2014.

The India's cotton consumption grew by 12% to 4.8 million tons and is expected to grow by 7% to 5.4 million tons in 2014-15. World ending stocks are forecast to increase by 12% in 2013-14 to 20 million tons, and then to expand by another 5% in 2014-15 to 21 million tons. The projected accumulation of cotton stocks will weight on international cotton prices in 2014-15, particularly as more stocks will be held outside of China.

In the global exports of Textiles, India has improved its ranking to emerge as the second largest textile exporter. Currently, India textiles exports worth US\$ 40.2 billion, while the total global textiles exports stand at US\$ 772 billion, with India commanding 5.2% of the share. The rise in textile exports from India is largely attributed to the growth in apparel and clothing sector as this account for almost 43% of the share. The Indian textile and apparel industry has potential to reach at size US\$ 221 billion by 2021.

Since most of the capacity expansions have taken place in normal/ commodity products, the severity of competition and decrease in profit margins is inevitable. Thus, in order to survive, sustain and thrive in the global market, it would be necessary to differentiate and improve presence in value added products in the near future. Further, Technical textile is expected to grow at a faster pace as compared to other textiles products. It would be prudent to be an early bird and earmark some investments for this area for better and sustainable profitability.

#### (b) Internal control systems & adequacy

Your Company has an adequate internal control system. There is a system of continuous Internal Audit which aims at ensuring effectiveness and efficiency of systems and operations. The internal audit is conducted by an independent Internal Audit Department leading by a qualified Chartered Accountant alongwith sufficient qualified & experienced staff. The report is reviewed by the Audit Committee of the Board consisting of Independent Directors. The scope of the Internal Audit is not limited to accounts only but includes operations, inventories, costing records, physical verifications of immovable and movable assets etc on regular basis. Further, the Company has also taken steps to develop a mechanism to assess and minimize risks by having a Risk Management Committee.

**(c) Human resource 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 employees. The Company is having strength of approximate 4,000 employees.

**(d) 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.

**(e) Management perception of Risks & Concerns**

The performance of textile industry during first three quarters of FY 2013-14 was quite encouraging. However, the last quarter witnessed sudden jerks in demand and price drop from export market, led by china. This was followed immediately by domestic market which adversely affected the market sentiment and profit margins. The upward surge in cotton prices and downward turn in yarn prices along with slack demand is going to hit the bottom line significantly.

To procure cotton more judiciously and carry reasonable inventory by reducing to 2 months instead of previous practices of 6 months shall help minimizing the risk. Further, initiatives towards differentiated/ value added products coupled with cost optimization will lead to better managing the profit margins.

**(f) Opportunities and Threats**

**Opportunities:**

- Government thrust for textile export.
- Scope for atomization.
- Large overseas and domestic market.

**Threats:**

- Shortage of skilled labour.
- Ever increasing cost of power & finance.
- Volatile Government policies particularly for raw material.

**(g) Financial Performance**

• **Resource utilisation**

a) **Fixed assets**

The gross fixed assets as at 31<sup>st</sup> March, 2014 were ₹ 57,057.28 lac as against ₹ 55,911.26 lac in the previous year. The Net block of assets as on 31<sup>st</sup> March, 2014 was ₹ 28,322.86 lac as against ₹ 29,473.51 lac in the previous year.

**b) Current assets**

Inventory levels as at 31<sup>st</sup> March, 2014 were ₹ 9,219.17 lac as against ₹ 5,099.47 lac in the previous year. The trade receivables as at 31<sup>st</sup> March, 2014 were ₹ 6,595.01 lac as against ₹ 5,670.41 lac in the previous year.

• **Financial condition & liquidity**

(₹ lac)		
Particulars	2013-14	2012-13
<b>Cash &amp; cash equivalents:</b>		
Beginning of the year	2,703.33	483.50
End of the year	1,437.33	2,703.33
<b>Net cash provided (used) by:</b>		
Operating Activities	6,166.37	7,152.79
Investing Activities	(1,068.11)	(59.53)
Financial Activities	(6,364.26)	(4,873.43)

**4. Increase in Paid up Share Capital and amendment in Object Clause**

During the year under review, paid-up share capital of the Company was increased from ₹ 17.84 crore to ₹ 19.82 crore by allotment of 19.75 lac equity shares of ₹ 10/- each at a premium of ₹ 47.52/- per share to M/s Alma Assets Consultancy Pvt Ltd, promoter/ promoter group company.

The object clause of the Company was amended by inserting new object clause for the commencement of activities/ business relating to real estate.

**5. Expansion and Diversification**

The Directors of the Company take pleasure to inform you that the spinning project at Nalagarh (HP), has been completed (40,800 spindles) after adding remaining 15,800 spindles.

The residential colony cum commercial project named as 'Vardhman Park' carved out by the Company at 341K-1, Mundian Khurd, Chandigarh Road, Ludhiana-141123, is at development stage for various infrastructural facilities.

**6. Company Petition**

A petition has been filed by M/s Maschinen Umwelttechnik Transportanlagen GmbH, Austria (a shareholder in Oswal F.M. Hämmerle Textiles Ltd.) against the Company U/S 397, 398, 402 & 403 of the Companies Act, 1956 in the Hon'ble Company Law Board (CLB), Principal Bench, New Delhi. The said petition is pending for mentioning in the Hon'ble CLB.

**7. Directors**

During the year under review, Mr Amit Jain was appointed as director of the Company w.e.f. 06.05.2013 and Mr Ashok Kumar Goyal was appointed as an Executive Director of the Company for a period of three years w.e.f. 01.09.2013.

Mr. Ashok Kumar Goyal, Director of the Company, is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re appointment.

Pursuant to Section 149 of the Companies Act, 2013 ("the Act"), the Board at its meeting held on 30.05.2014 recommended appointment of Mr. Ajay Chaudhry, Dr. B. S. Bhatia, Mr. M. D. Kanitkar and Mr. Amit Jain as Independent Directors of the Company, not liable to retire by rotation, for a term of five years till 31st March, 2019, subject to approval

of the Members of the Company. These Directors have given the declarations to the Board that they meet the criteria of Independence as provided under Section 149(6) of the Act and also confirmed that they will abide by the provisions as mentioned in Schedule IV of the Act. The Company has received requisite notices in writing from members proposing their appointment as Independent Directors.

## 8. Subsidiary Companies

The Company has three subsidiaries namely Oswal F.M. Hämmerle Textiles Ltd, Oswal Industrial Enterprise Private Ltd. and F.M. Hämmerle Verwaltungs GmbH, Austria. During the year, the Board of Directors periodically reviewed the affairs of the subsidiary companies. As per Section 212 of the Companies Act, 1956, the Company is required to attach the Balance Sheet, Statement of Profit & Loss and other documents of its subsidiary companies. The Ministry of Corporate Affairs (MCA) vide its Circular No. 2/2011 dated 8th February, 2011 has exempted the companies from applicability of Section 212 of the Companies Act, 1956, provided such companies publish audited consolidated financial statements in the Annual Report. The Company has published the audited consolidated financial statements for the financial year 2014 and the same forms part of this Annual Report. Accordingly, the Annual Report does not contain the financial statements of our subsidiaries. As per Section 212 of the Companies Act, 1956, the statements showing the interest of the holding company in the subsidiaries and highlighting the financial performance of subsidiaries are annexed with this Annual Report.

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

## 9. Listing of securities

The Securities of the Company are listed on National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE). Further, Foreign Currency Convertible Bonds (FCCBs) of the Company are listed at Singapore Exchange Securities Trading Ltd.

## 10. Registrar and Share Transfer Agent

M/s Alankit Assignments Ltd, 1E/13, Alankit Heights, Jhandewalan Extension, New Delhi -110 055 is the Registrar and Share Transfer Agent of the Company.

## 11. Fixed Deposit

During the year, the Company has not accepted the fixed deposits. As at 31<sup>st</sup> March, 2014, fixed deposits as invited earlier from the public were outstanding to the tune of ₹ 4.95 lac which were within the limits prescribed under Section 58A of Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975. There were no overdue deposits as on 31<sup>st</sup> March, 2014.

The Company proposes to invite and accept Fixed Deposits from the shareholders and the public in accordance with Sections 73 and 76 of the Companies Act 2013 read with Companies (Acceptance of Deposits) Rules, 2014. Attention of the Members is invited to the relevant item in the Notice of the Annual General Meeting and the Explanatory Statement thereto.

## 12. Dividend

The Board of Directors of your Company has not recommended any dividend for the financial year 2013-14.

## 13. Corporate Governance

The Company has in place a comprehensive system of Corporate Governance. A report on Corporate Governance alongwith certificate from the auditors of the Company confirming compliance of the conditions as stipulated under Clause 49 of the Listing Agreement is given separately and forms part of this Annual Report.

## 14. Corporate Social Responsibility

Pursuant to Section 135 of the Companies Act, 2013 the Company has constituted the Corporate Social Responsibility (CSR) Committee of the Board of Directors. The terms of reference of the CSR Committee are as per the provisions of the Companies Act, 2013 read with rules made there under.

## 15. Auditors

M/s S.S. Kothari Mehta & Co, Chartered Accountants, New Delhi, who are the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting (AGM). It is proposed to re-appoint them as Statutory Auditors of the Company for a period of three years to hold office from the conclusion of this AGM till the conclusion of the 37<sup>th</sup> AGM to be held in the year 2017 subject to ratification of their appointment at every AGM. M/s S.S. Kothari Mehta & Co have, under Section 139(1) of the Companies Act, 2013 and the Rules framed thereunder furnished a certificate of their eligibility and consent for re-appointment.

## 16. Auditors' Report

The Statutory Auditors of the Company have submitted Auditors' Report on the Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2014. In their report, they have made certain observations. The management reply/ comments on the same are as under:

a) Non creation of provision for write-off of investment in subsidiary companies namely M/s Oswal Industrial Enterprise (P) Limited (OIEPL) and Oswal F. M. Hammerle Textiles Limited (OFMH), has not been addressed by the Company:

We state that the said subsidiary companies i.e. OIEPL and OFMH have already started generating positive earnings and expected to improve its present financial position. The recovery in financial health of these companies could have been far better but for market unfavorable conditions including prolonged economic crises in USA/ Europe. However, the Companies are striving hard to turn around in the shortest possible time frame.

b) Improvement in the scope and coverage of Internal Audit:

We state that Internal Audit Department is headed by a qualified Chartered Accountant and supported by adequate qualified & experienced staff. The Internal Audit Department reviews the accounts/ accounting functions apart from systems, SOPs, risk factors, statutory compliances and physical verification movable and fixed assets periodically in all manufacturing units and other offices of the Company.



# Vardhmān Polytex Limited

- c) Regarding report on some delay in payment ESI and TDS:

We state that the delay was caused due to oversight. However, Internal Audit has been specifically assigned the responsibility to strengthen the system for statutory compliances.

- d) Observation in respect to default in repayment of dues to financial institutions/banks and repayment of FCCB borrowings and premium due thereon:

We state that due to financial stress in the Company, the repayments to financial institutions/banks and FCCB payments were delayed to some extent.

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

## 17. Cost Auditor

M/s Ramanath Iyer & Co., Cost Accountants, 808, Pearls Business Park, Netaji Subhash Place, Delhi – 110 034, Delhi was appointed/re-appointed as Cost Auditors of the Company under Section 233B of the Companies Act, 1956 for the Audit of cost records for the year 2013-14. The Cost Audit report for the financial year ended 31<sup>st</sup> March, 2013 was filed on 17<sup>th</sup> September, 2013 well within the prescribed due date of 30<sup>th</sup> September, 2013.

## 18. Statement of particulars of employees

Statement showing particulars of the employees as required by the provisions of Section 217(2A) of the Companies Act, 1956 is not given as no employee was in receipt of remuneration equal to or exceeding ₹ 60 lac per annum or ₹ 5 lac per month if employed for the part of the year.

## 19. Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- i) In preparation of the annual accounts, applicable accounting standards have been followed;
- ii) Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2014 and of the profit of the Company for the year ended on 31<sup>st</sup> March, 2014;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis.

## 20. Acknowledgement

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/-

(Ashok Kumar Oswal)

**Chairman & Managing Director**

**Place : Ludhiana**

**Dated : 30th May, 2014**

**INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014**

**I Conservation of energy**

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

**Energy conservation measures taken & impact**

Energy saving measures taken during 2013-14	Power saving (Units in lac)
Optimizing the air volume and controlling fan speed in the Humidity Plants, optimizing plant operations, replacement of motors and other energy saving measures.	20.95

**Additional investments & proposals**

The Company shall focus on optimizing the air volume, compress air consumption, provision of super energy efficient motors, initiation towards LED lights and solar power on trial basis, which shall helps to save the energy.

**Form-A:**

Particulars	Unit	2013-2014	2012-2013
<b>A Power &amp; Fuel consumption</b>			
<b>1 Electricity</b>			
<b>a) Purchased</b>			
Units (KWH in lac)		1,334.42	1,219.55
Total amount (₹ in lac)		9,089.87	7,514.31
Rate per unit (₹/KWH)		6.81	6.16
<b>b) Own generation</b>			
<b>I) Through Diesel Generator</b>			
Units (KWH in lac)		3.84	68.13
Units per litre of Diesel (KWH)		3.52	3.92
Cost per unit (₹/KWH)		14.89	9.86
<b>II) Through Steam Turbine/Generator</b>			
<b>HPS based Generator</b>			
Units (KWH in lac)		2.38	4.09
Units per litre of Diesel (KWH)		3.77	3.29
Cost per unit (₹/KWH)		16.18	15.39
<b>2 Others/Internal Generation</b>			
(Oil used in Boiler)			
Quantity (litres)		--	790
Total Cost (₹ in lac)		--	0.34
Average Rate (₹ per litre)		--	43.04
<b>B Consumption per unit of production</b>			
<b>Yarn:</b>			
Electricity (KWH/Kg)		3.23	3.20
<b>Garments:</b>			
Electricity (KWH/Pcs)		0.51	0.41
Diesel (Liters/Pcs)		0.01	0.01

**II Particulars as per FORM-B**

**A Research and Development (R&D)**

**Specific areas in which R&D is carried out**

The Company has provided state of the art equipments in Research & Development (R&D)/ Quality Control (QC) departments of each unit for developing new products, processes & controls for overall value addition. The Company's R&D/QC teams regularly focused on product development, process improvement and quality control at every stage of production.

**Benefits derived as result of R&D**

The Company has been maintaining consistent & world class yarn quality and obtained "Usterized Certificate" for the consecutive eighth year. It has been able to improve quality, reduce market feedbacks, while sustaining the productivity and cost of production.

**Expenditure on R&D**

Particulars	(₹ in lac)	
	2013-14	2012-13
Capital	0.01	2.10
Recurring	21.63	45.09
<b>Total</b>	<b>21.64</b>	<b>47.19</b>
Total R&D expenditure as a percentage of Turnover	0.02%	0.06%

**B Technology absorption, adaptation and innovation**

Latest imported and indigenous technologies were installed at newly setup unit at Nalagarh (HP) to achieve higher standards of productivity, efficiency and quality including installation of Uster's Lab online system to identify & monitor specific areas of spinning for quality control. Conversion of carded into combed capacity and flexibility created for producing different blends of the synthetic/ man made fibre with cotton.

**III Foreign exchange earnings and outgo**

The focus on exports in diversified markets enabled the Company to registered growth 45% in exports over the last year. The Company was able to consolidate its position and brand image in various international market through different initiatives on CRM including participation in exhibitions and fairs.

**Total foreign exchange used and earned**

Particulars	(₹ in lac)	
	2013-14	2012-13
a) Earnings (FOB value of exports)	44,123.61	30,294.91
b) Outgo (CIF value of imports and expenditure in foreign currency)	1,134.85	499.30

## CORPORATE GOVERNANCE REPORT

Corporate Governance assumes a great deal of importance in the business life of the Company. The Company's goal is to find creative and productive ways of delighting its stakeholders i.e. investors, customers & associates etc. while fulfilling the role of a responsible corporate representative committed to best practices. This section besides being in compliance of the mandatory Listing Agreement gives an insight into the process of functioning of the Company.

### 1. COMPANY'S PHILOSOPHY

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

### 2. BOARD OF DIRECTORS

#### a) Composition

The Board consists of 7 (Seven) Directors out of which 3 (Three) are Executive Directors and 4 (Four) are Non-Executive Independent Directors. Company is having majority of independent directors on the Board.

#### b) Board Meetings

During the year under review, 6 (Six) Board Meetings were held on 30.05.2013, 13.08.2013, 31.08.2013, 13.11.2013, 14.02.2014 and 31.03.2014.

Details of composition of the Board, shareholding in Company, number of Board Meeting attended, attendance at previous AGM, total number of directorship held and chairmanship & membership of the committees are as given below:

Name of Director	Category of Director	Shareholding in the Company	No. of Board Meeting attended	Attendance at previous AGM	Total No. of Directorship held <sup>@</sup>	Total No. of Committee*	
						Membership	Chairmanship
Mr. Ashok Kumar Oswal DIN 00009403	Chairman & Managing Director	1,27,748	2	No	2	2	-
Mr. Adish Oswal DIN 00009710	Executive Director	1,29,511	5	No	2	1	-
Mr. Ashok Kumar Goyal DIN 06676556	Executive Director	NIL	3	Yes	1	-	-
Mr. Ajay Chaudhry DIN 00055733	Non-Executive Independent Director	155	6	Yes	5	-	4
Dr. B.S. Bhatia DIN 00551715	Non-Executive Independent Director	250	6	No	1	1	-
Mr. M.D. Kanitkar DIN 00551803	Non-Executive Independent Director	NIL	2	No	1	2	-
Mr. Amit Jain DIN 00020860	Non-Executive Independent Director	NIL	4	Yes	2	-	-

@ The Directorship held by director do not include alternate directorships and directorship in foreign company, company registered under Section 25 of the Companies Act, 1956 and private limited company.

\* Board Committees for this purpose includes Audit Committee and Shareholders'/Investors' Grievance Committee only.

#### Notes:

1. None of directors is a chairman of more than 5 (Five) committees and member of more than 10 (Ten) committees.
2. There is no inter-se relationship between the directors except Mr. Adish Oswal, Executive Director being son of Mr. Ashok Kumar Oswal, Chairman and Managing Director.

#### c) Change in directorship

During the financial year 2013-14, Mr. Amit Jain was appointed as director of the Company w.e.f. 06.05.2013. Mr. Ashok Kumar Goyal was appointed as an Executive Director of the Company for a period of three years w.e.f. 01.09.2013.

#### d) Meetings Procedure

The Company holds Board Meetings regularly. The directors are informed about the venue and date of meeting in advance in writing at their usual address and also through e-mail. Detailed agenda papers alongwith explanatory statements are circulated to the directors in advance. The Board has complete access to all information with the Company. All information stipulated in Clause 49 is regularly provided to the Board as a part of agenda papers alongwith the action taken report on the matters previously approved/discussed. Directors actively participate in the Board Meetings and contribute significantly by expressing their views, opinions and suggestions. Video Conferencing facilities are used to facilitate directors, who are traveling or present at other locations to participate in the meeting. Decisions are taken after proper and thorough discussion.

e) **Training of Board Members**

The Board members are provided with necessary documents/brochures, reports and internal policies to 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. Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors.

f) **Remuneration of Directors**

- i) **Executive Directors:** The Company pays remuneration to Chairman & Managing Director and Executive Directors as approved by the Board of Directors and Members of the Company as given below:
- ii) **Non-Executive Directors:** Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board & Committee Meetings. The sitting fees for the Board Meeting is ₹ 5,000/- per meeting and for the Committee Meeting is ₹ 3,000/- per meeting.

**Details of Remuneration paid to the Directors during the year:**

(₹ in lac)

Name	Designation	Salary	Allowances & Other Perquisites	Contribution to Provident & other Funds	Sitting Fee	Total Remuneration
Mr. Ashok Kumar Oswal	Chairman & Managing Director	31.20	12.96	3.74	--	47.90
Mr. Adish Oswal	Executive Director	31.20	15.78	3.74	--	50.72
Mr. Ashok Kumar Goyal*	Executive Director	12.95	7.39	1.55	--	21.89
Mr. Ajay Chaudhry	Non- Executive Director	--	--	--	0.54	0.54
Dr. B. S. Bhatia	Non- Executive Director	--	--	--	0.51	0.51
Mr. M. D. Kaniitkar	Non- Executive Director	--	--	--	0.16	0.16
Mr. Amit Jain	Non- Executive Director	--	--	--	0.20	0.20

\* The remuneration paid to Mr. Ashok Kumar Goyal as Executive Director from 01.09.2013 to 31.03.2014.

**Note:** In addition to above, the Company has also paid ₹ 29.03 lac and ₹ 30.47 lac to Mr. Ashok Kumar Oswal and Mr. Adish Oswal respectively as an arrear of remuneration for the period 01.04.2012 to 31.03.2013 on receipt of approval from the Central Government.

3. **COMMITTEES OF THE BOARD**

a) **Audit Committee**

The Company has an Audit Committee in terms of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement comprising of 3 (Three) Independent Directors i.e. Mr. Ajay Chaudhry, Mr. M. D. Kaniitkar and Dr. B. S. Bhatia. Mr. Ajay Chaudhry is the Chairman of the Committee and the Company Secretary acts as 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 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The Committee met 4 (Four) times during the year on 30.05.2013, 13.08.2013, 13.11.2013 and 14.02.2014. The attendance of the members of the Committee is given below:

Name of the Members	Category	No. of meetings attended
Mr. Ajay Chaudhry	Non-Executive Independent Director	4
Mr. M. D. Kaniitkar	Non-Executive Independent Director	2
Dr. B. S. Bhatia	Non-Executive Independent Director	4

b) **Investors' Grievance Committee**

The Company has an Investors' Grievance Committee to look into the redressal of investors' complaints on various issues. The members of the Committee are Mr. Ajay Chaudhry (Chairman), Mr. Ashok Kumar Oswal and Mr. M. D. Kaniitkar. The Committee met once during the year on 30.05.2013. Mr. Ajay Chaudhry and Mr. Ashok Kumar Oswal were present at the meeting.

During the financial year 2013-14, the Company received 8 (Eight) complaints which were related to dividend, interest, redemption and transfer etc. The Company has duly addressed all the complaints.

Mr. Sushil Sharma (Company Secretary) is Compliance Officer of the Company. He can be contacted for any investor related matters relating to the Company at 0161-2685301-05, 6629888, 6629990 and fax at 0161-6629988. As per Clause 47 of the Listing Agreement, Company has designated an E-mail Id exclusively for the purposes of registering complaints/queries of investors which is given below:

Designated E-mail Id : [vpl.sect@oswalgroup.com](mailto:vpl.sect@oswalgroup.com)

c) **Remuneration Committee**

Although, the non mandatory requirement, the Company has a Remuneration Committee consisting of Independent Directors i.e. Mr. Ajay Chaudhry (Chairman), Dr. B.S. Bhatia and Mr. M. D. Kaniitkar. The Committee is empowered to decide, review and approve the remuneration packages including pension rights and compensation payments of Executive Directors. The Committee met once during the year on 31.08.2013. Mr. Ajay Chaudhry and Mr. B S Bhatia were present at the meeting.

4. **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report has been included in this Annual Report.



## 5. 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 of the Company. The Code of Conduct has been placed on the website of the Company i.e. [www.oswalgroup.com](http://www.oswalgroup.com). All Board Members & Senior Management Personnel have given their affirmations of compliance with the Code. A declaration to this effect signed by Chairman & Managing Director is enclosed and forms part of the Annual Report.

## 6. RISK MANAGEMENT

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

## 7. SUBSIDIARY COMPANIES

The Independent Director of the Company is also on the Board of material non-listed Indian subsidiary companies, in terms of Clause 49 (III) of the Listing Agreement. Significant issues pertaining to subsidiary companies are discussed at Audit Committee meetings of the Company. 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.

## 8. SHAREHOLDERS

### a) Details of Directors seeking appointment/re-appointment

The brief profile of the directors being appointed/re-appointed is given elsewhere in this Annual Report, which forms part of the Corporate Governance Report.

