



01.09.2022

The Listing Department, <b>National Stock Exchange of India Limited</b> "Exchange Plaza", C-1, Block-G, Bandra - Kurla Complex, Bandra (E), Mumbai - 400051 SCRIP CODE: VARDMNPOLY	The Listing Department, <b>BSE Limited</b> 25 <sup>th</sup> Floor, P.J. Towers, Dalal Street Fort, Mumbai- 400001 SCRIP CODE: 514175
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**Subject: Notice of 42<sup>nd</sup> Annual General Meeting & Annual Report 2021-22**

Dear Sir/Madam,

Pursuant to Regulation 34 read with Regulation 30 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the copy of Notice of 42<sup>nd</sup> Annual General Meeting scheduled to be held on Monday, 26<sup>th</sup> September, 2022 at 11:00 A.M. at registered office of the company situated at Vardhman Park, Chandigarh Road, Ludhiana, Punjab- 141123, containing all the businesses to be transacted at the meeting and Annual Report of the Company for FY 2021-22.

This is for your information and record please.

Thanking you

Yours truly,  
**For Vardhman Polytex Limited**

ajay  
kumar  
ratra

Digitally signed  
by ajay kumar  
ratra  
Date: 2022.09.01  
17:44:37 +05'30'

**Ajay K. Ratra**  
**Company Secretary**

**42<sup>nd</sup>**

**ANNUAL REPORT**  
**2021-22**



**Vardhman Polytex Limited**  
**An Oswal Group<sup>®</sup> Company**

## *Message from Chairman & Managing Director*



Dear Shareholders,

The past couple of years have been a tough period which needed immense resilience. We witnessed a global pandemic, geopolitical tensions, volatility in the business environment and many other external and internal upheavals. As the dust settles, and a clearer picture of the world ahead emerges, I strongly believe we are standing at the threshold of a period of great opportunity and growth.

During the year gone by, your company has shown remarkable resilience and adaptability, coming out stronger than ever despite challenging circumstances. Your company was able to achieve total revenue from operations of Rs.928.59 Crores registering a growth of 83% over last year's turnover of Rs.508.27 Crores. EBITDA of the Company was Rs.62.26 Crores showing impressive increase of 269% over last year's figure of Rs.16.85 Crores. However, operations of the company have resulted into net loss of Rs.15.55 Crores which has come down from previous year by 73%.

At another front where your company made significant improvement is resolving banking issues. The matters with lender banks comprising 98% of total debt due by company have been resolved by assignment of debt by seven lender banks to ARC and direct one-time settlement with four lender banks.

Though the future – full of uncertainties – is not something that any of us can claim to predict precisely yet the way forward is clear to us and we are advancing towards our goals with renewed optimism. We will continue to march ahead with much more vigour to achieve better results in the coming years.

We remain indebted to our large family of stakeholders for their unstinting support during these troubled times. As always, their faith makes us stronger and ambitious to achieve more. We will continue to draw inspiration from your support to take on new challenges.

Warm regards,

Adish Oswal  
Chairman and Managing Director

**BOARD OF DIRECTORS**

Mr. Adish Oswal  
 Mrs. Manju Oswal  
 Mr. Harpal Singh  
 Mr. Suresh Kumar Banka  
 Mr. Sandeep Mehta  
 Mr. Varun Kumar Choudhary  
 Mr. Hardeep Singh  
 Mr. Sanjeev Joshi  
 Mr. Sagar Bhatia

- Chairman & Managing Director  
 - Director  
 - Independent Director (upto 21.12.2021)  
 - Director  
 - Independent Director (w.e.f. 24.12.2021)  
 - Independent Director (upto 12.08.2022)  
 - Independent Director (upto 12.08.2022)  
 - Independent Director (w.e.f. 12.08.2022)  
 - Independent Director (w.e.f. 12.08.2022)

**CHIEF FINANCIAL OFFICER**

Mr. Radhamohan Soni

**COMPANY SECRETARY**

Mr. Ajay K. Ratra

**STATUTORY AUDITORS**

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

**BANKERS**

Axis Bank Ltd. Punjab & Sind Bank  
 Phoenix ARC Pvt. Ltd. Jammu and Kashmir Bank

**BRANCH OFFICES**

305, Ansal Bhawan, 16, K.G. Marg,  
 New Delhi-110001  
 Phones: +91-11-23311582, 23312478  
 Fax: +91-11-23312477

**REGISTRAR & SHARE TRANSFER AGENT**

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

**REGISTERED & CORPORATE OFFICE**

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

**WORKS**

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

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## NOTICE

**NOTICE** is hereby given that the **42<sup>nd</sup> Annual General Meeting** of the members of the Company will be held on **Monday, 26<sup>th</sup> September 2022 at 11:00 a.m.** at the registered office: Vardhman Park, Chandigarh Road, Ludhiana- 141123 to transact the following business: -

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2022, together with the Reports of Auditors and Directors thereon and the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2022, together with the Report of Auditors thereon.
2. To appoint a Director in place of Mr. Suresh Kumar Banka (DIN- 08847246), who retires by rotation in accordance with Articles of Association and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

3. **To ratify the remuneration of the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2023**

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made there-under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Ramanath Iyer & Company, New Delhi appointed as Cost Auditors, by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2023, be paid the remuneration of ₹ 1,35,000/- plus taxes and out-of-pocket expenses.

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

4. **Appointment of Mr. Sandeep Mehta (DIN: 09439403) as Independent Director**

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

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and rules made thereunder read with Schedule IV of the Act, Mr. Sandeep Mehta (DIN: 09439403), who was appointed as additional director (non-executive independent director) of the company w.e.f. 24.12.2021, who has submitted a declaration that he meets the criteria of independence as provided in section 149(6) of the Companies Act, 2013 and who is eligible for appointment,

be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation under section 152 of the Companies Act, 2013, for a term of 4 (Four) years with effect from 26.09.2022 to 25.09.2026.

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

5. **Reappointment of Mr. Adish Oswal (DIN: 00009710) as Managing 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** pursuant to the provisions of Section 196, 197 and other applicable provisions of the Companies Act, 2013 and rules made thereunder read with Schedule V of the Act, Mr. Adish Oswal (DIN: 00009710) be and is hereby reappointed as Managing Director of the company for a term of 3 (Three) years from 24.11.2022 to 23.11.2025 in accordance with the terms and conditions as set out in the explanatory statements of the notice.

**RESOLVED FURTHER THAT** any revision in the remuneration payable, if any, to Mr. Adish Oswal shall be within overall limits as approved by the shareholders and as recommended by Nomination and Remuneration Committee to the board of directors for its approval from time to time.

**RESOLVED FURTHER THAT** the board members be and are hereby authorized to vary and/or modify the term and conditions of the said reappointment including remuneration payable, if any, in such manner as may be agreed between the board members and Mr. Adish Oswal.

**RESOLVED FURTHER THAT** in the event of any loss, absence or inadequacy of profits of the company in any financial year, during the tenure of Mr. Adish Oswal, the remuneration payable to Mr. Adish Oswal as approved herewith may be construed as minimum remuneration payable to Mr. Adish Oswal and the same shall be subject to the provisions of the Companies Act, 2013 and other statutory approvals and compliances from time to time.

**RESOLVED FURTHER THAT** Mr. Adish Oswal, Managing Director, be entrusted with such powers and perform such duties as may from time to time be delegated/entrusted to him subject to the supervision and control of the Board.

**RESOLVED FURTHER THAT** the board members be and are hereby authorized to take such steps as may be necessary for obtaining necessary approval – statutory, contractual or otherwise, in relation to above and to settle all matters arising out of and incidental thereto and to do all such acts, deeds and matters and things as may be necessary, proper or expedient or incidental to give effect to this resolution".

6. **Appointment of Mr. Sanjeev Joshi as Independent Director**

*To consider and if thought fit to pass with or without*



*modification(s), the following resolution as 'Ordinary Resolution':*

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and rules made thereunder read with Schedule IV of the Act, Mr. Sanjeev Joshi (DIN: 09685969), who was appointed as additional director (non-executive independent director) of the company w.e.f. 12.08.2022, who has submitted a declaration that he meets the criteria of independence as provided in section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation under section 152 of the Companies Act, 2013, for a term of 4 (Four) years w.e.f 26.09.2022 to 25.09.2026.

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

**7. Appointment of Mr. Sagar Bhatia as Independent Director**

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

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and rules made thereunder read with Schedule IV of the Act, Mr. Sagar Bhatia (DIN: 09691116), who was appointed as additional director (non-executive independent director) of the company w.e.f. 12.08.2022, who has submitted a declaration that he meets the criteria of independence as provided in section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation under section 152 of the Companies Act, 2013, for a term of 4 (Four) years w.e.f 26.09.2022 to 25.09.2026.

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

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

Place: Ludhiana

Date : 12.08.2022

**Adish Oswal**  
**Chairman & Managing Director**  
**DIN: 00009710**

**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 commencement of the meeting. The blank proxy form is enclosed.

However, a person can act as proxy on behalf of not more than fifty (50) members or holding in the aggregate not more than ten percent (10 %) of the total share capital of the company.

2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of items specified in special business and the information required pursuant to SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, regarding the directors seeking appointment/ re-appointment in the Annual General Meeting are annexed hereto and both forms part of the Notice.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from Tuesday, 20<sup>th</sup> September, 2022 to Monday, 26<sup>th</sup> September, 2022 (Both days inclusive).
4. The copies of relevant documents are open for inspection at the Registered Office of the Company on all working day between 10.30 A.M. to 12.30 P.M. upto the date of the Annual General Meeting.
5. Members desiring any information as regards to accounts are requested to write to the Company at [secretarial@vpl.in](mailto:secretarial@vpl.in) at least 7 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.
6. 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.
7. In support of the Green Initiative and in compliance with the MCA general circular no. 2/2022 dated 05.05.2022 and SEBI circular SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13.05.2022, your Company proposes to send the documents like Notice calling the Annual General Meeting and Annual Report 2021-22 containing Financial Statements, Director's Report etc and other communications in electronic form only to the members whose email addresses are registered with the Company/ Depository Participant(s).
8. The Notice of AGM can also be accessed from the website of the company at [www.vpl.in](http://www.vpl.in) and from Stock Exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com). The AGM Notice is also disseminated on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com)
9. Mr. Ashwani Khanna, Proprietor of Khanna Ashwani & Associates, Company Secretaries, has been appointed as scrutinizer to scrutinize the evoting process and voting at the meeting.

**10. Voting Instructions:**

- a) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and other MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency.

The facility of casting votes by a member using remote e-voting will be provided by CDSL.

#### THE INSTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- i) The **E-voting period** begins on Friday, 23.09.2022 (09:00 A.M.) and ends on Sunday, 25.09.2022 (05:00 P.M.). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date** i.e., Monday, 19.09.2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is

at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting for **Individual Shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with <b>NSDL</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> </ol>

Type of shareholders	Login Method
	3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30.

v) Login method for e-Voting for **shareholders other than individual shareholders holding in Demat form & physical shareholders.**

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) 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 e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

	For Shareholders holding shares in Demat Form other than individual and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

	<ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

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

viii) For shareholders holding shares in physical form, the details



can be used only for e-voting on the resolutions contained in this Notice.

- ix) Click on the **EVSN: 220816012** for **Vardhman Polytex Limited**.
- x) 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.
- xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xii) 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.
- xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvi) **Facility for Non – Individual Shareholders and Custodians –Remote Voting**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
  - 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).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [secretarial@vpl.in](mailto:secretarial@vpl.in) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

#### INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM ARE AS UNDER:

1. Shareholders who have voted through Remote e-Voting will

be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.

2. Only those shareholders, who are present in the AGM and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through ballot forms.

#### PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NUMBER IS NOT REGISTERED WITH THE COMPANY/DEPOSITORIES:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders- Please update your email id & mobile no. with your respective Depository Participant (DP).
3. For Individual Demat shareholders- Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting.

If you have any queries or issues regarding e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022- 23058738 and 022-23058542/43

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

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

##### ITEM NO. 3

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Ramanath Iyer & Co., New Delhi, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2023. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company. Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2023.

The Board recommends the Ordinary resolution set forth in Item No. 3 for the approval of the members.

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

##### ITEM NO. 4

Mr. Sandeep Mehta, (DIN: 09439403) was appointed as Additional Director under category of Independent Director of the company by Board on 24.12.2021 to hold the office of director till the conclusion of this AGM. The company has also received declaration of independence and consent for appointment from Mr. Mehta in accordance with the provisions of Companies Act,

2013 and SEBI (LODR), Regulations, 2015. On recommendation of the Nomination and Remuneration Committee, the board hereby recommends the appointment of Mr. Mehta as Independent Director of the company for a term of 4 (Four) years w.e.f 26.09.2022 till 25.09.26.

None of the Directors or KMP of the Company or their respective relatives except the proposed appointee is concerned or interested in the said resolution.

The Board recommends the Ordinary resolution set forth in Item No. 4 for the approval of the members.

#### **ITEM NO. 5**

Mr. Adish Oswal was appointed as Managing Director for a period of 5 years w.e.f 24<sup>th</sup> November, 2017. The term of Mr. Adish Oswal as Managing Director will end on 23<sup>rd</sup> November, 2022.

Mr. Adish Oswal, aged 42 years, is the third generation Entrepreneur of the Oswal family which has pioneered Textile Business in Punjab since generations. He is a Commerce Graduate from Delhi University and has attended various training programmes such as Managerial Finance at Harvard University, Boston; one on Core Competence, Capability & Strategy at IIM, Ahmedabad & another on Strategy for Fast Growing Enterprises at ISB Hyderabad. Mr. Adish Oswal has more than 19 years of rich experience in textile industry. He has vast experience in selection of technology, machineries and operation of plants. He also spearheads the Groups initiatives in the areas of Finance, Marketing, Business Development, Corporate Communication and Corporate Affairs.

Board on the recommendation of Nomination and Remuneration Committee held on 12.08.2022 has approved re-appointment of Mr. Adish Oswal as Managing Director of the company for a period of 3 (Three) years starting from 24.11.2022 till 23.11.2025 with no remuneration in the capacity of Managing Director.

Other details of Mr. Adish Oswal as per requirement of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings are given herein below as additional details.

None of the Directors or KMP of the Company or their respective relatives except the proposed appointee and Mrs. Manju Oswal, Director are concerned or interested in the said resolution.

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

#### **ITEM NO. 6**

Mr. Sanjeev Joshi, (DIN: 09685969) was appointed as Additional Director under category of Independent Director of the company by Board on 12.08.2022 to hold the office of director till the conclusion of this AGM. The company has also received declaration of independence and consent for appointment from Mr. Joshi in accordance with the provisions of Companies Act, 2013 and SEBI (LODR), Regulations, 2015. On recommendation of the Nomination and Remuneration Committee, the board hereby recommends the appointment of Mr. Joshi as Independent Director of the company for a term of 4 (Four) years w.e.f 26.09.2022 till 25.09.26.

None of the Directors or KMP of the Company or their respective relatives except the proposed appointee is concerned or interested in the said resolution.

The Board recommends the Ordinary resolution set forth in Item No. 6 for the approval of the members.

#### **ITEM NO. 7**

Mr. Sagar Bhatia, (DIN: 09691116) was appointed as Additional Director under category of Independent Director of the company by Board on 12.08.2022 to hold the office of director till the conclusion of this AGM. The company has also received declaration of independence and consent for appointment from Mr. Bhatia in accordance with the provisions of Companies Act, 2013 and SEBI (LODR), Regulations, 2015. On recommendation of the Nomination and Remuneration Committee, the board hereby recommends the appointment of Mr. Bhatia as Independent Director of the company for a term of 4 (Four) years w.e.f 26.09.2022 till 25.09.26.

None of the Directors or KMP of the Company or their respective relatives except the proposed appointee is concerned or interested in the said resolution.

The Board recommends the Ordinary resolution set forth in Item No. 7 for the approval of the members.

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

**Place: Ludhiana**  
**Date : 12.08.2022**

**Adish Oswal**  
**Chairman & Managing Director**  
**DIN: 00009710**

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

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

<b>1.</b>	<b>Name of Director</b>	<b>Mr. Suresh Kumar Banka</b>
	DIN	08847246
	Date of Birth	05/07/1961
	Date of First Appointment at Board	01/09/2020
	Appointment/Re-appointment	Re-appointment
	Expertise in specific functional area and justification for appointment	He has vast knowledge and rich experience of more than 38 years in the field of Accounting and Cost Management.
	No. of equity shares held in VPL	06 Equity shares
	Qualification	Commerce Graduate
	Board Meetings attended during the year	6 Board Meetings
	Directorship of other companies	NIL
	Chairmanship /Membership of Committees of other Companies	NIL
	Relationship with other Directors, Manager and KMP	No relationship with other Directors, Manager and KMP
	Terms & conditions of appointment and reappointment along with details of remuneration sought to be paid and remuneration last drawn by such person.	As per Nomination and Remuneration Policy of the company, being non-executive director, he is not drawing any remuneration from the company. However, he is getting sitting fees for attending the meetings.
	Listed Entities from which he has resigned in the last 3 years	NIL

<b>2.</b>	<b>Name of Director</b>	<b>Mr. Sandeep Mehta</b>
	DIN	09439403
	Date of Birth	21/03/1972
	Date of First Appointment at Board	24/12/2021
	Appointment/Re-appointment	Appointment
	No. of equity shares held in VPL	NIL
	Qualification	B.Com, MBA
	Board Meetings attended during the year	2 Board Meeting
	Directorship of other companies	NIL
	Chairmanship /Membership of Committees of other Companies	NIL
	Relationship with other Directors, Manager and KMP	No Relationship with other Directors, Manager and KMP
	Terms & conditions of appointment and reappointment along with details of remuneration sought to be paid and remuneration last drawn by such person.	As per Nomination and Remuneration Policy of the company, being non-executive director, he is not drawing any remuneration from the company. However, he is getting sitting fees for attending the meetings.
	Listed Entities from which he has resigned in the last 3 years	NIL

Expertise in specific functional area and Skills & capabilities required for the role and the manner in which the proposed person meets such requirement including justification appointment	Mr. Sandeep Mehta is a Commerce Graduate and is having Masters Degree in Business Administration. He has rich experience of more than 25 years in Accounts and finance with various corporate houses. His wide experience and skills will benefit the company.
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<b>3. Name of Director</b>	<b>Mr. Adish Oswal</b>
DIN	00009710
Date of Birth	18.01.1980
Date of First Appointment at Board	01.08.2009
Expertise in specific functional area and justification for appointment	19 years of rich experience in Textile industry. He has vast experience in selection of technology, machineries and operation of plants. He also spearheads the Groups initiatives in the areas of Finance, Marketing, Business Development, Corporate Communication and Corporate Affairs.
Appointment/Re-appointment	Re-appointment
No. of equity shares held in VPL	4,20,511 equity shares
Qualification	Commerce Graduate from Delhi University. Training programmes in Managerial Finance at Harvard University, in Core Competence, Capability & Strategy at IIM, Ahmedabad & on Strategy for Fast Growing Enterprises at ISB Hyderabad.
Board Meetings attended during the year	6 Board Meetings
Directorship of other companies	<ol style="list-style-type: none"> <li>1. Panchsheel Textile Mfg and Trading Company Pvt. Ltd.</li> <li>2. Ruby Mercantile Company Private Limited</li> <li>3. Kent Investments Private Limited</li> <li>4. Gagan Mercantile Company Private Limited</li> <li>5. Pioneer Mercantile India Pvt. Ltd.</li> <li>6. Calgary Investment and Trading Company Private Limited</li> <li>7. Adesh Investment and Trading Company Private Limited</li> <li>8. Alma Assets Consultancy Private Limited</li> <li>9. Allepy Investment and Trading Co. Pvt. Ltd.</li> <li>10. Oswal Infratech Private Limited</li> <li>11. Oswal Holding Private Limited</li> <li>12. Boras Investment and Trading Company Private Limited</li> <li>13. Oswal Tradecom Private Limited</li> </ol>
Chairmanship /Membership of Committees of other Companies	NIL
Relationship with other Directors, Manager and KMP	Son of Mrs. Manju Oswal, Director
Terms & conditions of appointment and reappointment along with details of remuneration sought to be paid and remuneration last drawn by such person.	Terms & Conditions as per explanatory statement. No remuneration drawn in the capacity of Managing Director.
Listed Entities from which he has resigned in the last 3 years	NIL

<b>4. Name of Director</b>	<b>Mr. Sanjeev Joshi</b>
DIN	09685969
Date of Birth	11/08/1974
Date of First Appointment at Board	12/08/2022
Appointment/Re-appointment	Appointment
No. of equity shares held in VPL	NIL
Qualification	Commerce Graduate
Board Meetings attended during the year	—
Directorship of other companies	NIL
Chairmanship /Membership of Committees of other Companies	NIL
Relationship with other Directors, Manager and KMP	No Relationship with other Directors, Manager and KMP
Terms & conditions of appointment and reappointment along with details of remuneration sought to be paid and remuneration last drawn by such person.	As per Nomination and Remuneration Policy of the company, being non-executive director, he is not drawing any remuneration from the company. However, he is getting sitting fees for attending the meetings.
Listed Entities from which he has resigned in the last 3 years	NIL
Expertise in specific functional area and Skills & capabilities required for the role and the manner in which the proposed person meets such requirement including justification for appointment	Mr. Sanjeev Joshi is a Commerce Graduate having rich experience of more than 25 years in various Textile companies. His areas of expertise include Costing, MIS, Budgeting and Planning. His wide experience and skills will benefit the company.

<b>5. Name of Director</b>	<b>Mr. Sagar Bhatia</b>
DIN	09691116
Date of Birth	20/10/1994
Date of First Appointment at Board	12/08/2022
Appointment/Re-appointment	Appointment
No. of equity shares held in VPL	NIL
Qualification	Graduate
Board Meetings attended during the year	—
Directorship of other companies	NIL
Chairmanship /Membership of Committees of other Companies	NIL
Relationship with other Directors, Manager and KMP	No Relationship with other Directors, Manager and KMP
Terms & conditions of appointment and reappointment along with details of remuneration sought to be paid and remuneration last drawn by such person.	As per Nomination and Remuneration Policy of the company, being non-executive director, he is not drawing any remuneration from the company. However, he is getting sitting fees for attending the meetings.
Listed Entities from which he has resigned in the last 3 years	NIL
Expertise in specific functional area and Skills & capabilities required for the role and the manner in which the proposed person meets such requirement including justification for appointment	Mr. Sagar Bhatia is a Graduate with experience of more than 7 years having expertise in finance. His experience and skills will benefit the company.



## BOARD'S REPORT

Dear Shareholders,

The Directors of your Company are presenting 42<sup>nd</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, 2022.

### 1. Financial Highlights (standalone) (₹ in Lakhs)

PARTICULARS	2021-22	2020-21
Revenue from operations (Net)	92,859.51	50,827.91
Other Income	307.56	259.71
<b>Total Income (1)</b>	<b>93,167.07</b>	<b>51,087.62</b>
<b>Expenses</b>		
Cost of material consumed	70,856.82	36,676.55
Purchase of traded goods	2.06	69.56
Changes in inventories of finished goods	(2,281.77)	423.81
Excise duty on sale of goods	-	-
Employee benefit expense	5,718.67	3,869.91
Finance costs	6,416.18	5,900.79
Depreciation and amortization expense	1,364.97	1,453.66
Other expenses	12,645.69	8,362.55
<b>Total Expenses (2)</b>	<b>94,722.62</b>	<b>56,756.83</b>
<b>Profit from operation before exceptional item and Tax (1-2)</b>	<b>(1,555.55)</b>	<b>(5,669.21)</b>
Less: Exceptional Items	-	-
<b>Profit before Tax</b>	<b>(1,555.55)</b>	<b>(5,669.21)</b>
Less: Tax Expenses:		
Current Tax	-	-
Deffered Tax (Credit)	-	-
<b>Profit after Tax</b>	<b>(1,555.55)</b>	<b>(5,669.21)</b>
<b>Other Comprehensive Income:</b>		
Remeasurement of defined benefit obligation	(15.11)	(61.09)
<b>Total Comprehensive Income for the Period</b>	<b>(1,570.66)</b>	<b>(5,730.30)</b>
Earning Per Share:		
Basic	(6.98)	(25.43)
Diluted	(6.98)	(25.43)

### Financial Performance & Review

Your company achieved total revenue from operations of ₹ 92,859.51 lakh registering increase of 83% over last year's turnover of ₹ 50,827.91 lakh. EBITDA of the Company was ₹ 6225.60 lakh showing growth of 269% over last year's figure of ₹ 1685.24 Crores. However, operations of the company have resulted into net loss of ₹ 1555.55 lakh which has come down from previous year's figure of ₹ 5669.21 lakh by 73%. During the year under review, your company has shown great resilience, emerging stronger than ever despite challenging circumstances.

As the company's bank accounts have been classified as NPA, by the consortium of lenders in accordance with the RBI guidelines, therefore, no interest is being charged by the lenders post the NPA classification. Keeping the accrual concept in consideration, the company has provided for interest based upon terms of the CDR package. The lenders had issued notices U/S 13(2) & 13(4) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 which were duly replied and proceedings are pending before Debt Recovery Tribunal (DRT), Chandigarh. State Bank of India, United bank of India, Canara Bank, Bank of Baroda and Bank of Maharashtra, Union Bank of India (For Andhra Bank & Corporation Bank) have already assigned their respective shares to Phoenix ARC. So, Phoenix ARC now hold majority stake in the consortium.

One Time Settlement (OTS) with four of the lender banks – Bank of India, Indian Bank (earlier Allahabad Bank), Jammu & Kashmir (J & K) Bank & Punjab National Bank (PNB) has been done. Complete amount of OTS has been paid in respect of Bank of India, Indian Bank and PNB. Partial payment has been made to J & K Bank and the balance payment of OTS will be made till 31.12.2022. Consequently, J & K Bank & PNB have withdrawn their earlier filed applications with National Company Law Tribunal, Chandigarh (NCLT) u/s 7 of Insolvency and Bankruptcy Code (IBC), 2016. Few Creditors have filed applications u/s 7 & 9 of IBC, 2016, before NCLT for initiating Corporate Insolvency Resolution Process (CIRP) and the same have not been admitted so far. The management is in further discussion with the remaining banks and creditors to arrive at OTS.

### Consolidated Financial Statements

FM Hammerle Verwaltungs, GmbH Austria, (hereinafter referred as FMH) was subsidiary of the company during first two quarters namely April-June, 2021 and July-Sept, 2021. Later, FMH has been liquidated and hence ceased to be subsidiary of the company as on 31.03.2022. Financials of the Company were consolidated with FMH pursuant to Ind AS-110, due to the fact that FMH was subsidiary during the part of the year.

### 2. Change in Nature of Business

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

### 3. Associate, Joint Venture and Subsidiaries

#### Associate and Joint Venture:

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

#### Subsidiary:

- **F.M. Hammerle Verwaltungs GmbH, Austria**, a wholly owned foreign subsidiary of the Company which was incorporated for trading of shirting fabrics. But, this company could not commence its intended operations and hence, it has been liquidated.

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

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

4. **Material Subsidiaries:** The Board of Directors of the Company in its meeting had approved the policy for determining Material Subsidiaries. At present the Company does not have any Material Subsidiary. The Policy on Material Subsidiary has been posted on the website of the Company at the following link: [http://oswalgroup.com/investor\\_pdf/corporate-policy/Determination-of-Material-Subsidiary-Policy2022.pdf](http://oswalgroup.com/investor_pdf/corporate-policy/Determination-of-Material-Subsidiary-Policy2022.pdf)

5. **Transfer to Reserves**

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

6. **Dividend**

Taking into account loss incurred by the Company, Board of directors of the Company did not recommend any dividend for the year ended 31st March, 2022.

7. **Directors & Key Managerial Personnel**

During the financial year under review, Mr. Hardeep Singh was appointed as Non-Executive Independent Director by Shareholders of the company w.e.f 29.09.2021. Mr. Sandeep Mehta was appointed as Additional Director under the category of Non-Executive Independent Director by board on 24.12.2021. Mr. Harpal Singh, Independent Director resigned from the directorship with effect from 21.12.2021. Board places on record its sincere appreciation for his invaluable contribution to the company.

Tenure of Mr. Adish Oswal as Managing Director of the company is upto 23.11.2022. On recommendation of Nomination and Remuneration Committee, Board recommends the reappointment of Mr. Adish Oswal as Managing Director for 3 (Three) years w.e.f 24.11.2022 without any remuneration in the capacity of Managing Director.

Mr. Suresh Kumar Banka is retiring by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment. The board recommends his re-appointment in the forthcoming Annual General Meeting. Tenure of Mr. Sandeep Mehta, as Additional Director-Non Executive Independent Director is upto conclusion of the ensuing AGM. On recommendation of the Nomination and Remuneration Committee, the board has recommended the appointment of Mr. Mehta as Independent Director of the company for a tenure of 4 (Four) years w.e.f 26.09.2022.

Mr. Sanjeev Joshi and Mr. Sagar Bhatia were appointed by the board on 12.08.2022 as Additional Directors in the category of Non-Executive Independent Director of the company to hold the office of directors till the conclusion of

this ensuing AGM. Board hereby recommends the appointment of Mr. Joshi and Mr. Bhatia as Independent Directors of the company in this ensuing AGM for the tenure of 4 years w.e.f 26.09.2022.

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

8. **Declaration of Independence**

The Board has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and regulation 16 of SEBI (LODR) Regulations, 2015. In the opinion of the Board, they fulfill the conditions specified in the Act and the Rules made thereunder and are Independent of the management.

9. **Number of Board Meetings**

During the year ended 31st March, 2022, Six (6) meetings of the Board were held on the following mentioned dates:

SR. NO.	DATE OF BOARD MEETING
1	29/06/2021
2	13/08/2021
3	18/09/2021
4	13/11/2021
5	24/12/2021
6	12/02/2022

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

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

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

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

The Independent Directors in their meeting held on 12.02.2022, through discussion, evaluated the performance of non independent directors, Board, Managing Director and Executive Directors except the director being evaluated. The minutes of the said meeting were submitted to Chairman of the Company and also placed before the Board for their consideration. The Board has carried out annual performance evaluation of its own performance, the directors individually as well the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders' Relationship Committee.

While evaluating the performance, the following points were considered:

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

## 11. Familiarisation programme for Independent Directors

During FY 2021-22, the Board including all Independent Directors were explained about their roles, rights, and responsibilities in the Company through detailed presentations as per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board including all Independent Directors was provided with relevant documents, reports and internal policies to enable them to familiarize with the Company's procedures and practices from time to time besides regular briefing by the members of the Senior Leadership Team. The Familiarization programme for Independent Directors is posted on the website [www.vpl.in](http://www.vpl.in) and can be viewed at the following weblink: [http://oswalgroup.com/investor\\_pdf/corporate-policy/ID\\_Familiarisation\\_Programme%202020-21.pdf](http://oswalgroup.com/investor_pdf/corporate-policy/ID_Familiarisation_Programme%202020-21.pdf)

## 12. Remuneration Policy

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

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

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

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

## 13. Directors' Responsibility Statement

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

- a) in the preparation of the annual accounts for the Financial Year ended 31<sup>st</sup> March, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) appropriate accounting policies have been selected and applied consistently by and have made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2022 and of the profit and loss of the Company for the year ended 31<sup>st</sup> March, 2022;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts for the financial year ended 31<sup>st</sup> March, 2022 have been prepared on a going concern basis;
- e) proper internal financial controls were followed by the Company and such internal financial controls are adequate and were operating effectively; and
- f) proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 14. Management Discussions and Analysis Report

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

## 15. Frauds reported by statutory auditors

During the financial year under review, the statutory auditors have not reported any fraud under sub section (12) of Section 143 of the Companies Act, 2013.

## 16. Amounts due to micro, small and medium enterprises

Based on the information available with the company regarding the status of the suppliers under the MSME, there are no dues outstanding to Micro and Small Enterprises as at 31<sup>st</sup> March 2022.

## 17. Corporate Governance

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

The Board has also evolved and adopted a Code of Conduct based on the principles of Good Corporate Governance and best management practices being followed globally. The Code of Conduct is available on the Company's website at [www.vpl.in](http://www.vpl.in) and can be viewed at: [http://oswalgroup.com/investor\\_pdf/corporate-policy/Code-of-Conduct-or-Ethics-Policy.pdf](http://oswalgroup.com/investor_pdf/corporate-policy/Code-of-Conduct-or-Ethics-Policy.pdf)

#### 18. **Material Changes and commitments**

Save as mentioned elsewhere in this Report, no material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company – 31<sup>st</sup> March, 2022 and the date of this Report.

#### 19. **Disclosure under the Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Act, 2017**

During the year under review, no complaints were received under the Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Act, 2017.

#### 20. **Changes in Capital Structure**

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

#### 21. **Particulars of loans, guarantees and investments u/s 186**

Amount outstanding as on March 31, 2022

(₹ In Lakh)

Particulars	Amount
Loans given	Nil
Guarantees given	Nil
Investments made	0.62

During the FY 2021-22, there are no transactions pertaining to Loans, Guarantees given or Investments made.

#### 22. **Related Party Transactions**

During FY 2021-22, all contracts/ arrangements/ transactions entered into by your Company with related parties under Section 188(1) of the Act were in the ordinary course of business and on an arm's length basis. During FY 2021-22, your Company has not entered into any transactions with related parties which could be considered 'material' as per Regulation 23 of the Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 so there is no need to report any transaction in AOC-2.

Further, during FY 2021-22, there were no materially significant related party transactions made by your Company with the Promoters, Directors, Key Managerial Personnel or other designated persons, which might have potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit Committee for its approval. During the year under review, the Audit Committee has approved transactions through the Omnibus mode in accordance with the provisions of the Act and Listing Regulations. Related party transactions were

disclosed to the Board on regular basis as per IND AS 24. Details of related party transactions as per IND AS 24 may be referred to in Note 44 of the Standalone Financial Statements.