### b) Previous Annual General Meetings

The detail of previous three Annual General Meetings is given as under:-

Meeting	Day, date & time of the meeting	Venue	No. of Special Resolutions Passed
33 <sup>rd</sup> AGM	Monday, 30 <sup>th</sup> September, 2013 at 11.00 a.m.	Regd. Office: 341 K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana-141 123	2
32 <sup>nd</sup> AGM	Saturday, 29 <sup>th</sup> September, 2012 at 11.00 a.m.	----- do-----	4
31 <sup>st</sup> AGM	Monday, 29 <sup>th</sup> August, 2011 at 11.00 a.m.	----- do-----	2

During the year 2013-14, the Company has passed the following special resolutions through the postal ballot on 31.03.2014. Mr. Ashwani Khanna, Practising Company Secretary was acted as scrutinizer:

Sr. No.	Particulars	Voting pattern	
		For	Against
1.	Resolution for alteration in the object clause of Memorandum of Association of the Company	99.99%	0.01%
2.	Resolution for amendment/ addition in the terms of remuneration of Mr. Ashok Kumar Goyal, Executive Director of the Company	99.99%	0.01%

### c) Means of Communication

The Company communicates with the shareholders at large through its Annual Report, 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 World / Business Standard and Desh Sewak (Punjab).

The financial results, annual report and shareholding pattern of the Company are also available on the Company's website viz. [www.oswalgroup.com](http://www.oswalgroup.com)

## 9. DISCLOSURES

a) **Related Party Transactions:** There was no material/significant transaction with the directors or the management, their subsidiaries or relatives etc. that have any potential conflict with interest of the Company at large read with details of transactions as disclosed in Notes on Accounts annexed in the Balance Sheet as per Accounting Standard (AS-18) as notified pursuant to the Companies (Accounting Standards) Rules, 2006.

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

c) **Vigil Mechanism/Whistle Blower Policy:** The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has a vigil mechanism/whistle blower policy wherein the employees are free to report violation of laws, rules, regulations or unethical conduct or practice to the Chairperson of Audit Committee. The confidentiality of those reporting violation is maintained and they are not subjected to any discriminatory practice.

d) **Mandatory/ Non-Mandatory requirements:** The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The Company has also implemented certain non mandatory requirements of Clause 49 like remuneration committee, training to directors etc.

**10. GENERAL SHAREHOLDERS INFORMATION**

**a) 34<sup>th</sup> Annual General Meeting**

Date : **Tuesday, 30<sup>th</sup> September, 2014**  
 Time : **11:00 A.M.**  
 Venue : **Regd. Office: 341K-1, Mundian Khurd,  
 P.O. Sahabana, Chandigarh Road, Ludhiana- 141123**

**b) Financial Calendar 2014-2015 (Tentative)**

First Quarter Results August, 2014  
 Second Quarter Results November, 2014  
 Third Quarter Results February, 2015  
 Annual Results May, 2015

**c) Dates of Book Closure : 24.09.2014 to 30.09.2014 (both days inclusive)**

**d) Listing of Securities**

Sr. No.	Description	Stock Exchange
1.	Equity Shares	Bombay Stock Exchange Ltd (BSE) 25 <sup>th</sup> Floor, P.J. Towers, Dalal Street, Mumbai-400 001 The National Stock Exchange of India Ltd (NSE) "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai-400 051
2.	Foreign Currency Convertible Bonds (FCCBs)	Singapore Exchange Securities Trading Ltd. 2, Shenton Way, # 19-00, SGX Centre 1 Singapore- 068804

The Company has duly paid the listing fees to BSE and NSE for the year 2014-2015.

**e) Stock Code**

- Bombay Stock Exchange Ltd : 514175
- The National Stock Exchange of India Ltd : VARDMNPOLY

**f) Stock Market Data**

The month-wise highest and lowest stock prices vis-à-vis BSE Sensex and NSE Nifty during the financial year 2013-14 are given below:-

Financial Year 2013-14 (Month)	VPL Share Price at BSE		BSE Sensex		VPL Share Price at NSE		NSE Nifty	
	High	Low	High	Low	High	Low	High	Low
April	69.40	58.60	19623	18144	69.30	60.10	5962	5477
May	67.45	55.10	20444	19451	67.65	54.80	6229	5911
June	64.45	51.60	19860	18467	64.00	53.20	6011	5566
July	58.90	44.30	20351	19127	56.95	43.25	6093	5676
August	51.50	37.25	19569	17449	51.00	37.10	5809	5119
September	43.00	33.50	20740	18166	43.05	33.35	6143	5319
October	44.80	33.10	21205	19265	44.90	33.10	6309	5701
November	44.90	37.50	21322	20138	44.40	37.05	6343	5972
December	42.50	30.30	21484	20569	41.85	30.00	6415	6130
January	41.15	33.00	21410	20344	41.70	32.95	6358	6027
February	39.75	30.80	21141	19963	38.00	30.55	6283	5933
March	34.00	29.25	22467	20921	33.50	28.00	6730	6212

Source: [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com)

**g) 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](mailto:rta@alankit.com)  
 Web Site: [www.alankit.com](http://www.alankit.com)

**h) Share Transfer System**

The Company has a share transfer committee comprising of Mr. Ashok Kumar Oswal, Mr. Adish Oswal & Mr. Ajay Chaudhry as its members. The committee meets on an average once in a fortnight. A list of valid transfers and objectionable cases received from RTA is placed before the Committee for its approval/confirmation. The share certificates are returned /dispatched to the shareholders by RTA after necessary endorsements normally within 15 days from the date of receipt by them. 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.

The shares of the Company are traded on the Stock Exchanges compulsorily in demat form. The Company has participated as an issuer both with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shareholders may operate through any of the depositories, based on tariffs, quality and range of services being offered by them. The International Securities Identification Number (ISIN) for equity shares is **INE 835 A01011**.

**i) Dematerialisation of Shares**

As on 31<sup>st</sup> March, 2014, 88.97% of the paid up equity share capital comprising 1,76,32,801 shares were dematerialised against 87.72% comprising 1,56,51,843 shares as on 31<sup>st</sup> March, 2013.

**j) Distribution of Shareholding as on 31<sup>st</sup> March, 2014**

Range (No. of shares)	Shareholders		Shares	
	Numbers	%age	Numbers	%age
Upto 500	6,962	92.32	9,13,413	4.61
501 - 1000	281	3.73	2,25,266	1.14
1001 - 5000	201	2.66	4,53,086	2.29
5001 - 10000	27	0.36	2,14,124	1.08
10001 - 50000	37	0.49	9,17,405	4.63
50001 & Above	33	0.44	1,70,94,663	86.25
<b>Total</b>	<b>7,541</b>	<b>100.00</b>	<b>1,98,17,957</b>	<b>100.00</b>

**k) Shareholding Pattern of the Company**

Sr. No.	Category of the shareholders	As on 31 <sup>st</sup> March, 2014		As on 31 <sup>st</sup> March, 2013	
		No. of Shares	%age	No. of Shares	%age
1.	Promoters	<b>1,09,07,452</b>	<b>55.04</b>	89,32,302	50.06
2.	Mutual Funds & UTI	<b>1,800</b>	<b>0.01</b>	1,800	0.01
3.	Banks, Financial Institutions, Insurance Companies	<b>1,134</b>	<b>0.01</b>	1,134	0.01
4.	Bodies Corporate	<b>43,65,303</b>	<b>22.02</b>	44,67,734	25.04
5.	Indian Public	<b>39,55,999</b>	<b>19.96</b>	38,64,170	21.66
6.	NRIs, OCBs, FII's	<b>5,86,269</b>	<b>2.96</b>	5,75,817	3.22
	<b>Total</b>	<b>1,98,17,957</b>	<b>100.00</b>	1,78,42,957	100.00

**l) 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 principal amount of USD 4.5 million.

**m) Plant/Unit Locations**

- Vardhman Polytex Limited, Badal Road, Bathinda-151 005
- Vinayak Textile Mills (Spinning Unit) Phase VIII, Focal Point, Ludhiana-141 123
- Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh-174 101(HP)
- Vinayak Textile Mills (Dyeing Unit) Phase VIII, Focal Point, Ludhiana-141 123
- Amkryon International, HB-22, Phase VI, Focal Point, Ludhiana-141 010
- Vardhman Park, Mundian Khurd, Chandigarh Road, Ludhiana-141 123

**n) Address for correspondence**

Registered Office : 341 K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana-141 123.  
 Tel : 0161-2685301-305, 6629888, 6629990  
 Fax : 0161-6629988  
 E-mail : [vpl.sect@oswalgroup.com](mailto:vpl.sect@oswalgroup.com)

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

**o) Unpaid/Unclaimed Dividend**

Pursuant to the provisions of Section 205A read with Section 205C of the Companies Act, 1956, dividend which remain unpaid/unclaimed for a period of 7 years is required to transfer to the Investor Education and Protection Fund (IEPF) of the Central Government.

Accordingly, unpaid/unclaimed dividend upto the financial year 2005-2006 and Interim dividend for 2006-07 had been transferred to IEPF. The members who have not claimed their dividend for the financial year 2006-2007 and 2007-08 are requested to make their claim to the Company.

The list of unpaid/unclaimed dividend pending for transfer to IEPF is available on the Company's website at [www.oswalgroup.com](http://www.oswalgroup.com)

**p) Green Initiative in Corporate Governance**

Recognizing the 'Green Initiative' taken by the Ministry of Corporate Affairs ("MCA"), the Company opted and send the Notices, Annual Reports etc related to previous year in electronic form to the members at their registered e-mail address provided to the depository participant/ Company/RTA.

**11. AUDITOR'S CERTIFICATE ON COMPLIANCE**

Certificate from the Statutory Auditors confirming compliance of Clause 49 (VII) is given in this Annual Report.

## DECLARATION REGARDING COMPLIANCE WITH CODE OF CONDUCT

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

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

Place : Ludhiana  
Dated : 30<sup>th</sup> May, 2014

Sd/-  
**Ashok Kumar Oswal**  
Chairman & Managing Director

## CERTIFICATE OF CHAIRMAN & MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

We have reviewed financial statement and cash flow statement for the period April 1, 2013 to March 31, 2014 and 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.
- (iii) No transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

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

- a) deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies;
- b) significant changes in internal control over financial reporting during the year;
- c) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- d) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Ludhiana  
Dated : 30<sup>th</sup> May, 2014

Sd/-  
**Parvinder Singh**  
Chief Financial Officer

Sd/-  
**Ashok Kumar Oswal**  
Chairman & Managing Director

## AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To The Members of,  
Vardhman Polytex Limited

We have reviewed the implementation of Corporate Governance procedures by VARDHMAN POLYTEX LIMITED ("the Company") during the year ended March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of 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 financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned clause in Listing Agreement.

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.

Place : Ludhiana  
Date : 30th May, 2014

**For S.S. Kothari Mehta & Co.**  
Chartered Accountants  
Firm Registration No.: 000756N  
Sd/-  
**(Sunil Wahal)**  
Partner  
M. No. 087294

## INDEPENDENT AUDITORS' REPORT

### To The Members of Vardhman Polytex Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of **Vardhman Polytex Limited ("the Company")** which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Basis for qualified opinion

*No provision has been made for investments made (net) in the subsidiary companies Oswal Industrial Enterprise Pvt. Ltd. and Oswal FM Hammerle Textiles Ltd of ₹ 4,501.00 lac and ₹ 9,126.41 lac respectively whose net worth are substantially eroded. The subsidiary companies Oswal Industrial Enterprise Pvt. Ltd. and Oswal FM Hammerle Textiles Ltd. are having accumulated losses of ₹ 4,055.27 lac and ₹ 11,338.59 lac respectively against share capital of ₹ 5,005.00 lac and ₹ 12,248.75 lac respectively. This is at variance with Accounting Standard (AS-13) 'Accounting for Investments' notified under the Companies (Accounting Standards) Rules, 2006 resulting in profit for the year, investments and reserves and surplus being overstated by the same amount.*

#### Qualified opinion

*In our opinion and to the best of our information and according to the explanations given to us, except the matter describe in the basis*

*for qualified opinion paragraph, the financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*

- i) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- ii) In the case of Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
- iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditors' Report) Order, 2003 (as amended)(the Order), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2) As required by section 227(3) of the Act, we report that:
  - (a) We have 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 appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
  - (e) On the basis of written representations received from Directors, as on March 31, 2014, and taken on record by the Board of Directors, we further report that none of the Directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

**For S.S. Kothari Mehta & Co**  
Chartered Accountants  
Firm Regn No. 000756N

Place: Ludhiana  
Date: 30<sup>th</sup> May, 2014

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

#### ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

**(Referred to in Paragraph 1 under the heading "Report on other Legal and Regulatory Requirements" of our report of even date)**

1. a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
- b) Physical verification of fixed assets is being conducted by the management based on a program designed to cover all assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its business. Discrepancies noticed on such verification as compared to book records were not material and have been properly adjusted in the books of account.



- c) During the year, the Company has not disposed off substantial part of the fixed assets.
2. a) The inventories have been physically verified by the management during the year at all its locations, except stocks located outside India, lying with third parties and in transit which have been verified with reference to correspondence of third parties or subsequent receipt of goods. In our opinion, the frequency of such verification is reasonable.
- b) The procedures of physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of account.
3. a) As Informed to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, clauses 4 (iii) (b) to (d) of the Order are not applicable.
- b) The Company has taken loans (including public deposits) from seven parties including two directors, four relatives of the directors and a company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year in respect of such parties and the year end balance of such loans are ₹ 87.00 lac and ₹ 3.00 lac respectively.
4. In our opinion, and according to the information and explanations given to us during the course of audit, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory & fixed assets and also with regard to sale of goods & services. Further, on the basis of our examination of the books & records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instances of major weaknesses in the aforesaid internal control systems.
5. a) To the best of our knowledge and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Act, have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act, and exceeding the value of rupees five lac in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.
6. In respect of fixed deposits accepted from the public, the provisions of section 58A and 58AA or any other relevant provisions of the Act including the Companies (Acceptance of Deposits) Rules, 1975 have been complied with. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or RBI or any Court or any other Tribunal in this regard.
7. In our opinion, the Company has an in house internal audit system which is commensurate with its size and the nature of its business. *However, it needs further improvement in terms of scope and coverage.*
8. We have broadly reviewed the cost accounting records maintained by the Company pursuant to the Rules prescribed by the Government of India for the maintenance of cost records under Section 209(1)(d) of the Act. We are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained by the Company. However, we are not required to make a detailed examination of such books and records.
9. a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and Protection fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other statutory dues applicable to it. *However some delay is noticed in payment of Employees State Insurance and Income tax (tax deducted at source).*
- b) According to the information and explanations given to us and as per the books and records examined by us, there are no dues of custom duty, wealth tax, and Cess that have not been deposited on account of any dispute except the following dues of income tax, sales tax, service tax and excise duty along with the forum where the dispute is pending :

(₹ in lac)

Name of the Statute	Nature of Dues	Period to which it pertains	Amount in dispute	Forum where dispute is Pending	Amount Deposited	Matter of Dispute
Central Excise Act	Excise Duty	2006-09	4.63	The Commissioner of Central Excise, Chandigarh	--	Interest on Cenvat credit taken wrongly duly reversed thereafter.
	Excise Duty	2004-05	28.92	CESTAT, New Delhi	--	Cenvat credit on input has been reversed.
	Excise Duty	1997-98 & 2004-05	42.34	Hon'ble Punjab & Haryana High Court, Chandigarh	42.34	Difference on account of loose and packed yarn
	Excise Duty	2004-05	14.75	Joint Secretary, New Delhi	13.85	--
	Excise Duty	2009-10	89.07	Chief Commissioner of Central Excise, Ludhiana	--	--
	Excise Duty	2009-10	1.82	Chief Commissioner of Central Excise, Ludhiana	--	--

(₹ in lac)

Name of the Statute	Nature of Dues	Period to which it pertains	Amount in dispute	Forum where dispute is Pending	Amount Deposited	Matter of Dispute
Income Tax Act	Income Tax	AY 1998-99 to 2002 - 2003, 2004 - 2005, 2005 - 2006, 2011-2012	622.42	CIT (Appeals), Ludhiana	63.44	Disallowance of deduction under section 80HHC & 80M, 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)
	Income Tax	AY 2003 -2004, 2004- 2005, 2006-2007, 2008- 2009	198.71	ITAT, Chandigarh	32.98	Disallowance of deduction under section 80HHC & 80M.
	Income Tax	AY 1998 -99 to 2002 - 2003,	187.34	Hon'ble Punjab & Haryana High Court, Chandigarh	120.00	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 234D, Disallowance u/s 14-A.
Punjab General Sales Tax Act	Punjab VAT	2000-01, 2001-02	17.61	DETC Appeal	4.40	Incremental production in respect of additional fixed capital investment.
	Punjab VAT	2005-06, 2006-07	1.48	DETC, Patiala	0.38	--
	Punjab VAT	2003-04	0.51	Assistant Commissioner Sales Tax, Ludhiana	--	Difference on account of job charges under service tax and excise
Wealth Tax Act	Wealth Tax	A.Y. 1998-99	2.11	ITAT, Chandigarh	--	Dispute on valuation of land

10. The company has accumulated losses at the end of the current financial year which is less than fifty percent of the net worth. There are no cash losses during the financial year and in the immediately preceding financial year.
11. In our opinion, on the basis of audit procedures and according to the information and explanations given to us we report as follows:  
*The Company has defaulted in repayment of dues to financial institutions/banks in respect of various loans and interest aggregating ₹ 2,169.13 lac (with delays ranging from 1 to 34 days) were delayed and either paid during the current financial year or subsequently. Principal and interest aggregating to ₹ 535.80 lac are outstanding as on balance sheet date and paid subsequently.*  
*The Company has defaulted in repayment of Foreign Currency Convertible Bonds borrowing and premium due thereon amounting to ₹ 567.51 lac which was delayed by 91 days and is outstanding as on balance sheet date and paid subsequently.*
12. According to the information & explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a Chit fund / Nidhi / Mutual Benefit fund/ Society. Therefore, the relevant reporting requirements of the Order are not applicable.
14. According to the information and explanations given by the management, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.
15. The company has given a corporate guarantee in favour of bankers of the subsidiary company. The terms and conditions of such guarantee are prima facie, not prejudicial to the interest of the company.
16. In our opinion, and according to the information and explanation given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained, where such end use has been stipulated by the lender.
17. According to the information and explanations given to us and as per the books and records examined by us, as on the date of the balance sheet, the funds raised by the Company on short term basis have not been applied for long term investment.
18. The Company has made the preferential allotment of shares, during the year, to companies and parties covered in the register maintained under section 301 of the Act. The terms and conditions on which shares allotted are prima facie, not prejudicial to the interest of the company.
19. During the financial year, the Company has not issued any debentures nor has any outstanding debentures at the end of the financial year.
20. The Company has not raised any money through public issues during the year.
21. During the course of our examination of the books & records of the Company carried out in accordance with the generally accepted auditing practice in India, we have neither come across any instance of fraud on or by the Company, noticed and reported during the year, nor have we informed of such case by management.

**FOR S.S. KOTHARI MEHTA & CO**  
Chartered Accountants  
Firm Regn No. 000756N

Place: Ludhiana  
Date: 30<sup>th</sup> May, 2014

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

**BALANCE SHEET AS AT 31ST MARCH, 2014**

Particulars	Note No.	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	3	1,985.24	1,787.75
(b) Reserves and Surplus	4	9,903.64	8,439.94
<b>Total Shareholders' Funds</b>		<b>11,888.88</b>	<b>10,227.69</b>
<b>2. Share Application Money Pending Allotment</b>	5	985.00	–
<b>3. Non-Current Liabilities</b>			
(a) Long-Term Borrowings	6	26,141.61	31,084.75
(b) Long-Term Provisions	8	439.47	207.85
<b>Total Non-Current Liabilities</b>		<b>26,581.08</b>	<b>31,292.60</b>
<b>4. Current Liabilities</b>			
(a) Short-Term Borrowings	9	12,427.48	9,149.09
(b) Trade Payable	10	7,191.92	4,795.40
(c) Other Current Liabilities	11	12,553.64	12,096.60
(d) Short-Term Provisions	8	296.08	960.43
<b>Total Current Liabilities</b>		<b>32,469.12</b>	<b>27,001.52</b>
<b>Total Equity and Liabilities</b>		<b>71,924.08</b>	<b>68,521.81</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets			
Tangible Assets	12	28,276.66	29,419.54
Intangible Assets	12	46.20	53.97
Capital Work-in-Progress		765.75	1,415.10
(b) Non - Current Investments	13	13,650.48	13,650.48
(c) Deferred Tax Assets (Net)	7	1,821.41	1,676.13
(d) Long-Term Loans and Advances	14	947.55	1,033.85
(e) Other Non - Current Assets	15	2,362.99	956.52
<b>Total Non-Current Assets</b>		<b>47,871.04</b>	<b>48,205.59</b>
<b>2. Current Assets</b>			
(a) Current Investments	13	69.55	91.99
(b) Inventories	16	9,219.17	5,099.47
(c) Trade Receivables	17	6,595.01	5,670.41
(d) Cash and Bank Balances	18	1,310.34	1,746.81
(e) Short-Term Loans and Advances	14	6,858.97	7,707.54
<b>Total Current Assets</b>		<b>24,053.04</b>	<b>20,316.22</b>
<b>Total Assets</b>		<b>71,924.08</b>	<b>68,521.81</b>
<b>Significant Accounting Policies</b>	2		

The accompanying notes form an integral part of these financial statements

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

FOR AND ON BEHALF OF THE BOARD OF VARDHMAN POLYTEX LIMITED

Sd/-  
**Sunil Wahal**  
Partner  
M. No. 087294

Sd/-  
**Parvinder Singh**  
Chief Financial Officer

Sd/-  
**Sushil Sharma**  
Company Secretary

Sd/-  
**Ajay Chaudhry**  
Director

Sd/-  
**Ashok Kumar Oswal**  
Chairman & Managing Director

Place : Ludhiana  
Date : 30<sup>th</sup> May, 2014

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

Particulars	Note No.	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
<b>I. REVENUE</b>			
(a) Revenue from Operations	19	92,272.43	78,623.30
Less : Excise Duty		0.63	1.62
(b) Other Income	20	2,016.12	934.68
<b>Total Revenue</b>		<b>94,287.92</b>	<b>79,556.36</b>
<b>II. EXPENSES</b>			
(a) Cost of Material Consumed	21	63,343.34	51,643.77
(b) Purchase of Stock-in-Trade	22	277.15	48.35
(c) Changes in Inventories	23	(2,333.76)	(1,013.49)
(d) Employee Benefit Expenses	24	5,302.26	4,589.78
(e) Finance Costs	25	7,177.39	6,028.24
(f) Depreciation and Amortization Expenses	26	3,265.85	3,660.07
(g) Other Expenses	27	16,923.46	15,104.81
<b>Total Expenses</b>		<b>93,955.69</b>	<b>80,061.53</b>
<b>III. Profit/(Loss) before Tax (I-II)</b>		<b>332.23</b>	<b>(505.17)</b>
<b>IV. Tax Expenses</b>			
(a) Current Tax		–	–
(b) Deferred Tax		(145.28)	(385.28)
(c) Previous year adjustment		–	(236.95)
<b>V. Profit/(Loss) after Tax (III-IV)</b>		<b>477.51</b>	<b>117.06</b>
<b>VI. Earnings per Equity Share (Par value of ₹ 10/- each)</b>	28		
(a) Basic ( in ₹ )		2.59	0.72
(b) Diluted ( in ₹ )		2.28	0.72
<b>Significant Accounting Policies</b>	2		

The accompanying notes form an integral part of these financial statements

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

FOR AND ON BEHALF OF THE BOARD OF VARDHMAN POLYTEX LIMITED

Sd/-  
**Sunil Wahal**  
 Partner  
 M. No. 087294

Sd/-  
**Parvinder Singh**  
 Chief Financial Officer

Sd/-  
**Sushil Sharma**  
 Company Secretary

Sd/-  
**Ajay Chaudhry**  
 Director

Sd/-  
**Ashok Kumar Oswal**  
 Chairman & Managing Director

Place : Ludhiana  
 Date : 30<sup>th</sup> May, 2014

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before Tax	332.23	(505.17)
<b>Add:</b> Depreciation	3,265.85	3,660.07
Interest Paid	7,177.39	6,028.24
Net Loss on fixed assets sold/discarded	55.45	3.04
Foreign Currency Monetary Item Translation difference	47.67	-
Sundry Balance written off	157.18	36.95
<b>Less:</b> Dividend Received	4.74	7.77
Net Profit on fixed assets sold/discarded	230.42	373.66
Net Profit on Investment sold	1,238.23	0.04
Interest Received	195.58	168.17
Sundry Balance written back	36.61	69.74
<b>Operating Profit before Working Capital Changes</b>	<b>9,330.19</b>	<b>8,603.75</b>
<b>Working capital changes</b>		
Trade Receivables	(924.60)	(1,055.72)
Inventories	(4,119.70)	(1,997.95)
Loans & Advances / other Current Assets	170.31	(599.78)
Trade Payables & other Liabilities	1,710.17	2,202.49
<b>Net Cash from Operating Activities</b>	<b>6,166.37</b>	<b>7,152.79</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition in Fixed Assets (Net)	(1,827.83)	(745.16)
Sale of Fixed Assets	536.96	509.65
Dividend/Interest Received	200.32	175.94
Purchase of Investments	-	-
Sale of Investments	22.44	0.04
<b>Net Cash from/(used in) Investing Activities</b>	<b>(1,068.11)</b>	<b>(59.53)</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term Borrowings - Term Loans (Net of Repayments)	(5,296.91)	10,106.60
Short Term Borrowings (Working Capital)	3,278.39	(9,468.15)
Issue of Share Capital	1,136.02	1,050.72
Share Application Money	985.00	-
Interest Paid	(6,466.76)	(6,562.60)
<b>Net cash from/(used in) Financing Activities</b>	<b>(6,364.26)</b>	<b>(4,873.43)</b>
<b>INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS</b>	<b>(1,266.00)</b>	<b>2,219.83</b>
Opening Cash or Cash Equivalents*	2,703.33	483.50
Closing Cash or Cash Equivalents*	1,437.33	2,703.33

\* Cash Equivalents includes other bank balances -refer note no. 18

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

FOR AND ON BEHALF OF THE BOARD OF VARDHMAN POLYTEX LIMITED

Sd/-  
**Sunil Wahal**  
Partner  
M. No. 087294

Sd/-  
**Parvinder Singh**  
Chief Financial Officer

Sd/-  
**Sushil Sharma**  
Company Secretary

Sd/-  
**Ajay Chaudhry**  
Director

Sd/-  
**Ashok Kumar Oswal**  
Chairman & Managing Director

Place : Ludhiana  
Date : 30<sup>th</sup> May, 2014



**Vardhman Polytex Limited - Notes to the Financial Statements****1. LEGAL STATUS & ACTIVITIES**

- a) Vardhman Polytex Limited is a Public Limited Listed Company registered under the Companies Act, 1956. The Company's Principal activity is manufacturing of yarn, garments and to develop residential & commercial colony or project.
- b) The Company's Principal Place of business is located at 341 K-1, Mundian Khurd, Chandigarh Road, Ludhiana & Factories/Units are located at the following premises:
  - Badal Road, Bathinda, Punjab - 151005.
  - D295/1, Phase VIII, Focal Point, Ludhiana, Punjab - 141123 (Unit - Vinayak Textiles Mills -Spinning & Dye House).
  - HB-22, Phase VI, Focal Point, Ludhiana, Punjab - 141123 (Unit - Amkryon International).
  - Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh, Himachal Pradesh - 174101.
- c) The Company intends to develop residential and commercial colony/project named as 'Vardhman Park' situated at 341K-1, Mundian Khurd, Chandigarh Road, Ludhiana-141123. The Board of Directors in its meeting dated 14.02.2014 and the shareholders vide postal ballot dated 31.03.2014 had approved the new activities of business related to real estate and amended the Memorandum of Association of the Company accordingly.
- d) These Financial Statements are presented in Indian Rupee (₹).