The policy on Related Party Transactions is available on the Company's website at [www.vpl.in](http://www.vpl.in) and can be viewed at: [http://oswalgroup.com/investor\\_pdf/corporate-policy/Policy-on-dealing-with-Related-Party-Transactions2022.pdf](http://oswalgroup.com/investor_pdf/corporate-policy/Policy-on-dealing-with-Related-Party-Transactions2022.pdf)

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

#### 23. **Risk Management System**

Your Company follows a comprehensive system of Risk Management and has adopted a procedure for risk assessment and its minimization. It ensures that all the risks are timely defined and mitigated in accordance with the Risk Management Process, including identification of elements of risk which might threaten the existence of the Company. Your Company constituted a Risk Management Committee which intensely monitors the Risk Management Process in the Company and the same is periodically reviewed by the Board. The risk management policy of the company is placed at the website of the company [www.vpl.in](http://www.vpl.in) and can be viewed at:

[http://oswalgroup.com/investor\\_pdf/corporate-policy/Risk-Management-Policy.pdf](http://oswalgroup.com/investor_pdf/corporate-policy/Risk-Management-Policy.pdf)

#### 24. **Vigil Mechanism/ Whistle Blower Policy**

The Company promotes ethical behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior. The Company has a vigil mechanism/ whistle blower policy wherein the employees are free to report violation of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the workgroups. The confidentiality of person reporting violation is maintained and he is not subjected to any discriminatory practice. No person has been denied access to the chairman of Audit Committee. The vigil mechanism policy is available at Company's website [www.vpl.in](http://www.vpl.in) and can be viewed at: [http://oswalgroup.com/investor\\_pdf/corporate-policy/Vigil-Mechanism-Policy.pdf](http://oswalgroup.com/investor_pdf/corporate-policy/Vigil-Mechanism-Policy.pdf)

#### 25. **Internal financial controls & their adequacy**

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



## 26. **Insider Trading Code**

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

Further, the Company has put in place a Code of practices and procedures of fair disclosures of unpublished price sensitive information. Both the aforesaid Codes are in lines with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The code of conduct of the company for prevention of insider trading is placed at the website of the company under the following link: [http://oswalgroup.com/investor\\_pdf/corporate-policy/Code-for-prevention-of-Insider-Trading-2607.pdf](http://oswalgroup.com/investor_pdf/corporate-policy/Code-for-prevention-of-Insider-Trading-2607.pdf)

## 27. **Corporate Social Responsibility**

In accordance with the requirements of Section 135 of Companies Act, 2013, your Company has a Corporate Social Responsibility (CSR) Committee, which comprises following directors as on 31st March, 2022:

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

The Company considers Corporate Social Responsibility (CSR) as social obligation, sustainable development, regulatory environment, human resource management, safety health & environment and a part of Corporate Governance and accordingly your Company has formulated a Corporate Social Responsibility Policy (CSR Policy) which is available on the website of the Company at [www.vpl.in](http://www.vpl.in) and can be accessed at the link: [http://oswalgroup.com/investor\\_pdf/corporate-policy/CSR-Policy-2021.pdf](http://oswalgroup.com/investor_pdf/corporate-policy/CSR-Policy-2021.pdf)

The company undertake to do the following activities:

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and

maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;
- Measures for the benefit of armed forces veterans, war widows and their dependents Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
- Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Schedule Caste, Tribes, other backward classes, minorities and women;
- Contributions to incubators or research and development projects in the field of Science, technology, engineering and medicine, funded by Central Government of State Government or Public sector undertaking or any agency of Central Government of State Government and
- Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- Rural development projects
- Slum area development.
- Disaster management, including relief, rehabilitation and reconstruction activities.

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

## 28. **Audit Committee**

The Audit Committee of the Company comprises of the following Non-Executive and Independent Directors as on 31<sup>st</sup> March, 2022:

1	Mr. Sandeep Mehta	Chairperson
2	Mrs. Manju Oswal	Member
3	Mr. Varun Kumar Choudhary	Member



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

However, Audit Committee has been reconstituted on 12.08.2022 by inducting Mr. Sanjeev Joshi as Member in place of Mr. Varun Kumar Choudhary who has resigned.

## 29. Auditors:

### i) Statutory Auditors

M/s. Romesh K. Aggarwal and Associates, Chartered Accountants, Ludhiana (Firm Registration No. 000711N), Chartered Accountants were appointed as statutory auditors of the Company at 40<sup>th</sup> Annual General Meeting held on 29.09.2020 for a period of five years i.e., till the conclusion of 45<sup>th</sup> AGM of the Company.

The observations of Auditor in their Report (both Standalone and Consolidated), read with the relevant notes to accounts are self explanatory and therefore do not require further explanation pursuant to Section 134(3)(f)(i) and require no comments except the following observation:

*"Note No. 48 of the Standalone Ind AS financial statements regarding crediting a profit of ₹ 396.44 lakhs due on payment of FCCB liability to the statement of profit & loss during the year ended March 31, 2017 which should have been credited in the statement of profit & loss on payment of FCCB liability which is still outstanding to the tune of 554,160 USD as on March 31, 2022 is not in compliance with the requirements of para 27 of the Ind AS 1- Presentation of Financial Statements w.r.t. preparation of financial statements on accrual basis. Consequently, the profit and loss has been overstated by the above mentioned amount.*

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

The Management hereby states that the company had credited the amount on the basis of settlement of FCCB liability and out of the settled amount a major part has already been paid till the year ended on 31st March, 2017. The company is undergoing debt resolution plan with the entire of its lenders including Axis Bank Ltd which is holder of FCCB and the issue will be addressed at the time of settlement with Axis Bank.

### ii) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Khanna Ashwani & Associates, Practicing Company Secretary, Ludhiana to conduct the secretarial audit of the Company for the financial year 2021-22, and reappointed the same for FY 2022-23 also.

Report of the secretarial auditor is annexed herewith as 'Annexure D', which forms part of this report. Secretarial Audit Report is self-explanatory and there are no such observations/remarks made by the Secretarial Auditors' in their report which needs further explanation except the observation regarding compliance u/r 33 of (Listing Obligations and Disclosure Requirements) Regulations, 2015 for delayed filing of Consolidated Cash Flow Statement & Consolidated Statement of Assets and Liabilities for the year ended 31.03.2022.

The Management hereby states that the company was having subsidiary namely FM Hammerle Verwaltungs, GMBH Austria (FMH) for the first two Quarters for the Financial Year 2021-22. Later on the subsidiary was liquidated. In the Board Meeting held on 30.05.2022, Standalone Financial Results for the year ended 31.03.2022 which included Statement of Profit and Loss, Statement of Assets and Liabilities, Cash Flow Statement and Annual Consolidated Statement of Profit and Loss were approved and submitted to the Stock Exchanges. Consolidated Statement of Assets and Liabilities as on 31.03.2022 and Cash Flow statement were not prepared and submitted due to reason that FMH ceased to exist as on 31.03.2022. But BSE and NSE required the company to submit the consolidated Statement of Assets and Liabilities and Cash Flow Statement in addition to the already submitted financial results for the quarter/year ended 31.03.2022. Accordingly, these statements were submitted to NSE and BSE on 23.06.2022 after Board's approval. Both Stock exchanges treated this submission as delayed compliance of Regulation 33 of LODR and imposed a fine and the same was paid to NSE and BSE within stipulated time.

### iii) Cost Auditors

M/s Ramanath Iyer & Company, Cost Accountants, New Delhi were appointed as the Cost Auditors of the Company for FY 2021-22 to audit the cost accounts of the Company. The Board of Directors has re-appointed M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, as the Cost Auditors of the Company to conduct cost audit for the financial year ended 31<sup>st</sup> March, 2023. As per the requirement of Section 148 of the Companies Act, 2013 read with rules made there under, the remuneration to be paid to them is placed for the ratification by the members at this ensuing Annual General Meeting. The company has maintained cost records as prescribed under the Companies Act.

## 30. Compliance to Secretarial Standards

The company has duly complied with the applicable Secretarial Standards during the FY 2021-22.

## 31. Deposits from Public

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

**32. Listing of securities**

The shares of the Company are listed on National Stock Exchange of India Ltd. (NSE) and BSE Limited. The Company has paid annual listing fee to exchanges for the year 2021-22.

**33. Human Resources Management**

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

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

**34. 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.

**35. Prevention of Sexual Harassment at workplace**

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

**36. Energy conservation, technology absorption and foreign exchange earnings and outgo**

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

**37. Annual Return**

The Annual Return (Form MGT-7), as required under Section 92 of the Act read with rules, is available on the Company's website viz. [http://oswalgroup.com/investor\\_pdf/Annual\\_Returns\\_2021.pdf](http://oswalgroup.com/investor_pdf/Annual_Returns_2021.pdf)

**38. Company Petition**

Vardhman Polytex Ltd (VPL) being holding company of erstwhile FM Hammerle Textiles Limited had filed a petition u/s 397, 398 of the erstwhile Companies Act, 1956 in the Hon'ble Company Law Board, Principal Bench, New Delhi

against minority shareholder of FMH-Maschinen Umwelttechnik Transportanlagen Gesellschaft mbH, Austria [MUT]- another shareholder], IRIS Textile GmbH (erstwhile foreign Collaborator), Mr. Josef Hahn, Director and Mr. Ishwinder Maddh (erstwhile Alternate director to Mr. Josef Hahn) alleging that the activities and acts of Mr. Josef Hahn and Mr. Ishwinder Maddh are in the manner oppressive to VPL. VPL also filed petition before the CLB to declare that allotment of 1,90,15,920 shares to IRIS (presently held by MUT) as void ab initio for want of consideration and rectify the register by cancelling the allotment made to IRIS. In furtherance of the petition filed by the Company, the MUT filed an application against OFMHT for oppression and mismanagement. The Company Law Board (CLB) vide its consolidated order dated 13.08.2015 has dismissed all the petitions. The matter pertaining to rectification of register of members was disposed off against VPL. The same was challenged before the Punjab & Haryana High Court at Chandigarh and a stay has been granted in the matter by the Hon'ble High Court. In response to the order of CLB dated 13.08.2015, Hahn Group filed two applications at CLB for execution of above CLB order and for amendment/rectification in the order. Also MUT had got an order dated 13.10.2017 from Supreme Court of India for adding Vardhman Polytex limited as a party to purchase the shares pursuant to CLB Order dated 13.08.2015. Punjab & Haryana High Court, Chandigarh vide its interim order dated 04-12-2019 has directed to determine the market value of shares held by minority shareholders of FM Hammerle Textiles Ltd. Resolution plan of FMH was approved on 13.03.2020 by NCLT vide which existing shares of FMH have extinguished. As per Supreme Court order VPL and MUT shared equally the fees paid to E & Y for valuation of shares of FMH. It is pertinent to note that MUT cannot claim consideration from VPL in lieu of its erstwhile minority shareholding in FMH due to reason that MUT's shares in FMH have been extinguished vide NCLT order approving resolution plan.

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

Except as stated in the report, there are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company.

**40. Acknowledgements**

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

**For and on behalf of the Board**

**Sd/-  
(Adish Oswal)**

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

**Date: 12.08.2022  
Place: Ludhiana**

**"FORM AOC-1"**

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

**Part "A": Subsidiaries**

(₹ in Lakh)

Sr. No.	Particulars	As on 31.03.2022
1	Name of Subsidiary company	—
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable
3	Reporting currency and Exchange rate as on 30.09.2021 in the case of foreign subsidiary	Euro and Exchange rate: 85.97
4	Share Capital	—
5	Reserves & Surplus	—
6	Total Assets	—
7	Total Liabilities	—
8	Investments	—
9	Turnover	17.57
10	Profit before Taxation	5.68
11	Profit after Taxation	4.91
12	Proposed Dividend	—
13	% of Shareholding	—

1. Name of subsidiaries which are yet to commence operation : N.A.
2. Names of subsidiaries which have been liquidated or sold during the year : FM Hammerle Verwaltungen during the year GmbH, Austria (liquidated)

**"Part-B": Associates and Joint Ventures :**

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

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

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

For **Romesh K. Aggarwal and Associates**  
Chartered Accountants  
Firm Registraton No. 000711N

For and on behalf of the company

Sd/-  
**Ruchir Singla**  
Partner  
Membership No. 519347

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

Sd/-  
**Manju Oswal**  
Director  
DIN:00009449

Sd/-  
**Radhamohan Soni**  
Chief Financial Officer

Sd/-  
**Ajay K. Ratra**  
Company Secretary

Place: Ludhiana  
Date: 12.08.2022

## NOMINATION AND REMUNERATION POLICY

### APPLICABILITY

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

### INTERPRETATION

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

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

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

**‘Chief Financial Officer’** means a person appointed as the Chief Financial Officer of a Company.

**‘Compliance Officer’** means “Company Secretary” of the Company.

**‘Key Managerial Personnel’** in relation to a company means:

- Managing Director, or Chief Executive Officer or manager and in their absence, a Whole Time Director.
- Company Secretary;
- Chief Financial Officer; and
- Such other officer as may be prescribed.

**‘The Company’** shall mean Vardhman Polytex Ltd.

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

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

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

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

### ROLE OF THE COMMITTEE

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

1. To identify persons who are qualified to become directors, persons who may be appointed in senior management in accordance with the criteria and to recommend to the Board for their appointment and / or removal.
2. To carry out evaluation of every director’s performance.
3. To establish criteria and processes for, and assist the Board and each of its Committees in their performance evaluations.
4. To formulate the criteria for determining qualifications,

positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

5. To recommend / review remuneration of the Managing Director(s) and Whole-time Director(s), based on their performance and defined assessment criteria.
6. To administer, monitor and formulate detailed terms and conditions of the Employees’ Stock Option Scheme including:
  - the quantum of options to be granted under Employees’ Stock Option Scheme per employee and in aggregate;
  - the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
  - the exercise period within which the employee should exercise the option and that the option would lapse on failure to exercise the option within the exercise period;
  - the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
  - the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
  - the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others; and
  - the granting, vesting and exercising of options in case of employees who are on long leave; and the procedure for cash less exercise of options;
  - To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
  - To perform such other functions as may be necessary or appropriate for the performance of its duties.

### IMPLEMENTATION OF POLICIES

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

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

### AUTHORITY

The Committee is authorised:

- to seek any information it requires from any employee of



any company within the Group in order to perform its duties;

- to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference; and
- to call any member of staff to be questioned at a meeting of the Committee as and when required.

### FREQUENCY OF MEETINGS

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

### PRESENCE IN ANNUAL GENERAL MEETING

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

### ANNUAL AFFIRMATION

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

### CRITERIA TO EVATUATE PERFORMANCE

#### a) Selection Criteria for Directors

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

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

**Age Limit:** The candidate should have completed the age of twenty one (21) years and should not have attained the age of seventy (70) years. In case any director has attained age of 70 year, he can be appointed as director with the permission of board.

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

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

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

#### b) Selection Criteria for Senior Management

As per Selection Criteria Senior Management shall mean employees hired at the level of Divisional Heads and Corporate Functional Heads or equivalent positions. The policy provides that the candidate should have appropriate qualifications, skills and experience for discharging the role. The qualifications, skills and experience of each such position shall be defined in the job description, which will be maintained by the HR function.

#### c) Remuneration for Directors, KMP and other Employees

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

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

#### d) Performance Evaluation

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

- a) **Board:** Each Board member completes the self-evaluation form. Independent Directors discuss the self-evaluation forms in a separate meeting and share their feedback with the Chairman of the Company. The Chairman discusses with the entire Board at the Board Meeting.
- b) **Committees:** Each Committee member completes the self-evaluation form and shares feedback with the Chairman of the Committee. The Chairman of the Committee discusses the evaluation form analysis with the Managing Director and later with the entire Board at the Board Meeting.
- c) **Chairman and Executive Directors:** Each Board member completes the peer valuation form. Independent Directors discuss the peer evaluation forms in a separate meeting and share their feedback with the Chairman. The Chairman conveys feedback individually to the concerned Directors.
- d) **Independent Directors:** Each Board member completes the peer evaluation and shares feedback with the Chairman. The Chairman conveys feedback individually to the concerned Directors.

### AMENDMENT

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



### ANNUAL REPORT ON CSR ACTIVITY

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

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

The policy is available on the website of Company: [www.vpl.in](http://www.vpl.in) at [http://oswalgroup.com/investor\\_pdf/corporate-policy/CSR-Policy-2021.pdf](http://oswalgroup.com/investor_pdf/corporate-policy/CSR-Policy-2021.pdf)

- Composition of CSR Committee**

Sr. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Adish Oswal	Chairman	1	1
2	Mr. Sandeep Mehta	Member	1	1
3	Mrs. Manju Oswal	Member	1	1

- Composition of CSR Committee is also available on website of Company: [www.vpl.in](http://www.vpl.in) at <http://oswalgroup.com/corporate-governance.php>.
- Impact assessment of CSR projects:** N.A

- Details of the amount available for set off in pursuance of Rule 7(3):**

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1		NIL	
2			
	<b>Total</b>		

- Average Net Profit/ (Loss) of the Company for last three Financial Years:**

FY 2018-19	(₹ 7,426.33 Lakh)
FY 2019-20	₹ 10,178.97 Lakh
FY 2020-21	(₹ 5,669.21 Lakh)
Average net profit/ (Loss)	(₹ 972.19 Lakh)

- Two percent of average net profit: N.A.

As per point no. 6 above, the average of profit for the last three financial years is negative i.e loss; therefore, the requirement to spend the amount on CSR activity is not applicable on the Company.

- Surplus arising out of CSR projects/programmes/activities of the previous year: N.A.
- Amount required to be set off for the financial year, if any: N.A.
- Total CSR obligation for the financial year (a + b - c): N.A.

8. A) CSR amount spent or unspent for the financial year: N.A.

B) Details of CSR amount spent against ongoing projects for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account		Amount transferred to any fund specified under Schedule VII		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
	N.A.				

C) Details of CSR amount spent against ongoing projects for the financial year:

Sr. No.	Project Name	Item from the list of schedule VII	Local area (Yes/No)	Location of the Project		Project duration	Amount allocated for the project (in ₹)	Amount transferred to Unspent CSR Account for the Project	Mode of implementation-Direct (Yes/No)	Mode of implementation-through Implementing Agency	
				State	District					Name	CSR Reg. No.
1											
2											
3							N.A.				
4											
	TOTAL										

D) Details of CSR amount spent against other than ongoing projects for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account		Amount transferred to any fund specified under Schedule VII		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
	N.A.				

E) Details of CSR amount spent against other than ongoing projects for the financial year:

Sr. No.	Project Name	Item from the list of schedule VII	Local area (Yes/No)	Location of the Project		Amount spent for the project	Mode of implementation-Direct (Yes/No)	Mode of implementation-through Implementing Agency	
				State	District			Name	CSR Reg. No.
1									
2									
3						N.A.			
4									
	TOTAL								

F) Amount spent in Administrative Overheads: N.A.

G) Amount spent on Impact Assessment, if applicable: N.A.

H) Total amount spent for the Financial Year: Nil

I) excess amount for set off, if any:

Sr. No.	Particular	Amount (in ₹)
1	Two percent of average net profit of the company	—
2	Total amount spent for the Financial Year	—
3	Excess amount spent for the Financial Year (2-1)	—
4	Surplus arising out of the CSR projects/programmes/activities of the previous years, if any	—
5	Amount available for set off in succeeding financial years (3-4)	—

A) Details of Unspent CSR amount for the preceding three financial year:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII, if any			Amount remaining to be spent in succeeding financial year (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1							
2							
3				N.A.			
	Total						

B) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sr. No.	Project ID	Name of Project	Financial year in which project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting FY (in ₹)	Cumulative amount spent at the end of reporting FY (in ₹)	Status of the project (Completed/ On going)
1								
2								
3					N.A.			
	Total							

9. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): N.A.

A) Date of Creation or acquisition of the capital asset(s):

B) Amount of CSR spent for creation or acquisition of capital asset:

C) Details of the entity or public authority or beneficiary under whose name such capital assets is registered, their address etc.:

D) Provide details of capital asset(s) created or acquired (including complete address and location of the capital asset):

10. Specify the reason(s), if the company has failed to spend two percent of the average net profit: Not applicable in view of point 6 and 7 as mentioned above.

For and on behalf of the board

Sd/-

Adish Oswal

Chairman and Managing Director

DIN: 00009710

Date: 12.08.2022

Place: Ludhiana

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31.03.2021.**

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

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

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

Based on our verification of the **Vardhman Polytex Limited** books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31.03.2022** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute book, forms and returns filed and other records maintained by the company for the financial year ended on **31.03.2022** according to the provisions of:

- (i) The **Companies Act, 2013** (the Act) and the rules made thereunder;
- (ii) The **Securities Contracts (Regulation) Act, 1956 ('SCRA')** and the rules made thereunder;
- (iii) The **Depositories Act, 1996** and the Regulations and Bye-laws framed thereunder;
- (iv) **Foreign Exchange Management Act, 1999** and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the **Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-**
  - (a) The Securities and Exchange Board of India (**Substantial**

**Acquisition of Shares and Takeovers) Regulations, 2011;**

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

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

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

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

Sr. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1	Regulation 33 of (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015	Delayed filing of Consolidated Cash Flow Statement & Consolidated Statement of Assets and Liabilities for the year ended 31.03.2022.	As per the explanations provided by the Management that, Company was having Subsidiary company namely FM Hammerle Verwaltungs, GMBH Austria for the first two Quarters for the Financial Year 2021-22. Later on the subsidiary was liquidated, reporting for the same was made to the exchanges. Hence, Company didn't consolidate the accounts, as company was not having any subsidiary as on 31-03-2022. As required by BSE & NSE the company then approved the consolidated Statement of Assets & Liabilities and Consolidated Cash Flow Statement in the board meeting held on 23-06-2022 and duly submitted to the exchanges, Thereafter, company has made the requisite fine that has been imposed by the exchanges for delayed filing well within the stipulated period as specified by the exchanges.

(vi) **Other Applicable laws**

I further report that, we were unable to do factory visits, henceforth we are relying upon the certificate issued by Plant head dated 10.05.2022 that the Company has complied with the following laws applicable specifically to the Company:

1. The Factories Act 1948 and Rules framed there under
2. The Contract Labour (Regulation & Abolition) Act – 1970
3. Apprentices Act, 1961 read with Apprenticeship Rules, 1992
4. Employees Provident Fund and Miscellaneous Provisions Act, 1952
5. The Employees State Insurance Act, 1948, Employees State Insurance (Central) Rules, 1950 and Employees State Insurance (General) Regulations, 1950
6. Employment Exchanges Compulsory Notification of Vacancies Act, 1959 and the Employment Exchanges Compulsory Notification of Vacancies Rules, 1960
7. Equal Remuneration Act, 1976 and Equal Remuneration Rules, 1976
8. Minimum Wages Act, 1948 read with State Minimum Wages Rules framed thereunder.
9. The Payment of Gratuity Act, 1972 read with State Payment of Gratuity Rules framed thereunder.
10. Child Labour (Prohibition and Regulation) Act, 1986 read with Child Labour (Prohibition and Regulation) Rules, 1988.
11. Payment of Wages Act, 1936 read with State Payment of Wages Rules framed thereunder.
12. The Payment of Bonus Act, 1965 read with the Payment of Bonus Rules, 1975

13. Industrial Employment (Standing Orders) Act, 1946 read with State Industrial Employment (Standing Orders) Rules

14. The Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act 2013

**Environmental, Health and Safety Laws:**

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

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

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

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



**We further report that**

- One Time Settlement (OTS) with two of the lender banks - Jammu & Kashmir Bank & Punjab National Bank has been done; consequently both banks have withdrawn their applications filed with NCLT under Section 7 of Insolvency and Bankruptcy Code, 2016 on 05/07/2022 and 26/07/2022 respectively.
- Few Creditors have filed applications under Section 7 & 9 of Insolvency and Bankruptcy Code, 2016, before National Company Law Tribunal, Chandigarh for initiating Corporate Insolvency Resolution Process (CIRP), The same have not been admitted so far.
- State Bank of India, United bank of India, Canara Bank, Bank of Baroda and Bank of Maharashtra, Union Bank of India (For Andhra Bank & Corporation Bank) have already assigned their respective shares to Phoenix ARC.
- Further Company has received an OTS Sanction Letter from Bank of India during the Quarter ended 31.03.2022. The Complete amount of OTS with Bank of India has been paid till 21/04/2022.
- **Adequate notice** is given to all directors to schedule the **Board Meetings, Agenda** and detailed **notes** on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications

on the agenda items before the meeting and for meaningful participation at the meeting.

- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

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

- **As pointed out by the Statutory Auditor, Company is unable to meet with the current liabilities with respect to the Foreign Currency Convertible Bonds ("FCCB"), the matter was also qualified by the auditors in the previous reports submitted by them.**

Sd/-  
(Ashwani Kumar Khanna)

FCS No. 3254

CP No. 2220

UDIN: F003254D000729320

Place: Ludhiana  
Date: 02/08/2022

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

**Annexure: A**

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

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

Sd/-  
(Ashwani Kumar Khanna)

FCS No. 3254

CP No. 2220

UDIN: F003254D000729320

Place: Ludhiana  
Date: 02/08/2022

### Particulars of Employees

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

1. a) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year and the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year:

S.No.	Particulars	Ratio to Median Remuneration	% increase in remuneration in the financial year
1.	Mr. Adish Oswal* Chairman & Managing Director	-	-
2.	Mr. Radhamohan Soni (Chief Financial Officer)	-	16.66%
3.	Mr. Ajay K. Ratra (Company Secretary)	-	12.12%

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

\*Mr. Adish Oswal is not getting any remuneration in the capacity of Managing Director. However, taking into account the professional competence of Mr. Adish Oswal in running of plant operations of the company, he has been given additional charge as Chief Operating Officer (COO) of the Company and he drew remuneration of ₹ 120 Lakh during the FY 2021-22 in the capacity of COO.

- b) The median remuneration of employees of the company during the financial year: 10,420
- c) The percentage increase in the median remuneration of employees in the financial year: -0.57%
- d) Number of permanent employees on the rolls of company as on 31<sup>st</sup> March, 2022: 3,073
- e) The average annual increase in the salaries of employees other than managerial personnel during the financial year was around: 9%
- f) The company hereby affirms that the remuneration is as per the remuneration policy of the company.
2. Information as per rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
- a) Details of the top ten employees(Permanent) in terms of remuneration drawn during the year ended 31<sup>st</sup> March, 2022

Sr. No.	Name of Employee	Date of Birth	Designation	Qualification	Total Experience (In Years)	Date of commencement of employment in VPL	Remuneration drawn (CTC) during the year (₹ in Lakh)	Previous employer
1	Mr. Adish Oswal	18.01.1980	Chief Operating Officer	B.Com	19	27.03.2003	120.00	-
2	Mr. Amitabh Singh Dagar	09.11.1973	GM (Operations)	B.Tech	27	27.09.2003	25.93	Arihant Spinning Mills
3	Mr. Vijay Arora	02.03.1970	Associate Vice President	B.Com, LLB	27	20.10.1998	24.39	Annant Spinning Mills
4	Mr. Akhilesh Shukla	25.06.1982	Associate General Manager	B.Tech	20	01.01.2021	22.78	Vardhman Amrante Private Limited
5	Mr. Amit Pandey	24.10.1973	General Manager- Operation	B.Tech Textile Technology	27	01.03.1997	22.20	Delhi Cloth Mills
6	Mr. Dibyakant Singh	02.12.1982	Associate Vice President- HR	MBA	18	17.08.2017	21.56	Varun Beverage Limited
7	Mr. Radhamohan Soni	20.09.1971	Chief Financial Officer (w.e.f 01.09.2020)	B.com, ICWA	26	08.05.2006	18.75	Kundan Edible Products Limited
8	Mr. Surinder Kumar Goyal	27.05.1964	Deputy General Manager	B.Tech	31	16.01.2016	17.24	Trident Group

Sr. No.	Name of Employee	Date of Birth	Designation	Qualification	Total Experience (In Years)	Date of commencement of employment in VPL	Remuneration drawn (CTC) during the year (₹ in Lakh)	Previous employer
9	Mr. Pradipta Chakraborty	31.10.1975	Associate General Manager	B.Tech	22	01.10.2016	17.18	FAR Group
10	Mr. Ajay Kumar Ratra	30.09.1970	Company Secretary	B.com, CS	27	01.11.2018	17.00	Lakshmi Energy and Foods Limited

- Note:**
1. All are permanent employees, and are governed by letter of employment.
  2. No employee of the company holds such percentage of equity shares within the meaning of clause (iii) of rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
  3. No employee is relative of any director or manager of the Company except Mr. Adish Oswal being son of Mrs. Manju Oswal.

**b) Details of employees who are getting remuneration of ₹ 1,02,00,000 or more Per Annum or ₹ 8,50,000/- or more per month**

Sr. No.	Name of Employee	Date of Birth	Designation	Qualification	Total Experience (In Years)	Date of commencement of employment in VPL	Remuneration (CTC) drawn during the year (₹ in Lakh)	Previous employer
1	Mr. Adish Oswal	18.01.1980	Chief Operating Officer	B.Com	19	27.03.2003	120	-

## CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

### 1. Conservation of energy:

The company initiated several steps to conserve energy, wherever possible. The Energy Conservation Cell

continuously meets, conducts studies, verifies and monitors the consumption and utilization of energy including identification of energy conservation areas in the different manufacturing units of the Company.

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

Energy saving measures taken in 2020-21	Power saving (Units/KWH in Lakhs)	Investment (₹ in lakh)
1. Plugged the leak of Compressed air leakages.	The units were saved by plugging the leakage of compressed air. Saving : 240 Cfm/day and Units : 1477 Kwh/day	11.57
2. Replaced the heavy weighted spindles with light weight spindles on Ring-frame Ktm.	Units were saved by replacing spindles 555Nos. Saving : 29 Units/day	3.55
3. Replaced conventional fluorescent tubes 36Watt with LED 20Watt.	Units were saved by replacing tube lights 450Nos. Saving : 172.8 Units/day	0.83
4. Replaced the 150 watt sodium vapour street light with LED street light 70watt – 05 Nos.	Units were saved by replacing street lights 05 Nos. Saving : 0.4 Kwh/day	0.13

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

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

(c) whether the technology been fully absorbed: Yes

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; N.A

#### c) Expenditure on R&D (₹ in lakh)

Particulars	2021-22	2020-21
Capital	0	-
Recurring	2.05	2.38
<b>Total</b>	<b>2.05</b>	<b>2.38</b>
<b>As % of Turnover</b>	<b>0.002</b>	<b>0.005</b>

### 2. Technology Absorption:

#### Efforts -Research and Development (R&D)

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

The Company's R&D/QC teams regularly focused on product development, process improvement and quality control at every stage of production. The Company has given more attention on value addition by converting part of carded production into combed, process re-engineering to improve product performance in today's high speed fabrication machineries in the subsequent value chains – both technically & commercially, thereby increasing product range & achieving customer satisfaction.

#### b) Benefits derived as result of R&D

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

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

(a) the details of technology imported; N.A

(b) the year of import; N.A

#### 3. Technology absorption, adaptation and innovation

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

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

(₹ in lakh)

Particulars	2021-22	2020-21
Earnings (FOB value of exports)	-	-
CIF value of imports	-	-
Expenditure in foreign currency	4.42	-

For and on behalf of the Board

Sd/-

**Adish Oswal**

Chairman & Managing Director  
(DIN- 00009710)

Date : 12.08.2022

Place: Ludhiana

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### ECONOMIC OVERVIEW

#### Global Economy

Global growth is expected to slow significantly in 2022, largely as a consequence of the war in Ukraine. Economic damage from the conflict will contribute to a significant slowdown in global growth and add to inflation. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest. Global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022. Multilateral efforts to respond to the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change, and end the pandemic are essential.

#### Indian Economy

The dawning of the year 2022 brought in a sense of fresh optimism and opportunity, even while India as well as the world continue to navigate turbulence; such as the economic consequences of the hopefully-abating COVID-19 pandemic, rising geopolitical situations dislocating global supply chains and unsettling energy markets, inflation and global currency instability. However, India currently looks set to be on a path of recovery from pandemic-induced downturns, with the government's estimate of GDP being 8.7 per cent for FY22. The International Monetary Fund (IMF) has slightly lowered its growth forecast for FY23 to 8.2 per cent. Recent developments in Europe and its attendant effects on global energy markets, the COVID-19 induced supply logjams in China and the consequences of inflation, all reveal the need for governments and firms to stay watchful and agile, and to respond in real-time to increasingly accelerating change and evolution in the physical, social, and economic environment. The above stated factors have impacted the economy particularly in terms of rising inflation, with the Consumer Price Index (CPI) rising to a high of nearly 7.8 per cent in April 2022. In FY22, India's fiscal deficit is estimated to be 6.7 per cent of the GDP, lower than the 9.2 per cent that was recorded in FY21.

### INDUSTRY STRUCTURE & DEVELOPMENTS

#### Global Textile Industry

The global textile market size was valued at USD 993.6 billion in 2021 and is anticipated to grow at a compound annual growth rate (CAGR) of 4.0% from 2022 to 2030. Increasing demand for apparel from the fashion industry coupled with the growth of e-commerce platforms is expected to drive the market growth over the forecast period. The industry works on three major principles, designing, production, and distribution of different flexible materials, such as yarn and clothing. Several processes, such as knitting, crocheting, weaving, and others, are largely used to manufacture a wide range of finished and semi-finished goods in bedding, clothing, apparel, medical, and other accessories. (source: <https://www.grandviewresearch.com>).

The outbreak of Coronavirus disease (COVID-19) has acted as a massive restraint on the textile manufacturing market in 2021 as supply chains were disrupted due to trade restrictions and consumption declined due to lockdowns imposed by governments globally. However, it is expected that the textile manufacturing market will recover from the shock across the forecast period as it is a 'black swan' event and not related to ongoing or fundamental weaknesses in the market or the global economy.

#### Indian Textiles Industry

The textile industry is one of the oldest business options in India since the ancient age. Different types of textile fibers are produced in India, among which cotton, jute, silk, and wool are the major ones. Both skilled laborers and unskilled officials are needed to run this business smoothly. Thus, the textile industry serves as the platform offering a huge number of employment opportunities to eligible people in India. The products of the Indian textile industry with the traditional designs and textures are very popular all over the world. People associated with this industry hope to see a great comeback in 2022, overcoming the setback during the past 2 years due to the pandemic situation.

The industry is extremely varied, with hand-spun and hand-woven textiles sectors at one end of the spectrum, with the capital-intensive sophisticated mills sector on the other end. The decentralised power looms/ hosiery and knitting sector forms the largest component in the textiles sector. India's textiles industry has around 4.5 crore employed workers including 35.22 lakh handloom workers across the country. Exports of textiles (RMG of all textiles, cotton yarns/fabs/made-ups/handloom products, man-made yarns/fabs/made-ups, handicrafts excluding handmade carpets, carpets and jute mfg. including floor coverings) stood at US\$ 29.8 billion between April-December 2021. The Indian textiles market is expected to be worth more than US\$ 209 billion by 2029.

India is the world's largest producer of cotton. Production stood at 360.13 lakh bales for the crop year October 2021-September 2022. Domestic consumption for the 2021-22 crop year is estimated to be at 335 lakh bales. Production of fibre in India reached 2.40 MT in FY21 (till January 2021), while that for yarn, the production stood at 4,762 million kgs during same period. India's home textile exports grew at a healthy rate of 9% in FY21 despite the pandemic. In the year 2020-21, 1.13 million tonnes of cotton yarn were exported from India. The textiles industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US\$ 3.93 billion from April 2000-December 2021. (source: <https://www.ibef.org/>)

The Indian textile and apparel market reached a value of US\$ 151.2 Billion in 2021. Looking forward, the market to reach US\$ 344.1 Billion by 2027, exhibiting a CAGR of 14.8% during 2022-2027 (IMARC Group's research report: "Indian Textile and Apparel Market")



## Opportunities & Threats

### Opportunities

Indian textile industry is the second largest employer, providing direct and indirect employment to nearly 100 million people in India. The domestic textiles and apparel industry contribute 2% to India's GDP, 7% of industry output in value terms and 12% of the country's export earnings.

Despite the setbacks caused by Covid-19 and consequent effects, implementing the following can lead India to be a global textile hub:

1. Active role of government and various textile associations and experts.
2. Capitalizing on Anti-Chinese sentiment of the world.
3. New strategies to be implemented by manufactures and sellers.
4. Venturing in new avenues such as Meditech, technical textiles which have demand in future.
5. Strengthening India's supply chain and garment industry.
6. Focus on "Atma-nirbharta" and strategies to dominate globally.
7. Ameliorating digitalization and sustainability in such times.
8. Understanding the new consumer behaviour.