**2. SIGNIFICANT ACCOUNTING POLICIES****a) BASIS OF PREPARATION**

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended and as applicable from time to time) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis and under the historical cost convention on going concern basis.

**b) USE OF ESTIMATES**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**c) REVENUE RECOGNITION****SALE OF GOODS**

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

- i. Revenue is recognized in respect of export sales on the basis of bill of lading.
- ii. Inter unit sales comprising of sale of yarn from Spinning Unit to Dyeing Unit is reduced from gross turnover in deriving net turnover.
- iii. Income and Export Incentives / benefits are accounted for on accrual basis and as per principles given under (AS-9) 'Revenue Recognition'.

**DIVIDENDS**

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

**INTEREST**

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

**INSURANCE CLAIM**

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

**d) INVENTORIES**

- i. Finished goods and work in progress are valued at lower of historical cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. By products are valued at net realizable value.
- ii. Stores, Spares and Raw materials are valued at lower of historical cost or net realizable value. However materials & other items held for use in the production of inventories are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- iii. Cost is determined on the basis of weighted average method.
- iv. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**e) INVESTMENTS**

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

**f) FIXED ASSETS**

**Tangible Assets**

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

**Intangible Assets**

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

**g) DEPRECIATION & AMORTIZATION**

Depreciation is provided on fixed assets over the useful lives of the assets estimated by the management, which are equivalent to the rates prescribed in Schedule XIV to the Companies Act, 1956 as per the straight line method.

Intangible assets are amortized over a period not exceeding ten years on a straight-line basis.

**h) IMPAIRMENT OF ASSETS**

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

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

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

**i) FOREIGN EXCHANGE TRANSACTIONS/TRANSLATION**

**i. Initial Recognition**

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

**ii. Conversion**

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

**iii. Exchange Differences**

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

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**iv. Forward Exchange Contracts not intended for trading or speculation purposes**

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

**j) RESEARCH AND DEVELOPMENT**

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

**k) EMPLOYEE BENEFITS**

Expenses and liabilities in respect of employee benefits are recorded in accordance with (AS-15) 'Employee Benefits'.

**i. Provident Fund & ESI**

The Company makes contribution to Statutory Provident Fund and Employee State Insurance in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance Act, 1948 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

**ii. Gratuity**

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

### iii. Leave Encashment

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

### iv. Superannuation Benefit

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

### v. Other Short - Term Benefits

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

## l) LEASES

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

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

## m) SEGMENT ACCOUNTING & REPORTING

The Company has only one segment of Textile (Fabric) and accordingly the disclosure requirement as prescribed in the Accounting Standard (AS -17) on 'Segment Reporting' as notified by Companies (Accounting Standard) Rules, 2006 is not applicable.

## n) TAXES ON INCOME

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

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

## o) GOVERNMENT GRANTS AND SUBSIDIES

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

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

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

## p) 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.

## q) 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.

## r) EARNING PER SHARE

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

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

## s) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

### 3. SHARE CAPITAL

Particulars	As at 31.03.2014		As at 31.03.2013	
	Number	Amount ₹ lac	Number	Amount ₹ lac
<b>Authorised</b>				
7,00,00,000 (Previous year 7,00,00,000) Equity Shares of ₹ 10/- each	7,00,00,000	7,000.00	7,00,00,000	7,000.00
<b>TOTAL</b>	<b>7,00,00,000</b>	<b>7,000.00</b>	<b>7,00,00,000</b>	<b>7,000.00</b>
<b>Issued, Subscribed and Fully Paid-up</b>				
1,98,17,957 (Previous year 1,78,42,957) Equity Shares of ₹ 10/-each	1,98,17,957	1,981.79	1,78,42,957	1,784.30
Forfeited Shares	–	3.45	–	3.45
<b>TOTAL</b>	<b>1,98,17,957</b>	<b>1,985.24</b>	<b>1,78,42,957</b>	<b>1,787.75</b>

#### 3.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31.03. 2014		As at 31.03.2013	
	No. of Shares	₹ lac	No. of Shares	₹ lac
<b>Equity Shares</b>				
At the beginning of the year	1,78,42,957	1,784.30	1,62,42,957	1,624.30
<b>Add:</b> Shares issued during the year (refer note no. b)	19,75,000	197.50	16,00,000	160.00
Outstanding at the end of the year	1,98,17,957	1,981.80	1,78,42,957	1,784.30

**Note:**

- Out of total shares held by promoters & promoters group companies 1,09,07,202 equity shares (face value of ₹10/- each) pledged with National Securities Depository Limited (NSDL) in favour of Canara Bank (Lead Banker).
- Equity Shares arising out of conversion of the convertible warrants issued on Preferential basis.

#### 3.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each shareholder is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. During the year ended 31.03.2014, the amount of dividend recognized as distribution to equity shareholder was ₹ Nil (Previous year ₹ Nil).

#### 3.3 Details of shareholders holding more than 5% Equity Shares in the Company

Particulars	As at 31.03. 2014		As at 31.03.2013	
	No. of Shares	%	No. of Shares	%
Panchsheel Textile Mfg. & Trdg. Co. Pvt. Ltd.	44,02,917	22.22	44,02,917	24.68
Alma Assets Consultancy Pvt. Ltd.	43,62,325	22.01	23,87,325	13.38
Swarnim Tie Up Pvt. Ltd.	14,00,000	7.06	14,00,000	7.85

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

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

4. RESERVES AND SURPLUS

Particulars	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
<b>Capital Subsidy</b>		
Opening balance	95.50	95.50
(+) Current year transfer	–	–
(-) Written back in current year	–	–
Closing balance	95.50	95.50
<b>Capital Redemption Reserve</b>		
Opening balance	0.01	0.01
(+) Current year transfer	–	–
(-) Written back in current year	–	–
Closing balance	0.01	0.01
<b>General Reserve</b>		
Opening balance	10,366.21	10,366.21
(+) Current year transfer	–	–
(-) Written back in current year	–	–
Closing balance	10,366.21	10,366.21
<b>Amalgamation Reserve</b>		
Opening balance	45.00	45.00
(+) Current year transfer	–	–
(-) Written back in current year	–	–
Closing balance	45.00	45.00
<b>Foreign Currency Translation Reserve</b>		
Opening balance	14.15	9.74
(+) Current year transfer	47.67	4.41
(-) Written back in current year	–	–
Closing balance	61.82	14.15
<b>Security Premium Reserve</b>		
Opening balance	5,679.69	5,113.56
(+) Equity share capital issued	938.52	890.72
(-) Utilized against premium/coupon on FCCB	–	324.59
Closing balance	6,618.21	5,679.69
<b>Surplus/(Deficit) in the Statement of Profit and Loss</b>		
Opening balance	(7,760.62)	(7,877.68)
(+) Net profit/(net loss) for the current year	477.51	117.06
Closing balance	(7,283.11)	(7,760.62)
<b>TOTAL</b>	<b>9,903.64</b>	<b>8,439.94</b>



## 5. SHARE APPLICATION MONEY PENDING ALLOTMENT

Terms and conditions	<p>a) The holders of each warrant will be entitled and having option to apply for and obtain allotment of one equity share of face value of ₹ 10/- each of the Company against each warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, in one or more tranches. At the time of exercise of entitlement, the warrant holders shall pay the balance of the consideration towards the subscription to each equity share. The amount so paid will be adjusted/ set-off against the issue price of the resultant equity shares. If the entitlement against the warrants to apply for the equity shares is not exercised within the aforesaid period, the entitlement of the warrant holders to apply for equity shares of the Company along with rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.</p> <p>b) The warrant holders shall hold equal rights in respect of future bonus and right issue, if any declared by the company in the same proportion and manner with any other shareholder of the Company.</p> <p>c) The equity shares issued upon the conversion of warrants shall rank pari passu in all respects including with respect to dividend, with the then fully paid up equity shares of the Company, subject however to the provisions of the Memorandum and Articles of Association of the Company.</p> <p>d) The warrant(s) by itself until converted into equity shares, does not give to the holder hereof any rights with respect to that of a shareholder of the Company except as specified above.</p> <p>e) The warrants and equity shares shall be subject to lock-in for a period as prescribed under SEBI (ICDR) Regulations, 2009 (including any amendments thereto or re-enactment thereof)</p>
Number of shares proposed to be issued	24,73,000 warrants optionally convertible into equal numbers of equity shares face value of ₹ 10/- at a premium of ₹ 45/- per share.
Amount of Premium	₹ 1,112.85 lac
The Period before which shares to be allotted	The allotment of the warrants shall be completed within the prescribed period of 15 days from date of the passing of the resolution by the shareholders provided that in case, the allotment of warrants is pending on account of the pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of the receipt of such approval.
Whether the company has sufficient authorized share capital to cover the share capital amount on allotment of shares out of share application money	Yes
Interest accrued on amount due for refund	NIL
The period for which the share application money has been pending beyond the period for allotment as mentioned in the share application form alongwith the reasons for such share application money being pending	Not applicable

## 6. LONG TERM BORROWINGS

Particulars	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
<b>Secured Loans</b>		
<b>Term Loans</b>		
Rupee Loan from Banks	17,299.11	17,422.87
Rupee Loan from others	697.76	713.42
Working Capital Term Loan (I)	3,307.23	6,543.55
Working Capital Term Loan (II)	6,246.20	6,413.52
Funded Interest Term Loan	3,600.69	4,229.94
Vehicle Loan	53.17	144.50
<b>Unsecured Loans</b>		
Foreign Currency Convertible Bonds	2,396.40	4,613.80
From others	500.00	500.00
Fixed Deposit from Public*	4.95	59.06
<b>TOTAL</b>	<b>34,105.51</b>	<b>40,640.66</b>
Less : Amount disclosed under other Current Liability (note no. 11)	7,963.90	9,555.91
<b>GRAND TOTAL</b>	<b>26,141.61</b>	<b>31,084.75</b>

\*FDR from Public includes deposits from directors is ₹ Nil (Previous Year ₹ 6.50 lac).

**Terms of repayment / detail of Securities are as follow:-**

Rupee Term Loan from Banks		(₹ lac)												
Particulars	Rate of Interest % P.A.	No of instalments	O/s as at 31.03.2014	O/s as at 31.03.2013	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2021-22	
					Annual Repayment Schedule									
Rupee Term Loan	11.00%	35 Qly	17,299.11	17,422.87	1,419.91	1,419.53	1,596.65	2,249.54	2,504.63	2,858.86	3,213.09	3,606.90	2,036.90	
Working Capital Term Loan – I	11.00%	1	3,307.23	6,543.55	3,307.23	-	-	-	-	-	-	-	-	
Working Capital Term Loan – II	11.00%	35 Qly	6,246.20	6,413.52	450.91	450.87	515.28	772.92	901.74	1,030.56	1,159.38	964.54	-	
Funded Interest Term Loan	11.00%	20 Qly	3,600.69	4,229.94	1,133.82	1,228.31	1,150.67	87.89	-	-	-	-	-	
<b>TOTAL</b>			<b>30,453.24</b>	<b>34,609.88</b>	<b>6,311.87</b>	<b>3,098.71</b>	<b>3,262.60</b>	<b>3,110.35</b>	<b>3,406.37</b>	<b>3,889.42</b>	<b>4,372.47</b>	<b>3,001.45</b>		
Rupee Term Loan from others		(₹ lac)												
Lending Institution	Rate of Interest % P.A.	No of instalments	O/s as at 31.03.2014	O/s as at 31.03.2013	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
					Annual Repayment Schedule									
Religare Finvest Ltd	15.75%	95 Monthly	444.63	446.46	22.42	26.10	30.36	35.32	41.11	47.84	55.66	64.77	75.37	45.68
Religare Finvest Ltd.	15.50%	95 Monthly	253.13	266.96	18.34	21.29	24.71	28.68	33.30	38.65	44.86	43.30	-	-
<b>TOTAL</b>			<b>697.76</b>	<b>713.42</b>	<b>40.76</b>	<b>47.39</b>	<b>55.07</b>	<b>64.00</b>	<b>74.41</b>	<b>86.49</b>	<b>100.52</b>	<b>108.07</b>	<b>75.37</b>	<b>45.68</b>
Vehicle Loan		(₹ lac)												
Lending Institution	Rate of Interest % P.A.	No of instalments	O/s as at 31.03.2014	O/s as at 31.03.2013	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2021-18	2018-19
					Annual Repayment Schedule									
HDFC Bank	10.00%	31 Monthly	15.63	69.92	5.58	6.16	3.89	-	-	-	-	-	-	-
ICICI Bank	10.50%	11 Monthly	5.68	41.30	5.68	-	-	-	-	-	-	-	-	-
Axis Bank	11.00%	09 Monthly	14.51	33.28	14.51	-	-	-	-	-	-	-	-	-
Canara Bank	10.70%	60 Monthly	17.35	-	2.77	3.08	3.43	3.81	3.81	3.81	3.81	3.81	3.81	4.26
<b>TOTAL</b>			<b>53.17</b>	<b>144.50</b>	<b>28.54</b>	<b>9.24</b>	<b>7.32</b>	<b>3.81</b>	<b>3.81</b>	<b>3.81</b>	<b>3.81</b>	<b>3.81</b>	<b>3.81</b>	<b>4.26</b>

**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.
- Term Loan from others is guaranteed by promoter company M/s Panchsheel Textile Mfg & Trading Co. Pvt Ltd. along with charge on specific assets.
- All the Term Loans & Working Capital Term Loan from banks are guaranteed by Promoter directors & Mrs. Manju Oswal (related party).
- Vehicle Loan is secured by way of hypothecation of the vehicle against such loan.

The Period and amount of default as on the balance sheet date are as under: (₹ lac)

	Period of default	Principal	Interest accrued and due	Total	Paid/Settled	Balance
<b>Secured (Term Loans)</b>						
As at 31.03.2014	From 01.02.2014 to 31.03.2014	269.80	266.00	535.80	–	535.80
<b>Unsecured (FCCB)</b>						
As at 31.03.2014	From 31.12.2013	479.28	88.24	567.52	–	567.52
As at 31.03.2013	From 18.02.2013	4,613.80	849.40	5,463.20	5,463.20	–

**Refer Note No. 40**

**Note:**

The company has signed settlement agreement with Foreign Currency Convertible Bond holders of principal value of USD 85,00,000 (₹ 4,613.80 lac) worth of bonds and redemption premium of USD 15,64,850 (₹ 849.40 lac) aggregating the total of USD 1,00,64,850 (₹ 5,463.20 lac). Under the settlement agreement, the final amount including redemption premium has been settled at USD 51,71,513 which is payable in instalment up to year 2016. Out of the final settled amount of USD 51,71,513 the company in the current financial year has paid an amount of USD 26,07,823 (equivalent value bonds surrendered to the company) and accordingly an amount of USD 27,20,627 has been written back in the books of accounts. The Axis Bank bond holders reserves the right to exit the settlement agreement on the balance amount of USD 32,00,000, if there is reasonable ground for it to conclude (at its own discretion) that the Company may not fulfil its obligation and retains its rights to recompense.

Profit on write back of bonds has recognized under the head "Other income".

**7. DEFERRED TAX (NET)**

Particulars	As at 31.03.2014 ₹ lac	Charge / (credit) during the year ₹ lac	As at 31.03.2013 ₹ lac
<b>Deferred Tax Liabilities</b>			
Arising on account of Timing Difference :			
Accumulated Depreciation	2,659.81	(61.67)	2,721.48
<b>Deferred Tax Assets</b>			
Arising on account of Timing Difference :			
Unabsorbed Depreciation / Losses and Sec 43B items	(4,481.22)	(83.61)	(4,397.61)
<b>Net Deferred Tax Liability/(Assets)</b>	<b>(1,821.41)</b>	<b>(145.28)</b>	<b>(1,676.13)</b>

**8. PROVISIONS**

Particulars	Long-term		Short-term	
	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
Premium on Redemption of FCCB	242.65	–	198.53	849.40
Employee related benefits	196.82	207.85	97.55	111.03
<b>TOTAL</b>	<b>439.47</b>	<b>207.85</b>	<b>296.08</b>	<b>960.43</b>

**9. SHORT TERM BORROWINGS**

Particulars	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
<b>Secured</b>		
Loans repayable on demand		
- Working Capital Loans from Banks	12,427.48	6,174.47
<b>Unsecured</b>		
- Letter of Credit/ Sale Bill Discounting with the Banks/Financial Institutions	-	2,773.69
- Bill Discounting from others	-	200.93
<b>TOTAL</b>	<b>12,427.48</b>	<b>9,149.09</b>

**Detail of securities :**

- a) Working Capital Loans from Banks are secured by hypothecation of all stocks (except the stock of raw material already pledge with third party), present and future of stores, spare parts, packing materials, raw materials, finished goods, goods in transit/process, book debts, outstanding money receivable, claims, bills etc. and second charge by way of joint equitable mortgage of immovable properties of Company.
- b) Personal Guarantee given by Promoter Director & Mrs. Manju Oswal (related party).

**10. TRADE PAYABLES**

Particulars	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
Payable to Micro, Small & Medium Enterprises (MSME)	-	-
Payable to other than MSME	6,598.68	4,764.00
Trade Deposits & Advances	593.24	31.40
<b>TOTAL</b>	<b>7,191.92</b>	<b>4,795.40</b>

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

**11. OTHER CURRENT LIABILITIES**

Particulars	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
Current maturities of long-term borrowings (note no. 6)	7,963.90	9,555.91
Interest Accrued and due on borrowings	786.08	58.99
Interest accrued but not due	1.66	18.11
Creditor for Service & Contracts	240.60	128.40
Payable to Related Parties*	-	70.00
Security Deposits	97.72	150.81
Unclaimed Dividend**	7.59	12.65
Other payables		
Employees Related	658.78	566.13
Statutory Dues	176.58	175.00
Trade Expenses	1,262.27	657.37
Others	1,358.46	703.23
<b>TOTAL</b>	<b>12,553.64</b>	<b>12,096.60</b>

**Note:**

- \* The payable to related party in the previous year has been converted in the current year to equity share capital.
- \*\* Investors Education and Protection Fund under Section 205C of Companies Act, 1956 will be credited by unclaimed dividend amount expiring on seven years from the dividend declaration, the amount is not due at the year end.

## 12. FIXED ASSETS

### a) For the year ended 31.03.2014

Particulars	Tangible assets							Intangible assets			Total Assets	
	Leasehold Land	Free hold Land	Building	Plant & Machinery	Other Equipment	Furniture & Fixtures	Vehicles	Total	Softwares (Bought out)	Trade Mark (Bought out)		Total
	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac		₹ lac
<b>Gross Carrying Value</b>												
As at 01.04.2013	173.07	1,749.88	12,272.66	40,388.30	133.43	219.14	618.13	55,554.61	353.38	3.27	356.65	55,911.26
Additions	–	69.31	417.55	1,927.37	10.77	3.74	44.90	2,473.64	3.55	–	3.55	2,477.19
Disposals	36.30	11.02	254.71	975.82	0.41	–	52.91	1,331.17	–	–	–	1,331.17
As at 31.03.2014	<b>136.77</b>	<b>1,808.17</b>	<b>12,435.50</b>	<b>41,339.85</b>	<b>143.79</b>	<b>222.88</b>	<b>610.12</b>	<b>56,697.08</b>	<b>356.93</b>	<b>3.27</b>	<b>360.20</b>	<b>57,057.28</b>
<b>Depreciation/Amortization</b>												
As at 01.04.2013	–	–	2,315.99	23,381.24	52.72	135.34	249.78	26,135.07	299.77	2.91	302.68	26,437.75
Charge for the year	–	–	353.05	2,832.28	6.84	10.15	52.20	3,254.52	11.26	0.06	11.32	3,265.84
Disposals	–	–	166.08	761.97	0.02	–	41.10	969.17	–	–	–	969.17
As at 31.03.2014	–	–	<b>2,502.96</b>	<b>25,451.55</b>	<b>59.54</b>	<b>145.49</b>	<b>260.88</b>	<b>28,420.42</b>	<b>311.03</b>	<b>2.97</b>	<b>314.00</b>	<b>28,734.42</b>
<b>Net Carrying Value</b>												
As at 31.03.2014	<b>136.77</b>	<b>1,808.17</b>	<b>9,932.54</b>	<b>15,888.30</b>	<b>84.25</b>	<b>77.39</b>	<b>349.24</b>	<b>28,276.66</b>	<b>45.90</b>	<b>0.30</b>	<b>46.20</b>	<b>28,322.86</b>

### b) For the year ended 31.03.2013

Particulars	Tangible Assets							Intangible Assets			Total Assets	
	Leasehold Land	Free hold Land	Building	Plant & Machinery	Other Equipment	Furniture & Fixtures	Vehicles	Total	Softwares (Bought out)	Trade Mark (Bought out)		Total
	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac		₹ lac
<b>Gross Carrying Value</b>												
As at 01.04.2012	173.07	1,695.05	12,032.19	40,159.05	124.97	208.94	615.80	55,009.07	352.23	3.27	355.50	55,364.57
Additions	–	58.21	240.47	1,162.82	8.46	10.20	5.70	1,485.86	1.15	–	1.15	1,487.01
Disposals	–	3.38	–	933.57	–	–	3.37	940.32	–	–	–	940.32
As at 31.03.2013	<b>173.07</b>	<b>1,749.88</b>	<b>12,272.66</b>	<b>40,388.30</b>	<b>133.43</b>	<b>219.14</b>	<b>618.13</b>	<b>55,554.61</b>	<b>353.38</b>	<b>3.27</b>	<b>356.65</b>	<b>55,911.26</b>
<b>Depreciation/Amortization</b>												
As at 01.04.2012	–	–	1,969.20	20,993.34	45.13	123.57	198.58	23,329.82	246.41	2.72	249.13	23,578.95
Charge for the year	–	–	346.79	3,185.98	7.59	11.77	54.39	3,606.52	53.36	0.19	53.55	3,660.07
Disposals	–	–	–	798.08	–	–	3.19	801.27	–	–	–	801.27
As at 31.03.2013	–	–	<b>2,315.99</b>	<b>23,381.24</b>	<b>52.72</b>	<b>135.34</b>	<b>249.78</b>	<b>26,135.07</b>	<b>299.77</b>	<b>2.91</b>	<b>302.68</b>	<b>26,437.75</b>
<b>Net Carrying Value</b>												
As at 31.03.2013	<b>173.07</b>	<b>1,749.88</b>	<b>9,956.67</b>	<b>17,007.06</b>	<b>80.71</b>	<b>83.80</b>	<b>368.35</b>	<b>29,419.54</b>	<b>53.61</b>	<b>0.36</b>	<b>53.97</b>	<b>29,473.51</b>

- The Freehold Land cost is net of subsidy ₹ 16.20 lac (Previous year ₹ 16.20 lac) received from the State Government. Land includes ₹ 760.33 lac (Previous year ₹ 760.33 lac) purchased at Nalagarh & Ludhiana, pending transfer of title in favour of the Company.
- The Leasehold Land includes ₹ 136.77lac (Previous year ₹ 173.07 lac) is forfeited by Maharashtra Industrial Development Corporation (MIDC), due to non compliance of the terms of allotment. Leasehold Land was allotted for a period of 95 years.
- Building includes ₹ 359.78 lac (Previous year ₹ 359.78 lac) being cost of industrial shed at focal point, Ludhiana pending conveyancing in favour of the Company.



13. INVESTMENTS

Particulars	As at	As at
	31.03.2014 ₹ lac	31.03.2013 ₹ lac
<b>Non-Current Investments</b>		
Other investment (valued at cost, except for permanent diminution in value)		
Investments in Equity Instruments		
<b>Unquoted-Investment in subsidiary</b>		
<b>Oswal Industrial Enterprise Pvt. Ltd.</b>		
5,00,49,999 (Previous year 5,00,49,999) Equity Shares of ₹10/- each fully paid	4,996.00	4,996.00
Provision for diminution in the value of Investment (#)	(495.00)	(495.00)
<b>TOTAL</b>	<b>4,501.00</b>	<b>4,501.00</b>
<b>Oswal F.M. Hammerle Textiles Ltd.</b>		
9,12,64,073 (Previous year 9,12,64,073) Equity Shares of ₹10/- each fully paid *	9,126.41	9,126.41
<b>F.M. Hammerle Verwaltung GmbH, Austria</b>	22.54	22.54
<b>(Minimum Registration Capital)</b>		
<b>F.M. Hammerle Nfg GmbH, Austria (Minimum Registration Capital)</b>	22.54	22.54
Provision for diminution in the value of Investment (#)	(22.54)	(22.54)
<b>Unquoted-Investment in others</b>		
<b>VKM Colour Spin Limited</b>		
250 (Previous year 250) Equity Shares of ₹ 10/- each fully paid	0.03	0.03
<b>Deluxe Fabrics Limited</b>		
5,000 (Previous year 5,000) Equity Shares of ₹ 10/- each fully paid	0.50	0.50
<b>TOTAL</b>	<b>13,650.48</b>	<b>13,650.48</b>
<b>Current Investments</b>		
Other investments (valued at lower of cost and net realizable value)		
<b>Unquoted-Investment in others</b>		
6,955 (Previous year 9,199) of IL & FS Milestone Fund of ₹ 1000/- each	69.55	91.99
<b>GROSS TOTAL</b>	<b>13,720.03</b>	<b>13,742.47</b>
Aggregate amount of unquoted investments	13,720.03	13,742.47
Aggregate provision for diminution in value of investments(#)	(517.54)	(517.54)

\*Out of total shares held in Oswal F.M. Hammerle Textiles Limited (OFMH) 2,28,16,018 shares (face value of ₹ 10/- each) pledge in favour of State Bank of India (Lead banker of OFMH) in dematerialisation form.

14. LOANS & ADVANCES

Particulars	Long-term		Short-term	
	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
<b>Unsecured, considered good unless stated other wise</b>				
Security deposits	425.56	341.65	-	-
Advances for Goods / Services	-	-	-	-
Unsecured, considered good	-	-	1,435.69	1,343.89
Capital Advance	521.99	692.20	180.00	-
Balances with Statutory Authorities	-	-	1,317.19	1,062.07
Prepaid Expenses	-	-	252.85	267.06
Interest Receivable (including TUFs Subsidy)	-	-	355.61	297.11
Direct Taxes Refundable	-	-	372.35	374.37
Advance to Subsidiaries	-	-	912.56	2,648.28
Export Incentive Receivable	-	-	1,010.66	379.03
Other Receivables	-	-	1,022.06	1,335.73
<b>TOTAL</b>	<b>947.55</b>	<b>1,033.85</b>	<b>6,858.97</b>	<b>7,707.54</b>

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

- b) Direct taxes refundable represent amounts recoverable from the Income Tax Department for various assessment years. In respect of disputed demands, company has filed appeals which are pending at various levels and the company is hopeful of getting the desired reliefs at various forums. Necessary value adjustments shall be made on final settlement by the department.
- c) Provision for Income Tax for earlier years has been made based on the Tax Liability calculated at prevalent rates.
- d) Balance with statutory authorities includes ₹ 188.26 lac (Previous year ₹ 198.32 lac) being amount of ESI, Excise Duty, Sales Tax, PSEB deposited under protest. No provision has been made in accounts in respect thereof. The same will be made in the year of settlement.

**15. OTHER NON CURRENT ASSETS**

Particulars	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
Advances to subsidiary company (refer note no. 41)	2,236.00	–
Other bank balances (refer note no.18)	126.99	956.52
<b>TOTAL</b>	<b>2,362.99</b>	<b>956.52</b>

**16. INVENTORIES** (valued at lower of cost or net realizable value)  
(As taken, valued and certified by the Management)

Particulars	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
Raw Materials	3,507.32	1,912.12
Finished Goods (refer note no. - 23)	3,452.41	2,119.66
Stock-in-Trade (refer note no. - 22)	277.15	–
Work-in-Progress (refer note - 23)	1,622.26	898.40
Work-in-Progress (real estate)	63.51	–
Stores and Spares	240.14	169.29
Asset held for disposal	56.38	–
<b>TOTAL</b>	<b>9,219.17</b>	<b>5,099.47</b>

**17. TRADE RECEIVABLES**

Particulars	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
<b>Unsecured, considered good unless stated otherwise</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	763.28	730.99
Doubtful	287.51	185.79
Less: Provision for Doubtful debts	287.51	185.79
<b>TOTAL (A)</b>	<b>763.28</b>	<b>730.99</b>
Outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	5,831.73	4,939.42
Doubtful	–	–
<b>TOTAL (B)</b>	<b>5,831.73</b>	<b>4,939.42</b>
<b>TOTAL (A+B)</b>	<b>6,595.01</b>	<b>5,670.41</b>

**18. CASH AND BANK BALANCES**

Particulars	Non-Current		Current	
	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
<b>Cash and cash equivalents</b>				
Cash in hand	–	–	76.07	50.37
Bank balance in current account**	–	–	378.72	1,339.92
Cheques in hand	–	–	435.00	343.48
<b>SUB-TOTAL</b>	–	–	<b>889.79</b>	<b>1,733.77</b>
<b>Other Bank Balances</b>				
Earmarked balance for unpaid dividend	–	–	7.99	13.04
Fixed deposit with maturity more than one year*	126.99	956.52	412.56	–
<b>SUB-TOTAL</b>	<b>126.99</b>	<b>956.52</b>	<b>420.55</b>	<b>13.04</b>
<b>TOTAL</b>	<b>126.99</b>	<b>956.52</b>	<b>1,310.34</b>	<b>1,746.81</b>

\*Pledged with Bank against Bank Guarantee to Custom Department and others.

\*\* Includes Bank Balance under escrow for land sale.

**19. REVENUE FROM OPERATIONS**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Sale of products		
-Grey yarn	70,303.48	59,486.20
-Dyed yarn	13,032.34	11,245.46
-Garments	545.05	523.47
-Trading Goods (Textile Goods)	–	58.91
-Waste sale	6,739.13	6,321.47
Sale of Services (Job Work)	19.74	7.43
Other Operating Income (Export Incentives)	1,632.69	980.36
<b>TOTAL</b>	<b>92,272.43</b>	<b>78,623.30</b>

**20. OTHER INCOME**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Interest Income from Bank Deposits and others (Non-Current)	195.58	168.17
Profit from Sale of Investment/Buy back of FCCB Liability	1,238.23	0.04
Profit on Sale of Fixed Assets	230.42	373.66
Dividend income from Current Investment	4.74	7.77
Provisions no longer required written back (Net)	36.61	69.74
Rent Received	160.45	145.14
Other Misc Income	150.09	170.16
<b>TOTAL</b>	<b>2,016.12</b>	<b>934.68</b>

**21. COST OF MATERIAL CONSUMED**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Raw Material Consumption		
Cotton	53,761.23	44,119.35
Cotton Yarn	2,835.64	1,940.08
Synthetic Fibre	5,363.11	4,365.97
Dyes & Chemicals	1,383.36	1,218.37
<b>Cost of Material Consumed</b>	<b>63,343.34</b>	<b>51,643.77</b>

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

**Value of Indigenous & Imported Raw Material Consumption**

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
	₹ lac	%	₹ lac	%
Indigenous	62,679.19	98.95	51,643.77	100.00
Imported	664.15	1.05	–	–
<b>TOTAL</b>	<b>63,343.34</b>	<b>100.00</b>	<b>51,643.77</b>	<b>100.00</b>

**22. PURCHASE OF STOCK IN TRADE**

The detail are as follow:

**For the year ended 31.03.2014**

Particulars	Opening Stock		Purchase		Sale		Closing Stock	
	Qty	₹ lac	Qty	₹ lac	Qty	₹ lac	Qty	₹ lac
Knitted Fabric (Kg)	–	–	79,183.55	277.15	–	–	79,183.55	277.15
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>79,183.55</b>	<b>277.15</b>	<b>–</b>	<b>–</b>	<b>79,183.55</b>	<b>277.15</b>

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

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
<b>Closing Inventories</b>		
Finished Goods (Including waste)	3,729.56	2,119.66
Work-in-Progress	1,622.26	898.40
<b>SUB-TOTAL</b>	<b>5,351.82</b>	<b>3,018.06</b>
<b>Opening Inventories</b>		
Finished Goods (Including waste)	2,119.66	1,059.92
Work-in-Progress	898.40	944.65
<b>SUB-TOTAL</b>	<b>3,018.06</b>	<b>2,004.57</b>
<b>(Increase)/Decrease</b>	<b>(2,333.76)</b>	<b>(1,013.49)</b>

**24. EMPLOYEE BENEFIT EXPENSES**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Salaries and wages	4,680.41	4,059.57
Contribution to Provident and other funds	413.95	358.37
Staff Welfare	207.90	171.84
<b>TOTAL</b>	<b>5,302.26</b>	<b>4,589.78</b>

**25. FINANCE COSTS**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
<b>Interest Expense</b>		
-Term Loans	2,184.96	1,802.19
-Working Capital Borrowings	3,329.53	2,858.24
-Other Loans	1,373.61	1,242.38
Other Borrowing Costs	289.29	25.92
Exchange difference on Foreign Currency Loan	–	99.51
<b>TOTAL</b>	<b>7,177.39</b>	<b>6,028.24</b>

**26. DEPRECIATION AND AMORTIZATION**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Depreciation/Amortization of tangible assets	3,254.53	3,606.52
Amortization of intangible assets	11.32	53.55
<b>TOTAL</b>	<b>3,265.85</b>	<b>3,660.07</b>

**27. OTHER EXPENSES**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Packing Charges	1,211.53	1,109.88
Job/Process Charges	196.52	128.55
Power & Fuel	9,728.55	8,809.56
Repairs and Maintenance :		
Plant & machinery	880.14	938.01
Building	30.64	31.83
General	169.69	45.01
Electric	32.45	49.01
Rent	82.58	89.28
Rates and Taxes	64.15	45.41
Insurance Charges	106.98	90.15
Travelling Expenses	243.32	244.40
Legal & Professional Expenses	350.82	251.79
Exchange Rate Fluctuation (Net)	91.03	493.41
Sundry Balances written off	157.18	36.95
Provision for Doubtful Debts	101.71	–
Loss on Sale of Fixed Assets	55.45	3.04
Loss on Sale of Raw Material	12.56	–
Selling Commission	730.70	581.33
Delivery Expenses	1,843.88	1,332.27
Rebate & Discounts	174.91	255.07
Advertisement Cost	7.83	12.60
Bank Charges	341.97	259.39
Miscellaneous Expenses	308.87	297.87
<b>TOTAL</b>	<b>16,923.46</b>	<b>15,104.81</b>

Note: Miscellaneous Expenses include the following

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
<b>i) Includes payment to statutory auditor</b>		
<b>As Auditor:</b>		
-Statutory Audit	8.43	3.86
-Tax Audit	2.24	1.38
-Other Services	2.02	1.65
-Reimbursement of Expenses	1.85	1.42
<b>ii) Previous year expenses</b>	<b>0.18</b>	<b>–</b>

**Value of Indigenous & Imported Stores & Spares Consumption**

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
	₹ lac	%	₹ lac	%
Indigenous	796.83	75.90	911.48	92.72
Imported	253.02	24.10	71.54	7.28
<b>TOTAL</b>	<b>1,049.85</b>	<b>100.00</b>	983.02	100.00

**28. EARNING PER SHARE**

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>The basic and diluted Earning Per Share is as under:</b>		
Net Profit After Tax (₹ lac)	477.51	117.06
Weighted average no. of Equity Share outstanding (*)	1,84,26,962	1,62,51,724
Nominal Value of Per Equity Share (₹)	10.00	10.00
Basic Earnings Per Share (₹)	2.59	0.72
Diluted earnings Per share (₹)	2.28	0.72

\* There are 24,73,000 dilutive Potential Equity Shares on account of Share Application Money pending for allotment.

**29. CONTINGENT LIABILITIES**

Particulars	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
a) Claims against the Company not acknowledged as debts	477.52	477.52
b) Bills discounted with bankers	5,837.41	6,206.61
c) Letter of credit & bank gurantee issued	8.53	8.53
d) Income Tax demands under appeal	783.55	196.30
e) Demand of PSEB for voltage surcharge and DSA	256.24	256.24
f) Subordination letter for not to withdraw the loan from foreign subsidiary until negative equity situation reverses	237.33	237.33
g) Corporate gurantee given on behalf of subsidiary company "Oswal FM Hammerle Textiles Ltd" pursuant to scheme of CDR	8,233.00	8,233.00

**30. OBLIGATIONS AND COMMITMENTS OUTSTANDING**

Particulars	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	914.03	1,243.54
b) Estimated value of contracts remaining to be executed on other than capital account and not provided for (net of advances)	7,929.32	5,939.86

**31. DERIVATIVE INSTRUMENTS AND UN-HEDGED FOREIGN CURRENCY EXPOSURE**
**a) Particulars of foreign currency forward contracts and derivatives outstanding at the Balance Sheet date**

Particulars	Currency	As at 31.03.2014		As at 31.03.2013	
		Amount in FC(Mio)	₹ lac	Amount in FC(Mio)	₹ lac
Forward cover (trade receivables)	USD	1.60	1,063.15	8.66	4,942.95
Option	JPY	–	–	146.97	500.00
<b>TOTAL</b>		<b>1.60</b>	<b>1,063.15</b>	155.63	5,442.95



**b) Particulars of foreign currency exposure un-hedged at the Balance Sheet date**

Particulars	Currency	As at 31.03.2014		As at 31.03.2013	
		Amount in FC(Mio)	₹ lac	Amount in FC(Mio)	₹ lac
Trade Receivables	USD	1.79	1,067.68	0.42	235.26
Loan (Including interest)	USD	4.74	2,837.58	10.06	5,463.20
<b>TOTAL</b>		<b>6.53</b>	<b>3,905.26</b>	<b>10.48</b>	<b>5,698.46</b>

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

**33. EMPLOYEE BENEFIT OBLIGATION**

**Defined Contribution Plan**

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

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
i) Employer's Contribution to Provident Fund	224.92	220.59
ii) Employer's Contribution to Superannuation Fund	13.50	18.53
iii) Employer's Contribution to Pension Scheme	66.98	119.25

**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.

**(i) Reconciliation of Opening and Closing Balances of Defined Benefit Obligation**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Defined Benefit Obligation at the beginning of the year	398.94	323.27
Current Service Cost	60.99	65.41
Interest Cost	33.67	24.43
Acturial (Gain) / Loss	(31.23)	40.19
Benefit Paid	(57.78)	(54.36)
<b>Defined Obligation at year end</b>	<b>404.59</b>	<b>398.94</b>

**(ii) Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Fair value of Plan Assets at the beginning of the year	349.77	320.44
Expected Return on plan assets	27.98	25.63
Acturial Gain / (Loss)	3.21	3.70
Employer Contribution	-	-
Benefit Paid	-	-
<b>Fair Value of Plan Assets at year end</b>	<b>380.96</b>	<b>349.77</b>

**(iii) Reconciliation of Fair Value of Assets & Obligation**

Particulars	Year ended	Year ended
	31.03.2014	31.03.2013
	₹ lac	₹ lac
Fair Value of Plan Assets at the end	380.96	349.77
Present value of obligation	404.59	398.94
Net Asset/(Liability) recognized in the Balance Sheet	(23.63)	(49.17)

**(iv) Amount recognized in the Statement of Profit & Loss**

Particulars	Year ended	Year ended
	31.03.2014	31.03.2013
	₹ lac	₹ lac
Current Service Cost	60.99	65.41
Interest Cost	33.67	24.43
Expected Return on Plan Assets	(27.98)	(25.63)
Actuarial (Gain)/Loss recognized in IVP	(34.43)	36.49
Amount recognized in the Statement of Profit & Loss	32.25	100.70

**(v) The Principal assumptions used in determining Gratuity for the Company's plans are shown below :**

Particulars	Year ended	Year ended
	31.03.2014	31.03.2013
Discount Rate	9.10%	8.25%
Expected Rate of Return on Assets	8.00%	8.00%
Mortality Rate	IAL 06-08	IAL 06-08
Salary Rise	Ultimate	Ultimate
	5.00%	5.50%

**(vi) Amount for the Current year and Previous Three years in respect of Gratuity are as follows :**

Particulars	Year ended	Year ended	Year ended	Year ended
	31.03.2014	31.03.2013	31.03.2012	31.03.2011
	₹ lac	₹ lac	₹ lac	₹ lac
Defined Benefit Obligation	398.94	323.27	294.62	163.70
Plan Assets	380.96	349.77	320.44	181.16
Surplus/(Deficit)	(23.63)	(49.17)	(2.83)	(113.45)
Experience adjustment on plan assets	3.21	3.70	(1.01)	0.90
Experience adjustment on plan liabilities	31.23	(40.19)	(5.16)	(96.14)

Disclosures as required under para 120 (n) in respect of one annual periods in addition to above as required by (AS-15) is not presented as the management considers it impracticable in the absence of requisite information.

**LEAVE ENCASHMENT**

**(i) Reconciliation of Opening and Closing Balances of Defined Benefit Obligation**

Particulars	Year ended	Year ended
	31.03.2014	31.03.2013
	₹ lac	₹ lac
Defined Benefit Obligation at the beginning of the year	207.85	150.73
Current Service Cost	94.42	93.77
Interest Cost	15.74	10.47
Actuarial (Gain) /Loss	(51.51)	0.54
Benefit Paid	(69.68)	(47.65)
Defined Obligation at year end	196.82	207.85

**(ii) Reconciliation of Fair Value of Assets & Obligations**

Particulars	Year ended	Year ended
	31.03.2014	31.03.2013
	₹ lac	₹ lac
Fair value of Plan Assets at the end	—	—
Present value of obligation	196.82	207.85
Amount recognized in balance sheet	196.82	207.85

**(iii) Amount recognized in the Statement of Profit & Loss**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Current Service Cost	94.42	93.77
Interest Cost	15.74	10.47
Expected Return on Plan Assets	-	-
Acturial (Gain)/Loss recognized in IVP	(51.51)	0.53
Amount recognized in the Statement of Profit & Loss	58.65	104.77

**(iv) The Principal assumptions used in determining Leave Encashment for the Company's plans are shown below :**

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Discount Rate	9.10%	8.25%
Expected Rate of return on Assets	NA	NA
Mortality Rate	IAL 06-08 Ultimate	IAL 06-08 Ultimate
Salary Rise	5.00%	5.50%

The provision up to the end of previous financial year was made on estimate basis. However, this year the same has been done on the basis of actuarial valuation.

Disclosures as required under para 120 (n) in respect of four annual periods in addition to above as required by (AS-15) is not presented as the management considers it impracticable in the absence of requisite information.