### Threats

Textile sector suffered a significant downturn due to the pandemic. Still, as the outbreak fades, the Indian textile market is also expected to rebound. The Home Textile industry is facing significant headwinds given the rise in input cost, logistical challenges, inflationary pressures, and a volatile global environment, which is putting untoward pressure on margin and demand. What is even more worrying is that China and Pakistan are chipping away at the market share of Indian cotton imports in the US, says a recent study. Trouble for the industry stems from the fact that raw cotton prices in India increased YoY and are currently at par with international prices. As yarn and fabric prices are rising in tandem, companies are facing a huge challenge in terms of passing on higher prices internationally. What has exacerbated the matter is that depreciation in the US Dollar (USD). Cotton prices have seen a sharp spike due to non-availability of cotton, but the report adds that these elevated price levels are unsustainable and expect it to normalize after another good cotton season.

## COMPANY OVERVIEW & ROLE

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

### Segment-wise/Product-wise Performance

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

₹ in Lakh

Sale of products	2021-22	2020-21
Grey yarn	75,474.90	39,939.51
Dyed yarn	9,470.68	6,178.47
Garments	103.75	62.56
Waste sale	7535.37	4,660.68
Trading goods (textile )	65.87	25.82
Job charges income	306.23	106.74
Total	92,956.8	50,973.77

### Outlook

Although there are significant headwinds in the near term, the industry remains positive on demand in the mid to long run, due to expansion in export opportunities on account of the Foreign Trade Agreements (FTA) signed by India with nations such as Australia and the UAE. An FTA with the UK is expected to be finalized soon. Discussions on an FTA with Europe is set to begin by Jun'22. Such FTAs, along with the government's steps to support the Indian Textile exports, reflects positively on the long-term outlook for the industry.

During FY 2022-23, major focus of the company shall be on cost cutting measures, improving productivity, reduction in wastage, efforts on taking quality to next level, deriving efficiency to make products further cost competitive and debt settlement with the lender banks. Despite all odds, the company expects to bounce back. It is a testing times for all of us, but with our good brand image and network in the market, we expect to be back on track soon.

### Management perception of Risk & Concerns

Textile sector faces an array of challenges many of which have been accelerated by the Covid-19 pandemic. Challenges include rising labour costs, production and process automation, 'reshoring' and 'nearshoring', as well as increased pressure to transition towards a more sustainable business model, with improved wages and working conditions.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. Besides the effects of COVID-19, the main risks inter alia include strategic risk, operational risk, financial risk and compliances & legal risk. The fast technology obsolescence, high cost of manufacturing and economic uncertainty in key global markets are the major risk/ concerns of the business.

The Company has devised and implemented a mechanism for risk management and has developed a Risk Management Policy. The Audit Committee also evaluates risk management system of the Company periodically. To cover foreign exchange risk, the Company transacts its all exports through secured mode either against LC or partial advance payment and foreign currency is being hedged simultaneously against almost all confirmed contracts. The company has very agile corporate team of professionals keeping tab on business developments and working efficiently to mitigate the various risks.

### Internal Control System & their adequacy:

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

### Discussion on Financial Performance with respect to Operational Performance

During the FY 2021-22, your company achieved total revenue from operations of ₹ 928.59 Crores registering a growth of 83% over last year's turnover of ₹ 508.28 Crores. EBITDA of the Company was ₹ 62.25 Crores showing increase of 269% over last year's figure of ₹ 16.85 Crores. However, operations of the company resulted into net loss of ₹ 15.55 Crores which came down from previous year's figure of ₹ 56.69 Crores by 73%.

The past few years have been quite tough for the company which required resilience and adaptability. Last year, the company has done great comeback in achieving growth in turnover and it would achieve better results in the coming years.

Resource utilization:

The gross fixed assets as at 31<sup>st</sup> March, 2022 were ₹ 58,175.46 lakh against ₹ 59,208.04 lakh in the previous year. The Net block of assets as on 31<sup>st</sup> March, 2022 was ₹ 16,541.15 lakh as against ₹ 17,771.03 lakh in the previous year.

Inventory levels as at 31<sup>st</sup> March, 2022 were ₹ 4,375.49 lakh as against ₹ 1,891.72 lakh in the previous year. The trade receivable as at 31<sup>st</sup> March, 2022 were ₹ 1,079.74 lakh as against ₹ 829.58 lakh in the previous year.

### Financial condition & liquidity:

(₹ in Lakh)

Particulars	2021-22	2020-21
<b>Cash &amp; cash equivalents</b>		
Beginning of the year	9.05	14.24
End of the year	14.61	9.05
<b>Net cash provided(used) by:</b>		
Operating Activities	6146.46	2403.22
Investing Activities	(64.57)	(122.47)
Financial Activities	(6076.33)	(2285.94)

### Human Resources Development:

The total number of employees as on 31<sup>st</sup> March, 2022 were 3074. The industrial relations in all units of the Company continue to be cordial. Your Company believes that its employees are its core strength and development of people is a key priority for the organization to drive business objectives and goals. Robust HR policies are in place which enables building a stronger performance culture.

### Health & Safety Measures:

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

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

#### Significant key financial ratios

Particulars	FY 2021-22	FY 2020-21
(i) Debtors Turnover	5.45	13.65
(ii) Inventory Turnover	17.26	13.61
(iii) Interest Coverage Ratio	0.76	0.04
(iv) Current Ratio	0.14	0.08
(v) Debt Equity Ratio	-0.001	-0.004
(vi) Operating Profit Margin (%)	5.25	0.46
(vii) Net Profit Margin (%)	-1.70	-11.30
(viii) Return on Net Worth	0.04	0.16

#### Cautionary Statement:

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

## CORPORATE GOVERNANCE REPORT

### CORPORATE GOVERNANCE REPORT

Corporate governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices that ensure that a Company meets its obligations to optimize shareholders' value and fulfill its responsibilities to the community, customers, employees, Government and other segments of society. Corporate Governance assumes a great deal of importance in the business life of the Company. The Company's goal is to find creative and productive ways of delighting its stakeholders, i.e. investors, customers & associates etc. while fulfilling the role of a responsible corporate representative committed to best practices. This section besides being in compliance of the mandatory SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "SEBI (LODR) Regulations") gives an insight into the process of functioning of the Company.

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

#### 1. **COMPANY'S PHILOSOPHY:**

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

#### 2. **BOARD OF DIRECTORS:**

##### a) **Composition:**

The Board consists of Six Directors out of which one is Executive Director and remaining five are Non-Executive Directors including a woman director. The half of the Board comprises of Independent Directors.

During the year, Mr. Harpal Singh has resigned from the position of Independent Director of the company due to his other professional commitments. Mr. Sandeep Mehta was appointed by the board as Additional Director under Non-Executive Independent Director to hold the office of director till the conclusion of this ensuing AGM of the company.

On 12.08.2022, Mr. Hardeep Singh and Mr. Varun Kumar Choudhary have resigned from the position of Independent Directors of the company. Mr. Sanjeev Joshi and Mr. Sagar Bhatia have been appointed by the board as non executive Independent Directors of the company w.e.f 12.08.2022.

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

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

The directors shall have appropriate skills and experience in one or more fields of finance, costing, management, sales, marketing, administration, corporate governance and operations or any other discipline related to the Company's business.

Board members of the company possess the above stated skills and expertise.

Name of Director	Skills/Expertise
Mr. Adish Oswal	Commerce Graduate from Delhi University and has attended various training programmes such as Managerial Finance at Harvard University, Boston; one on Core Competence, Capability & Strategy at IIM, Ahmedabad & another on Strategy for Fast Growing Enterprises at ISB Hyderabad. He is having 19 years of rich experience in Textile industry with expertise in selection of technology, machineries and operation of plants. He also spearheads the Groups initiatives in the areas of Finance, Marketing, Business Development, Corporate Communication and Corporate Affairs.
Mrs. Manju Oswal	Wide experience of 29 years in the textiles and administration

Name of Director	Skills/Expertise
Mr. Harpal Singh (upto 21.12.2021)	Extensive experience of more than 28 years in Operations, Human Resource, Accounting and administration.
Mr. Sandeep Mehta (w.e.f 24.12.2021)	Commerce Graduate with Master's Degree in Business Administration having rich experience of more than 25 years in finance and accounts with various corporate houses.
Mr. Suresh Kumar Banka	He has vast knowledge and rich experience of more than 38 years in the field of Accounting and Cost Management.
Mr. Varun Kumar Choudhary (Upto 12.08.2022)	Civil engineer by profession. He is multi skilled person with knack of interior designing and civil construction, instrumental in developing Big Townships.
Mr. Hardeep Singh (upto 12.08.2022)	Diploma in Civil Engineering and Draughtsman having rich experience of 12 years in civil construction, interior designing and real estate.
Mr. Sanjeev Joshi (w.e.f 12.08.2022)	Commerce Graduate having rich experience of more than 25 years in various Textile companies. His areas of expertise include Costing, MIS, Budgeting and Planning.
Mr. Sagar Bhatia (w.e.f 12.08.2022)	Graduate with experience of more than 7 years having expertise in accounting and finance.

**b) Board Meetings:**

During the financial year under review, 6 (six) Board Meetings were held on the following mentioned dates and the gap between two consecutive meetings did not exceed one hundred twenty days.

SR. NO.	DATE OF BOARD MEETINGS
1	29-06-2021
2	13-08-2021
3	18-09-2021
4	13-11-2021
5	24-12-2021
6	12-02-2022

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

Name of Director/ Designation	Category of Directorship	No. of Shares held	No. of Board Meeting Attended/ Held	Attendance at last AGM held on 29.09.2020	Total number of Directorship in other Companies <sup>#</sup>		Total number of positions in Committee of Companies <sup>##</sup>	
					Chairperson	Member	Chairperson	Member
Mr. Adish Oswal (DIN: 00009710) Chairman & Managing Director	Promoter- Executive	420511	6/6	YES	-	13	-	1
Mrs. Manju Oswal (DIN: 00009449)	Promoter, Non-Executive	52694	6/6	YES	-	4	1	1
Mr. Harpal Singh* (DIN: 06932062)	Non-Executive Independent	NIL	4/5	YES	-	4	1	1
Mr. Suresh Kumar Banka (DIN: 08847246)	Non-Executive	6	6/6	YES	-	-	-	-
Mr. Varun Kumar Choudhary** (DIN: 08857201)	Non-Executive Independent	NIL	6/6	YES	-	-	-	1
Mr. Hardeep Singh*** (DIN: 08896801)	Non-Executive Independent	NIL	6/6	YES	-	-	-	-
Mr. Sandeep Mehta^ (DIN: 09439403)	Non-Executive Independent	NIL	2/6	NO	-	-	1	1
Mr. Sanjeev Joshi^^ (DIN: 09685969)	Non-Executive Independent	NIL	-	NO	-	-	-	1
Mr. Sagar Bhatia^^^ (DIN: 09691116)	Non-Executive Independent	NIL	-	NO	-	-	-	-

\* Mr. Harpal Singh has resigned from the company w.e.f 21.12.2021



\*\* Mr. Varun Kumar Choudhary has resigned from the company w.e.f 12.08.2022

\*\*\* Mr. Hardeep Singh has resigned from the company w.e.f 12.08.2022

^ Mr. Sandeep Mehta was appointed as Director under non-executive Independent category w.e.f. 24.12.2021

^^ Mr. Sanjeev Joshi was appointed as Director under non-executive Independent category w.e.f 12.08.2022

^^^ Mr. Sagar Bhatia was appointed as Director under non-executive Independent category w.e.f 12.08.2022

# Directorship includes alternate directorship and exclude foreign directorship.

## The total number of position in committees include only the positions in the Audit and Stakeholders' Relationship committee of all the companies.

**Notes:**

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

**Directorship in other Listed Companies:**

Sr. No.	Name of Directors	Name of Listed Companies & Category of Directorship
1	Mr. Adish Oswal	-
2	Mrs. Manju Oswal	-
3	Mr. Harpal Singh (Upto 21.12.2021)	-
4	Mr. Suresh Kumar Banka	-
5	Mr. Varun Kumar Choudhary (Upto 12.08.2022)	-
6	Mr. Hardeep Singh (Upto 12.08.2022)	-
7	Mr. Sandeep Mehta (w.e.f. 24.12.2021)	-
8	Mr. Sanjeev Joshi (w.e.f 12.08.2022)	-
9	Mr. Sagar Bhatia (w.e.f 12.08.2022)	-

**c) Meetings Procedure:**

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

**d) Training/Familiarisation programmes for Board Members:**

The Board members are provided with necessary documents/brochures, reports and internal policies enable them to familiarize with the Company's procedures and practices. Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors. The details of such familiarization programmes for Independent Directors are posted on the website of the Company and can be accessed at [http://oswalgroup.com/investor\\_pdf/corporate-policy/ID\\_Familiarisation\\_Programme%202020-21.pdf](http://oswalgroup.com/investor_pdf/corporate-policy/ID_Familiarisation_Programme%202020-21.pdf)

**e) Remuneration of Directors:**

- Executive Directors:** The Company can pay remuneration to Chairman & Managing Director, Managing Director and Executive Directors as approved by the Board of Directors and Members of the Company. As of now, the company is not paying remuneration to anyone in the capacity of Executive Director.
- Non-Executive Directors:** Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board Meeting @ ₹ 7,500/- per meeting and for the Committee Meeting @ ₹ 3,500/- per meeting.

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

(₹ in Lakh)

Name	Designation	Salary	Benefits, Allowances & other Perquisites	Sitting Fee	Total Remuneration
Mr. Adish Oswal	Chairman & Managing Director	-	-	NA	-
Mrs. Manju Oswal	Non- Executive Non-Independent Director	-	-	0.80	0.80
Mr. Harpal Singh (upto 21.12.2021)	Non- Executive Independent Director	-	-	0.55	0.55
Mr. Suresh Kumar Banka	Non- Executive Non-Independent Director	-	-	0.45	0.45
Mr. Varun Kumar Choudhary	Non- Executive Independent Director	-	-	0.66	0.66
Mr. Hardeep Singh	Non- Executive Independent Director	-	-	0.45	0.45
Mr. Sandeep Mehta (w.e.f. 24.12.2021)	Non- Executive Independent Director	-	-	0.22	0.22

1. Mr. Adish Oswal is not getting any remuneration in the capacity of Managing Director. However, taking into account the professional competence of Mr. Adish Oswal in running of plant operations of the company, he has been given additional charge as Chief Operating Officer (COO) of the Company and he drew remuneration of ₹ 120 Lakh during the FY 2021-22 in the capacity of COO.
2. None of the Non-Executive Directors has any pecuniary relationships or transactions vis-à-vis the Company except the sitting fees received by respective directors.
3. Salary/ remuneration of working directors do not include performance incentive or any variable pay etc. The Company has not granted any Stock Options to its Directors or Employees.
4. No severance fee is payable to any Managing Director of the company.

**f) Independent Directors:**

Independent directors are non-executive directors as defined under Regulation 16(1) (b) of the SEBI (LODR) Regulations, 2015. The maximum tenure of the independent directors is in compliance with the Companies Act, 2013 ("Act"). All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1) (b) of the SEBI (LODR) Regulations and Section 149(6) of the Companies Act, 2013.

It is hereby confirmed that in the opinion of the board all IDs fulfill the conditions as specified in the SEBI (LODR) and are independent of the management.

The terms and conditions of appointment of the independent directors are disclosed on the website of the Company. Familiarization programmes for Independent Director is available on website of the company at following link: [http://oswalgroup.com/investor\\_pdf/corporate-policy/ID\\_Familiarisation\\_Programme%202020-21.pdf](http://oswalgroup.com/investor_pdf/corporate-policy/ID_Familiarisation_Programme%202020-21.pdf)

During the year, a separate meeting of the independent directors was held on 12.02.2022 inter-alia to review the performance of non-independent directors and the board as a whole.

**3. COMMITTEES OF THE BOARD:**
**A) Audit Committee**

The Company has an Audit Committee in terms of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015, which comprises 3 directors including two Independent Directors i.e. Mr. Sandeep Mehta is as the Chairman and Mr. Varun Kumar Choudhary as member of the committee. Company Secretary acts as the Secretary of the Committee. Statutory Auditors, Internal Auditors & Head of Corporate Finance Department are the permanent invitees to the Committee. The terms of reference of the Audit Committee is based on the role of the Audit Committee as mentioned in Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations.

The Committee met Four times during the year on 29.06.2021, 13.08.2021, 13.11.2021 and 12.02.2022. Attendance of the members of the Committee is given below:

Members	Category	Meetings Attended
Mr. Harpal Singh (Chairman) (upto 21.12.2021)	Non-Executive Independent Director	3

Members	Category	Meetings Attended
Mr. Sandeep Mehta (Chairman) (w.e.f. 24.12.2021)	Non-Executive Independent Director	2
Mrs. Manju Oswal (Member)	Non-Executive Non-Independent Director	4
Mr. Varun Kumar Choudhary (Member) (upto 12.08.2022)	Non-Executive Independent Director	4
Mr. Sanjeev Joshi (Member) (w.e.f. 12.08.2022)	Non-Executive Independent Director	-

**Note:**

Mr. Harpal Singh has resigned w.e.f 21.12.2021 and Mr. Sandeep Mehta was appointed as committee member w.e.f 24.12.2021.

Mr. Sanjeev Joshi has been appointed as committee member w.e.f 12.08.2022 in place of Mr. Varun Kumar Choudhary who has resigned w.e.f 12.08.2022

**B) Stakeholders' Relationship Committee**

The Company has a Stakeholders' Relationship Committee to look into the redressal of stakeholders complaints on various issues. The Committee comprised of Mr. Adish Oswal; Mr. Sandeep Mehta and Mrs. Manju Oswal. Mrs. Manju Oswal is the Chairperson of the Committee. The Committee met four (4) times during the year on 29.06.2021, 13.08.2021, 13.11.2021 and 12.02.2022. The composition and attendance of committee is as under:

Members	Category	Meetings Attended
Mrs. Manju Oswal (Chairperson)	Non- Executive Director	4
Mr. Adish Oswal (Member)	Chairman & Managing Director	4
Mr. Harpal Singh (Member-upto 21.12.2021)	Non-Executive Director	3
Mr. Sandeep Mehta (Member- w.e.f. 24.12.2021)	Non-Executive Director	1

Note: Mr. Harpal Singh has resigned w.e.f 21.12.2021 and Mr. Sandeep Mehta was appointed as committee member w.e.f 24.12.2021.

During the financial year 2021-22, the Company has not received any complaint.

Mr. Ajay Kumar Ratra, Company Secretary, is Compliance Officer of the Company and may be contacted at 0161-6629888. As per Regulation 6 of the SEBI (LODR) Regulations, 2015, the designated E-mail Id for the purpose of registering complaints/ queries of investors is: [secretarial@vpl.in](mailto:secretarial@vpl.in)

**C) Nomination and Remuneration Committee**

The Company has Nomination & Remuneration Committee in terms of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations, 2015. The role of the Nomination and Remuneration committee is as set out in Part D of Schedule II of SEBI (LODR) Regulations, 2015.

The committee comprised of three Non-executive Directors. During the year, two (2) committee meetings were held on 13.08.2021 and 24.12.2021; in the meetings as stated above, the requisite quorum was present.

The composition of committee and attendance is given hereunder:

Members	Category	Meetings Attended
Mr. Harpal Singh (Chairman- upto 21.12.2021)	Non-Executive Independent Director	1
Mr. Sandeep Mehta (Chairman- w.e.f. 24.12.2021)	Non-Executive Independent Director	-
Mrs. Manju Oswal (Member)	Non-Executive Non-Independent Director	2
Mr. Varun Kumar Choudhary (Member)	Non-Executive Independent Director	2
Mr. Sanjeev Joshi (Member) (w.e.f. 12.08.2022)	Non-Executive Independent Director	-

**Note:**

Mr. Harpal Singh has resigned w.e.f 21.12.2021 and Mr. Sandeep Mehta was appointed as committee member w.e.f 24.12.2021.

Mr. Sanjeev Joshi has been appointed as committee member w.e.f 12.08.2022 in place of Mr. Varun Kumar Choudhary who has resigned w.e.f 12.08.2022

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

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

The Company's Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel (SMP) of the Company. The Code of Conduct is available at Company's website. All Board Members & SMP have given their affirmations of compliance with the Code. A declaration to this effect signed by Chairman & Managing Director is enclosed as **Annexure-1** and which forms part of this Report.

**5. RISK MANAGEMENT:**

The Company has adopted a well defined procedure for risk management. The Risk Management Policy of the Company provides procedures for identification and mitigation of internal as well as external risks of the Company. Constitution of Risk Management Committee is not applicable on the company as per the given criteria under SEBI (LODR).

**6. SUBSIDIARY COMPANY:**

The Audit Committee reviews the significant issues including financial statements pertaining to subsidiary company. The minutes of the subsidiary company 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 company. The performance of its subsidiary is also reviewed by the Board periodically.

The Company does not have any material non-listed Indian subsidiary company. FM Hammerle Verwaltungs, GmbH Austria, (hereinafter referred as FMH) was subsidiary of the company during first two quarters namely April-June, 2021 and July-Sept, 2021. Later, FMH has been liquidated and hence ceased to be subsidiary of the company as on 31.03.2022.

The Company has a policy for determining 'material subsidiaries' which is disclosed on its website at the following link: [http://oswalgroup.com/investor\\_pdf/corporate-policy/Determination-of-Material-Subsidiary-Policy2022.pdf](http://oswalgroup.com/investor_pdf/corporate-policy/Determination-of-Material-Subsidiary-Policy2022.pdf)

**7. SHAREHOLDERS:**

**A) Details of Directors seeking appointment/re-appointment**

The brief profile of the directors being appointed/re-appointed is provided in the Notice of convening the Annual General Meeting.

**B) Previous Annual General Meetings**

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

Meeting	Day, date & time of the meeting	Venue	No. of Special Resolutions
41 <sup>st</sup> AGM	Wednesday, 29 <sup>th</sup> day of September, 2021 at 11:00 AM	Regd. Office: Vardhman Park, Chandigarh Road, Ludhiana - 141 123	1
40 <sup>th</sup> AGM	Tuesday, 29 <sup>th</sup> day of September, 2020 at 04:30 PM	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	1
39 <sup>th</sup> AGM	Wednesday, 25 <sup>th</sup> day of September, 2019 at 11:00 AM	Regd. Office: Vardhman Park, Chandigarh Road, Ludhiana - 141 123	NIL

**Postal Ballot:** During the year 2021-22, the Company has not passed any resolution through postal ballot.

**C) Means of Communication**

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

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

**8. DISCLOSURES:**

**a) Related Party Transactions:** All related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business. All Related Party Transactions were placed before the Audit Committee for its approval. The Audit Committee has granted omnibus approval for Related Party transactions as per the provisions and restrictions contained in the SEBI Listing Regulations. There was no material/ significant transaction with the directors or the management, their subsidiaries or relatives etc. that have any potential conflict with interest of the Company at large read

with details of transactions as disclosed in Notes on Accounts annexed in the Balance Sheet as per Accounting Standard Ind-AS 24. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the following link: [http://oswalgroup.com/investor\\_pdf/corporate-policy/Policy-on-dealing-with-Related-Party-Transactions2022.pdf](http://oswalgroup.com/investor_pdf/corporate-policy/Policy-on-dealing-with-Related-Party-Transactions2022.pdf)

- b) **Non-compliances/ Penalties:** No penalties or strictures were imposed by the Stock Exchanges or SEBI or any other Statutory Authority during the last three years except as stated hereinbelow. The Company has duly complied the provisions of LODR and specifically with Corporate Governance requirements as specified under Regulation 17 to 27, Regulation 46 (2) clause (b) to (i) and para C, D and E of Schedule V of the Listing Regulations except delay in appointment of two more directors, during the period of first two quarters of FY 2020-21, as per Regulation 17 (1) (c) of SEBI (LODR) Regulations, 2015 which was due to complete lockdown in the country to contain the spread of Covid-19. For the above stated delay in compliance, NSE has issued notice imposing fine in accordance with SOP. The company has filed request for waiver of above stated fine levied in terms of Stock Exchange's Policy for exemption of fines as per the provisions of SEBI SOP circular and the said request is under consideration. Securities of the Company have not been suspended for trading at any point of time during the year.

The company was having subsidiary namely FM Hammerle Verwaltungs, GMBH Austria (FMH) for the first two Quarters for the Financial Year 2021-22. Later on the subsidiary was liquidated. In the Board Meeting held on 30.05.2022, Standalone Financial Results for the year ended 31.03.2022 which included Statement of Profit and Loss, Statement of Assets and Liabilities, Cash Flow Statement and Annual Consolidated Statement of Profit and Loss were approved and submitted to the Stock Exchanges. Consolidated Statement of Assets and Liabilities as on 31.03.2022 and Cash Flow statement were not prepared and submitted due to reason that FMH ceased to exist as on 31.03.2022. But BSE and NSE required the company to submit the consolidated Statement of Assets and Liabilities and Cash Flow Statement in addition to the already submitted financial results for the quarter/year ended 31.03.2022. Accordingly, these statements were submitted to NSE and BSE on 23.06.2022 after Board's approval. Both Stock exchanges treated this submission as delayed compliance of Regulation 33 of LODR and imposed a fine and the same was paid to NSE and BSE within stipulated time.

- c) **Vigil Mechanism/ Whistle Blower Policy:** The Company promotes ethical behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior. The Company has a vigil mechanism/ whistle blower policy wherein the employees are free to report violation of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the workgroups. The confidentiality of person reporting violation is maintained and he is not subjected to any discriminatory practice. No person has been denied access to the chairman of Audit Committee. The vigil mechanism policy is available at Company's website at the following link: [http://oswalgroup.com/investor\\_pdf/corporate-policy/Vigil-Mechanism-Policy.pdf](http://oswalgroup.com/investor_pdf/corporate-policy/Vigil-Mechanism-Policy.pdf)
- d) **Mandatory/Discretionary requirements:** All mandatory requirements of SEBI Listing Regulations/ Corporate Governance clause have been complied with during the year. The Company has also implemented discretionary requirements as specified in Part E of Schedule II of SEBI (LODR) Regulations regarding direct report by internal auditor to Audit Committee.
- e) The detail of total fees for all services paid, by the listed entity and its subsidiary, on a consolidated basis, to the statutory auditor and all entities in the network firm/ network entity of which the statutory auditor is a part, is given hereunder:

S. No.	Name of Entity	Relationship with VPL	Details of Services	Amount (₹ Lakh)
1	Vardhman Polytex Limited	-	Statutory Audit	9.00
2	Vardhman Polytex Limited	-	Tax Audit	1.50
3	Vardhman Polytex Limited	-	Out of pocket expenses	0.19
	Total			10.69

- f) **Disclosure in Relation of Sexual Harassment of Women at Workplace:** The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. During the year under review no complaint was received.
- g) Company has obtained a certificate from Company Secretary in Practice stating that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of company by SEBI/ Ministry of Corporate Affairs or any such statutory authority.
- h) Due to bank accounts of the company were classified as NPA by the consortium of banks, credit rating in respect of bank borrowings was assigned as "D" by ICRA.
- i) The Board of Directors had accepted all the recommendations, if any, as and when received from its Committees on different matters.



**j) STATUTORY DISCLOSURES:**

- There is no issue of equity shares with differential rights as to dividend, voting or otherwise.
- There is no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- Neither the Managing Director(s) nor the Whole-time Director(s) of the Company receive any remuneration or commission from any of its subsidiaries.
- The company did not buy back of its shares from the market.

**9. GENERAL SHAREHOLDERS INFORMATION:**

**I) 42<sup>nd</sup> Annual General Meeting**

Date : Monday, 26<sup>th</sup> September, 2022  
Time : 11:00 A.M.  
Venue : Vardhman Park, Chandigarh Road, Ludhiana-141123

**II) Financial Year : 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022**

**III) Financial Calendar for 2021-22 (Results were announced in):**

First Quarter Results : August, 2021  
Second Quarter Results : November, 2021  
Third Quarter Results : February, 2021  
Fourth Quarter/Annual Results : May, 2022

**IV) Financial Calendar for 2022-23 (Tentative):**

First Quarter Results : August, 2022  
Second Quarter Results : November, 2022  
Third Quarter Results : February, 2022  
Fourth Quarter/Annual Results : May, 2023

**V) Dividend Payment date : Not Applicable**

**VI) Listing of Securities:**

Sr. No.	Description	Stock Exchange	Stock Code
1.	Equity Shares	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	514175
		The National Stock Exchange of India Ltd. (NSE) "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai-400 051	VARDMPOLY

The Company has duly paid the listing fees to BSE and NSE for the year 2021-22 and also for the year 2022-23.

**VII) Stock Market Data:**

The month-wise highest, lowest and closing stock prices vis-à-vis BSE Sensex and NSE Nifty during the financial year 2021-22 are given below:-

FINANCIAL YEAR 2021-22 (MONTH)	VPL SHARE PRICE AT BSE			BSE SENSEX			VPL SHARE PRICE AT NSE			NSE NIFTY		
	HIGH	LOW	CLOSE	HIGH	LOW	CLOSE	HIGH	LOW	CLOSE	HIGH	LOW	CLOSE
APRIL	21.40	15.05	18.25	50375.77	47204.50	48782.36	21.40	14.65	18.35	15044.35	14151.40	14631.10
MAY	19.55	17.50	18.60	52013.22	48028.07	51937.44	19.60	17.70	18.65	15606.35	14416.25	15582.80
JUNE	24.40	18.10	20.00	53126.73	51450.58	52482.71	24.00	18.00	19.90	15915.65	15450.90	15721.50
JULY	36.75	19.45	30.05	53290.81	51802.73	52586.84	36.55	19.90	30.00	15962.25	15513.45	15763.05
AUGUST	30.95	19.30	24.65	57625.26	52804.08	57552.39	30.80	19.20	24.70	17153.50	15834.65	17132.20
SEPTEMBER	25.80	20.85	22.85	60412.32	57263.90	59126.36	25.65	21.05	22.95	17912.85	17055.05	17618.15
OCTOBER	24.60	20.70	21.30	62245.43	58551.14	59306.93	24.50	20.50	21.35	18604.45	17452.90	17671.65
NOVEMBER	29.25	20.80	22.30	61036.56	56382.93	57064.87	28.65	20.80	22.50	18210.15	16782.40	16983.20
DECEMBER	25.45	21.30	25.20	59203.37	55132.68	58253.82	25.85	21.55	24.80	17639.50	16410.20	17354.05
JANUARY	32.75	24.30	28.35	61475.15	56409.63	58014.17	32.75	24.30	28.15	18350.95	16836.80	17339.85
FEBRUARY	34.00	22.65	23.10	59618.51	54383.20	56247.28	33.80	22.60	23.10	17794.60	16356.30	16793.90
MARCH	27.85	22.05	24.45	58890.92	52260.82	58568.51	28.20	22.35	24.10	17559.80	15671.45	17464.75

**VIII) 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: [rt@alankit.com](mailto:rt@alankit.com) , Web Site: [www.alankit.com](http://www.alankit.com)

**IX) Share Transfer System:**

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

**X) Dematerialization of Shares and liquidity:**

The shares of the Company are traded on the Stock Exchanges compulsorily in demat form. The International Securities Identification Number (ISIN) for equity shares is INE835A01011. 98.58% of the paid up equity share capital comprising 2,19,74,500 shares were dematerialized as on 31<sup>st</sup> March, 2022.

**XI) Distribution of Shareholding as on 31<sup>st</sup> March, 2022:**

Range (No. of shares)	Shareholders		Shares	
	Numbers	%age	Numbers	%age
Upto 500	13976	85.51	1881853	8.44
501 - 1000	1195	7.31	990080	4.44
1001 - 5000	966	5.91	2123827	9.53
5001 - 10000	98	0.60	706302	3.17
10001 & Above	109	0.67	16588895	74.42
<b>Total</b>	<b>16344</b>	<b>100.00</b>	<b>2,22,90,957</b>	<b>100.00</b>

**XII) Shareholding Pattern of the Company:**

Sr. No.	Category of the shareholders	As on 31 <sup>st</sup> March, 2022	
		No. of Shares	%age
1.	Promoters/Promoter Group	1,34,09,791	60.16
2.	Foreign Portfolio Investors (FPIs) & Foreign Institutional Investors (FIIs)	3,31,453	1.49
3.	Mutual Funds & UTI	1,800	0.01
4.	Banks, Financial Institutions, Insurance Co.	452	0.00
5.	Bodies Corporate	6,82,380	3.06
6.	Indian Public	73,50,967	32.98
7.	NRIs, OCBs, FIIs	1,84,190	0.83
8.	Any other (HUF, Clearing Member)	3,29,924	1.48
	<b>Total</b>	<b>2,22,90,957</b>	<b>100.00</b>

**XIII) Outstanding GDRs/ADRs/Warrants:**

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

**XIV) Commodity Price Risk/Foreign Currency Risk/Hedging Activities:**

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

**XV) Plant/Unit Locations:**

- Vardhman Polytex Limited,  
Badal Road, Bathinda-151 005.
- Vardhman Polytex Limited (Spinning and Dyeing division)  
D- 295/1, Phase VIII, Focal Point, Ludhiana-141 010

- Vardhman Polytex Limited,  
Village Nangal Nihla/Upperla,  
Swarghat Road, Nalagarh -174 101(HP)

- Amkryon International,  
D- 295/1, Phase VIII, Focal Point, Ludhiana-141 010

**Company's Registered Office**

Vardhman Park, Chandigarh Road, Ludhiana -141 123

**XVI) Address for correspondence:**

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

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

Tel: 0161-6629888, Fax: 0161-6629988

E-mail: [secretarial@vpl.in](mailto:secretarial@vpl.in)

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

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

Tel: 0161-6629888

**XVII) Unpaid/Unclaimed Dividend:**

The company did not declare any dividend after the FY 2007-08 and the unpaid/unclaimed dividend upto the financial year 2007-08 has been transferred to Investor Education and Protection Fund (IEPF). As on date, there is no unclaimed dividend pending with the Company.

**10. CERTIFICATE OF COMPLIANCE FROM AUDITOR:**

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

**11. CEO / CFO Certification:**

In terms of Regulation 17(8) of Listing Regulations, the certificate duly signed by the Chief Executive Officer /CMD and Chief Financial Officer of the Company was placed before the Board and the same is annexed to this report as **Annexure -3**.

**Annexure-1****DECLARATION BY CHAIRMAN & MANAGING DIRECTOR ABOUT THE COMPLIANCE OF CODE OF CONDUCT BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

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

I, undersigned, further declare that the members of the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Companies Code of Conduct during the financial year ending 31<sup>st</sup> March, 2022.