**34. RELATED PARTY DISCLOSURES**

**i) List of Related Parties and Relationships**

Particulars	2013-14	2012-13
a) Subsidiary Company	Oswal F.M. Hammerle Textiles Ltd Oswal Industrial Enterprise Pvt Ltd F M Hammerle Verwaltung Gmbh, Austria	Oswal F.M. Hammerle Textiles Ltd Oswal Industrial Enterprise Pvt Ltd F M Hammerle Verwaltung Gmbh, Austria
b) Key Managerial Personnel	Mr. Ashok Kumar Oswal Mr. Adish Oswal Mr. Ashok Goyal	Mr. Ashok Kumar Oswal Mr. Adish Oswal
c) Relative of KMP	Mr. Abhinav Oswal Mrs. Rakhi Oswal Mrs. Manju Oswal Ms. Aketa Oswal	Mr. Abhinav Oswal Mrs. Rakhi Oswal Mrs. Manju Oswal Ms. Aketa Oswal
d) Enterprise over which KMP is able to exercise significant influence	Panchsheel Textile Mfg & Trading Co.Pvt Ltd Enakshi Investments Pvt Ltd Liberty Mercantile Co. Pvt Ltd Allepy Investment & Trading Co. Pvt Ltd Kent Investments Pvt Ltd Ruby Mercantile Co. Pvt Ltd Boras Investment & Trading Co. Pvt Ltd Gagan Mercantile Co. Pvt Ltd Pioneer Marcantile India Pvt Ltd Adesh Investment & Trading Co. Pvt Ltd Calgary Investment & Trading Co. Pvt Ltd Oswal Infratech Pvt Ltd Oswal Tradecom Pvt Ltd Oswal Holding Pvt Ltd Nightnagle Dealcom Pvt Ltd Alma Assets Consultancy Pvt Ltd	Panchsheel Textile Mfg & Trading Co.Pvt Ltd Enakshi Investments Pvt Ltd Liberty Mercantile Co. Pvt Ltd Allepy Investment & Trading Co. Pvt Ltd Kent Investments Pvt Ltd Ruby Mercantile Co. Pvt Ltd Boras Investment & Trading Co. Pvt Ltd Gagan Mercantile Co. Pvt Ltd Pioneer Marcantile India Pvt Ltd Adesh Investment & Trading Co. Pvt Ltd Calgary Investment & Trading Co. Pvt Ltd Oswal Infratech Pvt Ltd Oswal Tradecom Pvt Ltd Oswal Holding Pvt Ltd Nightnagle Dealcom Pvt Ltd Alma Assets Consultancy Pvt Ltd

ii) Transaction with related parties during the year :

Nature of Transactions	Subsidiaries		KMP		Relatives of KMP		Enterprise over which KMP is able to exercise Significant Influence		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Loan Received	-	-	-	-	-	-	-	70.00	-	70.00
Share Application money received	-	-	160.00	-	-	-	-	-	160.00	-
Loan Repaid	-	-	-	-	-	2.00	-	-	-	2.00
Sale of Goods	4.46	15.36	-	-	-	-	-	-	4.46	15.36
Purchase of Fabric/Bed Sheet	129.49	0.49	-	-	-	-	-	-	129.49	0.49
Equity Share Capital issued on premium	-	-	-	-	-	-	1,136.02	1,050.72	1,136.02	1,050.72
Advance	636.80	26.66	-	-	-	-	-	-	636.80	26.66
Expense Reimbursement	95.29	58.95	-	-	-	-	-	-	95.29	58.95
Rent Paid	-	-	27.72	28.47	-	-	-	-	27.72	28.47
Job Charges Received	21.75	38.53	-	-	-	-	-	-	21.75	38.53
Rent Received	1.64	1.02	-	-	-	-	-	-	1.64	1.02
Interest Paid	-	-	-	-	-	0.02	-	-	-	0.02
Remuneration	-	-	-	-	11.21	12.44	-	-	11.21	12.44
Managerial Remuneration	-	-	180.02	37.72	-	-	-	-	180.02	37.72
Cheque Received against advance not deposited	300.00	343.48	-	-	-	-	-	-	300.00	343.48
<b>OUTSTANDING BALANCES AT YEAR END</b>										
Corporate Guarantee to Subsidiary	8,233.00	8,233.00	-	-	-	-	-	-	8,233.00	8,233.00
Corporate Guarantee by Subsidiary	600.00	-	-	-	-	-	-	-	600.00	-
Loan Payable/ Fixed Deposit	-	-	-	6.50	3.00	10.50	-	70.00	3.00	87.00
Investment in Equity Shares	13,649.94	13,649.94	-	-	-	-	-	-	13,649.94	13,649.94
Advances	3,151.95	2,648.28	5.00	5.00	-	-	-	-	3,156.95	2,653.28

Transactions during the year:-

- Nil loan raised (Previous year ₹ 70.00 lac) from Alma Assets Consultancy Pvt Ltd.
- Loan repaid includes NIL (Previous year ₹ 2.00 lac) of Ms. Aketa Oswal.
- Share application money received ₹ 160.00 lac (Previous year ₹ Nil) from Mr. Adish Oswal.
- Sale of goods includes transactions with Oswal F.M. Hammerle Textiles Limited ₹ 3.29 lac & ₹ 1.17 lac with Oswal Industrial Enterprise Pvt Ltd (Previous year ₹ 15.21 lac with Oswal F.M. Hammerle Textiles Limited & ₹ 0.15 lac with Oswal Industrial Enterprise Pvt Ltd).
- Purchase of fabrics/bed sheets includes transactions ₹ 129.49 lac (Previous year ₹ Nil) with Oswal Industrial Enterprise Pvt. Ltd & Nil (Previous year ₹ 0.49 lac) with Oswal F.M. Hammerle Textiles Limited.
- Equity Shares issued to Alma Assets Consultancy Pvt Ltd ₹ 1136.02 lac including the securities premium amounting of ₹ 938.52 lac (Previous year ₹ 1,050.72 lac including securities premium amounting of ₹ 890.72 lac).
- Advance given includes transactions with Oswal F.M. Hammerle Textiles Ltd. ₹ 461.66 lac (Previous Year ₹ 37.08 lac), with Oswal Industrial Enterprise Pvt. Ltd ₹ 175.14 lac (Previous Year ₹ (14.83) lac) and with F.M. Hammerle Verwaltung GmbH ₹ Nil (Previous year ₹ 4.41 lac).
- Expenses reimbursement to Oswal F.M. Hammerle Textiles Ltd. ₹ 87.85 lac (Previous year ₹ 38.92 lac) & ₹ 7.44 lac to Oswal Industrial Enterprise Pvt. Ltd. (Previous year ₹ 20.03 lac).
- Rent paid to Mr. Ashok Kumar Oswal ₹ 27.72 lac (Previous year ₹ 28.47 lac).
- Job charges received from Oswal Industrial Enterprise Pvt. Ltd. ₹ 21.75 lac (Previous year ₹ 38.53 lac).
- Rent Received from Oswal Industrial Enterprise Pvt. Ltd. ₹ 1.64 lac (Previous year ₹ 0.88 lac) & ₹ Nil (Previous year ₹ 0.14 lac) from Oswal F.M. Hammerle Textiles Ltd.
- Remuneration includes transaction with Mr. Abhinav Oswal ₹ 11.21 lac (Previous year ₹ 12.44 lac).

- m) Managerial Remuneration includes transactions with Mr. Ashok Kumar Oswal ₹ 47.90 lac (Previous year ₹ 18.87 lac) & arrear of Previous year ₹ 29.03 lac, Mr. Adish Oswal ₹ 50.72 lac (Previous year ₹ 18.85 lac) & arrear of ₹ 30.47 lac and Mr. Ashok Kumar Goyal ₹ 21.89 lac (Previous year ₹ Nil)
- o) Cheques received against advance not deposited includes cheques received from Oswal F.M. Hammerle Textiles Ltd. ₹ 300.00 lac (Previous Year ₹ 343.48 lac).

### Closing balance at the year end:-

- a) Corporate Guarantee to Subsidiary Company: Guarantee outstanding given to lenders of Oswal F.M. Hammerle Textiles Ltd. ₹ 8,233.00 lac (Previous year ₹ 8,233.00 lac).
- b) Corporate Guarantee by Subsidiary Company: Guarantee outstanding received from Oswal F.M. Hammerle Textiles Ltd. ₹ 600.00 lac (Previous Year ₹ Nil).
- c) Loan payable/ fixed deposits includes ₹ Nil payable to Mr. Adish Oswal (Previous year ₹ 6.50 lac to Mr. Adish Oswal), ₹ 3.00 lac includes ₹ Nil payable to Mr. Abhinav Oswal (Previous year ₹ 5.50 lac), ₹ 3.00 lac payable to Ms. Aketa Oswal (Previous year ₹ 4.00 lac), ₹ Nil payable to Mrs. Rakhi Oswal (Previous year ₹ 1.00 lac) and ₹ Nil payable to M/s. Alma Assets Consultancy Pvt. Ltd. (Previous year ₹ 70.00 lac).
- d) Investment of ₹ 13,649.94 lac includes, Oswal F.M. Hammerle Textiles Ltd. ₹ 9,126.41 lac (Previous year ₹ 9,126.41 lac), in Oswal Industrial Enterprise Pvt. Ltd. ₹ 4,501.00 lac (Previous year ₹ 4,501.00 lac), in F.M. Hammerle Verwaltung GmbH, Austria ₹ 22.54 lac (Previous year ₹ 22.54 lac).
- e) Advance of ₹ 3,151.95 lac includes, Oswal F.M. Hammerle Textiles Ltd. ₹ 2864.81 lac (Previous year ₹ 2,312.39 lac), in Oswal Industrial Enterprise Pvt. Ltd. ₹ 2.13 lac (Previous year ₹ 98.56 lac), in F.M. Hammerle Verwaltung GmbH, Austria ₹ 285.01 lac (Previous year ₹ 237.34 lac) and ₹ 5.00 lac includes advance to Mr. Ashok Kumar Oswal (Previous year ₹ 5.00 lac).
35. The Company has only one segment of Textile and accordingly the disclosure requirement as prescribed in the Accounting Standard (AS-17) on "Segment Reporting" as notified by Companies (Accounting Standard) Rules, 2006 is not applicable.

### 36. a) Value of imports calculated on CIF basis in respect of: (Accrual Basis)

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Raw Materials	664.15	–
Components & Spare parts	276.35	226.35
Capital Goods	–	–
<b>TOTAL</b>	<b>940.50</b>	<b>226.35</b>

### b) Expenditure in foreign currency on account of: (Accrual basis)

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Commission, Consultancy, Travelling, Interest and others	194.35	272.95

### 37. EARNINGS IN FOREIGN CURRENCY

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Export of goods calculated on FOB basis	44,123.61	30,294.91

### 38. CORPORATE DEBT RESTRUCTURING

- i) The debt restructuring scheme (the 'Scheme') under CDR Mechanism has been approved and Letter of Approval issued on 28th December, 2012. The Scheme inter-alia included restructuring of repayment schedule, interest funding, reduction in interest rates and additional security in favour of CDR lenders by pledge of shares of promoters stipulated.

Master Restructuring Agreement ("MRA") has been executed on March 15, 2013 with the lenders. The impact in terms of the approved Scheme has been given effect in financial statements with effect from the cut-off date being January 1, 2012.

- ii) Interest has been accounted for based upon terms of package/confirmations received from the banks.
- iii) The Funded Interest Term Loan (FITL) has been created on certain credit facilities.
- iv) The credit facilities/loans under CDR are further secured by unconditional & irrevocable personal guarantee of promoter director & Mrs. Manju Oswal (related party) and corporate guarantee of M/s Oswal FM Hammerle Textiles Ltd., subsidiary company.
- v) Other conditions as stipulated under the scheme are being complied with.
39. There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Accounting Standard (AS)-29 'Provisions, Contingent Liabilities & Contingent Assets' as it is not probable that an outflow of resources embodying economic benefits will be required.
40. During the earlier years, the Company had Issued 2% Unsecured Foreign Currency Convertible Bonds (FCCBs) in the aggregate principal amount of United State Dollars 12 (Twelve) Millions in the course of International Offerings. The expenses incurred & Premium payable on the redemption of such bonds has been adjusted with Share Premium reserves in accordance with the provisions of Section 78 of the Companies Act, 1956. During the current year, all the FCCB Bonds have been settled for repayment.
41. The company has received a letter from Oswal F.M Hammerle Textiles Limited (OFMH), Subsidiary Company, dated 26.03.2013 for considering option for conversion of advance given of ₹ 2,236 lac in different trenches into Preference Shares. The Board of the directors has approved subject to bankers and shareholders for the same.
42. The Central Government vide its letter dated: 30.08.2013 under section 198, 309(3), 310 r/w Section 637A & 637AA of the Companies Act,1956 has approved the increase in remuneration of Mr. Ashok Kumar Oswal, Managing Director and Mr. Adish Oswal, Executive Director w.e.f 01.04.2012.
43. 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 (AS-19) are not applicable.
44. In accordance with the provisions of Accounting Standard on impairment of Assets, (AS-28), the management has made assessment of assets in use & considering the business prospects related thereto, no provision is considered necessary in these accounts on account of impairment of assets.
45. Details of loans and advances in nature of loans to subsidiaries, parties in which Directors are interested and investments by the loanee in the shares of the company (as required by clause 31 of listing agreement).

Loans & advances to subsidiaries:-

(₹ lac)

	Outstanding amount as at 2013-14	Maximum amount outstanding during the financial year 2013-14	Outstanding amount as at 2012-13	Maximum amount outstanding during the financial year 2012-13
Oswal FM Hammerle Textiles Ltd	2,861.90	2,861.90	2,312.39	2,655.87
Oswal Industrial Enterprise Pvt Ltd	1.65	283.47	98.56	98.56
FM Hammerle Verwaltung GmbH	285.01	285.01	237.34	237.34

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

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

FOR AND ON BEHALF OF THE BOARD OF VARDHMAN POLYTEX LIMITED

Sd/-  
**Sunil Wahal**  
Partner  
M. No. 087294

Sd/-  
**Parvinder Singh**  
Chief Financial Officer

Sd/-  
**Sushil Sharma**  
Company Secretary

Sd/-  
**Ajay Chaudhry**  
Director

Sd/-  
**Ashok Kumar Oswal**  
Chairman & Managing Director

Place : Ludhiana  
Date : 30<sup>th</sup> May, 2014



**INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF VARDHMAN POLYTEX LIMITED AND ITS SUBSIDIARIES****To****The Board of Directors,  
Vardhman Polytex Limited****Report on the Consolidated Financial Statements**

We have audited the accompanying Consolidated Financial Statements of **Vardhman Polytex Limited** ('the Company') and its subsidiaries (collectively referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on the financial statements of the subsidiary as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2014;
- ii) in the case of Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
- iii) in the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**Other Matters**

1. We did not audit the separate financial statements of a subsidiary, F.M. Hammerle Verwaltungs GmbH, Austria whose financial statements reflect total assets of ₹ 122.69 Lac as at 31<sup>st</sup> March, 2014 and total revenues of ₹ 72.36 Lac for the year then ended. The said financial statements of F.M. Hammerle Verwaltungs GmbH, which were furnished to us were certified by the management and were unaudited.
2. We also did not audit the financial statements of a subsidiary, Oswal Industrial Enterprises Private Limited, reflecting total assets of ₹ 1,609.27 Lac as at 31<sup>st</sup> March, 2014, total revenues of ₹ 3,138.22 Lac and total cash flow of (₹ 35.43) Lac for the year then ended which have been audited by other auditors whose report have been furnished to us by the management and our opinion is based solely on the report of the other auditor.
3. Our opinion is not qualified in respect of these matters.

**Emphasis of matter**

In the case of one of the subsidiary audited by us, the accumulated losses of ₹ 11,339 lac has eroded 93% of the subsidiary's share capital. These conditions raise doubt about the subsidiary's ability to continue as a going concern. Subsidiary's Management plans in regard to this are also described in Note. 2(v). The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties and also do not include any adjustments relating to the recoverability and classification of assets carrying amounts or the amount and classification of liabilities that might be necessary should the company be unable to continue as a going concern.

**For S.S. Kothari Mehta & Co.**  
Chartered Accountants  
Firm Regn. No. 000756N

Sd/-  
**Sunil Wahal**  
Partner

Place : Ludhiana  
Date : 30<sup>th</sup> May, 2014

Membership No. 087294

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014**

Particulars	Note No.	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	3	1,985.24	1,787.75
(b) Reserves and Surplus	4	2,260.82	1,988.35
(c) Preference Capital held by others		1,220.75	720.75
(d) Share Application/Warrant money pending Allotment	5	985.00	279.25
<b>Total Shareholders' Fund</b>		<b>6,451.81</b>	<b>4,776.10</b>
<b>2. Minority Interest</b>		-	-
<b>3. Non - Current Liabilities</b>			
(a) Long-Term Borrowings	6	36,465.09	42,879.88
(b) Deferred Tax Liabilities	7	-	-
(c) Long-Term Provisions	8	590.56	321.98
<b>Total Non - Current Liabilities</b>		<b>37,055.65</b>	<b>43,201.86</b>
<b>4. Current Liabilities</b>			
(a) Short-Term Borrowings	9	13,909.88	10,643.63
(b) Trade Payable	10	9,334.44	8,201.95
(c) Other Current Liabilities	11	15,217.20	14,501.96
(d) Short-Term Provisions	8	357.56	1,007.78
<b>Total Current Liabilities</b>		<b>38,819.08</b>	<b>34,355.32</b>
<b>Total Equity and Liabilities</b>		<b>82,326.54</b>	<b>82,333.28</b>
<b>II. ASSETS</b>			
<b>1. Non - Current Assets</b>			
(a) Fixed Assets			
Tangible Assets	12	42,156.02	44,579.50
Intangible Assets	12	1,198.81	1,442.46
Capital Work-in-Progress		799.93	1,415.76
(b) Non-Current Investments	13	0.53	0.53
(c) Deferred Tax Assets (Net)	7	1,821.41	1,676.13
(d) Long-Term Loans and Advances	14	1,030.72	1,114.79
(e) Other Non-Current Assets	17	382.52	316.68
<b>Total Non - Current Assets</b>		<b>47,389.94</b>	<b>50,545.85</b>
<b>2. Goodwill on Consolidation</b>		<b>5,666.69</b>	<b>5,666.69</b>
<b>3. Current Assets</b>			
(a) Current Investments	13	813.29	264.99
(b) Inventories	15	10,544.61	7,448.14
(c) Trade Receivables	16	9,495.52	9,667.82
(d) Cash and Bank Balances	17	1,425.55	2,674.22
(e) Short-Term Loans and Advances	14	6,990.94	6,065.57
<b>Total Current Assets</b>		<b>29,269.91</b>	<b>26,120.74</b>
<b>Total Assets</b>		<b>82,326.54</b>	<b>82,333.28</b>
<b>Significant Accounting Policies</b>	2		

The accompanying notes form an integral part of the financial statements

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

FOR AND ON BEHALF OF THE BOARD OF VARDHMAN POLYTEX LIMITED

Sd/-  
**Sunil Wahal**  
Partner  
M. No. 087294

Sd/-  
**Parvinder Singh**  
Chief Financial Officer

Sd/-  
**Sushil Sharma**  
Company Secretary

Sd/-  
**Ajay Chaudhry**  
Director

Sd/-  
**Ashok Kumar Oswal**  
Chairman & Managing Director

Place : Ludhiana  
Date : 30<sup>th</sup> May, 2014

# Vardhmān Polytex Limited - Consolidated

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Note No.	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
<b>I. REVENUE</b>			
(a) Revenue from Operations	18	1,05,356.93	94,277.09
Less: Excise Duty		0.63	1.62
(b) Other Income	19	2,425.35	1,342.00
<b>Total Revenue</b>		<b>1,07,781.65</b>	<b>95,617.47</b>
<b>II. EXPENSES</b>			
(a) Cost of Material Consumed	20	67,739.63	56,545.04
(b) Purchase of Stock-in-Trade	21(a)	2,757.64	5,545.70
(c) Changes in Inventories	21	(1,580.78)	(1,244.31)
(d) Employee Benefit Expenses	22	6,915.00	5,994.98
(e) Finance Costs	23	8,353.81	7,302.68
(f) Depreciation and Amortization Expenses	24	4,829.31	5,221.66
(g) Other Expenses	25	19,559.11	17,551.48
<b>Total Expenses</b>		<b>1,08,573.72</b>	<b>96,917.23</b>
<b>III. Profit/(Loss) before Tax (I-II)</b>		<b>(792.07)</b>	<b>(1,299.76)</b>
<b>IV. Tax Expenses</b>			
a) Current Tax		1.16	–
b) Deferred Tax	7	(145.28)	(385.28)
c) Previous year Adjustment		–	(236.95)
<b>V. Profit/(Loss) after Tax (III-IV)</b>		<b>(647.95)</b>	<b>(677.53)</b>
Less: Minority interest in income of subsidiaries		–	(181.48)
Income attributable to consolidated group		(647.95)	(496.05)
Less: Transfer to goodwill against pre-acquisition losses		–	–
Amount transfer to Balance Sheet		(647.95)	(496.05)
<b>VI. Earnings per Equity Share</b> (Par value of ₹ 10/-each)	26		
1) Basic (in ₹)		(3.52)	(3.05)
2) Diluted (in ₹)		(3.10)	(3.05)
<b>Significant Accounting Policies</b>	2		

### The accompanying notes form an integral part of the financial statements

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

FOR AND ON BEHALF OF THE BOARD OF VARDHMAN POLYTEX LIMITED

Sd/-  
**Sunil Wahal**  
Partner  
M. No. 087294

Sd/-  
**Parvinder Singh**  
Chief Financial Officer

Sd/-  
**Sushil Sharma**  
Company Secretary

Sd/-  
**Ajay Chaudhry**  
Director

Sd/-  
**Ashok Kumar Oswal**  
Chairman & Managing Director

Place : Ludhiana  
Date : 30<sup>th</sup> May, 2014

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
<b>I) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before Tax	(792.07)	(1,299.76)
<b>Add:</b> Depreciation	4,829.31	5,221.66
Interest Paid	8,353.81	7,302.68
Net Loss on fixed assets sold / discarded	58.89	3.04
Foreign Currency Monetary Item Translation difference	8.88	592.92
Tax Paid	-	-
Sundry Balance written off	177.99	88.78
<b>Less:</b> Dividend Received	4.74	7.77
Net Profit on fixed assets sold/discarded	230.42	376.27
Net Profit on investment sold	1,238.23	0.04
Interest Received	258.30	201.52
Income Recognised	26.99	-
Sundry Balance written back	47.14	175.30
<b>Operating Profit before Working Capital Changes</b>	<b>10,830.99</b>	<b>11,148.42</b>
<b>Working Capital Changes</b>		
Trade Receivables	172.31	(3,334.94)
Inventories	(3,096.48)	(2,341.70)
Loans & Advances / other Current Assets	(1,633.41)	(906.84)
Liabilities and Provisions	810.42	4,444.75
<b>Net Cash from Operating Activities</b>	<b>7,083.83</b>	<b>9,009.69</b>
<b>II) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition in Fixed Assets (Net)	(1,546.37)	(894.80)
Sale of Fixed Assets	171.53	513.67
Dividend/Interest Received	263.04	207.17
Sale of Investments	-	0.04
<b>Net Cash from / (used in) Investing Activities</b>	<b>(1,111.80)</b>	<b>(173.92)</b>
<b>III) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term Borrowings - Term Loans (Net of repayments)	(5,176.57)	8,181.20
Short Term Borrowings (Working Capital)	3,266.26	(9,482.68)
Issue of Share Capital	2,341.77	2,050.71
Interest Paid	(7,652.16)	(7,787.85)
<b>Net Cash from/ (used in) Financing Activities</b>	<b>(7,220.70)</b>	<b>(7,038.62)</b>
<b>INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS</b>	<b>(1,248.67)</b>	<b>1,797.15</b>
Opening Cash or cash equivalents	2,674.22	877.07
Closing Cash or cash equivalents	1,425.55	2,674.22

**Notes:** The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements".

As per our report of even date

**For S.S. Kothari Mehta & Co.**

Chartered Accountants

Firm Reg. No:- 000756N

**FOR AND ON BEHALF OF THE BOARD OF VARDHMAN POLYTEX LIMITED**

Sd/-

**Sunil Wahal**

Partner

M. No. 087294

Sd/-

**Parvinder Singh**

Chief Financial Officer

Sd/-

**Sushil Sharma**

Company Secretary

Sd/-

**Ajay Chaudhry**

Director

Sd/-

**Ashok Kumar Oswal**

Chairman & Managing Director

Place : Ludhiana

Date : 30<sup>th</sup> May, 2014

## Consolidated Financial Statements- Notes forming part of the Financial Statements

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

#### 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Vardhman Polytex Limited has prepared Consolidated Financial Statement by consolidating its accounts with those of its following subsidiaries as on 31.03.2014, in accordance with Accounting Standard AS-21 (Consolidated Financial Statements) notified by Companies (Accounting Standards) Rules, 2006.

Name of Subsidiaries	Country of Incorporation	% Shareholding/Voting Power as on 31 <sup>st</sup> March, 2014
Oswal F.M. Hämmerle Textiles Ltd	India	82.76%
Oswal Industrial Enterprise Pvt. Ltd (Formerly : Oswal Retail Pvt. Ltd)	India	100.00%
F. M. Hämmerle Verwaltungs GmbH	Austria	100.00%

2. i) The Financial Statements of parent company and its subsidiaries have been consolidated on line by line basis by adding together book value of like items of assets, liabilities, income and expenses after eliminating intra group balances and intra-group transactions.
- ii) Foreign Subsidiary - Operations of Foreign Subsidiary has been considered by Management as non integral; thus items of the assets and liabilities both monetary and non-monetary, have been translated at the exchange rates prevailing at the end of the year and items of income and expenses have been translated at the average rate prevailing during the period. Resulting exchange difference arising on translation of said items have been transferred to Foreign Currency Translation Reserve account.
- iii) Since Foreign Subsidiary is in same line of business which function in different regulatory environment, certain policies such as in respect of reinstatement of forex liabilities are different from the policies followed by the Holding Company. The notes on accounts and policies followed by subsidiary and holding company are disclosed in their respective Financial Statements.
- iv) Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in the line with parent company's financial statements.
- v) Going Concern:-  
In view of continuous losses suffered by one of the subsidiary, the subsidiary company's accumulated losses stand at ₹ 11,339 lacs which has eroded 93% of the of share capital of the subsidiary. The subsidiary company has got a techno economic viability done by a consultant a multi- disciplinary management, engineering and development consultancy company. The Consultant has given a conclusion that the subsidiary company can become viable with increased level of operations however additional working capital and corporate loan equivalent to next three years repayment needs to be provided to rightly align the cash flows from operations with debt servicing obligations and overall achievable business plan. Considering the above the management of the subsidiary company has applied to its lead bankers for restructuring of its debts and the subsidiary company is hopeful that it will be able to restructure its entire debt. The financial statements of the subsidiary have, therefore, been prepared on a going concern basis.

#### 3. SHARE CAPITAL

Particulars	As at 31.03.2014		As at 31.03.2013	
	Number	Amount ₹ lac	Number	Amount ₹ lac
<b>Authorised</b>				
7,00,00,000 (Previous year 7,00,00,000) Equity Shares of ₹ 10/- each	7,00,00,000	7,000.00	7,00,00,000	7,000.00
<b>TOTAL</b>	7,00,00,000	7,000.00	7,00,00,000	7,000.00
<b>Issued, Subscribed and Fully Paid-up</b>				
1,98,17,957 (Previous year 1,78,42,957) Equity Shares of ₹ 10 each	1,98,17,957	1,981.79	1,98,17,957	1,784.30
Forfeited Shares	-	3.45	-	3.45
<b>TOTAL</b>	1,98,17,957	1,985.24	1,98,17,957	1,787.75

#### 3.1 Reconciliation of the Equity Shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31.03. 2014		As at 31.03.2013	
	No. of Shares	₹ lac	No. of Shares	₹ lac
<b>Equity Shares</b>				
At the beginning of the year	1,78,42,957	1,784.30	1,62,42,957	1,624.30
<b>Add:</b> Shares Issued during the year (Net)	19,75,000	197.50	16,00,000	160.00
Outstanding at the end of the year	1,98,17,957	1,981.80	1,78,42,957	1,784.30

**Note:**

- a) Out of total shares held by promoters & promoters group companies, 1,09,07,202 equity shares (face value of ₹ 10/- each) pledged with National Securities Depository Limited (NSDL) in favour of Canara Bank (lead banker).
- b) Equity shares arising out of conversion of the convertible warrants issued on preferential basis.

**3.2 Terms/rights attached to equity shares**

Company has only one class of equity shares having a par value of ₹ 10/- each. Each share holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by each shareholder. During the year ended 31.03.2014, the amount of dividend recognized as distribution to equity shareholder was ₹ Nil (Previous Year ₹ Nil).

**3.3 Details of shareholders holding more than 5% Shares in the Company**

Particulars	As at 31.03. 2014		As at 31.03.2013	
	No. of Shares	%	No. of Shares	%
<b>Equity Shares</b>				
Panchsheel Textile Mfg. & Trdg. Co. Pvt. Ltd.	44,02,917	22.22	44,02,917	24.68
Alma Assets Consultancy Pvt. Ltd.	43,62,325	22.01	23,87,325	13.38
Swarnim Tie Up Pvt. Ltd.	14,00,000	7.06	14,00,000	7.85

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

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

**4. RESERVES AND SURPLUS**

Particulars	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
<b>Capital Subsidy</b>		
Balances as per last financial statements	263.74	290.72
Less: Transfer to Statement of Profit & Loss	26.99	26.98
Closing balance	236.75	263.74
<b>Capital Redemption Reserve</b>		
Balances as per last financial statements	0.01	0.01
Add: Addition during the year	-	-
Closing balance	0.01	0.01
<b>General Reserve</b>		
Balances as per last financial statements	10,366.21	10,366.21
Add: Addition during the year	-	-
Closing balance	10,366.21	10,366.21
<b>Amalgamation Reserve</b>		
Balances as per last financial statements	45.00	45.00
Add: Addition during the year	-	-
Closing balance	45.00	45.00
<b>Foreign Currency Translation Reserve</b>		
Balances as per last financial statements	(2.25)	0.30
Add: Addition during the year	8.89	(2.55)
Closing balance	6.64	(2.25)
<b>Security Premium Reserve</b>		
Balances as per last financial statements	5,679.69	5,113.56
Add: Addition during the year	938.52	890.72
Less: Utilized against premium/coupon on FCCB	-	324.59
Closing balance	6,618.21	5,679.69
<b>Surplus/(deficit) balance in the Statement of Profit and Loss</b>		
Balance as per last financial statements	(14,364.05)	(13,868.00)
Less: Amount transferred from Statement of Profit and Loss	647.95	496.05
Closing balance	(15,012.00)	(14,364.05)
<b>TOTAL</b>	<b>2,260.82</b>	<b>1,988.35</b>



# Vardhmān Polytex Limited - Consolidated

## 5. SHARE APPLICATION/WARRANT MONEY PENDING ALLOTMENT

Terms and conditions	<p>a) The holders of each warrant will be entitled and having option to apply for and obtain allotment of one equity share of face value of ₹ 10/- each of the Company against each warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, in one or more trenches. At the time of exercise of entitlement, the warrant holders shall pay the balance of the consideration towards the subscription to each equity share. The amount so paid will be adjusted/ set-off against the issue price of the resultant equity shares. If the entitlement against the warrants to apply for the equity shares is not exercised within the aforesaid period, the entitlement of the warrant holders to apply for equity shares of the Company along with rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.</p> <p>b) The warrant holders shall hold equal rights in respect of future bonus and right issue, if any declared by the company in the same proportion and manner with any other shareholder of the Company.</p> <p>c) The equity shares issued upon the conversion of warrants shall rank pari passu in all respects including with respect to dividend, with the then fully paid up equity shares of the Company, subject however to the provisions of the Memorandum and Articles of Association of the Company.</p> <p>d) The warrant(s) by itself until converted into equity shares, does not give to the holder hereof any rights with respect to that of a shareholder of the Company except as specified above.</p> <p>e) The warrants and equity shares shall be subject to lock-in for a period as prescribed under SEBI (ICDR) Regulations, 2009 (including any amendments thereto or re-enactment thereof).</p>
Number of shares proposed to be issued	24,73,000 warrants optionally convertible into equal numbers of equity shares face value of ₹ 10/- at a premium of ₹ 45/- per share
Amount of premium	₹ 1,112.85 lac
The Period before which shares to be allotted	The allotment of the warrants shall be completed within the prescribed period of 15 days from date of the passing of the resolution by the shareholders provided that in case, the allotment of warrants is pending on account of the pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of the receipt of such approval.
Whether the company has sufficient authorized share capital to cover the share capital amount on allotment of shares out of share application money	Yes
Interest accrued on amount due for refund	NIL
The period for which the share application money has been pending beyond the period for allotment as mentioned in the share application form along with the reasons for such share application money being pending	Not applicable

## 6. LONG TERM BORROWINGS

Particulars	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
<b>Secured Loans</b>		
<b>Term Loans</b>		
Rupee Loan from Banks	29,262.77	30,710.54
Rupee Loan from others	697.76	713.42
Funded Interest Term Loan	3,600.69	4,229.94
Working Capital Term Loan (I)	3,307.23	6,543.55
Working Capital Term Loan (II)	6,246.20	6,413.52
Vehicle Loan	129.24	241.92
<b>Unsecured Loans</b>		
Foreign Currency Convertible Bonds	2,396.40	4,613.80
From others	500.00	500.00
Fixed Deposits from Public*	4.95	59.06
<b>TOTAL</b>	<b>46,145.24</b>	<b>54,025.75</b>
Less: Current maturities amount disclosed under other Current Liabilities (refer note : 11)	9,680.15	11,145.87
<b>TOTAL</b>	<b>36,465.09</b>	<b>42,879.88</b>

\*FDR from Public includes deposits from directors ₹ Nil (Previous year ₹ 6.50 lac).

**a) Terms of repayment / detail of securities of Holding Company are as follow :**

Rupee Term Loan from Banks		(₹ lac)												
Particulars	Rate of Interest % P.A.	No. of instalments	O/s as at 31.03.2014	O/s as at 31.03.2013	Annual Repayment Schedule									
					2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Rupee Term Loan	11.00%	35 Qly	17,299.11	17,422.87	1,419.91	1,419.53	1,596.65	2,249.54	2,504.63	2,858.86	3,213.09	2,036.91		
Working Capital Term Loan – I	11.00%	1	3,307.23	6,543.55	3,307.23	-	-	-	-	-	-	-	-	-
Working Capital Term Loan – II	11.00%	35 Qly	6,246.20	6,413.52	450.91	450.87	515.28	772.92	901.74	1,030.56	1,159.38	964.54		
Funded Interest Term Loan	11.00%	20 Qly	3,600.69	4,229.94	1,133.82	1,228.31	1,150.67	87.89	-	-	-	-	-	-
<b>TOTAL</b>			<b>30,453.23</b>	<b>34,609.88</b>	<b>6,311.87</b>	<b>3,098.71</b>	<b>3,262.60</b>	<b>3,110.34</b>	<b>3,406.37</b>	<b>3,889.42</b>	<b>4,372.47</b>	<b>3,001.45</b>		
Rupee Term Loan from others		(₹ lac)												
Lending Institution	Rate of Interest % P.A.	No. of instalments	O/s as at 31.03.2014	O/s as at 31.03.2013	Annual Repayment Schedule									
					2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Religare Finvest Ltd	15.75%	95 Monthly	444.63	446.46	22.42	26.10	30.36	35.32	41.11	47.84	55.66	64.77	75.37	45.68
Religare Finvest Ltd.	15.50%	95 Monthly	253.13	266.96	18.34	21.29	24.71	28.68	33.30	38.65	44.86	43.30	-	-
<b>TOTAL</b>			<b>697.76</b>	<b>713.42</b>	<b>40.76</b>	<b>47.39</b>	<b>55.07</b>	<b>64.00</b>	<b>74.41</b>	<b>86.49</b>	<b>100.52</b>	<b>108.07</b>	<b>75.37</b>	<b>45.68</b>
Vehicle Loan		(₹ lac)												
Lending Institution	Rate of Interest % P.A.	No of installment	O/s as at 31.03.2014	O/s as at 31.03.2013	Annual Repayment Schedule									
					2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
HDFC Bank	10.00%	31 Monthly	15.63	69.92	5.58	6.16	3.89	-	-	-	-	-	-	-
ICICI Bank	10.50%	11 Monthly	5.68	41.30	5.68	-	-	-	-	-	-	-	-	-
Axis Bank	11.00%	09 Monthly	14.51	33.28	14.51	-	-	-	-	-	-	-	-	-
Canara Bank	10.70%	60 Monthly	17.35	-	2.77	3.08	3.43	3.81	4.26	4.71	5.16	5.61	6.06	6.51
<b>TOTAL</b>			<b>53.17</b>	<b>144.50</b>	<b>28.54</b>	<b>9.24</b>	<b>7.32</b>	<b>3.81</b>	<b>4.26</b>	<b>4.71</b>	<b>5.16</b>	<b>5.61</b>	<b>6.06</b>	<b>6.51</b>

**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.
- Term Loan from others is guaranteed by promoter company M/s Panchsheel Textile Mfg & Trading Co. Pvt Ltd. along with charge on specific assets.
- All the Term Loans & Working Capital Term Loan from banks are guaranteed by promoter directors & Mrs. Manju Oswal (related party).
- Vehicle loan is secured by way of hypothecation of the vehicle against such loan.

# Vardhman Polytex Limited - Consolidated

The period and amount of default as on the Balance Sheet date are as under: (₹ lac)

	Period of default	Principal	Interest accrued and due	Total	Paid/ Settled	Balance
<b>Secured (Term Loans)</b>						
As at 31.03.2014	From 01.02.2014 to 31.03.2014	269.80	266.00	535.80	–	535.80
<b>Unsecured (FCCB)</b>						
As at 31.03.2014	From 31.12.2013	479.28	88.24	567.52	–	567.52
As at 31.03.2013	From 18.02.2013	4,613.80	849.40	5,463.20	5,463.20	–

Refer Note No. 40

Note:

The Company has signed settlement agreement with Foreign Currency Convertible Bond holders of principal value of USD 85,00,000 (₹ 4,613.80 lac) worth of bonds and redemption premium of USD 15,64,850 (₹ 849.40 lac) aggregating the total of USD 1,00,64,850 (₹ 5,463.20 lac). Under the settlement agreement, the final amount including redemption premium has been settled at USD 51,71,513 which is payable in instalment up to year 2016. Out of the final settled amount of USD 51,71,513 the company in the current financial year has paid an amount of USD 26,07,823 (equivalent value bonds surrendered to the company) and accordingly an amount of USD 27,20,627 has been written back in the books of accounts. The Axis Bank bond holders reserves the right to exit the settlement agreement on the balance amount of USD 32,00,000 if there is reasonable ground for it to conclude (at its own discretion) that the Company may not fulfil its obligation and retains its rights to recompense.

Profit on write back of bonds has recognized under the head "Other income".

b) Terms of repayment / detail of securities of subsidiary companies are as follow:- (₹ lac)

Lending institution/banks	Rate of interest % p.a.	No of instalments/ payment	O/s as on 31.03.2014	O/s as on 31.03.2013	Annual Repayment Schedule					
					2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
State Bank of India	11.40%	28/Qtrly	5,803.12	6,445.26	801.85	722.00	722.00	1292.00	1292.00	973.27
State Bank of Patiala	11.40%	28/Qtrly	4,167.35	4,605.34	601.65	481.32	481.32	861.01	861.01	881.04
State Bank of Mysore	11.40%	28/Qtrly	1,993.19	2,237.07	275.98	240.68	240.68	430.32	430.32	375.21
Vehicle Loan			76.07	97.42	36.76	37.46	1.85	–	–	–
<b>TOTAL</b>			<b>12,039.73</b>	<b>13,385.09</b>	<b>1,716.24</b>	<b>1,481.46</b>	<b>1,445.85</b>	<b>2,583.33</b>	<b>2,583.33</b>	<b>2,229.52</b>

- Term loans from Financial Institutions and Banks as stated above are secured by way of joint equitable mortgage of all the immovable properties (present and future) of the company ranking pari-passu basis and hypothecation of all movable assets of the company (except book debts).
- Corporate Guarantee has been given by Vardhman Polytex Limited, Holding Company.
- Personal Guarantee has been given by Promoters - Mr. Ashok Kumar Oswal & Mr. Adish Oswal.
- Collateral Security of Residential flat situated at Vasant Vihar, Delhi held in the name of Mr. Ashok Kumar Oswal.
- Vehicle loan is secured by way of hypothecation of the vehicle acquired against such loan.
- 2,28,16,018 shares held by the holding company in one of the subsidiary company is pledged in favour of State Bank of India (lead bank of OFMH) in dematerialization form.

The period and amount of default as on the balance sheet date are as under: (₹ lac)

Period of default (Secured)	Principal	Interest accrued and due	Total	Paid	Balance
01.01.13 to 31.03.14	235.48	258.49	493.96	–	493.96
01.01.12 to 31.03.13	115.50	219.64	335.14	335.14	–

## 7. DEFERRED TAX (NET)

Particulars	As at 31.03.2014 ₹ lac	Charge / (credit) during the year ₹ lac	As at 31.03.2013 ₹ lac
<b>Deferred Tax Liabilities</b>			
Arising on account of Timing Difference :			
Accumulated Depreciation	2,659.81	(61.67)	2,721.48
<b>Deferred Tax Assets</b>			
Arising on account of Timing Difference :			
Unabsorbed Depreciation / Losses and Sec- 43B items	(4,481.22)	(83.61)	(4,397.61)
<b>Net Deferred Tax Liability/ (Assets)</b>	<b>(1,821.41)</b>	<b>(145.28)</b>	<b>(1,676.13)</b>

In subsidiary companies deferred tax assets on account of unabsorbed depreciation/losses as per income tax computation are much higher than the deferred tax liability. In view of absence of virtual certainty of profits in the near future deferred tax assets on account of unabsorbed depreciation have been restricted to the extent of deferred tax liability and those on account of unabsorbed losses have not been recognized at all.

### 8. PROVISIONS

Particulars	Long-term		Short-term	
	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
Premium on Redemption of FCCB	242.65	–	198.53	849.40
Employee related benefits	347.91	321.98	159.03	158.38
<b>TOTAL</b>	<b>590.56</b>	<b>321.98</b>	<b>357.56</b>	<b>1,007.78</b>

### 9. SHORT TERM BORROWINGS

Particulars	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
<b>Secured</b>		
Loans repayable on demand		
-Working Capital Loans from Banks	13,893.20	7,655.12
<b>Unsecured</b>		
-Letter of Credit/Sale Bill discounting with the Banks/FIs	–	2,773.69
-Bill Discounting from others	–	200.93
-Others	16.68	13.89
<b>TOTAL</b>	<b>13,909.88</b>	<b>10,643.63</b>

- a) Working Capital Loans from Banks are secured by hypothecation of all stocks, present and future of stores, spare parts, packing materials, raw materials, finished goods, goods in transit / process, book debts, outstanding monies receivable, claims, bills etc. and second charge by way of joint equitable mortgage of immovable properties of the Company.
- b) Personal Guarantee has been given by Promoters Directors & Mrs. Manju Oswal (related party).
- c) Corporate Guarantee has been given by M/s Vardhman Polytex Limited, Holding Company for loan facility availed by the Subsidiary Company.
- d) Collateral Security of Residential flat situated at Vasant Vihar, Delhi held in the name of Mr. Ashok Kumar Oswal.

### 10. TRADE PAYABLES

Particulars	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
Payable to Micro, Small & Medium Enterprises (MSME)	–	–
Payable to other than MSME	8,741.20	8,170.55
Trade Deposits & Advances	593.24	31.40
<b>TOTAL</b>	<b>9,334.44</b>	<b>8,201.95</b>

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

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## 11. OTHER CURRENT LIABILITIES

Particulars	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
Current maturities of Long-term Borrowings (note no.- 6)	9,680.15	11,145.87
Interest Accrued and due on borrowings	1,044.57	325.81
Interest Accrued but not due	1.65	18.77
Creditor for Service & Contracts	240.60	128.40
Payable to Related Parties*	–	70.00
Security Deposits	97.72	151.87
Unclaimed Dividend**	7.59	12.65
Payable to Capital Goods Suppliers	97.42	–
Other Payables	–	–
Employees Related	764.55	647.30
Statutory Dues	204.20	200.39
Trade Expenses	1,262.27	671.47
Share Application Money (Pending allotment, Preference Capital held by others)	–	220.75
Others	1,816.48	908.68
<b>TOTAL</b>	<b>15,217.20</b>	<b>14,501.96</b>

### Note:

\* The payable to related party in the previous year has been converted in the current year to equity share capital.

\*\* Investors Education and Protection Fund under Section 205C of Companies Act, 1956 will be credited by unclaimed dividend amount expiring on seven years from the dividend declaration, the amount is not due at the year end.

## 12. FIXED ASSETS

### a) For the year ended 31.03.2014

Particulars	Tangible assets							Intangible assets			Total Assets	
	Leasehold Land	Free hold Land	Building	Plant & Machinery	Other Equipment	Furniture & Fixtures	Vehicles	Total	Software (Bought out)	Trade Mark (Bought out)		Total
	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac		₹ lac
<b>Gross Carrying Value</b>												
As at 01.04.2013	467.18	1,691.92	19,029.69	54,030.18	161.22	461.25	778.74	76,620.18	522.29	2,629.04	3,151.33	79,771.51
Additions	–	69.31	417.55	1,927.77	10.76	4.17	70.79	2,500.35	3.80	27.96	31.76	2,532.11
Disposals	36.30	11.02	254.71	975.82	0.41	–	75.59	1,353.85	–	–	–	1,353.85
As at 31.03.2014	<b>430.88</b>	<b>1,750.21</b>	<b>19,192.53</b>	<b>54,982.13</b>	<b>171.57</b>	<b>465.42</b>	<b>773.94</b>	<b>77,766.68</b>	<b>526.09</b>	<b>2,657.00</b>	<b>3,183.09</b>	<b>80,949.77</b>
<b>Depreciation/Amortization</b>												
As at 01.04.2013	17.39	–	3,305.51	28,171.45	60.39	214.20	271.73	32,040.67	429.89	1,278.98	1,708.87	33,749.54
Charge for the year	2.48	–	562.54	3,891.48	8.08	23.43	65.89	4,553.90	25.89	249.52	275.41	4,829.31
Disposals	–	–	166.08	761.97	0.02	–	55.84	983.91	–	–	–	983.91
As at 31.03.2014	<b>19.87</b>	<b>–</b>	<b>3,701.97</b>	<b>31,300.96</b>	<b>68.45</b>	<b>237.63</b>	<b>281.78</b>	<b>35,610.66</b>	<b>455.78</b>	<b>1,528.50</b>	<b>1,984.28</b>	<b>37,594.94</b>
<b>Net Carrying Value</b>												
As at 31.03.2014	<b>411.01</b>	<b>1,750.21</b>	<b>15,490.56</b>	<b>23,681.17</b>	<b>103.12</b>	<b>227.79</b>	<b>492.16</b>	<b>42,156.02</b>	<b>70.31</b>	<b>1,128.50</b>	<b>1,198.81</b>	<b>43,354.83</b>

b) For the year ended 31.03.2013

Particulars	Tangible Assets							Intangible Assets			Total Assets	
	Leasehold Land	Free hold Land	Building	Plant & Machinery	Other Equipment	Furniture & Fixtures	Vehicles	Total	Software (Bought out)	Trade Mark (Bought out)		Total
	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac	₹ lac		₹ lac
<b>Gross Carrying Value</b>												
As at 01.04.2012	467.18	1,637.08	18,785.80	53,777.71	152.31	449.94	659.31	75,929.33	520.91	2,626.46	3,147.37	79,076.70
Additions	–	58.21	243.89	1,187.54	8.91	11.31	122.80	1,632.66	1.38	2.58	3.96	1,636.62
Disposals	–	3.38	–	935.07	–	–	3.37	941.82	–	–	–	941.82
As at 31.03.2013	467.18	1,691.91	19,029.69	54,030.18	161.22	461.25	778.74	76,620.17	522.29	2,629.04	3,151.33	79,771.50
<b>Depreciation/Amortization</b>												
As at 01.04.2012	14.91	–	2,749.30	24,725.07	51.56	189.16	215.54	27,945.54	352.94	1,030.81	1,383.75	29,329.29
Charge for the year	2.48	–	556.21	4,244.57	8.83	25.04	59.41	4,896.54	76.95	248.17	325.12	5,221.66
Disposals	–	–	–	798.19	–	–	3.22	801.41	–	–	–	801.41
As at 31.03.2013	17.39	–	3,305.51	28,171.45	60.39	214.20	271.73	32,040.67	429.89	1,278.98	1,708.87	33,749.54
<b>Net Carrying Value</b>												
As at 31.03.2013	449.79	1,691.91	15,724.18	25,858.73	100.83	247.05	507.01	44,579.50	92.40	1,350.06	1,442.46	46,021.96

- The Freehold Land cost is net of subsidy ₹ 16.20 lac (Previous year ₹ 16.20 lac) received from the State Government. Land includes ₹ 760.33 lac (Previous year ₹ 760.33 lac) purchased at Nalagarh & Ludhiana, pending transfer of title in favour of the Company.
- The Leasehold Land includes ₹ 136.77 lac (Previous year ₹ 173.07 lac) is forfeited by Maharashtra Industrial Development Corporation (MIDC), due to non compliance of the terms of allotment. Leasehold Land was allotted for a period of 95 years from MIDC, Kolhapur, Maharashtra.
- Building includes ₹ 359.78 lac (Previous year ₹ 359.78 lac) being cost of industrial shed at focal point, Ludhiana pending conveyancing in favour of the Company.