Date: 12.08.2022  
Place: Ludhiana

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

**Annexure-2****CERTIFICATE OF COMPLIANCE FROM AUDITOR**

To  
The Members of  
Vardhman Polytex Limited

We have examined the compliance of conditions of Corporate Governance by Vardhman Polytex Limited ("the Company") for the year ended 31<sup>st</sup> March, 2022, as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

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

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

**Auditors' Responsibility**

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

**Opinion**

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

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

**Restriction on use**

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

**For ROMESH K AGGARWAL & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. 000711N

Place: Ludhiana  
Dated: 30.05.2022

Sd/-  
**Ruchir Singla**  
Partner  
Membership no. 519347

**CEO/CFO Certification**

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

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

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

- (a) We have reviewed financial statements for the quarter/financial year ended 31<sup>st</sup> March, 2022 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee-
  - (i) Significant changes in internal control during the quarter/year, if any;
  - (ii) Significant changes in accounting policies during the quarter/year, if any and that the same have been disclosed in the notes to the financial statements; and,
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Place: Ludhiana  
Dated: 30.05.2022

(Radhamohan Soni)	(Adish Oswal)
Chief Financial Officer	Chairman and Managing Director



## INDEPENDENT AUDITOR'S REPORT

### To The Members of Vardhman Polytex Limited

#### Report on the Audit of the Standalone Financial Statements

##### Qualified Opinion

We have audited the accompanying standalone financial statements of Vardhman Polytex Limited ("the Company"), which comprise the standalone Balance Sheet as at March 31, 2022, and the standalone Statement of Profit and Loss (including Other Comprehensive Income), the standalone Statement of Changes in Equity and the standalone Statement of Cash Flows for the year ended, and notes to the standalone financial statement, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter stated in the "Basis for Qualified Opinion" section of this report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the **Companies (Indian Accounting Standards) Rules, 2015**, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### Basis for Qualified opinion

Note No. 48 of the Standalone Ind AS financial statements regarding crediting a profit of ₹ 396.44 lakhs due on payment of FCCB liability to the statement of profit & loss during the year ended March 31, 2017 which should have been credited in the statement of profit & loss on payment of FCCB liability which is still outstanding to the tune of 554,160 USD as on March 31, 2022 is not in compliance with the requirements of para 27 of the Ind AS 1- Presentation of Financial Statements w.r.t. preparation of financial statements on accrual basis. Consequently, the profit and loss has been overstated by the above mentioned amount.

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

respectively by ₹ 396.44 lakhs.

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

##### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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

Sr. No.	Key Audit Matter	Auditor's Response
1.	Evaluation of uncertain tax positions: The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes to the Standalone Ind AS Financial Statements	Principal Audit Procedures: Obtained details of completed tax assessments and demands till the year ended March 31, 2022 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.

##### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management

Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

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

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

### Management's Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Management and Board of Directors of the companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, the respective Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

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

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

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. A) As required by Section 143(3) of the Act, based on our audit we report that :
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The standalone Balance Sheet, the standalone Statement of Profit and Loss (including Other Comprehensive Income), the standalone Statement of Changes in Equity and the standalone Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statement of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - a) The standalone financial statements disclosed the impact of pending litigations as at 31 March 2022 on the financial position of the company. Refer note 39 to the standalone financial statements.

- b) The Company has long-term contracts as at March 31, 2022 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2022.
- c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company 31 March 2022.
- d) (i) The management has represented that, to the best of its knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or its joint operation companies incorporated in India to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or its joint operation companies incorporated in India or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented, that, to the best of its knowledge and belief, that no funds have been received by the Company or its joint operation from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or its joint operation companies incorporated in India shall:
  - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
  - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause (d) (i) and (d)(ii) contain any material misstatement.
- (e) The Company has neither declared nor paid any dividend during the year.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

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

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

Sd/-

**Ruchir Singla**

Partner

Place - Ludhiana

Dated - 30<sup>th</sup> May, 2022

M. No. 519347

UDIN - 22519347AJWRKX8441

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

(i) In respect of the Company’s fixed assets:

Title deeds held in the name of	Whether title deed holder is a promoter, director or relative# of promoter*/ director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Company**
Mr. Subhash Sharma	No	22.06.2011	State Government rules
Mr. Subhash Sharma	No	01.02.2011	State Government rules
Mr. Subhash Sharma	No	13.12.2010	State Government rules

In this respect, the Company has already paid full consideration as per agreement of Purchase of said property. However, approval of Himachal Pradesh Government for registration of Property in the name of Company is yet to be received.

- (d) According to the information and explanation given to us and on the basis of our examination of the records of the company, the company has not revalued its Property, Plant and Equipment or Intangible assets or both during the year.
- (e) According to the information and explanation given to us and on the basis of our examination of the records of the company, there are no proceeding initiated or pending against the company for holding any benami property under the Prohibition of Benami Property Transaction Act 1988, and rule made thereunder.
- ii. (a) As explained to us, the inventories were physically verified during the year by the management at reasonable interval. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on such verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The company has maintained proper records showing full particular of intangible assets
- (b) According to the information and explanation given to us and on the basis of our examination of records of the company, the company has a regular programme of physical verification of its property, plant and equipment, by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and on the basis of our examination of record of the company, title deeds of immovable property are held in name of company except for the following :

- (b) According to the information and explanation given to us and on the basis of our examination of the records, during the year the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from a consortium of banks on the basis of the security of current assets. The accounts of the company have been classified as NPA and the same has been appropriately disclosed in relevant clauses below. Therefore, no quarterly statements are required to be submitted to the bank.
- iii. According to the information and explanation given to us and on the basis of our examination of the records of the company, the company, during the year, has not made any investment in, or provided guarantees or security or granted any loan or advances in the nature of loan, secured or unsecured to companies, firm, limited liability partnership.

The company has granted unsecured loan and advances in the nature of loan to other parties in respect of which requisite information is as below.

- a) Based on the audit procedures carried on by us and as per information and explanation given to us the company has provided loans to employee and advance in the nature of loan as below:

Particulars	Loans	Advance in the nature of Loans
Aggregate amount during the year		
- Employees	15.05	Loan
- Others		

- c) According to the information and explanations given to us and on the basis of our examination the records of the Company, in the case of loans given, in our opinion the repayment of principal has been stipulated and the receipt have been regular except ₹ 7.25 Lacs which is not received regularly. This amount pertains to those employees who left and the same will be adjusted when full and final payment is made.
- d) According to the information and explanations given to us and on the basis of our examination of the records of the company, ₹ 7.25 Lacs is overdue amount for more than ninety days in respect of loan given.
- e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
- f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

- (iv) The Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act. Further, the Company has not provided any loans, guarantees or security to the parties covered under Section 186 of the Act.
- (v) The company has not accepted any deposits or amounts which are deemed deposit from the public. Accordingly, clause 3(v) of the order is not applicable.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. However, we have not carried out detailed examination for the same.
- (vii) According to information and explanations given to us in respect of statutory dues:
- (a) The Company has been generally regular in depositing undisputed statutory dues including Goods and service tax, Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities.
- There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.
- (b) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2022 on account of dispute are given below:

Name of the statute	Nature of dues	Period to which it pertains	Amount in dispute	Forum where dispute is pending	Amount deposited	Matter of disputed
Central Excise Act, 1944	Excise Duty	1997-98	42.34	Hon'ble Punjab & Haryana High Court, Chandigarh	42.34	Difference on account of loose and packed yarn
	Excise Duty	2004-05	28.93	CESTAT, New Delhi	-	Cenvat credit on input has been reversed.
	Excise Duty	2008-09	103.2	Additional Commissioner C.E. Commissionerate, Chandigarh	7.74	Rebate on exports.
	Excise Duty	2009-10	1.14	Joint Secretary to Govt. of India, Ministry of Finance, New Delhi	-	Rebate on exports.
	Excise Duty	2014-15	168.55	Hon'ble Punjab & Haryana High Court, Chandigarh	-	Rebate on exports.
	Excise Duty	2014-15	22.42	Joint Secretary to Govt. of India, Ministry of Finance, New Delhi	-	
	Excise Duty	2017-18	50.63	Joint Secretary to Govt. of India, Ministry of Finance, New Delhi		



Name of the statute	Nature of dues	Period to which it pertains	Amount in dispute	Forum where dispute is pending	Amount deposited	Matter of disputed
Service tax act	Service tax	2004 – 05, 2005 – 06 and 2006 – 07	14.11	CESTAT, New Delhi	1.41	Service Tax on Overseas commission
	Service tax	2009-10	1.27	CESTAT, New Delhi	-	SCN for Service Tax refund claimed.
Income Tax Act	Income tax	1998-99 to 2002-2003, 2007-2008, 2016-2017, 2017-2018	779.59	CIT (Appeals), Ludhiana	25.69	Disallowance of deduction under section 80HHC & 80M, 44AD & 68 of Income Tax Act, Disallowance of Interest u/s 36(1)(iii) for investment in subsidiary companies, Disallowance of depreciation on profit on buy back of FCCB Bonds.
	Income tax	2004-2005, 2005-2006, 2006-2007, 2011-2012 to 2015-16	528.22	ITAT, Chandigarh	41.66	Disallowance of Interest u/s 36(1)(iii) for investment in subsidiary companies, computation u/s 14A, Interest disallowance on advances to subsidiary companies u/s 36(1)(iii) Disallowance of depreciation on profit on buy back of FCCB Bonds, Subscription of Share Capital - Section 68
	Income tax	1998-99 to 2001-2002 2003-2004, 2004-2005 2008-09 to 2010-2011	527.14	Hon'ble Punjab & Haryana High Court, Chandigarh	152.65	Disallowance of deduction under section 80HHC, 80IB & 80M, Disallowance of Interest u/s 36(1)(iii) & as revenue expenditure or capital expenditure though matter decided by Hon'ble SC in our favor and levy of interest u/s 234 D, Disallowance u/s 14-A.
Punjab General Sales Tax Act	Punjab Vat	2000-01, 2001-02	17.61	DETC Appeal	4.4	Incremental production in respect of additional fixed capital investment.
	Punjab Vat	2005-06	0.48	DETC, Patiala	0.12	
	Punjab Vat	2006-07	33.08	DETC (Appeals), Faridkot (Pb.)	-	Disallowance of ITC in respect of purchases from M/s Chabra Ind. & ITC on Diesel.
	Punjab Vat	2008-09	62.14	VAT Tribunal, Punjab	-	Disallowance of ITC on Diesel & reversal of entry tax in respect of branch transfer & 19(5)
	Punjab Vat	2009-10	79	VAT Tribunal, Punjab	-	ITC on diesel, Reversal of 19(5) in exempted units, reversal of entry tax in respect of branch transfer & 19(5).
	Punjab VAT	2011-12	18	DETC Appeals, Faridkot	4.5	Interest on additional demand.
	Punjab VAT	2012-13	8.72	DETC Appeals, Faridkot	4.02	Interest on additional demand.
Wealth Tax Act	Wealth Tax	A.Y. 1998-99	2.47	ITAT, Chandigarh	-	Dispute on valuation of land

(viii) According to the information and explanation given to us and on the basis of our examination of the records of the company, the company has not surrendered or disclose any transaction, previously unrecorded as income in the books of account, in the tax assessment under the Income Tax act, 1961 as income during the year. Clause 3(viii) are not applicable to the company hence not commented upon.

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

Name	Date of NPA	Sanction amount	Principle in default	Overdue interest	Total Outstanding as at 31.03.2022
Allahabad Bank	30.11.2017	471.74	313.45	183.05	496.50
Andhra Bank (Phoenix)	31.01.2018	3,437.00	3,473.96	933.51	4,407.47
Axis Bank	30.09.2014	749.00	383.10	54.00	437.10
Bank of Baroda (Phoenix)	30.06.2017	4,643.91	3,778.39	1,925.02	5,703.41
Bank of India	30.06.2017	2,095.00	1,590.08	1,220.62	2,810.70
Bank of Maharashtra (Phoenix)	30.06.2017	2,344.80	1,805.50	1,140.80	2,946.30

Name	Date of NPA	Sanction amount	Principle in default	Overdue interest	Total Outstanding as at 31.03.2022
Canara Bank (Phoenix)	30.10.2017	9,399.00	2,420.85	4,935.02	7,355.87
Corporation Bank (Phoenix)	31.01.2018	1,413.00	1,265.46	880.60	2,146.06
J&K Bank	30.12.2017	2,362.50	1,565.42	913.37	2,478.79
Punjab National Bank	31.10.2017	5,685.00	4,302.25	1,540.90	5,843.15
Punjab & Sind Bank	28.02.2018	820.00	476.40	237.80	714.20
State Bank of India (Phoenix)	21.09.2017	5,446.00	5,639.87	1,271.55	6,911.42
State Bank of India - Formerly SBOP (Phoenix)	21.09.2017	911.82	1,801.08	968.86	2,769.94
United Bank of India (Phoenix)	30.06.2017	5,120.55	3,952.99	3,221.22	7,174.21
<b>Total</b>		<b>44,899.32</b>	<b>32,768.80</b>	<b>19,426.32</b>	<b>52,195.12</b>

As the company accounts have been declared as NPA, therefore no interest is being charged by the lenders post the NPA classification. Keeping the accrual concept in consideration, the company has provided for interest based upon terms of the CDR package. The lenders had issued notices U/S 13(2)& 13(4) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFESI) Act, 2002 which were duly replied and proceedings are pending before Debt Recovery Tribunal (DRT), Chandigarh. Two of the lenders namely Punjab National Bank & Jammu and Kashmir Bank and 5(Five) operational/financial creditors have filed applications under Insolvency and Bankruptcy Code 2016 with NCLT, Chandigarh for initiating Corporate Insolvency Resolution Process (CIRP) but the same have not been admitted till date. State Bank of India, United Bank of India, Canara Bank, Bank of Baroda, Bank of Maharashtra, Union Bank of India (for Andhra Bank and Corporation Bank) have assigned our debt to Phoenix ARC Private Limited through Assignment Agreements. Further, the company has received an OTS sanction letter from Bank of India and the complete amount of OTS with Bank of India has been paid till 21.04.2022. However, no dues certificate from Banks is yet to be received.

- (b) According to the information and explanation given to us and on the basis of our examination of the records of the company, the company is not declared willful defaulter by any bank or financial institution or government or government authority or any other lender.
- (c) In our opinion and according to the information and explanations given to us by the management, the company has not been granted any term loan during the year.
- (d) According to the information and explanation given to us and on the basis of overall examination of the balance sheet of the company, we report that no fund has been raised on short basis.
- (e) According to information and explanation given to us and on overall examination of financial statement of the company, we report that Company has not taken

fund from any entity or person on account of or to meet the obligation of its subsidiaries, associate or joint venture.

- (f) According to information and explanation given to us and procedure performed by us, we report that the company has not raised loans during the Year on pledge of securities held in its subsidiaries, joint ventures, or associate company (as defined under the act).
- (x) (a) The company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year, Accordingly Clause, 3(x)(a) of the Order is not applicable to the company.
- (b) During the year, the company has not made any preferential allotment or private placement of shares convertible debenture (fully, partially or optionally) during the year and hence reporting under clause 3(x)(b) of the order is not applicable to the company.
- (xi) (a) Based on the examination of the books and records of the company and according to the Information and explanation given to us, considering the principle of materiality outline in the standard of auditing we report that no fraud by the company or on the company has been noticed during the course of the audit.
- (b) According to information and explanation given to us, no report under sub- section (12) of section 143 of the act has been filed by the auditors in form ADT-4 as prescribed Under Rules 13 of Companies (Audit and Auditor) Rules, 2014 with the central government.
- (c) The auditor has not received any complaints from whistle -blower during the year. Therefore, reporting under clause 3(xi)(c) of the order is not applicable to the company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been

disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) (a) Based on information and explanation provided to us and our audit procedures, in our opinion, the company has an internal audit system commensurate with the size and the nature of its business.
- (b) We have considered the internal audit report of the company issued till date for the period Under audit.
- (xv) According to information and explanations given to us and based on our examination of the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with him and hence the provision of section 192 of the companies act 2013, are not applicable.
- (xvi) (a) According to information and explanations given to us, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Therefore provision of clause 3(xvi)(a) and (b) of the order are not applicable to company hence not commented upon.
- (c) The company is not a Core Investment company (CIC) as defined in the regulation made by Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the order are not applicable.
- (d) According to the information and explanation provide to us during the course of audit, the Group does not have any CICs.
- (xvii) Based on the procedure performed and information and explanation given by the management the company has incurred cash losses in the current financial year and in immediately preceding financial year as disclosed below :  
Current Financial Year – ₹ 205.69 Lacs  
Preceding financial year – ₹ 4276.64 Lacs
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanation given to us and on the basis of financial ratio, ageing and the expected dates of realization of the financial assets and payment of financial liabilities, other information accompanying the financial statement, our knowledge of the board of director and management plans and based on our examination of evidence supporting the assumption nothing has come to our attention, which cause us to believe that any material uncertainty exists on the date of audit report and the company is not capable meeting its liabilities existing at the date of balance sheet as and when they fall due within a period one year from the Balance Sheet date. We, however, state that this is not assurance as to the future viability of the company. We further state that our reporting is based on facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, section 135 of the Act is not applicable to the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

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

Sd/-  
**Ruchir Singla**  
Partner  
M. No. 519347  
UDIN - 22519347AJWRKX8441

Place - Ludhiana  
Dated - 30<sup>th</sup> May, 2022

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

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

We have audited the internal financial controls over financial reporting of Vardhman Polytex Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

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

reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place - Ludhiana  
Dated - 30<sup>th</sup> May, 2022

Sd/-  
**Ruchir Singla**  
Partner  
M. No. 519347  
UDIN - 22519347AJWRKX8441

## BALANCE SHEET AS AT 31ST MARCH 2022

(₹ in Lakh)

	Note No.	As at 31 March 2022	As at 31 March 2021
<b>I Assets</b>			
<b>1 Non current assets</b>			
a) Property, plant and equipment	2	16,537.38	17,766.53
b) Investment Property	2(a)	465.70	475.54
c) Capital work-in-progress	2(b)	-	-
d) Other intangible assets	2	3.77	4.50
e) Financial assets			
i) Investments	3	0.62	23.15
ii) Loans	4	-	-
iii) Other financial assets	5	658.29	894.07
iv) Trade Receivables	6	302.47	1,067.00
f) Deferred tax assets (net)	7	5,016.18	5,016.18
g) Other non-current assets	8	31.63	26.13
<b>Total Non Current Assets</b>		<b>23,016.04</b>	<b>25,273.10</b>
<b>2 Current assets</b>			
a) Inventories	9	4,375.49	1,891.72
b) Financial assets			
i) Trade and other receivables	10	1,079.74	829.58
ii) Cash and cash equivalents	11	6.41	7.80
iii) Bank balances other than above	12	8.20	1.25
iv) Loans	13	15.06	10.10
v) Other financial assets	14	32.82	35.49
c) Current tax assets	15	401.89	303.53
d) Other current assets	16	3,674.85	2,198.84
<b>Total Current Assets</b>		<b>9,594.46</b>	<b>5,278.31</b>
<b>TOTAL ASSETS</b>		<b>32,610.50</b>	<b>30,551.41</b>
<b>II Equity and Liabilities</b>			
<b>1 Equity</b>			
a) Equity share capital	17	2,229.10	2,229.10
b) Other equity	18	(38,585.10)	(37,043.98)
<b>Total Equity</b>		<b>(36,356.00)</b>	<b>(34,814.88)</b>
<b>2 Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	19	43.29	141.94
b) Long term provisions	20	244.47	219.92
c) Other non-current liabilities	21	0.53	0.53
<b>Total Non Current Liabilities</b>		<b>288.29</b>	<b>362.39</b>
<b>3 Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	22	52,852.94	52,202.34
ii) Trade payables	23		
- Total Outstanding dues of Micro, Small and Medium Enterprises		-	-
- Total Outstanding dues of Creditors other than Micro, Small and Medium Enterprises		10,079.92	7,493.97
iii) Other financial liabilities	24	4,398.86	4,017.89
b) Other current liabilities	25	311.69	251.71
c) Short term provisions	26	1,034.80	1,037.99
<b>Total Current Liabilities</b>		<b>68,678.21</b>	<b>65,003.90</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>32,610.50</b>	<b>30,551.41</b>
<b>Company Informations &amp; Significant accounting policies</b>	1		
<b>The accompanying notes form an integral part of these financial statements</b>			

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

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

Sd/-  
**Ruchir Singla**  
Partner  
Membership No. 519347  
UDIN: 22519347AJWRKX8441

Sd/-  
**Manju Oswal**  
Director  
(DIN-00009449)

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

Place : Ludhiana  
Date : 30th May, 2022

Sd/-  
**Ajay K. Ratra**  
Company Secretary

Sd/-  
**Radhamohan Soni**  
Chief Financial Officer



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ in Lakh)

Particulars	Note No.	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>(i) Revenue</b>			
Revenue from operations	27	92,859.51	50,827.91
Other incomes	28	307.56	259.71
<b>Total Income (I)</b>		<b>93,167.07</b>	<b>51,087.62</b>
<b>(ii) Expenses</b>			
Cost of material consumed	29	70,856.82	36,676.55
Purchase of traded goods	30	2.06	69.56
Changes in inventories of finished goods	31	(2,281.77)	423.81
Employee benefit expense	32	5,718.67	3,869.91
Finance costs	33	6,416.18	5,900.79
Depreciation and amortization expense	2	1,364.97	1,453.66
Power & Fuel Cost	34	7,074.52	5,029.98
Other expenses	34	5,571.17	3,332.57
<b>Total expenses (II)</b>		<b>94,722.62</b>	<b>56,756.83</b>
<b>Profit before exceptional items and tax (I-II = III)</b>		<b>(1,555.55)</b>	<b>(5,669.21)</b>
Exceptional items (IV)/(Income)		-	-
<b>Profit before tax (III - IV = V)</b>		<b>(1,555.55)</b>	<b>(5,669.21)</b>
Tax expense (VI)			
Current tax		-	-
Deferred tax (credit)		-	-
<b>Profit for the period from continuing operations After Tax (V - VI = VII)</b>		<b>(1,555.55)</b>	<b>(5,669.21)</b>
<b>Other Comprehensive Income (VIII)</b>			
Items that will not be reclassified to profit or loss			
(i) Remeasurement of defined benefit obligation		(15.11)	(61.09)
<b>Total Comprehensive Income for the period (VII + VIII = IX)</b>			
<b>(Comprising Profit (Loss) and Other Comprehensive income for the period)</b>		<b>(1570.66)</b>	<b>(5730.30)</b>
<b>Earnings per equity share</b>	37		
Basic		(6.98)	(25.43)
Diluted		(6.98)	(25.43)
<b>The accompanying notes form an integral part of these financial statements</b>			

As per our report of even date

For Romesh K. Aggarwal &amp; Associates

Chartered Accountants

Firm Reg. No:- 000711N

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

Sd/-

Ruchir Singla

Partner

Membership No. 519347

UDIN: 22519347AJWRKX8441

Place : Ludhiana

Date : 30th May, 2022

Sd/-

Manju Oswal

Director

(DIN-00009449)

Sd/-

Ajay K. Ratra

Company Secretary

Sd/-

Adish Oswal

Chairman &amp; Managing Director

(DIN-00009710)

Sd/-

Radhamohan Soni

Chief Financial Officer

**CASH FLOW STATEMENT FOR THE HALF YEAR ENDED MARCH 31, 2022**

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>A. Cash flow from Operating Activities:</b>		
Net profit before tax	(1,555.55)	(5,669.21)
<b>Adjustments for:</b>		
<b>Add:</b>		
Depreciation and amortisation	1,364.97	1,453.66
Finance costs	6,416.18	5,900.79
Foreign currency monetary item translation difference (net)	12.93	(15.54)
Sundry balance written off	0.49	(0.13)
Investment Written off	22.54	-
Provision for doubtful advances	768.93	26.87
Net Loss on sale / discarding of fixed assets	-	0.98
<b>Less:</b>		
Interest income	(29.60)	(34.05)
Net Profit on sale / discarding of fixed assets	(31.08)	-
<b>Operating Profit before Working Capital changes</b>	<b>6,969.81</b>	<b>1,663.36</b>
<b>Adjustments for changes in Working Capital :</b>		
- Increase/(decrease) in trade payables and other Liabilities	3,261.41	1,367.58
- (Increase)/decrease in trade receivables and other receivables	(1,600.99)	(812.66)
- (Increase)/decrease in inventories	(2,483.77)	184.94
<b>Cash generated from Operating Activities</b>	<b>6,146.46</b>	<b>2,403.22</b>
- Taxes (paid) (net of tax deducted at source)	-	-
<b>Net cash (used in)/ generated from Operating Activities</b>	<b>6,146.46</b>	<b>2,403.22</b>
<b>B. Cash flow from Investing Activities:</b>		
Purchase of fixed assets	(200.75)	(177.83)
Sale of fixed assets	106.58	21.31
Reduction in value of investments	0.00	-
Interest received	29.60	34.05
<b>Net Cash from Investing Activities</b>	<b>(64.57)</b>	<b>(122.47)</b>
<b>C. Cash flow from Financing Activities:</b>		
Proceeds from Short borrowings	667.30	3,355.52
Repayment of short term borrowings	-	-
Repayment of long term borrowings	(115.35)	(33.72)
Interest paid	(6,628.28)	(5,607.74)
<b>Net Cash from Financing Activities</b>	<b>(6,076.33)</b>	<b>(2,285.94)</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents</b>	<b>5.56</b>	<b>(5.19)</b>
<b>Cash and cash equivalents as at 1st April (Opening Balance)</b>	<b>9.05</b>	<b>14.24</b>
<b>Cash and cash equivalents as at 31st March (Closing Balance)</b>	<b>14.61</b>	<b>9.05</b>
<b>Cash and cash equivalents comprise</b>		
Cash & cheques in hand	6.41	3.17
Balance with banks	8.20	5.88
	<b>14.61</b>	<b>9.05</b>

**Notes :**

The accompanying notes are an integral part of these financial statements

As per our report of even date

**For Romesh K. Aggarwal & Associates**
**Chartered Accountants**

Firm Reg. No:- 000711N

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

Sd/-

**Ruchir Singla**

Partner

Membership No. 519347

UDIN: 22519347AJWRKX8441

**Place : Ludhiana**
**Date : 30th May, 2022**

Sd/-

**Manju Oswal**

Director

(DIN-00009449)

Sd/-

**Ajay K. Ratra**

Company Secretary

Sd/-

**Adish Oswal**

Chairman &amp; Managing Director

(DIN-00009710)

Sd/-

**Radhamohan Soni**

Chief Financial Officer

## STATEMENT OF CHANGES IN EQUITY SHARE CAPITAL FOR THE YEAR ENDED 31ST MARCH, 2022

a. Equity share capital		(₹ in Lakh)
Particulars	Number of Shares	Amount
<b>Paid up Capital</b>		
<b>Balance as at April 1, 2020</b>	22,290,957	2,229.10
Changes in Equity share capital due to prior period errors	-	-
Restated balance as at 2020	-	-
Changes during the year	-	-
<b>Balance as at April 1, 2021</b>	22,290,957	2,229.10
Changes in Equity share capital due to prior period errors	-	-
Restated balance as at 2021	-	-
Changes during the year	-	-
<b>Balance as at March 31, 2022</b>	<b>22,290,957</b>	<b>2,229.10</b>
<b>Add:- Forfeited Shares in earlier years</b>	-	-
<b>Total Equity Share Capital</b>	<b>22,290,957</b>	<b>2,229.10</b>

b. Other Equity					(₹ in lakh)
Particulars	Reserves and Surplus			Items of other comprehensive income	Total
	General reserve*	Security premium**	Retained earnings***	Actuarial Gain/(Loss)	
Balance at April 1, 2020	9,865.25	7,731.06	(48,810.82)	(78.43)	(31,292.95)
Changes in Equity share capital due to prior period errors	-	-	-	-	-
Restated balance as at April 1, 2020	-	-	-	-	-
Profit for the year	-	-	(5,669.21)	-	(5,669.21)
Other comprehensive income for the year, net of income tax	-	-	-	(61.09)	(61.09)
Changes in provision for tax written off	-	-	(20.73)	-	(20.73)
Total comprehensive income for the year	-	-	(5,689.94)	(61.09)	(5,751.03)
Balance at March 31, 2021	9,865.25	7,731.06	(54,500.76)	(139.52)	(37,043.98)
Balance at April 1, 2021	9,865.25	7,731.06	(54,500.76)	(139.52)	(37,043.98)
Changes in Equity share capital due to prior period errors	-	-	-	-	-
Restated balance as at April 1, 2021	-	-	-	-	-
Profit for the year	-	-	(1,555.55)	-	(1,555.55)
Other comprehensive income for the year, net of income tax	-	-	-	(15.11)	(15.11)
Changes in provision for tax written off	-	-	29.54	-	29.54
Total comprehensive income for the year	-	-	(1,526.01)	(15.11)	(1,541.12)
Balance at March 31, 2022	9,865.25	7,731.06	(56,026.77)	(154.63)	(38,585.10)

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2022

### 1 Corporate Information

- a) Vardhman Polytex Limited (the 'Company') is a public limited listed company registered under the erstwhile Companies Act 1956 (superceded by Companies Act, 2013). The Company's principal activity is manufacturing of yarn & garments. The company is listed on two stock exchange i.e at National Stock Exchange & Bombay Stock Exchange.
- b) The company's principal place of business is located at 'Vardhman Park, Chandigarh Road, Ludhiana - 141123 & factories/units are located at the following premises:
  - i) Badal Road, Bathinda, Punjab - 151005
  - ii) D295/1, Phase VIII, Focal point, Ludhiana, Punjab - 141123
  - iii) Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh, Himachal Pradesh - 174101
- c) These financial statements are presented in Indian Rupees (Rs) which is also its functional currency.

### 1A Significant accounting policies

#### a) Statement of compliance & Basis of preparation & presentation

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

#### b) Use of estimates

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

#### c) Revenue recognition

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

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

##### i) Sale of goods

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

##### ii) Export Incentives

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

##### iii) Dividends

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

##### iv) Interest

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

##### v) Insurance Claim

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

#### d) Inventories

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

- i. Stores, spares and raw materials are valued at lower of historical cost or net realizable value. However materials & other items held for use in the production of inventories are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
  - ii. In case of work in progress at raw material cost plus conversion cost depending upon the stage of completion.
  - iii. Finished goods are valued at lower of historical cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. By products are valued at net realizable value.
  - iv. Cost is determined on the basis of weighted average method.
- e) **Financial Instruments**

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

**I. Initial recognition and measurement**

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

**II. Subsequent Measurement (Non Derivative Financial Instrument)**

**a) Financial assets carried at amortised cost**

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

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

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

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

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

**d) Financial Liabilities**

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

**f) Property, plant and equipment**

Land is carried at cost and all other items of property plant, equipments and fixtures are stated at cost less accumulated depreciation. The cost of property, plant and equipment includes

- 1) its purchase price including import duties and non refundable taxes after reducing trade discount and rebate if any.
- 2) any attributable expenditure directly attributable to bring an assets to the location and the working condition for its intended use.

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

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

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

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



accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure related to investment properties are added to its book value only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Investment properties are depreciated using the straight line method over the estimated useful lives.

**g) Intangible assets**

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

**h) Impairment of assets**

**I. FINANCIAL ASSETS**

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

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

**II. Non-Financial Assets**

**Intangible assets and property, plant and equipment**

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

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

**i) Foreign exchange transactions/translation**

**a. Initial recognition**

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

**b. Conversion**

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

**c. Exchange Differences**

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

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

**d. Forward exchange contracts not intended for trading or speculation purposes**

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

**j) Employee benefits**

**i. Short Term Employee Benefits**

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

## ii. Post Employee Benefits

### A) Defined Contribution Plans

#### i. Provident Fund & ESI

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

#### Superannuation benefit

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

### B) Defined Benefit Plans

#### Gratuity

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

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

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

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

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

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

## k) Taxes on income

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

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

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

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

**l) Government grants and subsidies**

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

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

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

**m) Borrowing cost**

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

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

**n) Provisions, contingent liabilities and contingent assets**

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

- i. a present obligation that arises from past events but is not recognized as a provision because either the possibility that an outflow of resources embodying economic benefits will be required to settle the obligation is remote or a reliable estimate of the amount of the obligation cannot be made; and
- ii. a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. Contingent assets are neither accounted for nor disclosed in the financial statements.

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

**o) Earning per share**

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

**p) Cash and cash equivalents**

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

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2022

### 2 FIXED ASSETS

#### a) As at 31st March 2022

As at 31st March 2022											₹ in Lakh		
	Leasehold land*	Free hold land	Building	Plant & machinery	Other equipment	Furniture and fixtures	Vehicles	Computer	Tangible assets		Intangible assets		Total assets
									Total	Trade mark (bought out)	Total		
Cost													
As at 1st April 2021 (Refer Note (a))	136.77	2,444.85	12,956.79	42,289.92	216.28	248.69	344.55	559.25	59,197.10	10.94	10.94	10.94	59,208.04
Additions	-	-	-	176.90	9.22	0.67	-	13.96	200.75	-	-	-	200.75
Relating to disposals	-	-	-	(1,221.71)	(0.73)	-	(10.89)	-	(1,233.33)	-	-	-	(1,233.33)
Transfer from	-	-	-	16.67	-	-	-	-	16.67	-	-	-	16.67
Transfer to	-	-	-	(16.67)	-	-	-	-	(16.67)	-	-	-	(16.67)
As at 31st March 2022	136.77	2,444.85	12,956.79	41,245.11	224.77	249.36	333.66	573.21	58,164.52	10.94	10.94	10.94	58,175.46
Depreciation													
As at 1st April 2021 (Refer Note (a))	-	-	5,376.40	34,852.17	189.66	222.81	304.41	485.12	41,430.57	6.44	6.44	6.44	41,437.01
Charge for the year	-	-	364.00	950.08	9.79	5.64	11.64	13.25	1,354.40	0.73	0.73	0.73	1,355.13
Relating to disposals	-	-	-	(1,146.78)	(0.70)	-	(10.35)	-	(1,157.83)	-	-	-	(1,157.83)
Transfer from	-	-	-	9.57	-	-	-	-	9.57	-	-	-	9.57
Transfer to	-	-	-	(9.57)	-	-	-	-	(9.57)	-	-	-	(9.57)
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March 2022	-	-	5,740.40	34,655.47	198.75	228.45	305.70	498.37	41,627.14	7.17	7.17	7.17	41,634.31
Net block													

#### b) As at 31st March 2021

As at 31st March 2021											₹ in Lakh		
	Leasehold land	Free hold land	Building	Plant & machinery	Other equipment	Furniture and fixtures	Vehicles	Computer	Tangible assets		Intangible assets	Total assets	
									Total	Trade mark (bought out)			
<b>Cost</b>													
As at 1st April 2020 (Refer Note (a))	136.77	2,444.85	12,955.62	42,343.92	215.83	245.89	344.55	553.20	59,240.63	10.94	10.94	59,251.57	
Additions	-	-	1.17	165.93	1.41	2.80	-	6.63	177.94	-	-	177.94	
Relating to disposals	-	-	-	(219.93)	(0.96)	-	-	(0.58)	(221.47)	-	-	(221.47)	
As at 31st March 2021	136.77	2,444.85	12,956.79	42,289.92	216.28	248.69	344.55	559.25	59,197.10	10.94	10.94	59,208.04	
<b>Depreciation</b>													
As at 1st April 2020 (Refer Note (a))	-	-	5,000.29	34,033.95	181.48	216.60	291.05	463.41	40,186.78	5.71	5.71	40,192.49	
Charge for the year	-	-	376.11	1,015.95	9.20	6.21	13.36	22.26	1,443.09	0.73	0.73	1,443.82	
Relating to disposals	-	-	-	(197.73)	(1.02)	-	-	(0.55)	(199.30)	-	-	(199.30)	
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	
As at 31st March 2021	-	-	5,376.40	34,852.17	189.66	222.81	304.41	485.12	41,430.57	6.44	6.44	41,437.01	
<b>Net Block</b>													
As at 31st March 2021	136.77	2,444.85	7,580.39	7,437.75	26.62	25.88	40.14	74.13	17,766.53	4.50	4.50	17,771.03	
*This amount has been completely provided for as the Company's right on leasehold land has been forfeited by MIDC due to non compliance of terms of allotment.													
a) The company has not revalued its Property, Plant & Equipment (Right to use Assets) or intangible assets or both during the Year.													
b) The Company has sold assets with net book value of ₹ 75.92 Lakh (Previous Year ₹ 22.28 Lakh) for ₹ 106.58 Lakh (Previous Year ₹ 21.31) Lakh during the current year. The same has been compensated by adding assets worth ₹ 200.75 (Previous year ₹ 177.94 lakh).													
c)													

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

b) The company has not revalued its Property, Plant & Equipment (Right to use Assets) or intangible assets or both during the Year.

c) The Company has sold assets with net book value of ₹ 75.92 Lakh (Previous Year ₹ 22.28 Lakh) for ₹ 106.58 Lakh (Previous Year ₹ 21.31) Lakh during the current year. The same has been compensated by adding assets worth ₹ 200.75 (Previous year ₹ 177.94 lakh).

## 2(a) INVESTMENT PROPERTY

(₹ in Lakh)

	Building	
	Amount	Amount
<b>Cost</b>		
As at 1st April 2021 & 2020	631.55	631.55
Additions	-	-
Relating to disposals	-	-
<b>As at 31st March 2022 &amp; March 2021</b>	<b>631.55</b>	<b>631.55</b>
<b>Depreciation</b>		
As at 1st April 2021 & 2020	156.01	146.17
Charge for the year	9.84	9.84
Relating to disposals	-	-
Adjustment	-	-
<b>As at 31st March 2022 &amp; March 2021</b>	<b>165.85</b>	<b>156.01</b>
<b>Net block</b>		
As at 31st March 2022 & March 2021	<b>465.70</b>	<b>475.54</b>

## 2(b) CAPITAL WORK-IN-PROGRESS

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Capital Work in Progress	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## 3 FINANCIAL ASSETS: NON CURRENT INVESTMENTS

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>A. Unquoted Investments</b> (Financial Assets carried at cost, except for permanent diminution in value)		
<b>I. Equity Instruments in Subsidiary</b>		
<b>FM Hammerle Verwaltung GmbH, Austria</b> (Minimum Registration Capital)	-	22.54
<b>II. Equity Instruments in Others</b>		
<b>(a) Oswal Industrial Enterprise (P) Ltd</b> 1,000 (Previous Year-1,000) equity shares of ₹ 10 each fully paid	0.09	0.09
<b>(b) VKM Colour Spin Limited</b> 250 (Previous Year-250) equity shares of ₹ 10 each fully paid	0.03	0.03
<b>(c) Deluxe Fabrics Limited</b> 5000 (Previous Year- 5000) equity shares of ₹ 10 each fully paid	0.50	0.50
	<b>0.62</b>	<b>23.15</b>
<b>Total aggregate Investments</b>	<b>0.62</b>	<b>23.15</b>
<b>Total investment carrying value</b>	0.62	23.15
Aggregate amount of unquoted investments	0.62	23.15
Aggregate value of quoted investments	-	-
Market value of quoted investments	-	-

**4 FINANCIAL ASSETS: LOANS (NON CURRENT)**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Carried at amortised cost</b>		
(a) Loan to others	10.00	10.00
Less: Provision for doubtful loans	(10.00)	(10.00)
<b>Total</b>	<b>-</b>	<b>-</b>

**5 OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST(NON CURRENT)**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
(a) Security		
Security Deposit With P&T	1.76	1.76
Security deposit with government authorities	645.03	873.90
Security Deposit-Others**	11.05	11.07
(b) Fixed deposits (With more than 12 months Maturity)*	0.45	7.34
<b>Total</b>	<b>658.29</b>	<b>894.07</b>

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

\*\* This amount is net of provisions to the tune of ₹ 60 Lakh (Previous year ₹ 60 lakh).

**6 FINANCIAL ASSETS: TRADE RECEIVABLES (NON CURRENT)**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Receivable from Others</b>		
- Unsecured, Considered Good :	302.47	1,067.00
- Doubtful	1,153.91	384.97
Less: Allowance for doubtful receivable	(1,153.91)	(384.97)
<b>Total Long Term Debtors</b>	<b>302.47</b>	<b>1,067.00</b>

**(A) Ageing as at 31.03.2022**

(Rs in lakh)

Particulars	Outstanding for following periods from due date date of payment					Total
	Less than 6 months	6 months -1 year	1 year - 2 year	2 year - 3 year	More than 3 years	
Undisputed Trade receivables – considered good	-	-	127.25	66.59	90.07	283.91
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	163.00	678.56	841.56
Disputed Trade Receivables – credit impaired	-	-	-	-	330.91	330.91
	-	-	127.25	229.59	1099.54	1456.38
<b>Less: Allowance for doubtful trade receivables - Billed</b>						<b>1153.91</b>
<b>Add: Not due as at 31.03.2022</b>						<b>-</b>
<b>Net Trade Receivables</b>						<b>302.47</b>



## (B) Ageing as at 31.03.2021

(Rs in lakh)

Particulars	Outstanding for following periods from due date date of payment					Total
	Less than 6 months	6 months -1 year	1 year - 2 year	2 year - 3 year	More than 3 years	
Undisputed Trade receivables – considered good	-	-	172.94	23.03	57.18	253.15
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	196.19	20.37	645.1	861.66
Disputed Trade Receivables – credit impaired	-	-	-	-	337.16	337.16
	-	-	369.13	43.40	1039.44	1451.97
<b>Less: Allowance for doubtful trade receivables - Billed</b>						<b>384.97</b>
<b>Add: Not due as at 31.03.2021</b>						<b>-</b>
<b>Net Trade Receivables</b>						<b>1067.00</b>

## 7 DEFERRED TAX (NET)

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Deferred tax liabilities</b>		
Arising on account of timing difference :		
<b>Opening</b>	2,057.85	2,192.62
Accumulated depreciation	(90.91)	(134.77)
<b>Total (A)</b>	<b>1,966.94</b>	<b>2,057.85</b>
<b>Deferred tax assets</b>		
Arising on account of timing difference :		
<b>Opening</b>	(7,074.03)	(7,208.80)
Unabsorbed depreciation/Brought forward losses	90.91	134.77
Others	-	-
<b>Total (B)</b>	<b>(6,983.12)</b>	<b>(7,074.03)</b>
<b>Net deferred tax liability/(Assets) (A) + (B)</b>	<b>(5,016.18)</b>	<b>(5,016.18)</b>

The company has deferred tax liability till the end of the current year on account of differences arising between carrying cost of fixed assets as per books of accounts and that as per income tax. However, deferred tax assets are much higher than the deferred tax liability. In view of this, no further deferred tax assets are being recognised as at March 31, 2022. Based on the company's virtual certainty of the profit, the company is carrying a deferred tax asset of ₹ 5,016.18 lakh as on March 31, 2022. Further despite the net worth being eroded the management is taking all due steps to revive the company. Therefore the financial statements have been prepared on going concern basis.

## 8 OTHER NON CURRENT ASSETS

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Capital advances		
Unsecured - considered good*	31.63	26.13
<b>Total</b>	<b>31.63</b>	<b>26.13</b>

\* This amount is net of provisions to the tune of ₹ 51.20 Lakh (Previous year ₹ 51.20 Lakh).

## 9 INVENTORIES ( VALUED AT LOWER OF COST OR NET REALIZABLE VALUE)

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Raw materials	886.16	696.00
Work in progress	921.41	712.14
Finished goods	2,418.70	346.21
Stores & spares parts	149.22	137.37
<b>Total</b>	<b>4,375.49</b>	<b>1,891.72</b>

## 10 FINANCIAL ASSETS: TRADE RECEIVABLES (CURRENT)

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Receivable from Others		
- Unsecured, Considered Good :	2,536.12	2,281.55
Less: Non Current Trade Receivable	1,456.38	1,451.97
	<b>1,079.74</b>	<b>829.58</b>
Less: Provision for doubtful debts	-	-
<b>Total</b>	<b>1,079.74</b>	<b>829.58</b>

## (A) Ageing as at 31.03.2022

(Rs in lakh)

Particulars	Outstanding for following periods from due date date of payment					Total
	Less than 6 months	6 months -1 year	1 year - 2 year	2 year - 3 year	More than 3 years	
Undisputed Trade receivables – considered good	1068.14	11.60	-	-	-	1079.74
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables –credit impaired	-	-	-	-	-	-
	<b>1068.14</b>	<b>11.60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1079.74</b>
<b>Less: Allowance for doubtful trade receivables - Billed</b>						-
<b>Add: Not due as at 31.03.2022</b>						-
<b>Net Trade Receivables</b>						<b>1079.74</b>

**(B) Ageing as at 31.03.2021**

(Rs in lakh)

Particulars	Outstanding for following periods from due date date of payment					Total
	Less than 6 months	6 months -1 year	1 year - 2 year	2 year - 3 year	More than 3 years	
Undisputed Trade receivables – considered good	1029.84	2.86	-	-	-	1032.70
Undisputed Trade Receivables – which have significan increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
	1029.84	2.86	-	-	-	1032.70
Less: Allowance for doubtful trade receivables - Billed						-
Add: Not due as at 31.03.2021						203.12
Net Trade Receivables						829.58

**11 FINANCIAL ASSETS: CASH AND CASH EQUIVALENTS**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Cash and Cash Equivalents</b>		
Cash on hand	6.41	3.17
<b>Bank balances:</b>		
in current accounts	(0.00)	4.63
in deposit accounts with original maturity upto 3 months	-	-
<b>Total</b>	<b>6.41</b>	<b>7.80</b>

**12 FINANCIAL ASSETS: BANK BALANCES OTHER THAN ABOVE**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Bank balances:</b>		
Fixed deposits (More than 3 months but less than 12 months maturity)*	8.20	1.25
<b>Total</b>	<b>8.20</b>	<b>1.25</b>

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

**13 FINANCIAL ASSETS: LOANS (CURRENT)**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Carried at amortised cost</b>		
(a) Other loans		
Loans to employees		
Un Secured - considered good	15.06	10.10
<b>Total</b>	<b>15.06</b>	<b>10.10</b>

**14 OTHER FINANCIAL ASSETS (CURRENT)**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Interest receivable	28.11	31.81
Others	4.71	3.68
<b>Total</b>	<b>32.82</b>	<b>35.49</b>

**15 CURRENT TAX ASSETS**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Direct Taxes Refundable	401.89	303.53
<b>Total</b>	<b>401.89</b>	<b>303.53</b>

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

**16 OTHER CURRENT ASSETS**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Advance to employees	1.06	3.70
Balances with Government Authorities	3,622.71	2,159.58
Less: Provision against Govt receivable	(448.75)	(448.75)
Prepaid expenses	35.48	34.48
Others	464.35	449.83
Assets held for sale	-	-
<b>Total</b>	<b>3,674.85</b>	<b>2,198.84</b>

a) Balance with Government authorities includes ₹ 66.74 lakh (Previous Year ₹ 62.80 Lakh) being amount of ESI, Excise Duty, Service Tax & Sales Tax, deposited under protest.

b) Balance with Government authorities includes, GST, VAT, Excise, Service Tax etc.

**17 EQUITY SHARE CAPITAL**

(₹ in Lakh)

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount ₹ in Lakh	Number of shares	Amount ₹ in Lakh
<b>Authorised Share Capital</b>				
Equity share of ₹ 10 each	70,000,000	7,000.00	70,000,000	7,000.00
<b>Total</b>	70,000,000	7,000.00	70,000,000	7,000.00
<b>Issued &amp; Subscribed Share Capital</b>				
2,23,54,484 (Previous year 2,23,54,484 equity shares of ₹ 10 each)	22,354,484	2,235.45	22,354,484	2,235.45
<b>Paid up Share Capital</b>				
2,22,90,957 (Previous year 2,22,90,957 equity shares of ₹ 10 each)	22,290,957	2,229.10	22,290,957	2,229.10
Forfeited shares in earlier years	-	-	-	-
<b>Total</b>	22,290,957	2,229.10	22,290,957	2,229.10

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

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	₹ in Lakh	No. of shares	₹ in Lakh
<b>Equity shares</b>				
At the beginning of the year	22,290,957	2,229.10	22,290,957	2,229.10
<b>Add:</b>				
Shares allotted during the year	-	-	-	-
Outstanding at the end of reporting period (refer note no. a)	<b>22,290,957</b>	<b>2,229.10</b>	<b>22,290,957</b>	<b>2,229.10</b>

**Note:**

- a) Out of total shares held by promoters and promoter group (i.e.1,34,09,791), 1,09,31,202 equity shares (face value of ₹ 10 each) are pledged in favour of Canara Bank (Lead banker).

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

The Company has only one class of equity shares having par value of ₹ 10 per share. Each shareholder is entitled to one vote per share. In the event of liquidation of the Company, the equity shareholders will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. During the year ended 31st March' 2022, the amount of dividend recognized as distribution to equity shareholder was ₹ Nil (Previous year ₹ Nil)

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

Name of equity shareholder	As at 31 March 2022		As at 31 March 2021	
	No. of shares	%	No. of shares	%
Panchsheel Textile Mfg. & Trdg. Co. (P) Ltd.	4,426,917	19.86	4,426,917	19.86
Alma Assets Consultancy (P) Ltd.	4,362,325	19.57	4,362,325	19.57
Altfort Merchants (P) Ltd.	2,182,000	9.79	2,182,000	9.79

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

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

## 17.5 Disclosure of shareholding of promoters as at March 31, 2022 is as follows:

(₹ in Lakh)

Promoter Name*	As at 31 March 2022		As at 31 March 2021		Change in %
	No of shares**	% of total shares	No of shares	% of total shares	
1 Ashok Kumar Oswal	127,748	0.57	127,748	0.57	0.00
2 Adish Oswal	420,511	1.89	420,511	1.89	0.00
3 Aketa Oswal	5,460	0.02	5,460	0.02	0.00
4 Rakhi Oswal	17,820	0.08	17,820	0.08	0.00
5 Abhinav Oswal	14,307	0.06	14,307	0.06	0.00
6 Ashok Kumar (HUF)	110	0.00	110	0.00	0.00
7 Manju Oswal	52,694	0.24	52,694	0.24	0.00
8 Kent Investments Pvt Ltd	46,950	0.21	46,950	0.21	0.00
9 Enakshi Investments Pvt Ltd	370,250	1.66	370,250	1.66	0.00
10 Panchsheel Textile Manufacturing And Trdg Co.(P) Ltd	4,426,917	19.86	4,426,917	19.86	0.00
11 Ruby Mercantile Company Pvt Ltd	153,000	0.69	153,000	0.69	0.00
12 Calgary Investment And Trading Company Pvt Ltd	67,300	0.30	67,300	0.30	0.00
13 Nightnagle Dealcom Private Limited	660,000	2.96	660,000	2.96	0.00
14 Gagan Mercantile Company Pvt Ltd	163,900	0.74	163,900	0.74	0.00
15 Pioneer Mercantile India Pvt Ltd	49,350	0.22	49,350	0.22	0.00
16 Altfort Merchants Private Limited	2,182,000	9.79	2,182,000	9.79	0.00
17 Liberty Mercantile Company Pvt Ltd	120,550	0.54	120,550	0.54	0.00
18 Boras Investment And Trading Company Pvt Ltd	32,860	0.15	32,860	0.15	0.00
19 Allepy Investment And Trading Company Pvt Ltd	95,500	0.43	95,500	0.43	0.00
20 Adesh Investment And Trading Company Pvt Ltd	35,100	0.16	35,100	0.16	0.00
21 Alma Assets Consultancy Private Limited	4,362,325	19.57	4,362,325	19.57	0.00
22 Amrante Trust Through Rakhi Oswal, Trustee	5,139	0.02	10,000	0.04	-0.49
<b>Total</b>	<b>13,409,791</b>	<b>60.16</b>	<b>13,414,652</b>	<b>60.18</b>	<b>-0.49</b>

\* Promoter here means promoters as defined as per the Companies Act, 2013

\*\* Details shall be given separately for each class of shares.

\*\*\* Percentage change shall be computed with respect to the number at the beginning of the year or if issued during the year for the 1st time then with respect to the date of issue. (notes for calculation of %)

## 18. OTHER EQUITY

(₹ in Lakh)

Particulars	Reserves and Surplus			Items of other comprehensive income	Total
	General reserve*	Security premium**	Retained earnings***	Actuarial Gain/(Loss)	
<b>Balance at April 1, 2020</b>	9,865.25	7,731.06	(48,810.82)	(78.43)	(31,292.95)
Changes in Equity share capital due to prior period errors	-	-	-	-	-
Restated balance as at April 1, 2020	-	-	-	-	-
Profit for the year	-	-	(5,669.21)	-	(5,669.21)
Other comprehensive income for the year, net of income tax	-	-	-	(61.09)	(61.09)
Changes in provision for tax written off	-	-	(20.73)	-	(20.73)
Total comprehensive income for the year	-	-	(5,689.94)	(61.09)	(5,751.03)
<b>Balance at March 31, 2021</b>	9,865.25	7,731.06	(54,500.76)	(139.52)	(37,043.98)
<b>Balance at April 1, 2021</b>	9,865.25	7,731.06	(54,500.76)	(139.52)	(37,043.98)
Changes in Equity share capital due to prior period errors	-	-	-	-	-
Restated balance as at April 1, 2021	-	-	-	-	-
Profit for the year	-	-	(1,555.55)	-	(1,555.55)
Other comprehensive income for the year, net of income tax	-	-	-	(15.11)	(15.11)
Changes in provision for tax written off	-	-	29.54	-	29.54
Total comprehensive income for the year	-	-	(1,526.01)	(15.11)	(1,541.12)
<b>Balance at March 31, 2022</b>	9,865.25	7,731.06	(56,026.77)	(154.63)	(38,585.10)

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



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

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

## 19 LONG TERM BORROWINGS

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Secured loans</b>		
<b>Term loans</b>		
Rupee loan from others (Refer note a & b below)	141.88	257.23
<b>Total</b>	<b>141.88</b>	<b>257.23</b>
Less : Amount disclosed under other current liability (refer note no. 22)	<b>(98.59)</b>	<b>(115.29)</b>
<b>Grand total</b>	<b>43.29</b>	<b>141.94</b>

Terms & Conditions of Secured Loan Taken from bank and status of default at the year end as on 31.03.2022

Types of Loan	Term Loan from others	
	TL-I	TL-II
Sanctioned Amount (₹ in lakh)	500.00	500.00
Balance As on 31.03.2022	120.44	21.44
Rate of Interest	13.45%	15.20%
<b>Repayment Type</b>	Quarterly	Quarterly
Repayment Schedule		
31.03.2023	77.15	21.44
31.03.2024	43.29	-
31.03.2025	-	-

Details of security :-

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

## 20 PROVISIONS (NON CURRENT)

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Employee related-Leave encashment	35.26	27.63
Employee related-Gratuity	209.21	192.29
<b>Total</b>	<b>244.47</b>	<b>219.92</b>

## 21 OTHER NON-CURRENT LIABILITIES

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Security deposit received	0.53	0.53
<b>Total</b>	<b>0.53</b>	<b>0.53</b>

## 22 SHORT TERM BORROWINGS

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Secured Borrowings</b>		
Loans repayable on demand		
Working capital loans from banks (Refer note a & b below)	31,306.78	30,813.30
- Long Term loans Considered as Short Term (Refer note a&b below)	20,888.34	20,714.52
<b>Unsecured Borrowings</b>		
from related party, body corporate & directors	194.19	194.19
Foreign Currency Convertible Bonds	365.04	365.04
Current maturities of long-term borrowings (Refer Note No.19)**	98.59	115.29
<b>Total</b>	<b>52,852.94</b>	<b>52,202.34</b>

During the period ended 31st March, 2017, the company credited profit of ₹ 396.44 lakh due on payment of FCCB liability (total liability as on 31st March 2017 being ₹ 868.64 Lakh) out of the above mentioned FCCB liability, ₹ 365.04 lakh is still outstanding as on 31st March 2022.

## Detail of Bank wise amount in default:-

(₹ in lakh)

Name	Date of NPA	Sanction amount	Principle in default	Overdue interest	Total Outstanding as at 31.03.2022
Allahabad Bank	30.11.2017	471.74	313.45	183.05	496.50
Andhra Bank (Phoenix)	31.01.2018	3437.00	3,473.96	933.51	4,407.47
Axis Bank	30.09.2014	749.00	383.10	54.00	437.10
Bank of Baroda (Phoenix)	30.06.2017	4643.91	3,778.39	1,925.02	5,703.41
Bank of India	30.06.2017	2095.00	1,590.08	1,220.62	2,810.70
Bank of Maharashtra (Phoenix)	30.06.2017	2344.80	1,805.50	1,140.80	2,946.30
Canara Bank (Phoenix)	30.10.2017	9399.00	2,420.85	4,935.02	7,355.87
Corporation Bank (Phoenix)	31.01.2018	1413.00	1,265.46	880.60	2,146.06
J&K Bank	30.12.2017	2362.50	1,565.42	913.37	2,478.79
Punjab National Bank	31.10.2017	5685.00	4,302.25	1,540.90	5,843.15
Punjab & Sind Bank	28.02.2018	820.00	476.40	237.80	714.20
State Bank of India (Phoenix)	21.09.2017	5446.00	5,639.87	1,271.55	6,911.42
State Bank of India - Formerly SBOP (Phoenix)	21.09.2017	911.82	1,801.08	968.86	2,769.94
United Bank of India (Phoenix)	30.06.2017	5120.55	3,952.99	3,221.22	7,174.21
<b>Total</b>		<b>44,899.32</b>	<b>32,768.80</b>	<b>19,426.32</b>	<b>52,195.12</b>

- i) As the company accounts have been declared as NPA, therefore no interest is being charged by the lenders post the NPA classification. Keeping the accrual concept in consideration, the company has provided for interest based upon terms of the CDR package. The lenders had issued notices U/S 13(2) & 13(4) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFESI) Act, 2002 which were duly replied and proceedings are pending before Debt Recovery Tribunal (DRT), Chandigarh. Two of the lenders namely Punjab National Bank & Jammu and Kashmir Bank and five operational/financial creditors have filed applications under Insolvency and Bankruptcy Code 2016 with NCLT, Chandigarh for initiating Corporate Insolvency Resolution Process (CIRP) but the same have not been admitted till date. State Bank of India, United Bank of India, Canara Bank, Bank of Baroda, Bank of Maharashtra, Union Bank of India (for Andhra Bank and Corporation Bank) have assigned our debt to Phoenix ARC Private Limited through Assignment Agreements. Further, the company has received an OTS sanction letter from Bank of India and the complete amount of OTS with Bank of India has been paid till 21.04.2022. However, No Dues certificate from Banks is yet to be received.
- ii) This includes Overdue Interest amount of working capital loans and Term loans from others.
- iii) The borrowing obtained by the company from bank and financial institution have been applied for the purposes for which such loan were taken. Further as stated above the borrowing of the company have been classified as NPA.

**Details of security :- Long Terms Loans**

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

**Details of security :- Working Capital loans**

- a) Working capital loans from banks are secured by hypothecation of all stocks (except the stock of raw material already pledged 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) Includes credit balance in current account.

**23 TRADE PAYABLES**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Total Outstanding dues of Micro, Small and Medium Enterprises	-	-
Total Outstanding dues of Creditors other than Micro, Small and Medium Enterprises	10,079.92	7,493.97
<b>Total</b>	<b>10,079.92</b>	<b>7,493.97</b>

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

**(a) Trade payables ageing as at 31.03.2022**

Particulars	Outstanding for following periods from due date date of payment#				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	5701.73	2700.49	418.97	1148.32	9,969.51
(iii) Disputed dues-MSME	-	-	-	-	-
(iv) Disputed dues-Others	-	-	-	-	-
	<b>5,701.73</b>	<b>2,700.49</b>	<b>418.97</b>	<b>1,148.32</b>	<b>9,969.51</b>
<b>Not due balance as at 31.03.2022</b>					<b>110.41</b>
<b>Total Trade payables</b>					<b>10,079.92</b>

**(b) Trade payables ageing as at 31.03.2021**

Particulars	Outstanding for following periods from due date date of payment#				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	3,862.60	1,428.64	1,064.26	995.42	7,350.92
(iii) Disputed dues-MSME	-	-	-	-	-
(iv) Disputed dues-Others	-	-	-	-	-
	<b>3,862.60</b>	<b>1,428.64</b>	<b>1,064.26</b>	<b>995.42</b>	<b>7,350.92</b>
<b>Not due balance as at 31.03.2021</b>					<b>143.05</b>
<b>Total Trade payables</b>					<b>7,493.97</b>

**24 OTHER FINANCIAL LIABILITIES-CURRENT**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Interest Payable	665.48	877.58
Trade deposits & advances	91.23	91.33
<b>Other payables</b>		
Capital Payables	-	-
Employees related	715.41	598.58
Trade expenses payable	1,879.65	1,447.98
Enhanced Land Compensation (VTM Land)	348.24	348.25
Others	698.85	654.17
<b>Total</b>	<b>4,398.86</b>	<b>4,017.89</b>

**25 OTHER CURRENT LIABILITIES**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Advances/deposits from customers	24.62	26.62
Statutory dues*	260.49	196.51
Security deposit received	26.58	28.58
<b>Total</b>	<b>311.69</b>	<b>251.71</b>

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

**26 PROVISION (CURRENT)**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Employees Benefit-Leave Encashment	32.32	25.00
Provision Against forfeiture of MIDC Land	136.00	136.00
Employees Benefit-Gratuity	164.69	145.62
Others	701.79	731.37
<b>Total</b>	<b>1,034.80</b>	<b>1,037.99</b>

**27 REVENUE FROM OPERATIONS**

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>i) Sale of products</b>		
- Grey yarn	75,474.90	39,939.51
- Dyed yarn	9,470.68	6,178.47
- Garments	103.75	62.56
- Waste sale	7,535.37	4,660.68
- Trading goods (textile)	65.87	25.82
<b>ii) Job charges income</b>	306.23	106.74
<b>Total</b>	<b>92,956.80</b>	<b>50,973.77</b>
<b>Rebate &amp; Discount</b>	(97.29)	(145.86)
<b>Net sales</b>	<b>92,859.51</b>	<b>50,827.91</b>
<b>Other Operating Income</b>		
i) Export Incentive/Benefits	-	-
ii) Gain on foreign currency transaction and translation (net)	-	-
<b>Total</b>	<b>92,859.51</b>	<b>50,827.91</b>

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

**28 OTHER INCOME**

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income on Bank deposits & others	30.02	34.48
Profit on sale of fixed assets	31.08	-
Rent received	156.26	142.50
Miscellaneous Income	90.61	83.16
<b>Total</b>	<b>307.97</b>	<b>260.15</b>
Less: Interest on Margin Money reduced from finance cost (Refer Note no.33)	<b>0.41</b>	<b>0.44</b>
<b>Total</b>	<b>307.56</b>	<b>259.71</b>

**29 COST OF MATERIAL CONSUMED**

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Raw material consumption</b>		
Cotton	61,138.41	29,829.74
Cotton yarn	3,388.56	3,575.87
Synthetic fibre	5,452.99	2,691.99
Dyes & chemicals	876.86	578.94
<b>Total</b>	<b>70,856.82</b>	<b>36,676.55</b>

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

**Value of indigenous & imported raw material consumption**

Particulars	For the year ended 31 March 2022		For the year ended 31 March 2021	
	₹ in Lakh	%	₹ in Lakh	%
Indigenous	70,856.82	100.00	36,676.55	100.00
Imported	-	-	-	-
<b>Total</b>	<b>70,856.82</b>	<b>100.00</b>	<b>36,676.55</b>	<b>100.00</b>

**30 PURCHASE OF STOCK IN TRADE**

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Fabrics	2.06	68.11
Yarn	-	1.45
<b>Total</b>	<b>2.06</b>	<b>69.56</b>

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Closing inventories</b>		
Finished goods (Including waste)	2,418.71	346.21
Work in progress	921.41	712.14
	<b>3,340.12</b>	<b>1,058.35</b>
<b>Opening inventories</b>		
Finished goods (Including waste)	346.21	999.84
Work in progress	712.14	482.33
	<b>1,058.35</b>	<b>1,482.17</b>
<b>(Increase) / Decrease</b>	<b>(2,281.77)</b>	<b>423.81</b>

## 32 EMPLOYEE BENEFIT EXPENSES

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, Wages & Other Benefits	5,003.85	3,430.84
Contribution to Provident & Other Funds	368.54	253.19
Staff Welfare Expenses	346.28	185.88
<b>Total</b>	<b>5,718.67</b>	<b>3,869.91</b>

## 33 FINANCE COST

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Interest expense</b>		
- Term loans	3,335.33	3,059.25
- Working capital borrowings	2,862.93	2,673.65
- Other	218.33	168.33
<b>Other borrowing costs</b>	-	-
	<b>6,416.59</b>	<b>5,901.22</b>
<b>Less: Interest on Margin Money(Refer Note no. 28)</b>	0.41	0.44
<b>Total</b>	<b>6,416.18</b>	<b>5,900.79</b>

## 34 OTHER EXPENSES

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Packing Material Consumed	1,201.57	636.46
Power & Fuel	7,121.62	5,063.94
Processing Charges	31.20	20.33
<b>Repairs and maintenance :</b>		
Plant & machinery	1,914.36	734.81
Building	82.20	32.70
General	232.52	111.88
Electric	15.12	0.90
Rent	34.91	34.05
Rates and taxes	79.49	75.44
Insurance	86.31	80.05
Travelling & Boarding Expenses	127.77	63.48
Legal & professional	191.44	168.28
Exchange rate fluctuation (net)	12.93	(15.54)
Sundry balances written off	0.49	(0.13)
Provision for Covid Impact Assessment	-	630.47
Provision for doubtful debts	768.93	26.87
Commission on sale	(62.11)	9.34
Delivery Expenses (Including Freight, Octroi & Others)	414.21	369.83
Rebate & discounts	102.00	109.13
Investment Written off	22.54	-
Bank charges	2.52	14.20
Loss on Sale of Fixed Assets	-	0.98
Loss on Sale of Raw Material	(2.74)	5.52
Miscellaneous expenses	268.41	189.56
<b>Total</b>	<b>12,645.69</b>	<b>8,362.55</b>



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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>As auditor:</b>		
- Statutory audit	9.00	9.00
- Tax audit	1.50	1.50
- Other services	0.00	0.00
Reimbursement of expenses	0.19	0.11
<b>Total</b>	<b>10.69</b>	<b>10.61</b>

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

Particulars	For the year ended 31 March 2022		For the year ended 31 March 2021	
	₹ in Lakh	%	₹ in Lakh	%
Indigenous	2094.02	100.00	814.77	99.99
Imported	-	0.00	0.00	0.01
<b>Total</b>	<b>2094.02</b>	<b>100.00</b>	<b>814.77</b>	<b>100.00</b>

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Repairs and maintenance : General	214.06	100.98
Repairs and maintenance : Plant & Machinery	1,864.84	712.89
Repairs and maintenance : Electric	15.12	0.90
<b>Total</b>	<b>2,094.02</b>	<b>814.77</b>

**35. FINANCIAL INSTRUMENT BY CATEGORY**

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

**As at March 31, 2022** (₹ in Lakh)

Particulars	Notes No.	As at March 31, 2022	At cost	At Amortised Cost	At fair value through P&L		At fair value through OCI		Total Carrying value	Total Fair Value
					Designation upon initial recognition	Mandatory	Designation upon initial recognition	Mandatory		
<b>Assets:</b>										
i) Investments (Non Current)	3	0.62	-	-	0.62	-	-	-	0.62	0.62
ii) Trade receivable (Non Current)	6	302.47	-	302.47	-	-	-	-	302.47	302.47
iii) Trade and other receivables (Current)	10	1,079.74	-	1,079.74	-	-	-	-	1,079.74	1,079.74
iv) Cash and cash equivalents	11	6.41	-	6.41	-	-	-	-	6.41	6.41
v) Bank balances other than above	12	8.20	-	8.20	-	-	-	-	8.20	8.20
vi) Loans (Current)	13	15.06	-	15.06	-	-	-	-	15.06	15.06
vii) Other financial assets (Current)	14	32.82	-	32.82	-	-	-	-	32.82	32.82
<b>Total</b>		<b>1,445.32</b>	<b>-</b>	<b>1,444.70</b>	<b>0.62</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,445.32</b>	<b>1,445.32</b>
<b>Liabilities:</b>										
i) Borrowings (Non Current)	19	43.29	-	43.29	-	-	-	-	43.29	43.29
ii) Borrowings (Current)	22	52,852.94	-	52,852.94	-	-	-	-	52,852.94	52,852.94
iii) Trade payables (Current)	23	10,079.92	-	10,079.92	-	-	-	-	10,079.92	10,079.92
iv) Other financial liabilities (Current)	24	4,398.86	-	4,398.86	-	-	-	-	4,398.86	4,398.86
<b>Total</b>		<b>67,375.01</b>	<b>-</b>	<b>67,375.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,375.01</b>	<b>67,375.01</b>

As at March 31, 2021

(₹ in Lakh)

Particulars	Notes No.	As at March 31, 2021	At cost	At Amortised Cost	At fair value through P&L		At fair value through OCI		Total Carrying value	Total Fair Value
					Designation upon initial recognition	Mandatory	Designation upon initial recognition	Mandatory		
Assets:										
i) Investments (Non Current)	3	23.15	-	-	23.15	-	-	-	23.15	23.15
ii) Trade receivable (Non Current)	6	1,067.00	-	1,067.00	-	-	-	-	1,067.00	1,067.00
iii) Trade and other receivables (Current)	10	829.58	-	829.58	-	-	-	-	829.58	829.58
iv) Cash and cash equivalents	11	7.80	-	7.80	-	-	-	-	7.80	7.80
v) Bank balances other than above	12	1.25	-	1.25	-	-	-	-	1.25	1.25
vi) Loans (Current)	13	10.10	-	10.10	-	-	-	-	10.10	10.10
vii) Other financial assets (Current)	14	35.49	-	35.49	-	-	-	-	35.49	35.49
Total		1,974.37	-	1,951.21	23.15	-	-	-	1,974.37	1,974.37
Liabilities:										
i) Borrowings (Non current)	19	141.94		141.94	-	-	-	-	141.94	141.94
ii) Borrowings (Current)	22	52,202.34		52,202.34	-	-	-	-	52,202.34	52,202.34
iii) Trade payables ((Current)	23	7,493.97		7,493.97	-	-	-	-	7,493.97	7,493.97
iv) Other financial liabilities (Current)	24	4,017.89		4,017.89	-	-	-	-	4,017.89	4,017.89
Total		63,856.14	-	63,856.14	-	-	-	-	63,856.14	63,856.14

**35(B) FAIR VALUE MEASUREMENT****(i) Fair Value hierarchy**

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

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

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

**(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value: As at 31st March 2022**

Particulars	Fair Value measurement using			
	Fair Value	Level 1	Level 2	Level 3
Long Term Investments				
Fair Value through Profit and Loss (designated upon initial recognition)				0.62
Current Investments				
Fair Value through Profit and Loss				-

**(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value: As at 31st March 2021**

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

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

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
(i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;		
(a) Principal amount due to micro and small enterprise	-	-
(b) Interest due on above	-	-
(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-

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

**37 EARNINGS PER SHARE**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>The basic and diluted earning per share is as under:</b>		
Net Profit/(loss) after tax (₹ lakh)	(1,555.55)	(5,669.21)
Net Profit/(loss) after tax but before Exceptional Items (₹ lakh)**	(1,555.55)	(5,669.21)
Weighted average no. of equity shares outstanding (*)	22,290,957	22,290,957
Nominal value of per equity shares (in ₹)	10.00	10.00
<b>Earnings per share (of ₹ 10 each) After Exceptional Items</b>		
Basic earnings per share (₹)	(6.98)	(25.43)
Diluted earnings per share (₹)	(6.98)	(25.43)
<b>Earnings per share (of ₹ 10 each) before Exceptional Items</b>		
Basic earnings per share (₹)	(6.98)	(25.43)
Diluted earnings per share (₹)	(6.98)	(25.43)

\*There are no dilutive potential equity share.