13. INVESTMENTS

Particulars	As at 31.03.2014 ₹ lac	As at 31.03.2013 ₹ lac
<b>Non-Current Investments</b>		
Other Investment (valued at cost, except for permanent diminution in value)		
<b>Unquoted - Investment in others</b>		
<b>VKM Colour Spin Limited</b>		
250 (Previous year 250) Equity Shares of ₹ 10/- each fully paid	0.03	0.03
<b>Deluxe Fabrics Limited</b>		
5,000 (Previous year 5,000) Equity Shares of ₹ 10/- each fully paid	0.50	0.50
<b>TOTAL</b>	<b>0.53</b>	<b>0.53</b>
<b>Current Investments</b>		
Other investments (valued at lower of cost and net realizable value)		
<b>Unquoted - Investment in others</b>		
Investments in Equity Instruments	743.74	173.00
(Share application money pending allotment)		
6,955 (Previous year 9,199) of IL & FS Milestone Fund of ₹ 1,000/- each	69.55	91.99
<b>TOTAL</b>	<b>813.29</b>	<b>264.99</b>
<b>GROSS TOTAL</b>	<b>813.82</b>	<b>265.52</b>
Aggregate amount of unquoted investments	813.82	265.52



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## 14. LOANS & ADVANCES

Particulars	Long-term		Short-term	
	As on 31.03.2014 ₹ lac	As on 31.03.2013 ₹ lac	As on 31.03.2014 ₹ lac	As on 31.03.2013 ₹ lac
<b>Unsecured, considered good unless stated other wise</b>				
Security deposits	492.70	408.78	–	–
Advances for Goods / Services	–	–	–	–
Unsecured, considered good	–	–	1,503.35	1,450.15
Balances with Statutory Authorities	–	–	1,535.25	1,247.29
Prepaid Expenses	–	–	289.55	307.60
Interest Receivable (including TUFF Subsidy)	–	–	669.16	696.68
Direct Taxes Refundable net of provisions ₹ 1,477.24 lac (Previous year ₹ 1,477.24 lac)	16.02	13.81	403.94	401.38
Export Incentive Receivable	–	–	1,129.90	491.25
Capital Advance	522.00	692.20	180.00	–
Other Receivables	–	–	1,279.79	1,471.22
<b>TOTAL</b>	<b>1,030.72</b>	<b>1,114.79</b>	<b>6,990.94</b>	<b>6,065.57</b>

- Based on legal advice, discussions with the solicitors, etc. the management believes that there are fair chances of decisions in the Company's favour in respect of all the items listed above and no value adjustment is considered necessary.
- Direct taxes refundable represent amounts recoverable from the Income Tax Department for various assessment years. In respect of disputed demands, Company has filed appeals which are pending at various levels and the Company is hopeful of getting the desired reliefs at various forums. Necessary value adjustments shall be made on final settlement by the department.
- Provision for Income Tax for earlier years has been made based on the Tax Liability calculated at prevalent rates.
- Balance with Statutory Authorities include ₹ 188.26 lac (Previous year ₹ 198.32 lac) being amount of ESI, Excise Duty, Sales Tax, PSEB Deposited under protest. No provision has been made in accounts in respect thereof. The same will be made in the year of settlement.

## 15. INVENTORIES (Valued at lower of cost and net realisable value) (As taken, valued and certified by the management)

Particulars	As on 31.03.2014 ₹ lac	As on 31.03.2013 ₹ lac
Raw Materials [Includes material in transit ₹ 72.16 lac; (Previous year ₹ 53.19 lac)]	3,877.23	2,528.02
Work-in-Progress (refer note no. - 21)	2,266.79	1,802.16
Work-in-Progress (Real estate)	63.51	–
Finished Goods (refer note no. - 21)	3,737.14	2,897.68
Stores and Spares [Includes material in transit ₹ 1.89 lac (Previous year ₹ Nil)]	259.72	200.48
Stock-in-Trade	283.84	19.80
Machinery held for disposal	56.38	–
<b>TOTAL</b>	<b>10,544.61</b>	<b>7,448.14</b>

## 16. TRADE RECEIVABLES

Particulars	As on 31.03.2014 ₹ lac	As on 31.03.2013 ₹ lac
<b>Unsecured, considered good unless stated otherwise</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	1,902.05	912.15
Doubtful	337.09	185.79
<b>Less : Provision for doubtful debts</b>	<b>337.09</b>	<b>185.79</b>
<b>TOTAL (A)</b>	<b>1,902.05</b>	<b>912.15</b>

Particulars	As on 31.03.2014 ₹ lac	As on 31.03.2013 ₹ lac
Outstanding for a period Less than six months from the date they are due for payment		
Unsecured, considered good	7,593.47	8,755.67
Doubtful		
<b>TOTAL (B)</b>	<b>7,593.47</b>	<b>8,755.67</b>
<b>TOTAL (A+B)</b>	<b>9,495.52</b>	<b>9,667.82</b>

### 17. CASH AND BANK BALANCES

Particulars	Non-Current		Current	
	As on 31.03.2014 ₹ lac	As on 31.03.2013 ₹ lac	As on 31.03.2014 ₹ lac	As on 31.03.2013 ₹ lac
<b>Cash and cash equivalents</b>				
Cash in hand	-	-	93.71	65.51
Bank balance in current account**	-	-	468.80	1,403.74
Bank balance in Fixed Deposit Account with maturity of up to three months	-	-	-	-
Cheques in hand	-	-	435.00	228.50
<b>SUB TOTAL</b>	<b>-</b>	<b>-</b>	<b>997.51</b>	<b>1,697.75</b>
<b>Other Bank Balances</b>				
Earmarked balance for unpaid dividend	-	-	7.99	13.04
Fixed deposit*	382.52	316.68	420.05	963.43
<b>SUB TOTAL</b>	<b>382.52</b>	<b>316.68</b>	<b>428.04</b>	<b>976.47</b>
<b>Less: Amount disclosed under the head "other non-current assets"</b>				
	382.52	316.68	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>1,425.55</b>	<b>2,674.22</b>

\* Pledged with Bank against Bank Guarantee to Custom Department and others.

\*\* Includes Bank Balance under escrow for land sale.

### 18. REVENUE FROM OPERATIONS

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Sale of products		
-Grey Yarn	70,300.19	59,471.40
-Dyed Yarn	13,032.34	11,245.46
-Fabric	9,742.08	9,125.87
-Garments	543.89	522.90
-Trading Goods (Textile goods)	2,902.03	6,305.79
-Waste Sales	6,798.38	6,367.44
Sale of Services (Job Work)	305.32	157.29
Other Operating Income (Export Incentives)	1,732.70	1,080.94
<b>TOTAL</b>	<b>105,356.93</b>	<b>94,277.09</b>

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## 19. OTHER INCOME

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Interest Income from Bank Deposits & others	258.30	201.51
Profit from Sale of Investment / Buy back of FCCB liability	1,238.23	0.04
Profit from Sale of Fixed Assets	230.42	376.27
Dividend Income from Current Investment	4.74	7.77
Power Incentives	–	148.11
Provisions no longer required, written back	47.14	148.32
Miscellaneous Income	182.18	350.89
Difference in Exchange Rate	160.88	82.11
Income recognised under Government Grant	26.98	26.98
Rent Received	160.45	–
Profit on Trading Activity (refer note no. 19a)	116.03	–
<b>TOTAL</b>	<b>2,425.35</b>	<b>1,342.00</b>

### a) Trading Activity

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Sales	1,925.27	–
Less: Purchase	1,809.24	–
Profit on Trading Activity	116.03	–

## 20. COST OF MATERIAL CONSUMED

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
<b>Raw Material Consumption</b>		
Cotton	53,761.23	44,119.35
Cotton Yarn	6,374.31	5,896.08
Synthetic Fibre	5,363.11	4,365.97
Dyes & Chemical	2,226.33	2,163.64
Fabric	14.65	–
<b>Cost of Material Consumed</b>	<b>67,739.63</b>	<b>56,545.04</b>

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

### Value of Indigenous & Imported Raw Material Consumption

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
	₹ lac	%	₹ lac	%
Indigenous	67,037.53	98.96	56,390.07	99.73
Imported	702.10	1.04	154.97	0.27
<b>TOTAL</b>	<b>67,739.63</b>	<b>100.00</b>	<b>56,545.04</b>	<b>100.00</b>

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

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
<b>Opening balance of inventories</b>		
Finished goods (including waste)	2,897.68	1,811.77
Work-in-Progress	1,802.16	1,642.71
Trading Goods	7.15	8.20
<b>TOTAL</b>	<b>4,706.99</b>	<b>3,462.68</b>
<b>Closing balance of inventories</b>		
Finished Goods (including waste)	3,737.14	2,897.68
Work-in-Progress	2,266.79	1,802.16
Trading Goods	283.84	7.15
<b>TOTAL</b>	<b>6,287.77</b>	<b>4,706.99</b>
<b>(Increase)/Decrease</b>	<b>(1,580.78)</b>	<b>(1,244.31)</b>

21(a) PURCHASE OF STOCK IN TRADE

Particulars	Opening Stock		Purchase		Sale		Closing Stock	
	Qty	₹ lac	Qty	₹ lac	Qty	₹ lac	Qty	₹ lac
Knitted Fabric (Kg)	-	-	10,61,340.85	2,748.73	9,82,157.30	2,886.84	79,183.55	277.15
Fabric (Pcs)	333.00	1.69	2,090.00	4.75	1,849.00	6.31	574.00	1.93
Garment (Pcs)	10,976.00	5.46	1,877.00	4.16	2,117.00	8.87	10,736.00	4.76
<b>TOTAL</b>	<b>11,309.00</b>	<b>7.15</b>	<b>10,65,307.85</b>	<b>2,757.64</b>	<b>9,86,123.30</b>	<b>2,902.02</b>	<b>90,493.55</b>	<b>283.84</b>

22. EMPLOYEE BENEFITS EXPENSES

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Salaries and wages	6,102.22	5,316.42
Contribution to Provident and other funds	506.12	441.12
Staff Welfare	306.66	237.44
<b>TOTAL</b>	<b>6,915.00</b>	<b>5,994.98</b>

23. FINANCE COSTS

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
<b>Interest Expense</b>		
Term Loans	3,059.37	2,767.92
Working Capital Borrowings	3,494.35	3,028.13
Other Loans	1,499.98	1,355.07
Other Borrowing Costs	300.11	52.05
Fluctuation on Foreign Currency Loan	-	99.51
<b>TOTAL</b>	<b>8,353.81</b>	<b>7,302.68</b>

24. DEPRECIATION AND AMORTIZATION

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Depreciation/Amortization on tangible assets	4,553.90	4,896.53
Amortization on intangible assets	275.41	325.13
<b>TOTAL</b>	<b>4,829.31</b>	<b>5,221.66</b>

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### 25. OTHER EXPENSES

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Consumption of Stores and spare parts	204.05	373.85
Packing Charges	1,270.02	1,158.96
Job/Process Charges	255.89	200.98
Power & Fuel	10,713.54	9,697.47
Repairs and Maintenance		
Plant & machinery	860.73	765.64
Building	41.01	38.81
General	277.34	159.64
Contractual labour	55.00	70.76
Rent	138.87	143.40
Rates and Taxes (excluding Taxes on Income)	87.14	60.72
Insurance Charges	143.11	116.28
Travelling Expenses	396.60	347.72
Legal & Professional Expenses	433.87	273.87
Difference in Exchange Rates (Net)	91.94	493.41
Sundry Balances written off	177.99	88.78
Loss on Sale of Raw Materials	12.56	0.76
Loss on Sale of Fixed Assets	58.89	3.04
Electricity & Water Charges	128.60	95.79
Commission	838.14	656.78
Delivery Expenses	1,964.43	1,497.26
Rebate & Discounts	226.76	368.21
Provision for Doubtful Debts	149.84	-
Cost of Samples	178.81	188.13
Advertisement Cost	7.83	58.50
Bank Charges	397.00	280.15
Miscellaneous Expenses (see note below)	449.15	412.57
<b>TOTAL</b>	<b>19,559.11</b>	<b>17,551.48</b>

**Note:** Miscellaneous Expenses include the following

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
<b>As Auditor:</b>		
-Statutory Audit	10.29	5.41
-Tax Audit	2.35	1.77
-Other Services	2.15	1.78
-Reimbursement of Expenses	2.72	1.76
<b>TOTAL</b>	<b>17.51</b>	<b>10.72</b>

#### Value of Indigenous & Imported stores & Spares Consumption

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
	₹ lac	%	₹ lac	%
Indigenous	903.73	73.21	1,037.07	87.55
Imported	330.77	26.79	147.43	12.45
<b>TOTAL</b>	<b>1,234.50</b>	<b>100.00</b>	<b>1,184.50</b>	<b>100.00</b>

**26. EARNING PER SHARE**

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>The basic and diluted Earning Per Share is as under:</b>		
Net Loss after Tax (₹ lac)	(647.95)	(496.05)
Weighted average no. of Equity Shares outstanding *	1,84,26,962	1,62,51,724
Nominal Value of Per Equity Share (₹)	10.00	10.00
Basic Earnings Per Share (₹)	(3.52)	(3.05)
Diluted Earnings Per Share (₹)	(3.10)	(3.05)

\*There are 24,73,000 dilutive Potential Equity Shares on account of Share Application/Warrant money pending for allotment.

**27. MINORITY INTEREST**

Accumulated losses attributable to the minority are in excess of their minority interest. The excess, and any further losses applicable to the minority, are adjusted against the majority interest except to the extent that the minority has a binding obligation to, and is able to make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

**28. CONTINGENT LIABILITIES**

Particulars	As on 31.03.2014 ₹ lac	As on 31.03.2013 ₹ lac
a) Claims against the Company not acknowledged as debts	477.52	477.61
b) Bills discounted with bankers	6,463.35	7,405.47
c) Income Tax demands under appeal	783.55	196.30
d) Letter of credit & bank guarantee issued	98.53	8.53
e) Liability on EPCG license pending export	1,789.79	3,354.15
f) Subordination letter for not to withdraw the loan from foreign subsidiary until negative equity situation reverses	237.33	237.33
g) Corporate guarantee given on behalf of subsidiary company "OFMH" pursuant to scheme of CDR	8,233.00	8,233.00
h) Demand of PSEB for voltage surcharge and DSA	256.24	256.24

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

**29. OBLIGATIONS AND COMMITMENTS OUTSTANDING**

Particulars	As on 31.03.2014 ₹ lac	As on 31.03.2013 ₹ lac
a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	957.40	1,243.54
b) Estimated value of contracts remaining to be executed on other than capital account and not provided for (net of advances)	7,929.32	5,939.86

**30. DERIVATIVE INSTRUMENTS AND HEDGED/UN-HEDGED FOREIGN CURRENCY EXPOSURE**

**a) Particulars of foreign currency forward contracts and derivatives outstanding at the Balance Sheet date**

Particulars	Currency	As at 31.03.2014		As at 31.03.2013	
		Amount in FC(Mio)	₹ lac	Amount in FC(Mio)	₹ lac
Forward cover (trade receivables)	USD	1.60	1,063.15	8.66	4,942.95
Option	JPY	-	-	146.97	500.00
<b>TOTAL</b>		<b>1.60</b>	<b>1,063.15</b>	<b>155.63</b>	<b>5,442.95</b>



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### b) Particulars of foreign currency exposure un-hedged at the Balance Sheet date (Holding Company)

Particulars	Currency	As at 31.03.2014		As at 31.03.2013	
		Amount in FC(Mio)	₹ lac	Amount in FC(Mio)	₹ lac
Trade Receivables	USD	1.79	1,067.68	0.42	235.26
Loan (Including interest)	USD	4.74	2,837.58	10.06	5,463.20
<b>TOTAL USD</b>		<b>6.53</b>	<b>3,905.26</b>	<b>10.48</b>	<b>5,698.46</b>

### c) Particulars of Un – hedged foreign currency exposure as at the Balance Sheet date (Subsidiary Company)

Particulars	Currency	As at 31.03.2014		As at 31.03.2013	
		Amount in FC	₹ lac	Amount in FC	₹ lac
Trade Receivables (Net of Advances)	USD	890,031	543.54	376,401	158.52
	EURO	115,818	137.78	372,707	245.43
	GBP	12,792	12.74	1,029	0.84
<b>TOTAL</b>			<b>694.06</b>		<b>404.79</b>

Particulars	Currency	As at 31.03.2014		As at 31.03.2013	
		Amount in FC	₹ lac	Amount in FC	₹ lac
Trade Payables (Net of Advances)	USD	-	-	11,450	6.21
	CHF	-	-	12,405	7.12
	EURO	12,280	10.26	8,445	6.30
<b>TOTAL</b>			<b>10.26</b>		<b>19.63</b>

### d) Detail of Hedged foreign currency exposures at Balance Sheet date

#### Trade receivables

Foreign bills negotiated for USD 919,937.43 as on 31.03.2014

#### Trade Payables

NIL

31. 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 at the Balance Sheet.

### 32. EMPLOYEE BENEFIT OBLIGATION

#### Holding Company

#### Defined Contribution Plan

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

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
i) Employer's Contribution to Provident Fund	224.92	220.59
ii) Employer's Contribution to Superannuation Fund	13.50	18.53
iii) Employer's Contribution to Pension Scheme	66.98	119.25

#### 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.

i) **Reconciliation of Opening and Closing Balances of Defined Benefit Obligation**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Defined Benefit Obligation at the beginning of the year	398.94	323.27
Current Service Cost	60.99	65.41
Interest Cost	33.67	24.43
Actuarial (Gain) / Loss	(31.23)	40.19
Benefit Paid	(57.78)	(54.36)
Defined Obligation at year end	404.59	398.94

ii) **Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Fair Value of Plan Assets at the beginning of the Year	349.77	320.44
Expected Return on plan assets	27.98	25.63
Actuarial (Gain) / Loss	3.21	3.70
Employer Contribution	-	-
Benefit Paid	-	-
Fair Value of Plan Assets at year end	380.96	349.77

iii) **Reconciliation of Fair Value of Assets & Obligation**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Fair Value of Plan Assets at the end	380.96	349.77
Present Value of obligation	404.59	398.94
Net Asset/(Liability) Recognized in the Balance Sheet	(23.63)	(49.17)

iv) **Amount recognized in the Statement of Profit & Loss**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Current Service Cost	60.99	65.41
Interest Cost	33.67	24.43
Expected Return on Plan Assets	(27.98)	(25.63)
Actuarial (Gain) / Loss recognized in IVP	(34.43)	36.49
Amount recognized in the Statement of Profit & Loss	32.25	100.70

v) **The Principal assumptions used in determining Gratuity for the Company's plans are shown below**

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Discount Rate	9.10%	8.25%
Expected Rate of Return on Assets	8.00%	8.00%
Mortality Rate	IAL 06-08 Ultimate	IAL 06-08 Ultimate
Salary Rise	5.00%	5.50%

vi) **Amount for the Current year and Previous Three years in respect of Gratuity are as follows:**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac	Year ended 31.03.2012 ₹ lac	Year ended 31.03.2011 ₹ lac
Defined benefit obligation	398.94	323.27	294.62	163.70
Plan Assets	380.96	349.77	320.44	181.16
Surplus/(deficit)	(23.63)	(49.17)	(2.83)	(113.45)
Experience adjustment on plan assets	3.21	3.70	(1.01)	0.90
Experience adjustment on plan liabilities	31.23	(40.19)	(5.16)	(96.14)

Disclosures as required under para 120 (n) in respect of one annual periods in addition to above as required by (AS-5) is not presented as the management considers it impracticable in the absence of requisite information.

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## LEAVE ENCASHMENT

### i) Reconciliation of Opening and Closing Balances of Defined Benefit Obligation

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Defined Benefit Obligation at the beginning of the year	207.85	150.73
Current Service Cost	94.42	93.77
Interest Cost	15.74	10.47
Actuarial (Gain) / Loss	(51.51)	0.54
Benefit Paid	(69.68)	(47.65)
Defined Obligation at year end	196.82	207.86

### ii) Reconciliation of Fair Value of Assets & Obligations

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Fair Value of Plan Assets at the end	-	-
Present value of obligation	196.82	207.85
Amount recognized in balance sheet	196.82	207.85

### iii) Amount recognized in the Statement of Profit & Loss

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Current Service Cost	94.42	93.77
Interest Cost	15.74	10.47
Expected Return on Plan Assets	-	-
Actuarial (Gain)/Loss recognized in IVP	(51.51)	0.53
Amount recognized in the Statement of Profit & Loss	58.65	104.77

### iv) The principal assumptions used in determining Leave Encashment for the Company's plans are shown below :

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Discount Rate	9.10%	8.25%
Expected Rate of Return on Assets	NA	NA
Mortality Rate	IAL 06-08- Ultimate	IAL 06-08- Ultimate
Salary Rise	5.00%	5.50%

The provision up to the end of previous financial year was made on estimate basis. However, this year the same has been done on the basis of actuarial valuation.

Disclosures as required under para 120 (n) in respect of three annual periods in addition to above as required by (AS-15) is not presented as the management considers it impracticable in the absence of requisite information.

## Subsidiary Companies

### Defined Contribution Plan

#### i) Contribution to defined contribution plan recognized as expenses for the year are as under:-

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
a) Employer's Contribution to Provident Fund	53.29	49.87
b) Employer's Contribution to Superannuation Fund	-	-
c) Employer's Contribution to Pension Scheme	36.31	32.80

**Defined Benefit Plan**

The Employees' Gratuity Plan for the Company is a Defined Benefit Plan where the annual contribution on the Actuarial Valuation is charged to the Statement of Profit & Loss. The present value of obligation is determined based on Actuarial Valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of Employee Benefit Entitlement and measures each unit separately to build up the final obligation.

**ii) Reconciliation of Opening and Closing Balances of Defined Benefit Obligation**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Defined Benefit Obligation at the beginning of the year	60.82	55.30
Current Service Cost	24.23	15.23
Interest Cost	5.47	4.22
Actuarial (Gain)/Loss	16.02	(6.16)
Benefit Paid	(1.48)	(7.76)
Defined obligation at the end of the year	105.06	60.82

**iii) Reconciliation of Fair Value of Assets & Obligation**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Fair Value of Plan Assets at the end	-	-
Present Value of obligation	105.06	60.82
Amount Recognized in Balance Sheet	105.06	60.82

**iv) Amount recognized in the Statement of Profit & Loss**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac
Current Service Cost	24.24	15.23
Interest Cost	5.47	4.22
Actuarial (Gain)/Loss recognized in IVP	16.02	(6.16)
Amount recognized in the Statement of Profit & Loss	45.73	13.29

**v) The Principal assumptions used in determining Gratuity for the Company's plans are shown below :**

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Discount Rate	9.10%	8.75%
Expected Rate of Return on Assets	NA	NA
Mortality Rate	IAL 2006-08 Ultimate	LIC 1994-96 Ultimate
Salary Rise	5.00%	6.00%

**vi) Amount for the Current year and Previous Three years in respect of Gratuity are as follows:-**

Particulars	Year ended 31.03.2014 ₹ lac	Year ended 31.03.2013 ₹ lac	Year ended 31.03.2012 ₹ lac	Year ended 31.03.2011 ₹ lac
Defined benefit obligation	60.82	55.30	45.33	14.30
Plan Assets	-	-	-	-
Surplus/(Deficit)	105.06	60.82	55.30	45.33
Experience adjustment on plan assets	16.02	(6.16)	(6.19)	14.53
Experience adjustment on plan liabilities	-	-	-	-

Disclosures as required under para 120 (n) in respect of one annual periods as requires by (AS-15) is not presented as the management considers it impracticable in the absence of requisite information.

**LEAVE ENCASHMENT**

**i) Reconciliation of Opening and Closing Balances of Defined Benefit Obligation**

<b>Particulars</b>	<b>Year ended 31.03.2014 ₹ lac</b>	<b>Year ended 31.03.2013 ₹ lac</b>
Defined Benefit Obligation at the beginning of the year	71.73	43.78
Current Service Cost	39.47	44.64
Interest Cost	6.09	3.20
Actuarial (Gain)/Loss	(43.70)	(10.45)
Benefit Paid	(9.54)	(9.44)
Defined Obligation at year end	64.05	71.73

**ii) Reconciliation of Fair Value of Assets & Obligations**

<b>Particulars</b>	<b>Year ended 31.03.2014 ₹ lac</b>	<b>Year ended 31.03.2013 ₹ lac</b>
Fair value of Plan Assets at the end	-	-
Present value of obligation	64.05	71.73
Amount recognized in Balance Sheet	64.05	71.73

**iii) Amount recognized in the Statement of Profit & Loss**

<b>Particulars</b>	<b>Year ended 31.03.2014 ₹ lac</b>	<b>Year ended 31.03.2013 ₹ lac</b>
Current Service Cost	39.46	44.64
Interest Cost	6.09	3.20
Actuarial (Gain)/Loss recognized in IVP	(43.70)	(10.45)
Amount recognized in the Statement of Profit & Loss	1.86	37.39

**iv) The Principal assumptions used in determining Leave Encashment for the Company's plans are shown below**

<b>Particulars</b>	<b>Year ended 31.03.2014</b>	<b>Year ended 31.03.2013</b>
Discount Rate	9.10%	8.20%
Expected Rate of Return on Assets	NA	NA
Mortality Rate	IAL 06-08	IAL 06-08
Salary Rise	5.00%	5.00%

**v) Amount for the Current year and Previous year in respect of Leave Encashment are as follows**

<b>Particulars</b>	<b>Year ended 31.03.2014 ₹ lac</b>	<b>Year ended 31.03.2013 ₹ lac</b>
Defined benefit Obligation	71.73	43.78
Plan Assets	-	-
Surplus / (Deficit)	64.05	71.73
Experience adjustment on plan assets	-	-
Experience adjustment on plan liabilities	-	-

Disclosures as required under para 120 (n) in respect of three annual periods as requires by (AS-15) is not presented as the management considers it impracticable in the absence of requisite information.