**38 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
a) Claims against the Company not acknowledged as debts (net of amount deposited ₹ 63.13 lakh Previous year - ₹ 59.19 lakh)	262.43	159.45
b) Letter of credit & bank guarantee issued	5.00	5.00
c) Income Tax demands under appeal (net of amount deposited ₹ 220 lakh, Previous year - ₹ 220 lakh)	803.45	803.45
d) Service Tax demands under appeal (net of amount deposited ₹ 1.41 lakh, Previous year - ₹ 1.41 lakh)	12.70	12.70

**39 LITIGATION STATUS OF THE COMPANY AS ON 31ST MARCH 2022 ARE AS FOLLOWS:**

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

(₹ in Lakh)

Nature of Dispute	Name of Statute	Amount Involved	Provision Made	Disclosed as Contingent Liability	Amount Deposited Under Protest
i) Indirect Taxation	Central Excise Act 2002	417.21 (417.21)	241.60 (299.22)	175.60 (133.27)	50.08 (42.34)
	Service Tax Act	15.38 (15.38)	1.27 (1.27)	14.11 (14.11)	1.41 (1.41)
	Punjab Vat Act	219.04 (222.84)	174.21 (174.21)	44.83 (44.83)	13.05 (16.85)
ii) Direct Taxation	Income Tax Act	1,834.95 (1,834.95)	- -	1,023.45 (1,023.45)	220.00 (220.00)
	Wealth Tax Act	2.47 (2.47)	- -	- -	- -
iii) Labour laws	ESI Act	2.20 (2.20)	- -	- -	2.20 (2.20)
	Industrial Dispute Act 1947	17.58 (2.99)	- -	17.58 (2.99)	- -
iv) Commercial matters	Code of Civil Procedure Act 1908	87.56 (37.56)	- -	87.56 (37.56)	- -
<b>Total</b>		<b>2,596.39</b> <b>(2,535.60)</b>	<b>417.08</b> <b>(474.70)</b>	<b>1,363.12</b> <b>(1,256.20)</b>	<b>286.74</b> <b>(282.80)</b>

Figures in brackets in aforesaid note represent previous year figures

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

(₹ in Lakh)

Nature of Dispute	Amount Involved	Provision Made	Amount Decreed in favour of the Company (under execution)	Balance Amount Still contested by the Company
Commercial matters - Legal cases customers	1,456.38 (1,451.98)	1,153.91 (384.97)	- -	302.47 (1,067.01)

Figures in brackets in aforesaid note represent previous year figures

**40 OBLIGATIONS AND COMMITMENTS OUTSTANDING:**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	-	14.15
b) Estimated value of contracts remaining to be executed on other than capital account and not provided for (net of advances)-Pending cotton purchase commitment	7,142.89	1,540.48
c) Estimated value of contracts remaining to be executed on other than capital account and not provided for (net of advances)-Pending Service commitment	-	0.55

#### 41 DERIVATIVE HEDGED INSTRUMENTS AND UN-HEDGED FOREIGN CURRENCY EXPOSURE

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

		As at		As at	
		31 March 2022		31 March 2021	
	Currency	In million	₹in Lakh	In million	₹in Lakh
Trade Payables*	INR	-	89.90	-	58.51
Loan (including interest)**	USD	0.55	365.04	0.55	365.04
<b>Total</b>		<b>0.55</b>	<b>454.94</b>	<b>0.55</b>	<b>423.55</b>

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

\*\* This is Actual loan amount and doesnot include reinstatement effect.The Foreign currency fluctuations impact on this amount has been considered separately and duly account for in the books of accounts.

42 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.

#### 43 Employee benefit obligation

##### Defined Contribution Plan

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
i) Employer's contribution to Provident Fund	192.25	191.07
ii) Employer's contribution to Superannuation Fund	-	2.10
iii) Employer's contribution to Pension Scheme	86.60	60.02

##### Defined Benefit Plan

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

##### Reconciliation of opening and closing balances of Defined Benefit Obligation

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Defined benefit obligation at the beginning of the year</b>	337.91	353.31
Current service cost	48.50	42.19
Interest cost	16.90	17.67
Actuarial gain / (loss)	(0.03)	40.57
<b>Benefit paid</b>	(29.39)	(115.83)
Past Service Cost	-	-
<b>Defined obligation at year end</b>	<b>373.89</b>	<b>337.91</b>

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Fair value of plan assets at the beginning of the Year</b>	449.83	489.05
Expected return on plan assets	22.49	24.45
Actuarial gain / (loss)	1.46	9.02
Adjustment of earlier years	-	-
Benefit paid	(9.43)	(72.69)
<b>Fair value of plan assets at year end</b>	<b>464.36</b>	<b>449.83</b>

##### Reconciliation of fair value of assets & obligation

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Fair value of plan assets at the end	464.36	449.83
Present value of obligation	373.89	337.91
Net asset/(liability) recognized in the balance sheet	90.46	111.92

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current service cost	48.50	42.19
Interest cost	16.90	17.67
Expected return on plan assets	(22.49)	(24.45)
Amount recognized in the statement of profit & loss	-	-
	<b>42.91</b>	<b>35.41</b>

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Actuarial (gain)/loss -obligation	(0.03)	40.57
Actuarial (gain)/loss -plan assets	(1.46)	(9.02)
Amount recognized in the statement of profit & loss	<b>(1.49)</b>	<b>31.55</b>

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Discount rate	5.00%	5.00%
Attrition rate	48.00%	48.00%
Expected rate of return on assets	7.00%	7.00%
Mortality rate	IALM 2012-14	IALM 2012-14
Salary rise	7.00%	7.00%

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

	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Defined benefit obligation	373.89	337.91	353.31	409.90	377.41
Plan assets	464.36	449.83	489.05	586.24	569.52
Surplus/(deficit)	90.46	111.92	135.74	176.33	192.11
Experience adjustment on plan assets	1.46	9.02	(2.52)	(14.35)	(1.24)
Experience adjustment on plan liabilities	(29.42)	(75.25)	(126.18)	(72.08)	(117.15)

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

Period	As on: 28-02-2022
Defined Benefit Obligation (Base)	3,73,88,609@ Salary Increase Rate : 7%, and discount rate :5%
Liability with x% increase in Discount Rate	3,67,11,081; x=1.00% [Change (2)% ]
Liability with x% decrease in Discount Rate	3,80,92,733; x=1.00% [Change 2% ]
Liability with x% increase in Salary Growth Rate	3,79,79,212; x=1.00% [Change 2% ]
Liability with x% decrease in Salary Growth Rate	3,68,27,020; x=1.00% [Change (2)% ]
Liability with x% increase in Withdrawal Rate	3,72,21,997; x=1.00% [Change 0% ]
Liability with x% decrease in Withdrawal Rate	3,75,59,423; x=1.00% [Change 0% ]



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

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Defined benefit obligation at the beginning of the year	52.63	46.33
Current service cost	25.57	16.31
Interest cost	2.63	2.32
Actuarial (gain) /loss	16.60	29.53
Benefit paid	(29.84)	(41.85)
Defined obligation at year end	<b>67.59</b>	<b>52.63</b>

**Reconciliation of fair value of assets & obligations**

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Fair value of plan assets at the end	-	-
Present value of obligation	67.59	52.63
Amount recognized in balance sheet	67.59	52.63

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current service cost	25.57	16.31
Interest cost	2.63	2.32
Expected return on plan assets	-	-
Amount recognized in the statement of profit & loss	<b>28.20</b>	<b>18.62</b>

**(b) Other comprehensive(income)/expense (Remeasurement)**

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Actuarial (gain)/loss -obligation	16.60	29.53
Actuarial (gain)/loss -plan assets	-	-
Amount recognized in the statement of profit & loss	16.60	29.53

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Discount rate	5.00%	5.00%
Attrition rate	48.00%	48.00%
Expected rate of return on assets	NA	NA
Mortality rate	IALM 2012-14	IALM 2012-14
Salary rise	7.00%	7.00%

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

Period	As on: 28-02-2021
Defined Benefit Obligation (Base)	67,58,618
Liability with x% increase in Discount Rate	66,29,452; x = 1.00% [Change (2)%]
Liability with x% decrease in Discount Rate	68,93,040; x = 1.00% [Change 2%]
Liability with x% increase in Salary Growth Rate	68,89,258; x = 1.00% [Change 2%]
Liability with x% decrease in Salary Growth Rate	66,30,657; x = 1.00% [Change (2)%]
Liability with x% increase in Withdrawal Rate	67,53,580; x = 1.00% [Change 0%]
Liability with x% decrease in Withdrawal Rate	67,63,959;; x = 1.00% [Change 0%]

**44 RELATED PARTY DISCLOSURES IN ACCORDANCE WITH IND AS-24 "RELATED PARTY" :-****i) List of related parties and relationships**

	2021-22	2020-21
a) Subsidiary Company	F M Hammerle Verwaltung Gmbh, Austria (was subsidiary during part of the year upto 30.09.2021. Then the F.M.H was liquidated. So Annual results for the year ended 31.03.2022 have been consolidated which includes the Financial results of subsidiary upto 30.09.2021).	F M Hammerle Verwaltung Gmbh, Austria
b) Key management personnel	Mr. Adish Oswal Mr R.M.soni Mr. Ajay Ratra	Mr. Adish Oswal Mr Apjit Arora (upto 01.09.2020) Mr. Ajay Ratra Mr R.M.soni (w.e.f 01.09.2020)
c) Relative of KMP	Mrs. Manju Oswal Mr. Abhinav Oswal Ms. Aketa Oswal Mrs. Rakhi Oswal Mrs. Priya Oswal	Mrs. Manju Oswal Mr. Abhinav Oswal Ms. Aketa Oswal Mrs. Rakhi Oswal Mrs. Priya Oswal
d) Enterprise over which KMP is able to exercise significant influence	Oswal Industrial Enterprise Private Limited Panchsheel Textile Mfg & Trading Co.Pvt Ltd Enakshi Investments Private Limited. Liberty Mercantile Co.(P)Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments Private Limited. Ruby Mercantile Co. Private Limited. Boras Investment & Trading Co. (P) Limited. Gagan Mercantile Co. Private Limited. Pioneer Mercantile India Private Limited. Adesh Investment & Trading Co. (P) Limited. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech Pvt. Ltd. Oswal Tradecom Pvt. Ltd. Oswal Holding Pvt. Ltd. Nightangle Dealcom Pvt. Ltd. Alma Assets Consultancy (P) Ltd Altfort Merchants (P) Ltd Vardhman Amarante Private Limited We safe India Lifestyle Private Limited Oswal Technical Textile Private Limited Super Lakshmi Enterprises LLP	Oswal Industrial Enterprise Private Limited Panchsheel Textile Mfg & Trading Co.Pvt Ltd Enakshi Investments Private Limited. Liberty Mercantile Co.(P)Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments Private Limited. Ruby Mercantile Co. Private Limited. Boras Investment & Trading Co. (P) Limited. Gagan Mercantile Co. Private Limited. Pioneer Mercantile India Private Limited. Adesh Investment & Trading Co. (P) Limited. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech Pvt. Ltd. Oswal Tradecom Pvt. Ltd. Oswal Holding Pvt. Ltd. Nightangle Dealcom Pvt. Ltd. Alma Assets Consultancy (P) Ltd Altfort Merchants (P) Ltd Vardhman Amarante Private Limited We safe India Lifestyle Private Limited Oswal Technical Textile Private Limited Super Lakshmi Enterprises LLP

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

	Subsidiaries		KMP		Relatives of KMP		Enterprise over which KMP is able to exercise Significant Influence		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Loan received	-	-	-	-	-	-	-	-	-	-
Loan repaid	-	-	-	-	-	-	-	-	-	-
Sale of goods	-	-	-	-	-	-	-	-	-	-
Purchase of fabric/bed sheet	-	-	-	-	-	-	-	-	-	-
Net Advance (Received)/Paid	-	-	-	-	-	-	-	-	-	-
Rent paid	-	-	-	-	2.30	-	-	-	2.30	-
Job charges Paid	-	-	-	-	-	-	2.78	2.65	2.78	2.65
Rent received	-	-	-	-	-	-	3.88	0.48	3.88	0.48
Interest paid	-	-	-	-	-	-	-	-	-	-
Remuneration	-	-	155.66	115.38	-	-	-	-	155.66	115.38
Managerial remuneration	-	-	-	-	-	-	-	-	-	-
<b>OUTSTANDING BALANCES AT YEAR END</b>										
Investment in equity shares	-	22.54	-	-	-	-	0.09	0.09	0.09	22.63
Unsecured loan	-	-	-	-	92.19	92.19	87.00	87.00	179.19	179.19
Amount payable/(recoverable)	-	-	-	-	-	-	(45.47)	(120.11)	(45.47)	(120.11)

#### 45. FINANCIAL RISK MANAGEMENT

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

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

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

##### Market Risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans & borrowings and deposits. The sensitivity analyses in the following sections relate to the position as at 31 March 2022 and 31 March 2021.

##### (i) Foreign Currency risk management

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

##### (ii) Interest Rate Risk

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

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

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

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Variable rate instruments</b>		
Long term borrowings	43.29	141.94
Current maturities of long term debt	98.59	115.29
Short term borrowings	52,754.36	52,087.05

##### Cash flow sensitivity analysis for variable rate instruments

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

(₹ in Lakh)		
Particulars	As at 31 March 2022	As at 31 March 2021
Increase/ (decrease) in 100 basis point	528.96	523.44

##### Liquidity Risk

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

##### Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the company grants credit terms in the normal course of business. On

account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The Company has exposure to credit risk from trade receivable balances on sale of Yarns & Readymade Garments. The Company ensures concentration of credit does not significantly impair the financial assets since the customers to whom the exposure of credit is taken are well established and reputed industries engaged in their respective field of business. The creditworthiness of customers to which the Company grants credit in the normal course of the business is monitored regularly.

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

(₹ in Lakh)		
Particulars	As at 31 March 2022	As at 31 March 2021
<b>(a) Revenue from top five customers</b>		
- Amount of Sales	81,635.49	44,827.86
- % of total Sales	87.91%	88.20%
<b>(b) Allowance for doubtful debts</b>		
Balance at the beginning of the period	384.98	358.11
Recognized during the year	768.93	26.87
Amount Write Off	-	-
<b>Balance At the end of the period</b>	<b>1,153.91</b>	<b>384.98</b>

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

#### Write off policy

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

#### 45A.CAPITAL MANAGEMENT

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The director's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. No Changes were made in the objectives, policies or processes during the years ended 31st March 2022 and 31st March 2021.

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

	For the year ended 31 March 2022	For the year ended 31 March 2021
Commission, consultancy, travelling, interest and others	4.42	-

- 47 Despite the fact that the net worth of the Company has been fully eroded in the current year, the Management is of the view that the company is an operative company and with all necessary steps and continuing professional management, is confident to turnaround the company and accordingly Deferred Tax assets will be recognised. In view of the same, the financial statements have been prepared on going concern basis.
- 48 During the period ended year 31st March, 2017, the Company had credited profit of ₹ 396.44 lakh due on payment of FCCB liability (Total Liability as on 31/03 /2017 being ₹ 868.64 lacs). Out of the above mentioned FCCB liability ₹ 365.04 lacs is still outstanding as on 31/03/2022.
- 49 The Company is paying rentals for office premises taken on rent which are not in the nature of lease agreements. Therefore, disclosure requirements of Accounting Standard IND AS-17 are not applicable.
- 50 The Company has made an assessment of the impact of the continuing COVID-19 pandemic on its current and future operations, liquidity position and cash flow giving due consideration to the internal and external factors. The Company is continuously monitoring the situation and does not foresee any significant impact on its operations and the financials position as at March 31, 2022.
- 51 The balances of Trade Receivables, Loan and Advances, Deposits and Trade Payables are subject to confirmation/reconciliation and subsequent adjustments, if any. During the year, letters have been sent to various parties with a request to confirm their balances as on 31st March, 2022. Except for the provision created against these receivables, they are realizable as per management of the company.
- 52 The business of company falls within a single primary segment viz, Textile and hence, the disclosure requirement of IND AS - 108 'Operating segment' is not applicable.

- 53 Previous year figures have been regrouped /reclassified wherever necessary to conform to current year classification.
- 54 The Code on Social Security 2020 has been notified in the Official Gazette on 29th September 2020. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. Impact if any of the change will be assessed and accounted In the period in which said Code becomes effective and the rules framed thereunder are published.

55 **Title deeds of Immovable Property not held in name of the Company.**

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative# of promoter*/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Company**
PPE	Land & Building	1197472	Mr. Subhash Sharma	No	22.06.2011	State Government rules
PPE	Land & Building	346100	Mr. Subhash Sharma	No	01.02.2011	State Government rules
PPE	Land & Building	487808	Mr. Subhash Sharma	No	13.12.2010	State Government rules

\*\*In this respect, the Company has already paid full consideration as per agreement of Purchase of said property. However, approval of Himachal Pradesh Government for registration of Property in the name of Company is yet to be received.

- 56 The Company has not granted loans or Advances to the promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:(a) repayable on demand or(b) without specifying any terms or period of repayment

Type of Borrower	Amount of loan or advance in the nature of Loan outstanding	Percentage to the total loans and advances in the nature of loans
Promoters	-	-
Directors	-	-
KMP'S	-	-
Related Parties	-	-

- 57 No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- 58 The accounts of the company has been classified as NPA that has been disclosed in the appropriate notes therefore no quarterly returns or statements are required to be submitted to the bank .
- 59 The company has not been declared wilful defaulter by any bank or financial Institution or other lenders during the year ended 31.03.2022

60 **RATIO ANALYSIS**

Sr. no	Ratio Analysis	Numerator	Rs in lakhs	Denominator	Rs in lakhs	31st March 2022	31st March 2021
1	<b>Current Ratio</b>	<b>Current Assets</b>		<b>Current Liabilities</b>			
		Inventories	4,375.49	Creditors for goods and services	10,079.92		
		Sundry Debtors	1,079.74	Short term loans	52,852.94		
		Cash and Bank balances	14.62	Bank Overdraft	0.00		
		Receivables/Accruals	32.82	Cash Credit	0.00		
		Loans and Advances	15.06	Outstanding Expenses	4,398.86		
		Disposable Investments	0.00	Provision for taxation	0.00		
		Any other current assets	4,076.74	Proposed dividend	0.00		
				Unclaimed Dividend	0.00		
			<b>9,594.47</b>	Any other current liabilities	1,346.49		
					<b>68,678.21</b>	<b>0.14</b>	<b>0.08</b>
	Remarks-The ratio has improved in the current year as the company has generated more currents assets as comapred to previous year.						

Sr. no	Ratio Analysis	Numerator	Rs in lakhs	Denominator	Rs in lakhs	31st March 2022	31st March 2021
2	<b>Debt Equity Ratio</b>	<b>Total Liabilities</b> Total Outside Liabilities	<b>68,966.50</b>	<b>Shareholder's Equity</b> Total Shareholders Equity	<b>-36,356.00</b>	<b>-1.90</b>	<b>-1.88</b>
3	<b>Debt Service Coverage Ratio</b>	<b>Net Operating Income</b> Net Profit after tax + non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of fixed assets, etc.	<b>6,225.60</b>	<b>Debt Service</b> Current Debt Obligation (Interest & Lease payment + Principal Repayment.	<b>6,531.53</b>	<b>0.95</b>	<b>0.28</b>
Remarks-The ratio has improved in the current year as the company is generating sufficient operating income to cover its annual debt and interest payments							
4	<b>Return on Equity Ratio</b>	<b>Profit for the period</b> Net Profit after taxes - preference dividend (if any)	<b>-1,570.66</b>	<b>Avg. Shareholders Equity</b> (Beginning shareholders' equity + Ending shareholders' equity) ÷ 2	<b>-35,585.44</b>	<b>-0.04</b>	<b>-0.18</b>
Remarks-The ratio has improved in the current year as it shows improved company's proficiency to generate profits from its shareholders equity as compared to previous year.							
5	<b>Inventory Turnover Ratio</b>	<b>Cost of Goods sold</b> (Opening Stock + Purchases) – Closing Stock	<b>72,055.15</b>	<b>Average Inventory</b> (Opening Stock + Closing Stock)/2	<b>3,133.61</b>	<b>22.99</b>	<b>19.49</b>
6	<b>Trade Receivables Turnover Ratio</b>	<b>Net Credit Sales</b> Credit Sales	<b>92,859.51</b>	<b>Average Trade Receivables</b> (Beginning Trade Receivables + Ending Trade Receivables) / 2	<b>1,639.40</b>	<b>56.64</b>	<b>31.01</b>
Remarks-This ratio has changed due to increase in turnover in the current year with Debtors holding periods being same as compared to the previous period							
7	<b>Trade Payables Turnover Ratio</b>	<b>Total Purchases</b> Annual Net Credit purchases	<b>74,148.11</b>	<b>Average Trade Payables</b> (Beginning Trade Payables + Ending Trade Payables) / 2	<b>8,786.95</b>	<b>8.44</b>	<b>5.75</b>
Remarks- The accounts payable turnover ratio has increased from previous year indicating that the business is making payments to its creditors on time and the business is in good standing with the creditors and suppliers.							
8	<b>Net Capital Turnover Ratio</b>	<b>Net Sales</b> Total Sales - Sales Return	<b>92,859.51</b>	<b>Average Working Capital</b> Current Assets - Current Liabilities	<b>-59,083.75</b>	<b>-1.57</b>	<b>-0.85</b>
Remarks-Irrespective of Increase in net sales revenue, the percentage change in average working capital is negligible as compared to previous year thus indicating downward trend in the net capital ratio that is consider as indicative of potential future liquidity problems							
9	<b>Net Profit Ratio</b>	<b>Net Profit</b> Profit After Tax	<b>-1,570.66</b>	<b>Net Sales</b> Sales	<b>92,859.51</b>	<b>-0.02</b>	<b>-0.11</b>
Remarks-This ratio has changed due to increase in turnover in the current year with improved profitability scenario as compared to the previous period.							



Sr. no	Ratio Analysis	Numerator	Rs in lakhs	Denominator	Rs in lakhs	31st March 2022	31st March 2021]
10	<b>Return on Capital employed</b>	<b>EBIT</b> Profit before Interest and Taxes	<b>4,860.63</b>	<b>Capital Employed</b> Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	<b>-36,067.71</b>	<b>-0.13</b>	<b>-0.01</b>
	Remarks-This ratio has changed due to increase in Earnings before interest& tax in the current year with negligible change in the capital employed scenario of the company as compared to the previous period.						
11	<b>Return on Investment</b>	Return/Profit/Earnings	-	Investment	-	Nil	Nil

#### 61 RELATIONSHIP WITH STRUCK OFF COMPANIES

Name of struck off Company*	Nature of Transactions with Struck-off Company	Balance Outstanding as at 31.03.2022	Relationship with the Struck off Company, if any, to be disclosed.
Sree Vaishnavi Impex Private Limited	Payables	25,565.00	Vendor
Vinod Cotton Corporation Private Limited	Payables	221,560.89	Vendor
Gokul Spintex Pvt Ltd	Receivables	28,620.00	Customer
B.R.Knitwears Pvt. Ltd.	Receivables	1,567,530.00	Customer

\*Above Balances are related to previous years and there is no transaction during the relevant Financial Year.

- 62 There are no charges or satisfaction yet to be registered with Registrar of Companies/MCA beyond the statutory period.
- 63 The company has no subsidiary as on 31.03.2022; as such the company is in fully compliance with provisions with respect to number of layers of companies prescribed under clause (87) of section 2 of the Companies Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- 64 During the year, there has not been any Scheme of Arrangements that has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

#### 65 UTILISATION OF BORROWED FUNDS AND SHARE PREMIUM:

- (A) The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries ;
- (B) The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:-
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 66 The company has not used any borrowings from banks and financial institutions for other than the specific purpose for which it was taken as at the balance sheet date.
- 67 The company has not traded or invested in crypto currency or virtual currency during the financial year.
- 68 The provision of corporate social responsibility covered under the section 135 of Companies Act is not applicable to the company.
- 69 There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under Income Tax Act, 1961, that has not been recorded in the books of account.

70 According to the SEBI circular for Disclosure of Large Entity, it is hereby confirmed that Vardhman Polytex Limited is not a Large Entity. Outstanding borrowing (Long Term) in terms of the said circular was ₹ 0.43 Crores as on 31.03.2022 and the Highest Credit Rating was 'D' as assigned by ICRA.

As per our report of even date

**For Romesh K. Aggarwal & Associates**

**Chartered Accountants**

Firm Reg. No:- 000711N

Sd/-

**Ruchir Singla**

Partner

Membership No. 519347

UDIN: 22519347AJWRKX8441

**Place : Ludhiana**

**Date : 30th May, 2022**

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

Sd/-

**Manju Oswal**

Director

(DIN-00009449)

Sd/-

**Ajay K. Ratra**

Company Secretary

Sd/-

**Adish Oswal**

Chairman & Managing Director

(DIN-00009710)

Sd/-

**Radhamohan Soni**

Chief Financial Officer

## INDEPENDENT AUDITOR'S REPORT

### To The Members of Vardhman Polytex Limited

### Report on the Audit of the Consolidated Ind AS Financial Statements

#### Qualified Opinion

We have audited the accompanying consolidated Ind AS financial statements of Vardhman Polytex Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2022, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and on the other financial information of the subsidiaries, except for the effects of the matter stated in the "Basis for Qualified Opinion" section of this report, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the **Companies (Indian Accounting Standards) Rules, 2015**, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, their consolidated profit and their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

#### Basis for Qualified opinion

The Holding company had credited a profit of ₹ 396.44 lakhs due on payment of FCCB liability to the statement of profit & loss during the year ended March 31, 2017 which should have been credited in the statement of profit & loss on payment of FCCB liability which is still outstanding to the tune of 554,160 USD as on March 31, 2022 is not in compliance with the requirements of para 27 of the Ind AS 1- Presentation of Financial Statements w.r.t. preparation of financial statements on accrual basis. Consequently, the profit and loss has been overstated by the above mentioned amount.

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

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

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Sr. No.	Key Audit Matter	Auditor's Response
1.	Evaluation of uncertain tax positionsThe Holding Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.Refer Notes to the Consolidated Ind AS Financial Statements	Principal Audit Procedures: Obtained details of completed tax assessments and demands till the year ended March 31, 2022 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.

## Other Information

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

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

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

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

## Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Ind AS Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, total consolidated comprehensive income, consolidated changes in equity and consolidated cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

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

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

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

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

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

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

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

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

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

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

#### Other Matters

The consolidated annual financial results include the unaudited financial results of a subsidiary F.M. Hammerle Verwaltung GmbH, Austria. The subsidiary is liquidated and ceased to exist with effect from 30th September, 2021 vide a court order dated 03rd December, 2021. Accordingly, consolidated annual financial results include the income and expense of the subsidiary for the period 1st April 2021 to 30th September 2021. This unaudited financial statement has been furnished to us by the Board of Directors. The Holding Company's management has converted the financial statements of the subsidiary located outside India from accounting principles generally accepted in their country to Ind AS. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of Section 143 (3) of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports as mentioned above.

#### Report on Other Legal and Regulatory Requirements

1. As required by paragraph 3(xxii) of the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we report that there are no qualifications or adverse remarks included in the CARO report in respect of the standalone financial statements of the Holding Company which are included in these Consolidated Financial Statements.

2. In our opinion, and according to the information and explanations given to us, CARO 2020 is not applicable to the subsidiary companies included in these Consolidated Financial Statements, hence, this report does not contain a statement on the matter specified in paragraph 3(xxii) of CARO 2020 in relation to the subsidiary companies.

(A) As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies, incorporated in India, are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" which is based on the Auditor's report of the Holding Company.

Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of the Holding Company.

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

- a) The consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 on the consolidated financial position of the Group. Refer Note 39 to the consolidated financial statements.
- b) The Group has long-term contracts as at March 31, 2022 for which there were no material



foreseeable losses. The Company did not have any derivative contracts as at March 31, 2022.

- c) There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2022.
- d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies, associate companies and joint venture companies and joint operation companies incorporated in India to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary companies, associate companies and joint venture companies and joint operation companies incorporated in India or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies, associate companies and joint venture companies and joint operation companies incorporated in India from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies, associate companies and joint venture companies and joint operation companies incorporated in India shall:
  - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or
  - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries
- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the

representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement

- e) The Holding and subsidiary Company has neither declared nor paid any dividend during the year.