**33. RELATED PARTY DISCLOSURE**

**i) List of Related Parties and Relationships**

Particulars	2013-14	2012-13
a) Key Managerial Personnel (KMP)	Mr. Ashok Kumar Oswal Mr Adish Oswal Mr. Ashok Goyal	Mr. Ashok Kumar Oswal Mr Adish Oswal -
b) Relative of KMP	Mrs. Manju Oswal Mr. Abhinav Oswal Mrs. Rakhi Oswal Ms. Aketa Oswal	Mrs. Manju Oswal Mr. Abhinav Oswal Mrs. Rakhi Oswal Ms. Aketa Oswal
c) Enterprise over which KMP is able to exercise significant influence	Panchsheel Textile Mfg & Trading Co. Pvt. Ltd. Enakshi Investments Pvt. Ltd . Liberty Mercantile Co.Pvt. Ltd. Allepy Investment & Trading Co. Pvt. Ltd. Kent Investments Pvt. Ltd. Ruby Mercantile Co.Pvt. Ltd. Boras Investment & Trading Co. Pvt. Ltd. Gagan Mercantile Co. Pvt. Ltd. Pioneer Marcantile India Pvt. Ltd. Adesh Investment & Trading Co. Pvt. Ltd. Calgary Investment & Trading Co. Pvt. Ltd. Oswal Infratech Pvt. Ltd. Oswal Tradecom Pvt. Ltd. Oswal Holding Pvt. Ltd. Nighthagle Dealcom Pvt. Ltd. Alma Assets Consultancy Pvt. Ltd.	Panchsheel Textile Mfg & Trading Co. Pvt. Ltd. Enakshi Investments Pvt. Ltd . Liberty Mercantile Co. Pvt. Ltd. Allepy Investment & Trading Co. Pvt. Ltd. Kent Investments Pvt. Ltd. Ruby Mercantile Co.Pvt. Ltd. Boras Investment & Trading Co. Pvt. Ltd. Gagan Mercantile Co. Pvt. Ltd. Pioneer Marcantile India Pvt. Ltd. Adesh Investment & Trading Co. Pvt. Ltd. Calgary Investment & Trading Co. Pvt. Ltd. Oswal Infratech Pvt. Ltd. Oswal Tradecom Pvt. Ltd. Oswal Holding Pvt. Ltd. Nighthagle Dealcom Pvt. Ltd. Alma Assets Consultancy Pvt. Ltd.

**ii) Transaction with related parties during the year: (₹ lac)**

Nature of transaction	KMP		Relatives of KMP		Enterprise over which KMP is able to exercise Significant Influence		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Loan Raised	-	-	-	-	-	70.00	-	70.00
Loan Repaid	-	-	-	2.00	-	-	-	2.00
Sale of Real Estate	-	-	-	-	-	-	-	-
Equity Share Issued	-	-	-	-	1,136.02	1,050.72	1,136.02	1,050.72
Rent Paid	27.72	28.47	-	-	-	-	27.72	28.47
Interest Paid	-	-	-	0.02	-	44.26	-	44.28
Remuneration	-	-	11.21	12.44	-	-	11.21	12.44
Managerial Remuneration	180.02	37.72	-	-	-	-	180.02	37.72
Share Application Money Received	160.00	-	-	-	-	500.00	160.00	500.00
Preference Share Capital Issued	-	270.50	-	-	500.00	450.25	500.00	720.75
<b>OUTSTANDING BALANCE AT YEAR END</b>	-	-	-	-	-	-	-	-
Loan Payable/Fixed Deposit	-	6.50	3.00	10.50	-	70.00	3.00	87.00
Advance	14.00	14.00	-	-	-	-	14.00	14.00
Amount Payable on account of Interest	-	-	-	-	-	47.18	-	47.18

**Transactions during the year:-**

- Nil Loan raised (Previous year ₹ 70.00 lac from Alma Assets Consultancy Pvt. Ltd).
- Loan repaid includes NIL (Previous year ₹ 2.00 lac) of Ms. Aketa Oswal.
- Rent paid to Mr. Ashok Kumar Oswal ₹ 27.72 Lac (Previous year ₹ 28.47 lac).
- Managerial Remuneration includes transactions with Mr. Ashok Kumar Oswal ₹ 47.90 lac (Previous year ₹ 18.87 lac) & arrear of Previous year ₹ 29.03 lac, Mr. Adish Oswal ₹ 50.72 lac (Previous year ₹ 18.85 lac) & arrear of ₹ 30.47 lac and Mr. Ashok Goyal ₹ 21.89 lac (Previous year ₹ Nil).
- Share application money received ₹160.00 lac (Previous year ₹ Nil) from Mr. Adish Oswal.



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- f) Remuneration includes transaction with Mr. Abhinav Oswal ₹11.21 lac (Previous year ₹ 12.44 lac).
- g) Equity Shares issued to Alma Assets Consultancy Pvt. Ltd. ₹1136.02 lac including the securities premium amounting of ₹ 938.52 lac (Previous Year ₹ 1,050.72 lac including securities premium amounting of ₹ 890.72 lac).
- h) Interest paid includes transaction with Ms. Aketa Oswal ₹ Nil(Previous year ₹ 0.02 lac), ₹ Nil to Alma Assets Consultancy Pvt. Ltd. (Previous year ₹ 17.70 lac) and ₹ Nil to Panchsheel Textile Mfg & Trading Co. Pvt Ltd (Previous year ₹ 26.56 lac).
- i) Preference Shares issued to M/s Alma Assets Consultancy Pvt. Ltd. ₹ 200.00 lac and ₹ 300.00 lac issued to M/s Panchsheel Textile Mfg & Trading Co. Pvt. Ltd. (Previous year ₹ 257.50 lac to Mr. Ashok Kumar Oswal, ₹13.00 lac to Mr. Adish Oswal, ₹ 436.25 lac to M/s Alma Assets Consultancy Pvt. Ltd. and ₹ 14.00 lac issued to M/s Panchsheel Textile Mfg & Trading Co. Pvt. Ltd.)
- j) Preference Shares issued to Mr. Ashok Kumar Oswal to ₹ 257.50 lac, Mr. Adish Oswal ₹13.00 lac, M/s Alma Assets Consultancy Pvt. Ltd. ₹ 436.25 lac and ₹ 14.00 lac issued to M/s Panchsheel Textile Mfg & Trading Co. Pvt. Ltd. (Previous year ₹ Nil).

### Closing balance at the year end:-

- a) Loan payable/ fixed deposits includes ₹ Nil payable to Mr. Adish Oswal (Previous year ₹ 6.50 lac to Mr. Adish Oswal), ₹ 3.00 lac includes ₹ Nil payable to Mr. Abhinav Oswal (Previous year ₹ 5.50 lac), ₹ 3.00 lac payable to Ms. Aketa Oswal (Previous year ₹ 4.00 lac), ₹ Nil payable to Mrs. Rakhi Oswal (Previous year ₹ 1.00 lac) and ₹ Nil payable to M/s. Alma Assets Consultancy Pvt. Ltd. (Previous year ₹ 70.00 lac).
  - b) Advance of ₹ 14.00 lac includes advance to Mr. Ashok Kumar Oswal (Previous year ₹ 14.00 lac).
  - c) ₹ Nil Interest payable (Previous year ₹ 25.93 lac payable to Alma Assets Consultancy Pvt. Ltd , ₹ 21.25 lac to M/s Panchsheel Textile Mfg & Trading Co. Pvt. Ltd.)
34. There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Accounting Standard (AS-29) 'Provisions, Contingent Liabilities & Contingent Assets' as it is not probable that an outflow of resources embodying economic benefits will be refunded.
35. During the earlier years, the Company had Issued 2% Unsecured Foreign Currency Convertible Bonds (FCCBs) in the aggregate principal amount of United State Dollars 12 (Twelve) Millions in the course of International Offerings. The expenses incurred & premium payable on the redemption of such bonds has been adjusted with share premium reserves in accordance with the provisions of Section 78 of the Companies Act, 1956. During the current year, all the FCCB Bonds have been settled for repayment.
36. 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 (AS-19) are not applicable.
37. In accordance with the provisions of Accounting Standard on impairment of Assets (AS-28), the management has made assessment of assets in use & considering the business prospects related thereto, no provisions is considered necessary in these accounts on account of impairment of assets.
- 38. Government Subsidy (Subsidiary Company)**
- a) The Govt. of Maharashtra has sanctioned Value Added Tax (VAT) subsidy in the form of lower tax rate under the Mega Project Scheme.
  - b) Under Mega Project Scheme, Govt. of Maharashtra has sanctioned subsidized power in Power Loom area of the plant and Electricity duty exemption from the period 01.08.2008 to 31.07.2023.
  - c) Under the Textile Up-gradation Fund Scheme (TUFS) the company is eligible for a 5% interest subsidy on Term loans. Therefore the interests on term loans are being accounted for net of subsidy.
  - d) During the year 2009-10, the Company has received capital subsidy of ₹ 276.17 lac on specific items of fixed assets in process house / dye house machinery.
39. Due to initial hiccup in the form of increase in the prices of building material and labour shortage, the company's project was commissioned with a delay leading to cost overrun. Due to global slowdown, the operation also suffered leading to lower production. All these had a severe impact on operational cash flows. Due to liquidity problem, the Company was not able to service its debt obligation, in the form of delayed payment of principal amounts and interest. Having already undertaken restructuring from the lender in the past in the form of deferment of principal repayments, the Company got the Corporate Debt Restructuring (CDR) approved by the bankers.

## 40. Corporate Debt Restructuring (Holding Company)

- i) The debt restructuring scheme (the 'Scheme') under CDR Mechanism was approved and Letter of Approval issued on 28.12.2012. The Scheme inter-alia included restructuring of repayment schedule, interest funding, reduction in interest rates and additional security in favour of CDR lenders by pledge of shares of promoters stipulated.  
Master Restructuring Agreement ("MRA") has been executed on 15.03.2013 with the lenders. The impact in terms of the approved Scheme has been given effect in financial statements with effect from the cut-off date being 01.01.2012.
- ii) Interest has been accounted for based upon terms of package/confirmations received from the bankers.
- iii) The Funded Interest Term Loan (FITL) has been created on certain credit facilities.
- iv) The credit facilities/loans under CDR are further secured by unconditional & irrevocable personal guarantee of CMD Mr. Ashok Kumar Oswal, Director Mr. Adish Oswal & Mrs. Manju Oswal and corporate guarantee of M/s Oswal F.M. Hammerle Textiles Ltd., subsidiary company.
- v) Other conditions as stipulated under the scheme are being complied with.

## Corporate Debt Restructuring (Subsidiary Company)

- i) The debt restructuring scheme (the 'Scheme') under CDR Mechanism was approved and Letter of Approval issued on 09.02.2011. The Scheme inter-alia included restructuring of repayment schedule, interest funding, reduction in interest rates and additional security in favour of CDR lenders by pledge of shares of promoters stipulated.  
Master Restructuring Agreement ("MRA") was executed on 18.03.2011 with the lenders. The impact in terms of the approved Scheme has been given in final balance sheet.
- ii) Interest has been accounted for based upon terms of package/confirmations received from the bankers.
- iii) The Credit Facilities/loans under CDR are further secured by unconditional & irrevocable personal guarantee of CMD Mr. Ashok Kumar Oswal & Director Mr. Adish Oswal and Corporate Guarantee of M/s Vardhman Polytex Limited, holding company.
- iv) Other conditions as stipulated under the scheme are not being due (delay in payment).

41. M/s Vardhman Polytex Ltd., a major Shareholder and holding company has filed a petition u/s 397, 398 of the Companies Act, 1956 in the Hon'ble Company Law Board, Principal bench, New Delhi against the Company, M/s Maschinen Umwelttechnik Transportanlagen Gesellschaft mbH, Austria (another shareholder), M/s 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 M/s Vardhman Polytex Ltd. The said petition is at the stage of arguments. The Company has filed case under Section 111A of the Companies Act, 1956, the Hon'ble Company Law Board decision is pending and expected to announce.

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

As per our report of even date

**For S.S. Kothari Mehta & Co.**

**Chartered Accountants**

Firm Reg. No:- 000756N

**FOR AND ON BEHALF OF THE BOARD OF VARDHMAN POLYTEX LIMITED**

Sd/-

**Sunil Wahal**

Partner

M. No. 087294

Sd/-

**Parvinder Singh**

Chief Financial Officer

Sd/-

**Sushil Sharma**

Company Secretary

Sd/-

**Ajay Chaudhry**

Director

Sd/-

**Ashok Kumar Oswal**

Chairman & Managing Director

Place : Ludhiana

Date : 30<sup>th</sup> May, 2014

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:

Name of Subsidiary Company	Financial year ending of the subsidiary	Numbers of shares held & Face value	Extent of Holding	For the financial year of the subsidiary		For the previous financial year of the subsidiary	
				Profit/(Loss) so far it concerns the holding company and not dealt within the books of the accounts of the holding company (Except to the extent dealt with in Col.6)	Profit/(Loss) so far it concerns the holding company and dealt within the books of accounts of the holding company	Profit/(Loss) so far it concerns the holding company and not dealt within the books of the accounts of the holding company (Except to the extent dealt with in Col.8)	Profit/(Loss) so far it concerns the holding company and dealt within the books of accounts of the holding company
(1)	(2)	(3)	(4)	(5) ₹ lac	(6) ₹ lac	(7) ₹ lac	(8) ₹ lac
Oswal F.M. Hämmerle Textiles Limited, India	31.03.2014	9,12,64,073 Equity share of ₹ 10/- each	82.76%	NIL	(1,468.94)	NIL	(1,013.48)
Oswal Industrial Enterprise Private Limited, India	31.03.2014	5,00,49,999 Equity Share of ₹ 10/- each	100.00%	NIL	370.49	NIL	448.50
F.M. Hämmerle Verwaltungs GmbH, Austria	31.03.2014	Equity of Euro 35,000 (₹22.54 lac)	100.00%	NIL	(27.01)	NIL	(48.17)

**Note :** There is no material change between the end of financial year of the subsidiaries and of the company

## STATEMENT PURSUANT TO SECTION 212 (8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:

(₹ lac)

Particulars	Oswal F.M. Hämmerle Textiles Limited		Oswal Industrial Enterprise Private Limited		F.M. Hämmerle Verwaltungs GmbH, Austria	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
a) Capital	12,248.75	11,748.75	5,005.00	5,005.00	22.54	22.54
b) Reserves	(11,338.59)	(9,842.67)	(4,055.27)	(4,425.76)	(321.24)	(255.44)
c) Total Assets	19,802.33	23,914.92	1,609.27	800.77	122.69	158.18
d) Total Liabilities	19,802.33	23,914.92	1,609.27	800.77	122.69	158.18
e) Details of Investment (except in case of investment in the subsidiaries)	-	-	743.74	173.00	-	-
f) Turnover (Net)	10,126.49	12,545.18	3,098.74	3,086.97	60.42	76.02
g) Profit before Taxation	(1,468.94)	(1,194.96)	370.49	448.50	(27.01)	(48.17)
h) Provision for Taxation	-	-	-	-	-	-
i) Profit after Taxation	(1,468.94)	(1,194.96)	370.49	448.50	(27.01)	(48.17)
j) Proposed Dividend (including tax thereon)	-	-	-	-	-	-

**Note:** In terms of the provision of Section 212 (8) of the Companies Act, 1956 read with General Circular No. 2/2011 dated 08/02/2011, the Company has been granted a general exemption from attaching to the Balance Sheet of the Company, the Accounts and other documents of its Subsidiary Companies. However, the Consolidated Financial Statements of the Company, which include the results of aforesaid Subsidiaries, are included in this Annual Report. Further, a statement containing the particulars prescribed under the terms of the said exemption for the Company's aforesaid Subsidiaries is also given above. The hard copies of the related detailed information can be sought by any investor of the Company or its Subsidiary on making a written request to the Company in this regard. The Annual Accounts of the aforesaid Subsidiary Companies are also available for inspection by any investor at the Registered Office of the Company and/or its Subsidiaries.

For and on behalf of the Board

Place : Ludhiana	Sd/- <b>Parvinder Singh</b> Chief Financial Officer	Sd/- <b>Sushil Sharma</b> Company Secretary	Sd/- <b>Ajay Chaudhry</b> Director	Sd/- <b>Ashok Kumar Oswal</b> Chairman & Managing Director
Date : 30 <sup>th</sup> May, 2014				

**Financial Highlights for Five years**

	(₹ lac)				
<b>Parameters</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
Gross sales and operating income	<b>92,272.44</b>	78,623.30	74,927.60	71,644.40	52,778.99
FOB value of Exports	<b>44,123.61</b>	30,294.91	28,552.59	21,276.44	15,070.89
Net Profit	<b>477.51</b>	117.07	(8,141.22)	2,669.96	(2,238.82)
Profit Before Tax (PBT)	<b>332.23</b>	(505.17)	(10,465.96)	3,585.21	3,069.49
Cash Profit (PBT + Dep. - Excep. Items)	<b>3,598.07</b>	3,154.90	(7,506.27)	6,316.97	3,335.15
Gross Block (FA + CWIP)	<b>57,823.03</b>	57,326.37	57,521.54	47,244.73	44,413.90
Net Block (NA + CWIP)	<b>29,088.61</b>	30,888.61	33,942.59	26,452.94	26,302.16
Paid up Share Capital	<b>1,985.24</b>	1,787.75	1,627.75	1,627.75	1,266.05
Net Worth	<b>11,888.88</b>	10,227.69	9,380.11	17,603.44	13,180.57
Capital Employed	<b>71,924.09</b>	68,521.81	65,047.46	66,821.20	57,258.66
Long Term Debt Equity Ratio	<b>2.20</b>	3.04	2.14	1.63	1.76
Current Ratio	<b>0.74</b>	0.78	0.45	1.31	1.12

**Equity Shares data for Five years**

<b>Particulars</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
Book value per share (₹)	<b>59.99</b>	57.32	57.75	108.38	105.20
Earning per share (₹)					
- Basic	<b>2.59</b>	0.72	(50.12)	20.02	(20.31)
- Diluted	<b>2.28</b>	0.72	(50.12)	20.02	(20.31)
- Cash	<b>16.14</b>	17.68	(46.19)	47.36	26.34
Dividend per share (₹)	-	-	-	-	-
P/E Ratio	<b>14.47</b>	91.88	(1.38)	3.25	1.85
Price to Cash Earning Ratio	<b>2.05</b>	3.74	(1.50)	1.37	(25.77)
Price to Book Value per share	<b>0.55</b>	1.15	1.20	0.60	0.46

**Vardhmān Polytex Limited** (CIN: L17122PB1980PLC004242)

**Registered Office:** 341 K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana -141 123, Punjab (INDIA)  
 Phones: 0161-2685301-05, 6629888 Fax: 0161-6629988 Website: www.oswalgroup.com, E-Mail: info@oswalgroup.com



**ATTENDANCE SLIP**  
**34th Annual General Meeting – 30th September, 2014**

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the 34th ANNUAL GENERAL MEETING of Vardhman Polytex Limited at 341 K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana -141 123, Punjab (INDIA), at 11.00 a.m. on Tuesday, the 30th September, 2014.

Name of the member / proxy : \_\_\_\_\_ (in Block letters)

No. of Share held: \_\_\_\_\_ Folio No. / DP Id and Client ID \_\_\_\_\_

Signature \_\_\_\_\_

*Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the meeting.*

**Vardhmān Polytex Limited** (CIN: L17122PB1980PLC004242)

**Registered Office:** 341 K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana -141 123, Punjab (INDIA)  
 Phones: 0161-2685301-05, 6629888 Fax: 0161-6629988, Website: www.oswalgroup.com, E-Mail: info@oswalgroup.com

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) : .....

Registered address : .....

E-mail ID : ..... Folio No. / DP Id and Client ID .....

I / We, being the member(s) holding ..... equity shares of Vardhman Polytex Limited, hereby appoint:

1. Name : ..... Email ID : .....  
 Address : ..... Signature ..... or failing him/her.

2. Name : ..... Email ID : .....  
 Address : ..... Signature ..... or failing him/her.

3. Name : ..... Email ID : .....  
 Address : ..... Signature ..... or failing him/her.

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 34th ANNUAL GENERAL MEETING of the Company to be held at 341 K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana -141 123, Punjab (INDIA), at 11.00 a.m. on Tuesday, the 30th September, 2014 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description of the Resolution	For	Against
<b>Ordinary Business</b>			
1.	Adoption the Audited Balance Sheet as at 31st March, 2014 and Statement of Profit and Loss for the year ended on that date, together with the Report of Auditors and Directors thereon.		
2.	Appointment of Director in place of Mr. Ashok Kumar Goyal (DIN 06676556), who retires by rotation and being eligible, offers himself for re-appointment.		
3.	Appointment of Statutory Auditors of the Company		
<b>Special Business</b>			
4.	Appointment of Mr. Ajay Chaudhry as an Independent Director		
5.	Appointment of Dr. B. S. Bhatia as an Independent Director		
6.	Appointment of Mr. M. D. Kanitkar as an Independent Director		
7.	Appointment of Mr. Amit Jain as an Independent Director		
8.	Appointment of Mrs. Rakhi Oswal as a Director		
9.	Amendment in the terms of appointment of Mr. Adish Oswal, Executive Director of the Company		
10.	Amendment in the Articles of Association of the Company		
11.	Approval for entering into contracts and/or agreements with Related Parties		
12.	Authorisation for Borrowings		
13.	Creation of charges / mortgages on the properties of the Company		
14.	Invitation and acceptance of fixed deposits from the members and public		

Signed this ..... day of ..... 2014

Signature of Proxy holder(s)

Signature of Member(s)

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

**For E-voting the EVSN of the Company: 140822020**







*Rieter Blow Room, VPL Bathinda*



*View of Spinning Plant, VTM Ludhiana*





*View of Spinning Plant, VPL Nalagarh*



*View of Dying Plant, VTM Ludhiana*

# GATEWAY TO A LUXURIOUS LIFESTYLE



**VARDHMAN**  
**PARK**  
A VENTURE OF VARDHMAN POLYTEX LIMITED

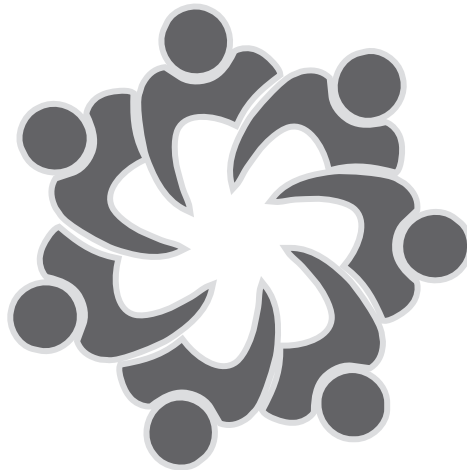


*Proposed Gate Plaza of Vardhman Park, Ludhiana*



*View of Proposed Residential Villa at Vardhman Park, Ludhiana*

REGISTERED BOOK POST



**VARDHMAN**<sup>™</sup>  
**PARK**

RESIDENTIAL PLOTS | VILLAS | INDEPENDENT FLOORS | COMMERCIAL SPACES

*if undelivered, please return to:*

**VARDHMAN POLYTEX LIMITED**

CIN: L17122PB1980PLC004242

Regd. Office: 341K-1, Mundian Khurd,  
P. O. Sahabana, Chandigarh Road,  
Ludhiana-141123

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