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

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

Sd/-  
**Ruchir Singla**  
Partner

Place - Ludhiana  
Dated - 23rd June, 2022

M. No. 519347  
UDIN - 22519347ALMBDL9131

#### **Annexure 1 to the Independent Auditor's Report of even Date on the Consolidated Ind As Financial Statements**

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

In conjunction with our audit of the consolidated IND AS financial statements of the Group as of and for the year ended 31 March, 2022, we have audited the internal financial controls over financial reporting of Vardhman Polytex Limited ("the Holding Company"), as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is not applicable to the subsidiary company as they are not incorporated in India namely F.M. Hammerle Verwaltung GmbH,

#### **Management's Responsibility for Internal Financial Controls**

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



### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial Controls Over Financial Reporting

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

generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company, which is incorporated in India, has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Romesh K Aggarwal & Associates**

Chartered Accountants

FRN - 000711N

Sd/-

**Ruchir Singla**

Partner

M. No. 519347

UDIN - 22519347ALMBDL9131

Place - Ludhiana

Dated - 23rd June, 2022

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2022

(₹ in Lakh)

	Note No.	As at 31 March 2022	As at 31 March 2021
<b>I Assets</b>			
<b>1 Non current assets</b>			
a) Property, plant and equipment	2	16,537.38	17,785.21
b) Investment Property	2(a)	465.70	475.54
c) Capital work-in-progress	2(b)	-	-
d) Other intangible assets	2	3.77	4.49
e) Financial assets			
i) Investments	3	0.62	0.62
ii) Loans	4	-	-
iii) Other financial assets	5	658.29	894.07
iv) Trade Receivables	6	302.47	1,067.00
f) Deferred tax assets (net)	7	5,016.18	5,016.18
g) Other non-current assets	8	31.63	26.13
<b>Total Non Current Assets</b>		<b>23,016.04</b>	<b>25,269.24</b>
<b>2 Current assets</b>			
a) Inventories	9	4,375.49	1,891.72
b) Financial assets			
i) Trade and other receivables	10	1,079.74	829.58
ii) Cash and cash equivalents	11	6.41	7.80
iii) Bank balances other than above	12	8.20	1.25
iv) Loans	13	15.06	10.10
v) Other financial assets	14	32.82	37.14
c) Current tax assets	15	401.89	303.53
d) Other current assets	16	3,674.85	2,198.84
<b>Total Current Assets</b>		<b>9,594.46</b>	<b>5,279.96</b>
<b>TOTAL ASSETS</b>		<b>32,610.50</b>	<b>30,549.20</b>
<b>II Equity and Liabilities</b>			
<b>1 Equity</b>			
a) Equity share capital	17	2,229.10	2,229.10
b) Other equity	18	(38,585.10)	(37,077.88)
<b>Total Equity</b>		<b>(36,356.00)</b>	<b>(34,848.78)</b>
<b>2 Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	19	43.29	141.94
b) Long term provisions	20	244.47	219.92
c) Other non-current liabilities	21	0.53	0.53
<b>Total Non Current Liabilities</b>		<b>288.29</b>	<b>362.39</b>
<b>3 Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	22	52,852.94	52,202.34
ii) Trade payables	23		
- Total Outstanding dues of Micro, Small and Medium Enterprises		-	-
- Total Outstanding dues of Creditors other than Micro, Small and Medium Enterprises		10,079.92	7,520.59
iii) Other financial liabilities	24	4,398.86	4,022.96
b) Other current liabilities	25	311.69	251.71
c) Short term provisions	26	1,034.80	1,037.99
<b>Total Current Liabilities</b>		<b>68,678.21</b>	<b>65,035.60</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>32,610.50</b>	<b>30,549.20</b>
<b>Company Informations &amp; Significant accounting policies</b>	1		
<b>The accompanying notes form an integral part of these financial statements</b>			

As per our report of even date

For Romesh K. Aggarwal &amp; Associates

Chartered Accountants

Firm Reg. No:- 000711N

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

Sd/-  
Ruchir Singla

Partner

Membership No. 519347

UDIN: 22519347ALMBDL9131

Sd/-  
Manju Oswal  
Director  
(DIN-00009449)Sd/-  
Adish Oswal  
Chairman & Managing Director  
(DIN-00009710)Place : Ludhiana  
Date : 23rd June, 2022Sd/-  
Ajay K. Ratna  
Company SecretarySd/-  
Radhamohan Soni  
Chief Financial Officer

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2022**

(₹ in Lakh)

Particulars	Note No.	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>I Revenue</b>			
Revenue from operations	27	92,877.08	50,852.39
Other incomes	28	312.11	259.70
<b>Total Income (I)</b>		<b>93,189.19</b>	<b>51,112.09</b>
<b>II Expenses</b>			
Cost of material consumed	29	70,856.82	36,676.54
Purchase of traded goods	30	2.06	69.56
Changes in inventories of finished goods	31	(2,281.77)	423.82
Employee benefit expense	32	5,721.37	3,875.67
Finance costs	33	6,416.18	5,900.78
Depreciation and amortization expense	2	1,370.85	1,465.23
Power & Fuel Cost	34	7,074.52	5,029.98
Other expenses	34	5,579.04	3,338.66
<b>Total expenses (II)</b>		<b>94,739.07</b>	<b>56,780.24</b>
<b>Profit before exceptional items and tax (I-II = III)</b>		<b>(1,549.88)</b>	<b>(5,668.15)</b>
Exceptional items (IV) (Income)		-	-
<b>Profit before tax (III - IV = V)</b>		<b>(1,549.88)</b>	<b>(5,668.15)</b>
Tax expense (VI)			
Current tax		0.77	1.52
Deferred tax (credit)		-	-
<b>Profit for the period from continuing operations After Tax (V - VI = VII)</b>		<b>(1,550.65)</b>	<b>(5,669.67)</b>
<b>Other Comprehensive Income (VIII)</b>			
Items that will not be reclassified to profit or loss			
(i) Remeasurement of defined benefit obligation		(15.11)	(61.09)
<b>Total Comprehensive Income for the period (VII + VIII = IX)</b>			
<b>(Comprising Profit (Loss) and Other Comprehensive income for the period)</b>		<b>(1565.76)</b>	<b>(5730.76)</b>
<b>Earnings per equity share</b>	37		
Basic		(6.96)	(25.43)
Diluted		(6.96)	(25.43)
<b>The accompanying notes form an integral part of these financial statements</b>			

As per our report of even date

For Romesh K. Aggarwal &amp; Associates

Chartered Accountants

Firm Reg. No:- 000711N

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

Sd/-

Ruchir Singla

Partner

Membership No. 519347

UDIN: 22519347ALMBDL9131

Place : Ludhiana

Date : 23rd June, 2022

Sd/-

Manju Oswal

Director

(DIN-00009449)

Sd/-

Ajay K. Ratra

Company Secretary

Sd/-

Adish Oswal

Chairman &amp; Managing Director

(DIN-00009710)

Sd/-

Radhamohan Soni

Chief Financial Officer

## CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED MARCH 31, 2022

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>A. Cash flow from Operating Activities:</b>		
Net profit before tax	(1,550.65)	(5,669.67)
<b>Adjustments for:</b>		
<b>Add:</b>		
Depreciation and amortisation	1,370.85	1,465.23
Finance costs	6,416.18	5,900.78
Foreign currency monetary item translation difference (net)	12.93	(15.54)
Sundry balance written off	0.49	(0.13)
Provision for doubtful advances	768.93	26.87
Net Loss on sale / discarding of fixed assets	-	0.98
<b>Less: -</b>		
Interest income	(29.60)	(34.05)
Net Profit on sale / discarding of fixed assets	(31.08)	-
<b>Operating Profit before Working Capital changes</b>	<b>6,958.05</b>	<b>1,674.47</b>
<b>Adjustments for changes in Working Capital :</b>		
- Increase/(decrease) in trade payables and other Liabilities	3,259.45	1,352.91
- (Increase)/decrease in trade receivables and other receivables	(1,599.29)	(807.40)
- (Increase)/decrease in inventories	(2,483.77)	184.95
<b>Cash generated from Operating Activities</b>	<b>6,134.44</b>	<b>2,404.93</b>
- Taxes (paid) (net of tax deducted at source)	(0.77)	(1.52)
<b>Net cash (used in)/ generated from Operating Activities</b>	<b>6,133.67</b>	<b>2,403.41</b>
<b>B. Cash flow from Investing Activities:</b>		
Purchase of fixed assets	(200.76)	(177.83)
Sale of fixed assets	119.38	21.30
Interest received	29.60	34.05
<b>Net Cash from Investing Activities</b>	<b>(51.78)</b>	<b>(122.48)</b>
<b>C. Cash flow from Financing Activities:</b>		
Proceeds from Short borrowings	667.30	3,355.35
Repayment of long term borrowings	(115.35)	(33.73)
Interest paid	(6,628.28)	(5,607.73)
<b>Net Cash from Financing Activities</b>	<b>(6,076.33)</b>	<b>(2,286.12)</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents</b>	<b>5.56</b>	<b>(5.19)</b>
<b>Cash and cash equivalents as at 1st April (Opening Balance)</b>	<b>9.05</b>	<b>14.24</b>
<b>Cash and cash equivalents as at 31st March (Closing Balance)</b>	<b>14.61</b>	<b>9.05</b>
<b>Cash and cash equivalents comprise</b>		
Cash & cheques in hand	6.41	7.80
Balance with banks	8.20	1.25
	<b>14.61</b>	<b>9.05</b>
<b>Notes :</b>		
The accompanying notes are an integral part of these financial statements		

As per our report of even date

For Romesh K. Aggarwal &amp; Associates

Chartered Accountants

Firm Reg. No:- 000711N

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

Sd/-

Ruchir Singla

Partner

Membership No. 519347

UDIN: 22519347ALMBDL9131

Place : Ludhiana

Date : 23rd June, 2022

Sd/-

Manju Oswal

Director

(DIN-00009449)

Sd/-

Ajay K. Ratra

Company Secretary

Sd/-

Adish Oswal

Chairman &amp; Managing Director

(DIN-00009710)

Sd/-

Radhamohan Soni

Chief Financial Officer

## Consolidated Statement of Changes in Equity Share Capital for the year ended 31st March 2022

a. Equity share capital			(₹ in Lakh)
Particulars	Number of Shares	Amount	
<b>Paid up Capital</b>			
<b>Balance as at April 1, 2020</b>	22,290,957	2,229.10	
Changes in Equity share capital due to prior period errors	-	-	
Restated balance as at 2020	-	-	
Changes during the year	-	-	
<b>Balance as at April 1, 2021</b>	22,290,957	2,229.10	
Changes in Equity share capital due to prior period errors	-	-	
Restated balance as at 2021	-	-	
Changes during the year	-	-	
<b>Balance as at March 31, 2022</b>	<b>22,290,957</b>	<b>2,229</b>	
<b>Add:- Forfeited Shares in earlier years</b>	-	-	
<b>Total Equity Share Capital</b>	<b>22,290,957</b>	<b>2,229.10</b>	

B. Other Equity							(₹ in lakh)
Particulars	Reserves and Surplus				Items of other comprehensive income	Total	
	General reserve*	Foreign currency translation reserve**	Security premium***	Retained earnings****	Actuarial Gain / (Loss)		
Balance at April 1, 2020	9,865.25	21.63	7,731.06	(48,860.77)	(78.43)	(31,321.25)	
Changes in Equity share capital due to prior period errors	-	-	-	-	-	-	
Restated balance as at April 1, 2020	-	-	-	-	-	-	
Profit for the year	-	-	-	(5,669.67)	-	(5,669.67)	
Changes during the year	-	36.53	-	(41.67)	-	(5.14)	
Other comprehensive income for the year, net of income tax	-	-	-	-	(61.09)	(61.09)	
Changes in accounting policy/errors/provision W/O	-	-	-	(20.72)	-	(20.72)	
Total comprehensive income for the year	-	36.53	-	(5,732.06)	(61.09)	(5,756.63)	
Balance at March 31, 2021	9,865.25	58.16	7,731.06	(54,592.83)	(139.52)	(37,077.88)	
Balance at April 1, 2021	9,865.25	58.16	7,731.06	(54,592.83)	(139.52)	(37,077.88)	
Changes in Equity share capital due to prior period errors	-	-	-	-	-	-	
Restated balance as at April 1, 2021	-	-	-	-	-	-	
Profit for the year	-	-	-	(1,550.65)	-	(1,550.65)	
Changes during the year	-	0.13	-	-	-	0.13	
Other comprehensive income for the year, net of income tax	-	-	-	-	(15.11)	(15.11)	
Changes in accounting policy/errors/provision W/O	-	-	-	58.40	-	58.40	
Total comprehensive income for the year	-	0.13	-	(1,492.25)	(15.11)	(1,507.23)	
Balance at March 31, 2022	9,865.25	58.29	7,731.06	(56,085.07)	(154.63)	(38,585.10)	

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2022

### 1 Corporate Information

- a) The Consolidated Financial Statements comprise financial statements of "Vardhman Polytex Limited" ("the Holding Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31st March 2022. The principal activity of group is manufacturing of yarn and garments. The company is listed on two stock exchange i.e at National Stock Exchange & Bombay Stock Exchange.
- b) These consolidated financial statements are presented in Indian Rupees (Rs) which is also its functional currency.
- c) The consolidated financial results include results of F.M. Hammerle Verwaltung GmbH, Austria . The subsidiary Company is located outside India whose financial statements and other financial information have been prepared in accordance with the accounting principles generally accepted in their respective country. The company's management has converted the above mentioned financial statement and other financial information of such subsidiary company located outside India from accounting principles generally accepted in their respective country to accounting principles generally accepted in India.
- d) F.M.Hammerle Verwaltung GMBH(FMH) was subsidiary during part of the year upto 30.09.2021. Then the F.M.H was liquidated. So Annual results for the year ended 31.03.2022 have been consolidated which includes the Financial results of subsidiary upto 30.09.2021.

### 2 Significant accounting policies

#### a) Statement of compliance & Basis of preparation & presentation

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

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

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

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

#### b) Principal of Consolidation

- i) The financial statements of the Holding Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, afterfully eliminating intra-group balances and intra-group transactions.
- ii) Profits or losses resulting from intra-group transactions that are recognised in assets, such as Inventory and Property, Plant and Equipment, are eliminated in full.
- iii) In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year.
- iv) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- v) Since Foreign Subsidiary is in same line of business which function in different regulatory environment, certain policies such as in respect of reinstatement of forex liabilities are different from the policies followed by the Holding Company. The notes on accounts and policies followed by subsidiary and holding company are disclosed in their respective financial statements.
- vi) Figures pertaining to the subsidiaries have been reclassified wherever necessary to bring them in the line with parent company's consolidated financial statements.

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

#### c) Use of estimates & Judgements

The preparation of consolidated financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the date of the financial statements. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis.



**d) Revenue recognition**

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

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

**i) Sale of goods**

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

**ii) Export Incentives**

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

**iii) Dividends**

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

**iv) Interest**

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

**v) Insurance Claim**

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

**e) Inventories**

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

- i. Stores, spares and raw materials are valued at lower of historical cost or net realizable value. However materials & other items held for use in the production of inventories are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- ii. In case of work in progress at raw material cost plus conversion cost depending upon the stage of completion.
- iii. Finished goods are valued at lower of historical cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. By products are valued at net realizable value.
- iv. Cost is determined on the basis of weighted average method.

**f) Financial Instruments**

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

**I. Initial recognition and measurement**

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

**II. Subsequent Measurement (Non Derivative Financial Instrument)**

**a) Financial assets carried at amortised cost**

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

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

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

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

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

**d) Financial Liabilities**

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

**III. Derivative Financial Instruments**

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

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

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

**g) Property, plant and equipment**

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

Land is carried at cost and all other items of property plant, equipments and fixtures are stated at cost less accumulated depreciation. The cost of property, plant and equipment includes

- 1) its purchase price including import duties and non refundable taxes after reducing trade discount and rebate if any.
- 2) any attributable expenditure directly attributable to bring an assets to the location and the working condition for its intended use.

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

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

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

**h) Intangible assets**

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

**i) Impairment of assets**

**I. FINANCIAL ASSETS**

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

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

## II. Non-Financial Assets

### Intangible assets and property, plant and equipment

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

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

### j) Foreign exchange transactions/translation

#### a. Initial recognition

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

#### b. Conversion

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

#### c. Exchange Differences

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

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

#### d. Forward exchange contracts not intended for trading or speculation purposes

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

### k) Employee benefits

#### i. Short Term Employee Benefits

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

#### ii. Post Employee Benefits

##### A) Defined Contribution Plans

###### Provident Fund & ESI

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

###### Superannuation benefit

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

##### B) Defined Benefit Plans

###### Gratuity

The company provides for gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees of the company. The gratuity plan provides a lump-sum payment to vested employees at retirement, death,

incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the company.

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

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

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

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

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

#### **l) Taxes on income**

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

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

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

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

#### **m) Government grants and subsidies**

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

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

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

#### **n) Borrowing cost**

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

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

**o) Provisions, contingent liabilities and contingent assets**

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

- i. a present obligation that arises from past events but is not recognized as a provision because either the possibility that an outflow of resources embodying economic benefits will be required to settle the obligation is remote or a reliable estimate of the amount of the obligation cannot be made; and
- ii. a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. Contingent assets are neither accounted for nor disclosed in the financial statements.

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

**p) Earning per share**

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

**q) Cash and cash equivalents**

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

## 2 FIXED ASSETS

## ₹in Lakh

b) As at 31st March 2021

As at 31st March 2019

b) The Group has not revalued its Property, Plant & Equipment (Right to use Assets) or intangible assets or both during the Year.

The Group has sold assets with net book value of ₹ 75.92 Lakh (Previous Year ₹ 22.28 Lakh) for ₹ 106.58 Lakh (Previous Year ₹ 21.31) Lakh during the current year. The same has been compensated by adding assets worth ₹ 200.75 (Previous year ₹ 177.94 lakh). This Figure doesnot include Fixed Assets written off for our subsidiary amount to net book of ₹ 12.84 lakh.



## 2(a) INVESTMENT PROPERTY

(₹ in Lakh)

	Building	
	Amount	Amount
<b>Cost</b>		
As at 1st April 2021 & 2020	631.55	631.55
Additions	-	-
Relating to disposals	-	-
<b>As at 31st March 2022 &amp; 2021</b>	<b>631.55</b>	<b>631.55</b>
<b>Depreciation</b>		
As at 1st April 2021 & 2020	156.01	146.17
Charge for the year	9.84	9.84
Relating to disposals	-	-
Adjustment	-	-
<b>As at 31st March 2022 &amp; 2021</b>	<b>165.85</b>	<b>156.01</b>
<b>Net block</b>		
As at 31st March 2022 & 2021	<b>465.70</b>	<b>475.54</b>

## 2(b) CAPITAL WORK-IN-PROGRESS

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Capital Work in Progress	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## 3 FINANCIAL ASSETS: NON CURRENT INVESTMENTS

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>A. Unquoted Investments</b>		
(Financial Assets carried at cost, except for permanent diminution in value)		
<b>Equity Instruments in Others</b>		
(a) Oswal Industrial Enterprise (P) Ltd 1,000 (Previous Year-1,000) equity shares of ₹ 10 each fully paid	0.09	0.09
(b) VKM Colour Spin Limited 250 (Previous Year-250) equity shares of ₹ 10 each fully paid	0.03	0.03
(c) Deluxe Fabrics Limited 5000 (Previous Year- 5000) equity shares of ₹ 10 each fully paid	0.50	0.50
<b>Total</b>	<b>0.62</b>	<b>0.62</b>
<b>Aggregate amount of unquoted investments</b>	<b>0.62</b>	<b>0.62</b>

**4 FINANCIAL ASSETS: LOANS (NON CURRENT)**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Carried at amortised cost</b>		
(a) Loan to others	10.00	10.00
Less: Provision for doubtful loans	(10.00)	(10.00)
<b>Total</b>	<b>-</b>	<b>-</b>

**5 OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST(NON CURRENT)**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
(a) Security Deposit With P&T	1.76	1.76
Security deposit with government authorities	645.03	873.90
Security Deposit-Others	11.05	11.07
(b) Fixed deposits (With more than 12 months Maturity)*	0.45	7.34
<b>Total</b>	<b>658.29</b>	<b>894.07</b>

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

\*\* This amount is net of provisions to the tune of ₹ 60 Lakh (Previous year ₹ 60 lakh).

**6 FINANCIAL ASSETS: TRADE RECEIVABLES (NON CURRENT)**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Receivable from Others</b>		
- Unsecured, Considered Good :	302.47	1067.00
- Doubtful	1153.91	384.97
Less: Allowance for doubtful receivable	(1153.91)	(384.97)
<b>Total Long Term Debtors</b>	<b>302.47</b>	<b>1067.00</b>

**(A) Ageing as at 31.03.2022**

(Rs in lakh)

Particulars	Outstanding for following periods from due date date of payment					Total
	Less than 6 months	6 months -1 year	1 year - 2 year	2 year - 3 year	More than 3 years	
Undisputed Trade receivables – considered good	-	-	127.25	66.59	90.07	283.91
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	163.00	678.56	841.56
Disputed Trade Receivables – credit impaired	-	-	-	-	330.91	330.91
	-	-	127.25	229.59	1099.54	1456.38
<b>Less: Allowance for doubtful trade receivables - Billed</b>						<b>1153.91</b>
<b>Add: Not due as at 31.03.2022</b>						<b>0</b>
<b>Net Trade Receivables</b>						<b>302.47</b>

**(B) Ageing as at 31.03.2021**

(Rs in lakh)

Particulars	Outstanding for following periods from due date date of payment					Total
	Less than 6 months	6 months -1 year	1 year - 2 year	2 year - 3 year	More than 3 years	
Undisputed Trade receivables – considered good	-	-	172.94	23.03	57.18	253.15
Undisputed Trade Receivables –which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables –credit impaired	-	-	-	-	-	-
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables –which have significant increase in credit risk	-	-	196.19	20.37	645.1	861.66
Disputed Trade Receivables –credit impaired	-	-	-	-	337.16	337.16
	-	-	<b>369.13</b>	<b>43.40</b>	<b>1039.44</b>	<b>1451.97</b>
<b>Less: Allowance for doubtful trade receivables - Billed</b>						<b>384.97</b>
<b>Add: Not due as at 31.03.2021</b>						-
<b>Net Trade Receivables</b>						<b>1067.00</b>

**7 DEFERRED TAX (NET)**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Deferred tax liabilities</b>		
Arising on account of timing difference :		
<b>Opening</b>	2,057.85	2,192.62
Accumulated depreciation	(90.91)	(134.77)
<b>Total (A)</b>	<b>1,966.94</b>	<b>2,057.85</b>
<b>Deferred tax assets</b>		
Arising on account of timing difference :		
<b>Opening</b>	(7,074.03)	(7,208.80)
Unabsorbed depreciation	90.91	134.77
Others	-	-
<b>Total (B)</b>	<b>(6,983.12)</b>	<b>(7,074.03)</b>
<b>Net deferred tax liability/(Assets) (A) + (B)</b>	<b>(5,016.18)</b>	<b>(5,016.18)</b>

The Holding company has deferred tax liability till the end of the current year on account of differences arising between carrying cost of fixed assets as per books of accounts and that as per income tax. However, deferred tax assets are much higher than the deferred tax liability. In view of this, no further deferred tax assets are being recognised as at March 31, 2022. Based on the company's virtual certainty of the profit, the company is carrying a deferred tax asset of ₹ 5,016.18 lakh as on March 31, 2022. Further despite the net worth being eroded the mangement is taking all due steps to revive the company. Therefore the financial statements have been prepared on going concern basis.

**8 OTHER NON CURRENT ASSETS**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Capital advances		
Unsecured - considered good	31.63	26.13
<b>Total</b>	<b>31.63</b>	<b>26.13</b>

## 9 INVENTORIES ( VALUED AT LOWER OF COST OR NET REALIZABLE VALUE)

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Raw materials	886.16	696.00
Work in progress	921.41	712.14
Finished goods	2,418.70	346.21
Stores & spares parts	149.22	137.37
<b>Total</b>	<b>4,375.49</b>	<b>1,891.72</b>

## 10 FINANCIAL ASSETS: TRADE RECEIVABLES (CURRENT)

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Receivable from Others		
- Unsecured, Considered Good :	2,536.12	2,281.55
Less: Non Current Trade Receivable	1,456.38	1,451.97
	<b>1,079.74</b>	<b>829.58</b>
Doubtful	-	-
Less Provision for doubtful debts	-	-
<b>Total</b>	<b>1,079.74</b>	<b>829.58</b>

## (A) Ageing as at 31.03.2022

(Rs in lakh)

Particulars	Outstanding for following periods from due date date of payment					Total
	Less than 6 months	6 months -1 year	1 year - 2 year	2 year - 3 year	More than 3 years	
Undisputed Trade receivables – considered good	1068.14	11.60	-	-	-	1079.74
Undisputed Trade Receivables –which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables –credit impaired	-	-	-	-	-	-
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables –which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables –credit impaired	-	-	-	-	-	-
	<b>1068.14</b>	<b>11.60</b>	-	-	-	<b>1079.74</b>
<b>Less: Allowance for doubtful trade receivables - Billed</b>						-
<b>Add: Not due as at 31.03.2022</b>						-
<b>Net Trade Receivables</b>						<b>1079.74</b>

**(B) Ageing as at 31.03.2021**

(Rs in lakh)

Particulars	Outstanding for following periods from due date date of payment					Total
	Less than 6 months	6 months -1 year	1 year - 2 year	2 year - 3 year	More than 3 years	
Undisputed Trade receivables – considered good	1029.84	2.86	-	-	-	1032.70
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
	<b>1029.84</b>	<b>2.86</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1032.70</b>
<b>Less: Allowance for doubtful trade receivables - Billed</b>						<b>0</b>
<b>Add: Not due as at 31.03.2021</b>						<b>203.12</b>
<b>Net Trade Receivables</b>						<b>829.58</b>

**11 FINANCIAL ASSETS: CASH AND CASH EQUIVALENTS**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Cash and Cash Equivalents</b>		
Cash on hand	6.41	3.17
<b>Bank balances:</b>		
in current accounts	(0.00)	4.63
in deposit accounts with original maturity upto 3 months	-	-
<b>Total</b>	<b>6.41</b>	<b>7.80</b>

**12 FINANCIAL ASSETS: BANK BALANCES OTHER THAN ABOVE**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Bank balances:</b>		
Fixed deposits (More than 3 months but less than 12 months maturity)*	8.20	1.25
<b>Total</b>	<b>8.20</b>	<b>1.25</b>

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

**13 FINANCIAL ASSETS: LOANS (CURRENT)**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Carried at amortised cost</b>		
<b>(a) Other loans</b>		
Loans to employees		
Un Secured - considered good	15.06	10.10
<b>Total</b>	<b>15.06</b>	<b>10.10</b>

**14 OTHER FINANCIAL ASSETS (CURRENT)**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Government Authorities	(0.00)	1.65
Interest receivable	28.11	31.81
Others	4.71	3.68
<b>Total</b>	<b>32.82</b>	<b>37.14</b>

**15 CURRENT TAX ASSETS**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Direct Taxes Refundable	401.89	303.53
<b>Total</b>	<b>401.89</b>	<b>303.53</b>

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

**16 OTHER CURRENT ASSETS**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Advance to employees	1.06	3.70
Balances with Government Authorities	3,622.71	2,159.58
Less: Provision against Govt receivable	(448.75)	(448.75)
Prepaid expenses	35.48	34.48
Others	464.35	449.83
<b>Total</b>	<b>3,674.85</b>	<b>2,198.84</b>

- a) Balance with Government authorities includes ₹ 66.74 lakh (Previous Year ₹ 62.80 Lakh) being amount of ESI, Excise Duty, Service Tax & Sales Tax, deposited under protest.
- b) Balance with Government authorities includes, GST, VAT, Excise, Service Tax etc.

**17 EQUITY SHARE CAPITAL**

(₹ in Lakh)

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount ₹ in Lakh	Number of shares	Amount ₹ in Lakh
<b>Authorised Share Capital</b>				
Equity share of ₹ 10 each	70,000,000	7,000.00	70,000,000	7,000.00
<b>Total</b>	70,000,000	7,000.00	70,000,000	7,000.00
<b>Issued &amp; Subscribed Share Capital</b>				
2,23,54,484 (Previous year 2,23,54,484 equity shares of ₹ 10 each)	22,354,484	2,235.45	22,354,484	2,235.45
<b>Paid up Share Capital</b>				
2,22,90,957 (Previous year 2,22,90,957 equity shares of ₹ 10 each)	22,290,957	2,229.10	22,290,957	2,229.10
Forfeited shares in earlier years	-	-	-	-
<b>Total</b>	22,290,957	2,229.10	22,290,957	2,229.10



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

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	₹ in Lakh	No. of shares	₹ in Lakh
<b>Equity shares</b>				
At the beginning of the year	22,290,957	2,229.10	22,290,957	2,229.10
<b>Add:</b>				
Shares Alloted during the year	-	-	-	-
Outstanding at the end of reporting period ( refer note no.a)	<b>22,290,957</b>	<b>2,229.10</b>	<b>22,290,957</b>	<b>2,229.10</b>

**Note:**

- (a) Out of total shares held by Promoters and Promoters Group (i.e. 1,34,09,791) 1,09,31,202 equity shares (face value of Rs. 10 each) are pledged in favour of Canara Bank (Lead Bank).

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

The Group has only one class of equity shares having par value of ₹ 10 per share. Each shareholder is entitled to one vote per share. In the event of liquidation of the Company, the equity shareholders will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. During the year ended 31st March, 2022, the amount of dividend recognized as distribution to equity shareholder was ₹ Nil (Previous year ₹ Nil)

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

Name of equity shareholder	As at 31 March 2022		As at 31 March 2021	
	No. of shares	%	No. of shares	%
Panchsheel Textile Mfg. & Trdg. Co. (P) Ltd.	4,426,917	19.86	4,426,917	19.86
Alma Assets Consultancy (P) Ltd.	4,362,325	19.57	4,362,325	19.57
Altfort Merchants (P) Ltd.	2,182,000	9.79	2,182,000	9.79

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

**17.4 Aggregate number of shares issued for consideration other than cash, bonus share issued and shares bought back during the period of five years immediately preceding the reporting date : Nil (Previous year Nil)**
**17.5 Disclosure of shareholding of promoters as at March 31, 2022 is as follows: (₹ in Lakh)**

Promoter Name*	As at 31 March 2022		As at 31 March 2021		Change in %
	No of shares**	% of total shares	No of shares	% of total shares	
1 Ashok Kumar Oswal	127,748	0.57	127,748	0.57	0.00
2 Adish Oswal	420,511	1.89	420,511	1.89	0.00
3 Aketa Oswal	5,460	0.02	5,460	0.02	0.00
4 Rakhi Oswal	17,820	0.08	17,820	0.08	0.00
5 Abhinav Oswal	14,307	0.06	14,307	0.06	0.00
6 Ashok Kumar (Huf)	110	0.00	110	0.00	0.00
7 Manju Oswal	52,694	0.24	52,694	0.24	0.00
8 Kent Investments Pvt Ltd	46,950	0.21	46,950	0.21	0.00
9 Enakshi Investments Pvt Ltd	370,250	1.66	370,250	1.66	0.00
10 Panchsheel Textile Manufacturing And Trdg Co.(P) Ltd	4,426,917	19.86	4,426,917	19.86	0.00
11 Ruby Mercantile Company Pvt Ltd	153,000	0.69	153,000	0.69	0.00
12 Calgary Investment And Trading Company Pvt Ltd	67,300	0.30	67,300	0.30	0.00
13 Nightnagle Dealcom Private Limited	660,000	2.96	660,000	2.96	0.00
14 Gagan Mercantile Company Pvt Ltd	163,900	0.74	163,900	0.74	0.00
15 Pioneer Mercantile India Pvt Ltd	49,350	0.22	49,350	0.22	0.00
16 Altfort Merchants Private Limited	2,182,000	9.79	2,182,000	9.79	0.00

(Contd.)

(₹ in Lakh)

Promoter Name*	As at 31 March 2022		As at 31 March 2021		Change in %
	No of shares**	% of total shares	No of shares	% of total shares	
17 Liberty Mercantile Company Pvt Ltd	120,550	0.54	120,550	0.54	0.00
18 Boras Investment And Trading Company Pvt Ltd	32,860	0.15	32,860	0.15	0.00
19 Allepy Investment And Trading Company Pvt Ltd	95,500	0.43	95,500	0.43	0.00
20 Adesh Investment And Trading Company Pvt Ltd	35,100	0.16	35,100	0.16	0.00
21 Alma Assets Consultancy Private Limited	4,362,325	19.57	4,362,325	19.57	0.00
22 Amrante Trust Through Rakhi Oswal, Trustee	5,139	0.02	10,000	0.04	-0.49
<b>Total</b>	<b>13,409,791</b>	<b>60.16</b>	<b>13,414,652</b>	<b>60.18</b>	<b>-0.49</b>

\* Promoter here means promoters as defined as per the Companies Act, 2013

\*\* Details shall be given separately for each class of shares.

\*\*\* Percentage change shall be computed with respect to the number at the beginning of the year or if issued during the year for the 1st time then with respect to the date of issue. (notes for calculation of %)

**18. OTHER EQUITY**

(₹ in lakh)

Particulars	Reserves and Surplus				Items of other comprehensive income	Total
	General reserve*	Foreign currency translation reserve**	Security premium***	Retained earnings****	Actuarial Gain/(Loss)	
Balance at April 1, 2020	9,865.25	21.63	7,731.06	(48,860.77)	(78.43)	(31,321.25)
Changes in Equity share capital due to prior period errors	-	-	-	-	-	-
Restated balance as at April 1, 2020	-	-	-	-	-	-
Profit for the year	-	-	-	(5,669.67)	-	(5,669.67)
Changes during the year	-	36.53	-	(41.67)	0.00	(5.14)
Other comprehensive income for the year, net of income tax	-	-	-	-	(61.09)	(61.09)
Changes in provision for tax written off	-	-	-	(20.72)	-	(20.72)
Total comprehensive income for the year	-	36.53	-	(5,732.06)	(61.09)	(5,756.63)
Balance at March 31, 2021	9,865.25	58.16	7,731.06	(54,592.83)	(139.52)	(37,077.88)
Balance at April 1, 2021	9,865.25	58.16	7,731.06	(54,592.83)	(139.52)	(37,077.88)
Changes in Equity share capital due to prior period errors	-	-	-	-	-	-
Restated balance as at April 1, 2021	-	-	-	-	-	-
Profit for the year	-	-	-	(1,550.65)	-	(1,550.65)
Changes during the year	-	0.13	-	-	-	0.13
Other comprehensive income for the year, net of income tax	-	-	-	-	(15.11)	(15.11)
Changes in provision for tax written off	-	-	-	58.40	-	58.40
Total comprehensive income for the year	-	0.13	-	(1,492.25)	(15.11)	(1,507.23)
Balance at March 31, 2022	9,865.25	58.29	7,731.06	(56,085.07)	(154.63)	(38,585.10)

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

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

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

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

**19 LONG TERM BORROWINGS**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>A) Secured loans</b>		
<b>Term loans</b>		
Rupee loan from others (Refer note a & b below)	141.88	257.23
<b>Total</b>	141.88	257.23
Less : Amount disclosed under other current liability (refer note no. 22)	(98.59)	(115.29)
<b>Grand total</b>	<b>43.29</b>	<b>141.94</b>

**B) In case of holding Company-Vardhman Polytex Limited**
**Terms & Conditions of Secured Loan Taken from bank and status of default at the year end as on 31.03.2022**

Types of Loan	Term Loan from others	
	TL-I	TL-II
Sanctioned Amount (₹ in lakh)	500.00	500.00
Balance As on 31.03.2022	120.44	21.44
Rate of Interest	13.45%	15%
Repayment Type	Quarterly	Quarterly
Repayment Schedule		
31.03.2023	77.15	21.44
31.03.2024	43.29	-
31.03.2025	-	-

**Details of security :-**

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

**20 PROVISIONS (NON CURRENT)**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Leave Encashment	35.26	27.63
Gratuity	209.21	192.29
<b>Total</b>	<b>244.47</b>	<b>219.92</b>

**21 OTHER NON-CURRENT LIABILITIES**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Security deposit received	0.53	0.53
<b>Total</b>	<b>0.53</b>	<b>0.53</b>

## 22 SHORT TERM BORROWINGS

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Secured Borrowings</b>		
Loans repayable on demand		
Working capital loans from banks (Refer note a & b below)	31,306.78	30,813.30
- Long Term loans Considered as Short Term (Refer note a & b below)	20,888.34	20,714.52
<b>Unsecured Borrowings</b>		
from related party, body corporate & directors	194.19	194.19
Foreign Currency Convertible Bonds	365.04	365.04
Current maturities of long-term borrowings (refer note no.19)**	98.59	115.29
<b>Total</b>	<b>52,852.94</b>	<b>52,202.34</b>

In case of holding Company, During the period ended 31st March, 2017, the company credited profit of ₹ 396.44 lakh due on payment of FCCB liability (total liability as on 31st March 2017 being ₹ 868.64 Lakh) out of the above mentioned FCCB liability, ₹ 365.04 lakh is still outstanding as on 31st March 2022

\*\* In case of Holding Company - Since all the long term bank borrowings have been classified as short term this year (Except religare), therefore no current maturities pertaining to those borrowings have been disclosed separately

**In case of Holding Company :- Detail of securities :****Terms & Conditions of Secured Loan Taken from bank and status of default at the year end as on 31.03.2022****Detail of Bank wise amount in default:-**

(₹ in lakh)

Name	Date of NPA	Sanction amount	Principle in default	Overdue interest	Total Outstanding as at 31.03.2022
Allahabad Bank	30.11.2017	471.74	313.45	183.05	496.50
Andhra Bank (Phoenix)	31.01.2018	3437.00	3,473.96	933.51	4,407.47
Axis Bank	30.09.2014	749.00	383.10	54.00	437.10
Bank of Baroda (Phoenix)	30.06.2017	4643.91	3,778.39	1,925.02	5,703.41
Bank of India	30.06.2017	2095.00	1,590.08	1,220.62	2,810.70
Bank of Maharashtra (Phoenix)	30.06.2017	2344.80	1,805.50	1,140.80	2,946.30
Canara Bank (Phoenix)	30.10.2017	9399.00	2,420.85	4,935.02	7,355.87
Corporation Bank (Phoenix)	31.01.2018	1413.00	1,265.46	880.60	2,146.06
J&K Bank	30.12.2017	2362.50	1,565.42	913.37	2,478.79
Punjab National Bank	31.10.2017	5685.00	4,302.25	1,540.90	5,843.15
Punjab & Sind Bank	28.02.2018	820.00	476.40	237.80	714.20
State Bank of India (Phoenix)	21.09.2017	5446.00	5,639.87	1,271.55	6,911.42
State Bank of Patiala (Phoenix)	21.09.2017	911.82	1,801.08	968.86	2,769.94
United Bank of India (Phoenix)	30.06.2017	5120.55	3,952.99	3,221.22	7,174.21
<b>Total</b>		<b>44,899.32</b>	<b>32,768.80</b>	<b>19,426.32</b>	<b>52,195.12</b>

- i) As the company accounts have been declared as NPA, therefore no interest is being charged by the lenders post the NPA classification. Keeping the accrual concept in consideration, the company has provided for interest based upon terms of the CDR package. The lenders had issued notices U/S 13(2) & 13(4) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFESI) Act, 2002 which were duly replied and proceedings are pending before Debt Recovery Tribunal (DRT), Chandigarh. Two of the lenders namely Punjab National Bank & Jammu and Kashmir Bank and five operational/financial creditors have filed applications under Insolvency and Bankruptcy Code 2016 with NCLT, Chandigarh for initiating Corporate Insolvency Resolution Process (CIRP) but the same have not been admitted till date. State Bank of India, United Bank of India, Canara Bank, Bank of Baroda, Bank of Maharashtra, Union Bank of India (for Andhra Bank and Corporation Bank) have assigned our debt to Phoenix ARC Private Limited through Assignment Agreements. Further, the company has received an OTS sanction letter from Bank of India and the complete amount of OTS with Bank of India has been paid till 21.04.2022. However, No Dues certificate from Banks is yet to be received.

- ii) This includes Overdue Interest amount of working capital loans and Term loans from others.
- iii) The borrowing obtained by the company from bank and financial institution have been applied for the purposes for which such loan were taken. Further as stated above the borrowing of the company have been classified as NPA.

**Details of security :- Long Terms Loans**

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

**Details of security :- Working Capital loans**

- 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) Includes credit balance in current account.

**23 TRADE PAYABLES**
**(₹ in Lakh)**

Particulars	As at 31 March 2022	As at 31 March 2021
Total Outstanding dues of Micro, Small and Medium Enterprises	-	-
Total Outstanding dues of Creditors other than Micro, Small and Medium Enterprises	10,079.92	7,520.59
<b>Total</b>	<b>10,079.92</b>	<b>7,520.59</b>

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

**(a) Trade paybles ageing as at 31.03.2022**

Particulars	Outstanding for following periods from due date date of payment#				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	5701.73	2700.49	418.97	1148.32	9,969.51
(iii) Disputed dues-MSME	-	-	-	-	-
(iv) Disputed dues-Others	-	-	-	-	-
	<b>5,701.73</b>	<b>2,700.49</b>	<b>418.97</b>	<b>1,148.32</b>	<b>9,969.51</b>
<b>Not due balance as at 31.03.2022</b>					<b>110.41</b>
<b>Total Trade payables</b>					<b>10,079.92</b>

**(b) Trade paybles ageing as at 31.03.2021**

Particulars	Outstanding for following periods from due date date of payment#				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	3,889.22	1,428.64	1,064.26	995.42	7,377.54
(iii) Disputed dues-MSME	-	-	-	-	-
(iv) Disputed dues-Others	-	-	-	-	-
	<b>3,889.22</b>	<b>1,428.64</b>	<b>1,064.26</b>	<b>995.42</b>	<b>7,377.54</b>
<b>Not due balance as at 31.03.2021</b>					<b>143.05</b>
<b>Total Trade payables</b>					<b>7,520.59</b>

**24 OTHER FINANCIAL LIABILITIES-CURRENT**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Interest Payable	665.48	877.58
Trade deposits & advances	91.23	91.33
<b>Other payables</b>		
Employees related	715.41	598.58
Trade expenses payable	1,879.65	1,447.98
Enhanced Land Compensation (VTM Land)	348.24	348.25
Others	698.85	659.24
<b>Total</b>	<b>4,398.86</b>	<b>4,022.96</b>

**25 OTHER CURRENT LIABILITIES**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Advances/deposits from customers	24.62	26.62
Statutory dues*	260.49	196.51
Security deposit received	26.58	28.58
<b>Total</b>	<b>311.69</b>	<b>251.71</b>

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

**26 PROVISION (CURRENT)**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Employees Benefit-Leave Encashment	32.32	25.00
Provision Against forfeiture of MIDC Land	136.00	136.00
Employees Benefit-Gratuity	164.69	145.62
Others	701.79	731.37
<b>Total</b>	<b>1,034.80</b>	<b>1,037.99</b>

**27 REVENUE FROM OPERATIONS**

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>i) Sale of products</b>		
- Grey yarn	75,474.90	39,939.51
- Dyed yarn	9,470.68	6,178.47
- Garments	121.32	87.03
- Waste sale	7,535.37	4,660.68
- Trading goods (textile)	65.87	25.82
<b>ii) Job charges income</b>	306.23	106.74
<b>Total</b>	<b>92,974.37</b>	<b>50,998.25</b>
<b>Rebate &amp; Discount</b>	(97.29)	(145.86)
<b>Net sales</b>	<b>92,877.08</b>	<b>50,852.39</b>
<b>Other Operating Income</b>		
i) Export Incentive/Benefits	-	-
<b>TOTAL</b>	<b>92,877.08</b>	<b>50,852.39</b>

**\*Note:** In case of Holding Company, the company has entered into arrangement with few vendors, from whom company is purchasing raw materials and in turn, processing the same and selling the finished output back to them.



**28 OTHER INCOME**

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income on Bank deposits & others	30.02	34.48
Profit on sale of fixed assets	31.08	-
Rent received	156.26	142.50
Miscellaneous Income	95.16	83.16
<b>Total</b>	<b>312.52</b>	<b>260.14</b>
Less: Interest on Margin Money reduced from finance cost (Refer Note no. 33)	0.41	0.44
<b>Total</b>	<b>312.11</b>	<b>259.70</b>

**29 COST OF MATERIAL CONSUMED**

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Raw material consumption</b>		
Cotton	61,138.41	29,829.74
Cotton yarn	3,388.56	3,575.87
Synthetic fibre	5,452.99	2,691.99
Dyes & chemicals	876.86	578.94
<b>Total</b>	<b>70,856.82</b>	<b>36,676.54</b>

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

**Value of indigenous & imported raw material consumption**

Particulars	For the year ended 31 March 2022		For the year ended 31 March 2021	
	₹ in Lakh	%	₹ in Lakh	%
Indigenous	70,856.82	100	36,676.54	100
Imported	-	-	-	-
<b>Total</b>	<b>70,856.82</b>	<b>100</b>	<b>36,676.54</b>	<b>100</b>

**30 PURCHASE OF STOCK IN TRADE**

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Fabrics	2.06	68.11
Yarn	-	1.45
<b>Total</b>	<b>2.06</b>	<b>69.56</b>

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Closing inventories</b>		
Finished goods (Including waste)	2,418.71	346.21
Work in progress	921.41	712.14
	<b>3,340.12</b>	<b>1,058.35</b>
<b>Opening inventories</b>		
Finished goods (Including waste)	346.21	999.84
Work in progress	712.14	482.33
	<b>1,058.35</b>	<b>1,482.17</b>
<b>(Increase) / Decrease</b>	<b>(2,281.77)</b>	<b>423.82</b>

## 32 EMPLOYEE BENEFIT EXPENSES

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, Wages & Other Benefits	5,006.55	3,436.60
Contribution to Provident & Other Funds	368.54	253.19
Staff Welfare Expenses	346.28	185.88
<b>Total</b>	<b>5,721.37</b>	<b>3,875.67</b>

## 33 FINANCE COST

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Interest expense</b>		
- Term loans	3,335.33	3,059.25
- Working capital borrowings	2,862.93	2,673.65
- Other	218.33	168.32
<b>Other borrowing costs</b>	-	-
	<b>6,416.59</b>	<b>5,901.22</b>
<b>Less: Interest on Margin Money (Refer Note No.28)</b>	0.41	0.44
<b>Total</b>	<b>6,416.18</b>	<b>5,900.78</b>

## 34 OTHER EXPENSES

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Packing Material Consumed	1,201.57	636.46
Power & Fuel	7,121.62	5,063.94
Processing Charges	31.20	20.33
<b>Repairs and maintenance :</b>		
Plant & machinery	1,914.36	734.81
Building	82.20	32.70
General	232.52	111.88
Electric	15.12	0.90
Rent	34.91	34.05
Rates and taxes	79.49	75.44
Insurance	86.31	80.05
Travelling & Boarding Expenses	127.77	63.48
Legal & professional	197.13	173.52
Exchange rate fluctuation (net)	12.93	(15.54)
Sundry balances written off	0.49	(0.13)
Provision for Covid Impact Assessment	-	630.47
Provision for doubtful debts	768.93	26.87
Commission on sale	(62.11)	9.34
Delivery Expenses (Including Freight, Octroi & Others)	414.21	369.83
Rebate & discounts	102.00	109.13
Investment Written off	22.54	-
Bank charges	3.81	15.05
Loss on Sale of Fixed Assets	-	0.98
Loss on Sale of Raw Material	(2.74)	5.52
Miscellaneous expenses	269.30	189.56
<b>Total</b>	<b>12,653.56</b>	<b>8,368.64</b>

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>As auditor:</b>		
- Statutory audit	9.00	9.00
- Tax audit	1.50	1.50
- Other services	0.00	0.00
Reimbursement of expenses	0.19	0.11
<b>Total</b>	<b>10.69</b>	<b>10.61</b>

\* Previous year fee includes service tax and in current year fee doesn't include GST.

## ii) Previous year expenses

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

Particulars	For the year ended 31 March 2022		For the year ended 31 March 2021	
	₹ in Lakh	%	₹ in Lakh	%
Indigenous	2094.02	100.00	814.77	100.00
Imported	0.00	0.00	0.00	0.00
<b>Total</b>	<b>2094.02</b>	<b>100.00</b>	<b>814.77</b>	<b>100.00</b>

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

(₹ in Lakh)				
Particulars	For the year ended 31 March 2022		For the year ended 31 March 2021	
Repairs and maintenance :- General	214.06		100.98	
Repairs and maintenance : Plant & Machinery	1,864.84		712.89	
Repairs and maintenance : Electric	15.12		0.90	
<b>Total</b>	<b>2,094.02</b>		<b>814.77</b>	

## 35. FINANCIAL INSTRUMENT BY CATEGORY

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

### As at March 31, 2022

(₹ in Lakh)										
Particulars	Notes No.	As at March 31, 2022	At cost	At Amortised Cost	At fair value through P&L		At fair value through OCI		Total Carrying value	Total Fair Value
					Designation upon initial recognition	Mandatory	Designation upon initial recognition	Mandatory		
<b>Assets:</b>										
i) Investments (Non Current)	3	0.62	-	-	0.62	-	-	-	0.62	0.62
ii) Trade receivable (Non Current)	6	302.47	-	302.47	-	-	-	-	302.47	302.47
iii) Trade and other receivables (Current)	10	1,079.74	-	1,079.74	-	-	-	-	1,079.74	1,079.74
iv) Cash and cash equivalents	11	6.41	-	6.41	-	-	-	-	6.41	6.41
v) Bank balances other than above	12	8.20	-	8.20	-	-	-	-	8.20	8.20
vi) Loans (Current)	13	15.06	-	15.06	-	-	-	-	15.06	15.06
vii) Other financial assets (Current)	14	32.82	-	32.82	-	-	-	-	32.82	32.82
<b>Total</b>		<b>1,445.32</b>	-	<b>1,444.70</b>	<b>0.62</b>	-	-	-	<b>1,445.32</b>	<b>1,445.32</b>
<b>Liabilities:</b>										
i) Borrowings (Non Current)	19	43.29	-	43.29	-	-	-	-	43.29	43.29
ii) Borrowings (Current)	22	52,852.94	-	52,852.94	-	-	-	-	52,852.94	52,852.94
iii) Trade payables (Current)	23	10,079.92	-	10,079.92	-	-	-	-	10,079.92	10,079.92
iv) Other financial liabilities (Current)	24	4,398.86	-	4,398.86	-	-	-	-	4,398.86	4,398.86
<b>Total</b>		<b>67,375.01</b>	-	<b>67,375.01</b>	-	-	-	-	<b>67,375.01</b>	<b>67,375.01</b>

As at March 31, 2021

(₹ in Lakh)

Particulars	Notes No.	As at March 31, 2021	At cost	At Amortised Cost	At fair value through P&L		At fair value through OCI		Total Carrying value	Total Fair Value
					Designation upon initial recognition	Mandatory	Designation upon initial recognition	Mandatory		
Assets:										
i) Investments (Non current)	3	0.62	-	-	0.62	-	-	-	0.62	0.62
ii) Trade receivable (Non Current)	6	1,067.00	-	1,067.00	-	-	-	-	1,067.00	1,067.00
iii) Trade and other receivables (current)	10	829.58	-	829.58	-	-	-	-	829.58	829.58
iv) Cash and cash equivalents	11	7.80	-	7.80	-	-	-	-	7.80	7.80
v) Bank balances other than above	12	1.25	-	1.25	-	-	-	-	1.25	1.25
vi) Loans (Current)	13	10.10	-	10.10	-	-	-	-	10.10	10.10
vii) Other financial assets (Current)	14	37.14	-	37.14	-	-	-	-	37.14	37.14
Total		1,953.48	-	1,952.86	0.62	-	-	-	1,953.48	1,953.48
Liabilities:										
i) Borrowings (Non current)	19	141.94	-	141.94	-	-	-	-	141.94	141.94
ii) Borrowings (Current)	22	52,202.34	-	52,202.34	-	-	-	-	52,202.34	52,202.34
iii) Trade payables ((Current)	23	7,520.59	-	7,520.59	-	-	-	-	7,520.59	7,520.59
iv) Other financial liabilities (Current)	24	4,022.96	-	4,022.96	-	-	-	-	4,022.96	4,022.96
Total		63,887.82	-	63,887.82	-	-	-	-	63,887.82	63,887.82

**35(B) FAIR VALUE MEASUREMENT****(i) Fair Value hierarchy**

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

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

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

**(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value: As at 31st March 2022**

Particulars	Fair Value measurement using			
	Fair Value	Level 1	Level 2	Level 3
Long Term Investments				
Fair Value through Profit and Loss (designated upon initial recognition)				0.62
Current Investments				
Fair Value through Profit and Loss				

**(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value: As at 31st March 2021**

Particulars	Fair Value measurement using			
	Fair Value	Level 1	Level 2	Level 3
Long Term Investments				
Fair Value through Profit and Loss (designated upon initial recognition)				0.62
Current Investments				
Fair Value through Profit and Loss	-			

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

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
(i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;		
(a) Principal amount due to micro and small enterprise	-	-
(b) Interest due on above	-	-
(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-

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

**37 EARNINGS PER SHARE**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>The basic and diluted earning per share is as under:</b>		
Net Profit/(loss) after tax (₹ lakh)	(1,550.65)	(5,669.67)
Net Profit/(loss) after tax but before Exceptional Items (₹ lakh)**	(1,550.65)	(5,669.66)
Weighted average no. of equity shares outstanding (*)	22,290,957	22,290,957
Nominal value of per equity shares (in ₹)	10.00	10.00
<b>Earnings per share (of ₹ 10 each) After Exceptional Items</b>		
Basic earnings per share (₹)	(6.96)	(25.43)
Diluted earnings per share (₹)	(6.96)	(25.43)
<b>Earnings per share (of ₹ 10 each) before Exceptional Items</b>		
Basic earnings per share (₹)	(6.96)	(25.43)
Diluted earnings per share (₹)	(6.96)	(25.43)

\*There are no dilutive potential equity share.

**38 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
a) Claims against the Company not acknowledged as debts (net of amount deposited ₹ 63.13 lakh, Previous year - ₹ 59.19 lakh)	262.43	159.45
b) Letter of credit & bank guarantee issued	5.00	5.00
c) Income Tax demands under appeal (net of amount deposited ₹ 220 lakh, Previous year - ₹ 220 lakh)	803.45	803.45
d) Service Tax demands under appeal (net of amount deposited ₹ 1.41 lakh, Previous year - ₹ 1.41 lakh)	12.70	12.70

**39 LITIGATION STATUS OF THE COMPANY AS ON 31ST MARCH 2022 ARE AS FOLLOWS:**

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

(₹ in Lakh)

Nature of Dispute	Name of Statute	Amount Involved	Provision Made	Disclosed as Contingent Liability	Amount Deposited Under Protest
i) Indirect Taxation	Central Excise Act 2002	417.21 (417.21)	241.60 (299.22)	175.60 (133.27)	50.08 (42.34)
	Service Tax Act	15.38 (15.38)	1.27 (1.27)	14.11 (14.11)	1.41 (1.41)
	Punjab Vat Act	219.04 (222.84)	174.21 (174.21)	44.83 (44.83)	13.05 (16.85)
ii) Direct Taxation	Income Tax Act	1,834.95 (1,834.95)	- -	1,023.45 (1,023.45)	220.00 (220.00)
	Wealth Tax Act	2.47 (2.47)	- -	- -	- -
Labour laws	ESI Act	2.20 (2.20)	- -	- -	2.20 (2.20)
	Industrial Dispute Act 1947	17.58 (2.99)	- -	17.58 (2.99)	- -
Commercial matters	Code of Civil Procedure Act 1908	87.56 (37.56)	- -	87.56 (37.56)	- -
<b>Total</b>		<b>2,596.39</b> <b>(2,535.60)</b>	<b>417.08</b> <b>(474.70)</b>	<b>1,363.12</b> <b>(1,256.20)</b>	<b>286.74</b> <b>(282.80)</b>

Figures in brackets in aforesaid note represent previous year figures

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

(₹ in Lakh)

Nature of Dispute	Amount Involved	Provision Made	Amount Decreed in favour of the Company (under execution)	Balance Amount Still contested by the Company
Commercial matters - Legal cases customers	1,456.38 (1,451.98)	1,153.91 (384.97)	- -	302.47 (1,067.01)

Figures in brackets in aforesaid note represent previous year figures

**40 OBLIGATIONS AND COMMITMENTS OUTSTANDING:**

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	-	14.15
b) Estimated value of contracts remaining to be executed on other than capital account and not provided for (net of advances)-Pending cotton purchase commitment	7,142.89	1,540.48
c) Estimated value of contracts remaining to be executed on other than capital account and not provided for (net of advances)-Pending Service commitment	-	0.55



**41 DERIVATIVE HEDGED INSTRUMENTS AND UN-HEDGED FOREIGN CURRENCY EXPOSURE**
**a) Particulars of foreign currency exposure un-hedged at the balance sheet date**

	Currency	As at 31 March 2022		As at 31 March 2021	
		In million	₹ in Lakh	In million	₹ in Lakh
Trade Payables*	USD	-	89.90	-	58.51
Loan (including interest)	USD	0.55	365.04	0.55	365.04
Total	USD	0.55	454.94	0.55	423.55

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

\*\* This is Actual loan amount and does not include reinstatement effect. The Foreign currency fluctuations impact on this amount has been considered separately and duly account for in the books of accounts.

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

**43 Employee benefit obligation**
**Holding Company**
**Defined Contribution Plan**

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
i) Employer's contribution to Provident Fund	192.25	191.07
ii) Employer's contribution to Superannuation Fund	-	2.10
iii) Employer's contribution to Pension Scheme	86.60	60.02

**Defined Benefit Plan**

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

**Reconciliation of opening and closing balances of Defined Benefit Obligation**

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Defined benefit obligation at the beginning of the year	337.91	353.31
Current service cost	48.50	42.19
Interest cost	16.90	17.67
Actuarial gain / (loss)	(0.03)	40.57
Benefit paid*	(29.39)	(115.83)
Past Service Cost	-	-
<b>Defined obligation at year end</b>	<b>373.89</b>	<b>337.91</b>

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Fair value of plan assets at the beginning of the Year	449.83	489.05
Expected return on plan assets	22.49	24.45
Actuarial gain / (loss)	1.46	9.02
Adjustment of earlier years	-	-
Benefit Paid	(9.43)	(72.69)
<b>Fair value of plan assets at year end</b>	<b>464.36</b>	<b>449.83</b>

**Reconciliation of fair value of assets & obligation**

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Fair value of plan assets at the end	464.36	449.83
Present value of obligation	373.89	337.91
<b>Net asset/(liability) recognized in the balance sheet</b>	<b>90.47</b>	<b>111.92</b>

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current service cost	48.50	42.19
Interest cost	16.90	17.67
Expected return on plan assets	(22.49)	(24.45)
Past Service Cost	-	-
<b>Amount recognized in the statement of profit &amp; loss</b>	<b>42.91</b>	<b>35.41</b>

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Actuarial (gain)/loss -obligation	(0.03)	40.57
Actuarial (gain)/loss -plan assets	(1.46)	(9.02)
<b>Amount recognized in the statement of profit &amp; loss</b>	<b>(1.49)</b>	<b>31.55</b>

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Discount rate	5.00%	5.00%
Attrition rate	48.00%	48.00%
Expected rate of return on assets	7.00%	7.00%
Mortality rate	IALM 2012-14	IALM 2012-14
Salary rise	7.00%	7.00%

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

	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Defined benefit obligation	373.89	337.91	353.31	409.90	377.41
Plan assets	464.36	449.83	489.05	577.88	569.52
Surplus/(deficit)	90.47	111.92	135.74	167.97	192.11
Experience adjustment on plan assets	(1.46)	9.02	(2.52)	(14.35)	(1.24)
Experience adjustment on plan liabilities	(29.42)	(75.25)	(126.18)	(72.08)	(117.15)

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

Period	As on: 28-02-2022
Defined Benefit Obligation (Base)	3,73,88,609@ Salary Increase Rate : 7%, and discount rate :5%
Liability with x% increase in Discount Rate 3,47,06,003	3,67,11,081; x = 1.00% [Change (2)% ]
Liability with x% decrease in Discount Rate	3,80,92,733; x = 1.00% [Change 2% ]
Liability with x% increase in Salary Growth Rate	3,79,79,212; x = 1.00% [Change 2% ]
Liability with x% decrease in Salary Growth Rate	3,68,27,020; x = 1.00% [Change (2)% ]
Liability with x% increase in Withdrawal Rate	3,72,21,997; x = 1.00% [Change 0% ]
Liability with x% decrease in Withdrawal Rate	3,75,59,423; x = 1.00% [Change 0% ]

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Defined benefit obligation at the beginning of the year	52.63	46.33
Current service cost	25.57	16.31
Interest cost	2.63	2.32
Actuarial (gain) /loss	16.60	29.53
Benefit paid	(29.84)	(41.85)
Defined obligation at year end	67.59	52.63

**Reconciliation of fair value of assets & obligations**

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Fair value of plan assets at the end	-	-
Present value of obligation	67.59	52.63
Amount recognized in balance sheet	67.59	52.63

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current service cost	25.57	16.31
Interest cost	2.63	2.32
Expected return on plan assets	-	-
Amount recognized in the statement of profit & loss	28.20	18.62

**(b) Other comprehensive(income)/expense (Remeasurement)**

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Actuarial (gain)/loss -obligation	16.60	29.53
Actuarial (gain)/loss -plan assets	-	-
Amount recognized in the statement of profit & loss	16.60	29.53

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Discount rate	5.00%	5.00%
Attrition rate	48.00%	48.00%
Expected rate of return on assets	NA	NA
Mortality rate	IALM 2012-14	IALM 2012-14
Salary rise	7.00%	7.00%

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

Period	As on: 28-02-2021
Defined Benefit Obligation (Base)	67,58,618
Liability with x% increase in Discount Rate	66,29,452; x = 1.00% [Change (2)% ]
Liability with x% decrease in Discount Rate	68,93,040; x = 1.00% [Change 2% ]
Liability with x% increase in Salary Growth Rate	68,89,258; x = 1.00% [Change 2% ]
Liability with x% decrease in Salary Growth Rate	66,30,657; x = 1.00% [Change (2)% ]
Liability with x% increase in Withdrawal Rate	67,53,580; x = 1.00% [Change 0% ]
Liability with x% decrease in Withdrawal Rate	67,63,959;; x = 1.00% [Change 0% ]

**44 RELATED PARTY DISCLOSURES IN ACCORDANCE WITH IND AS-24 "RELATED PARTY" :-**
**i) List of related parties and relationships**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a) Key Management Personnel (KMP)	Mr. Adish Oswal Mr R.M.soni Mr. Ajay Ratra	Mr. Adish Oswal Mr Apjit Arora (upto 01.09.2020) Mr. Ajay Ratra Mr R.M.soni (w.e.f 01.09.2020)
b. Relative of KMP	Mrs. Manju Oswal Mr. Abhinav Oswal Mrs. Rakhi Oswal Ms. Aketa Oswal Mrs. Priya Oswal	Mrs. Manju Oswal Mr. Abhinav Oswal Mrs. Rakhi Oswal Ms. Aketa Oswal Mrs. Priya Oswal
c. Enterprise over which KMP is able to exercise significant influence exercise significant influence	Panchsheel Textile Mfg & Trading Co.Pvt Ltd Enakshi Investments Private Limited. Liberty Mercantile Co.(P)Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments Private Limited. Ruby Mercantile Co. Private Limited. Boras Investment & Trading Co. (P) Limited. Gagan Mercantile Co. Private Limited. Pioneer Mercantile India Private Limited. Adesh Investment & Trading Co. (P) Limited. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech Pvt. Ltd. Oswal Tradecom Pvt. Ltd. Oswal Holding Pvt. Ltd. Nightangle Dealcom Pvt. Ltd. Alma Assets Consultancy (P) Ltd Altfort Merchants (P) Ltd Oswal Industrial Enterprises Private Limited Vardhman Amarante Pvt. Limited We safe India Lifestyle Private Limited Oswal Technical Textile Private Limited Super Lakshmi Enterprises LLP	Panchsheel Textile Mfg & Trading Co.Pvt Ltd Enakshi Investments Private Limited. Liberty Mercantile Co.(P)Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments Private Limited. Ruby Mercantile Co. Private Limited. Boras Investment & Trading Co. (P) Limited. Gagan Mercantile Co. Private Limited. Pioneer Mercantile India Private Limited. Adesh Investment & Trading Co. (P) Limited. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech Pvt. Ltd. Oswal Tradecom Pvt. Ltd. Oswal Holding Pvt. Ltd. Nightangle Dealcom Pvt. Ltd. Alma Assets Consultancy (P) Ltd Altfort Merchants (P) Ltd Oswal Industrial Enterprises Private Limited Vardhman Amarante Pvt. Limited We safe India Lifestyle Private Limited Oswal Technical Textile Private Limited Super Lakshmi Enterprises LLP

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

Nature of transaction	KMP		Relatives of KMP		Enterprise over which KMP is able to exercise Significant Influence		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Loan received	-	-	-	-	-	-	-	-
Loan repaid	-	-	-	-	-	-	-	-
Sale of goods	-	-	-	-	-	-	-	-
Net Advance(Received)/Paid	-	-	-	-	-	-	-	-
Rent paid	-	-	2.30	-	-	-	2.30	-
Job charges paid	-	-	-	-	2.78	2.65	2.78	2.65
Interest paid	-	-	-	-	-	-	-	-
Rent received	-	-	-	-	3.88	0.48	3.88	0.48
Remuneration	155.66	115.38	-	-	-	-	155.66	115.38
<b>Outstanding balances at year end</b>								
Investment in equity shares	-	-	-	-	0.09	0.09	0.09	0.09
Amount payable on account of unsecured loan	-	-	92.19	92.19	87.00	87.00	179.19	179.19
Amount payable/(recoverable)	-	-	-	-	(45.47)	(120.11)	(45.47)	(120.11)

**45. Financial Risk Management**

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

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

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

### **Market Risk**

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans & borrowings and deposits. The sensitivity analyses in the following sections relate to the position as at 31 March 2022 and 31 March 2021.

#### **(i) Foreign Currency risk management**

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

#### **(ii) Interest Rate Risk**

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

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

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

<b>Particulars</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
<b>Variable rate instruments</b>		
Long term borrowings	43.29	141.94
Current maturities of long term debt	98.59	115.29
Short term borrowings	52754.36	52087.05

### **Cash flow sensitivity analysis for variable rate instruments**

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

<b>(₹ in Lakh)</b>		
<b>Particulars</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Increase/ (decrease) in 100 basis point	528.96	523.44

### **Liquidity Risk**

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

### **Credit Risk**

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

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

(₹ in Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>(a) Revenue from top five customers</b>		
- Amount of Sales	81,635.49	44,827.86
- % of total Sales	87.91%	88.15%
<b>(b) Allowance for doubtful debts</b>		
Balance at the beginning of the period	384.98	358.11
Recognized during the year	768.93	26.87
Amount Write Off	-	-
<b>Balance At the end of the period</b>	<b>1,153.91</b>	<b>384.98</b>

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

#### Write off policy

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

#### 45A CAPITAL MANAGEMENT

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The director's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. No Changes were made in the objectives, policies or processes during the years ended 31st March 2022 and 31st March 2021.

#### 46 DETAILS RELATING TO NET ASSETS AND PROFIT OR LOSS IN RESPECT OF SUBSIDIARIES ARE AS FOLLOWS:

Name of the entity Subsidiaries	Year	Net Worth		Share in profit or loss	
		Amount (₹ in Lakh)	As % of consolidated net assets	Amount (₹ in Lakh)	As % of consolidated profit or loss
<b>A. Parent</b>					
Vardhman Polytex Limited	Current Year	(36356.00)	100.00%	(1570.66)	-100%
	Previous Year	(34814.88)	95.76%	(5730.30)	-366%
<b>B. Foreign Subsidiaries</b>					
F. M. Hammerle Verwaltung GmbH*	Current Year	(300.46)	0.83%	4.91	0%
	Previous Year	(304.99)	0.84%	(0.46)	0%
Less: Minority Interest in all subsidiaries		-	-	-	-
Less: Elimination / Adjustments	Current Year	300.46	-0.83%	0.00	0%
	Previous Year	271.09	-0.75%	0.00	0%
Total	Current Year	(36356.00)	100.00%	(1565.76)	100%
	Previous Year	(34848.78)	100.00%	(5730.76)	100%

\*F.M.Hammerle Verwaltung GMBH(FMH) was subsidiary during part of the year upto 30.09.2021. Then the F.M.H was liquidated. So Annual results for the year ended 31.03.2022 have been consolidated which includes the Financial results of subsidiary upto 30.09.2021.



- 47 The Holding Company is paying rentals for office premises taken on rent which are not in the nature of operating lease agreements. Therefore, disclosure requirements of IND AS-17 are not applicable.
- 48 In case of the Holding Company, The Company has made an assessment of the impact of the continuing COVID-19 pandemic on its current and future operations, liquidity position and cash flow giving due consideration to the internal and external factors. The Company is continuously monitoring the situation and does not foresee any significant impact on its operations and the financials position as at March 31, 2022.
- 49 Despite the fact that the net worth of the Group has been fully eroded in the current year, the Management is of the view that the company is an operative company and with all necessary steps and continuing professional management, is confident to turnaround the company and accordingly Deferred Tax assets will be recognised. In view of the same, the financial statements have been prepared on going concern basis.
- 50 Vardhman Polytex Ltd (VPL) being holding company of erstwhile FM Hammerle Textiles Limited had filed a petition u/s 397, 398 of the erstwhile Companies Act, 1956 in the Hon'ble Company Law Board, Principal Bench, New Delhi against minority shareholder of FMH-Maschinen Umwelttechnik Transportanlagen Gesellschaft mbH, Austria [(MUT)- another shareholder], IRIS Textile GmbH (erstwhile foreign Collaborator), Mr. Josef Hahn, Director and Mr. Ishwinder Maddh (erstwhile Alternate director to Mr. Josef Hahn) alleging that the activities and acts of Mr. Josef Hahn and Mr. Ishwinder Maddh are in the manner oppressive to VPL. VPL also filed petition before the CLB to declare that allotment of 1,90,15,920 shares to IRIS (presently held by MUT) as void ab initio for want of consideration and rectify the register by cancelling the allotment made to IRIS. In furtherance of the petition filed by the Company, the MUT filed an application against OFMHT for oppression and mismanagement. The Company Law Board (CLB) vide its consolidated order dated 13.08.2015 has dismissed all the petitions. The matter pertaining to rectification of register of members was disposed off against VPL. The same was challenged before the Punjab & Haryana High Court at Chandigarh and a stay has been granted in the matter by the Hon'ble High Court. In response to the order of CLB dated 13.08.2015, Hahn Group filed two applications at CLB for execution of above CLB order and for amendment/rectification in the order. Also MUT had got an order dated 13.10.2017 from Supreme Court of India for adding Vardhman Polytex limited as a party to purchase the shares pursuant to CLB Order dated 13.08.2015. Punjab & Haryana High Court, Chandigarh vide its interim order dated 04-12-2019 has directed to determine the market value of shares held by minority shareholders of FM Hammerle Textiles Ltd. Resolution plan of FMH was approved on 13.03.2020 by NCLT vide which existing shares of FMH have extinguished. As per Supreme Court order VPL and MUT shared equally the fees paid to E & Y for valuation of shares of FMH. It is pertinent to note that MUT cannot claim consideration from VPL in lieu of its erstwhile minority shareholding in FMH due to reason that MUT's shares in FMH have been extinguished vide NCLT order approving resolution plan.
- 51 The balances of Trade Receivables, Loan and Advances, Deposits and Trade Payables are subject to confirmation/reconciliation and subsequent adjustments, if any. During the year, letters have been sent to various parties with a request to confirm their balances as on 31st March, 2022. Except for the provision created against these receivables, they are realizable as per management of the company.
- 52 The Code on Social Security 2020 has been notified in the Official Gazette on 29th September 2020. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. Impact if any of the change will be assessed and accounted In the period in which said Code becomes effective and the rules framed thereunder are published.
- 53 Previous year figures have been regrouped/ reclassified wherever necessary to conform to current year classification.
- 54 **Title deeds of Immovable Property not held in name of the Holding Company.**

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative# of promoter*/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Company**
PPE	Land & Building	1197472	Mr. Subhash Sharma	No	22.06.2011	State Government rules
PPE	Land & Building	346100	Mr. Subhash Sharma	No	01.02.2011	State Government rules
PPE	Land & Building	487808	Mr. Subhash Sharma	No	13.12.2010	State Government rules

\*\*In this respect, the Company has already paid full consideration as per agreement of Purchase of said property. However, approval of Himachal Pradesh Government for registration of Property in the name of Company is yet to be received.

- 55 The Group has not granted loans or Advances to the promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:(a) repayable on demand or(b) without specifying any terms or period of repayment.

Type of Borrower	Amount of loan or advance in the nature of Loan outstanding	Percentage to the total loans and advances in the nature of loans
Promoters	-	-
Directors	-	-
KMP'S	-	-
Related Parties	-	-

- 56 No proceedings have been initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- 57 The accounts of the Holding company has been classified as NPA that has been disclosed in the appropriate notes therefore no quarterly returns or statements are required to be submitted to the bank .
- 58 The Group has not been declared wilful defaulter by any bank or financial Institution or other lenders during the year ended 31.03.2022

#### 59 Ratio Analysis

Sr. no	Ratio Analysis	Numerator	₹ in lakhs	Denominator	₹ in lakhs	31st March 2022	31st March 2021
1	Current Ratio	Current Assets		Current Liabilities			
		Inventories	4,375.49	Creditors for goods and services	10,079.92		
		Sundry Debtors	1,079.74	Short term loans	52,852.94		
		Cash and Bank balances	14.62	Bank Overdraft	0.00		
		Receivables/Accruals	32.82	Cash Credit	0.00		
		Loans and Advances	15.06	Outstanding Expenses	4,398.86		
		Disposable Investments	0.00	Provision for taxation	0.00		
		Any other current assets	4,076.74	Proposed dividend	0.00		
				Unclaimed Dividend	0.00		
				Any other current liabilities	1,346.49		
			9,594.47		68,678.21	0.14	0.08
	Remarks-The ratio has improved in the current year as the Group has generated more currents assets as comapred to previous year.						
2	Debt Equity Ratio	Total Liabilities Total Outside Liabilities	68,966.50	Shareholder's Equity Total Shareholders Equity	-36,356.00	-1.90	-1.88
3	Debt Service Coverage Ratio	Net Operating Income Net Profit after tax + non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of fixed assets, etc.	6,225.60	Debt Service Current Debt Obligation (Interest & Lease payment + Principal Repayment.	6,531.53	0.95	0.29
	Remarks-The ratio has improved in the current year as the Group is generating sufficient operating income to cover its annual debt and interest payments						
4	Return on Equity Ratio	Profit for the period Net Profit after taxes - preference dividend (if any)	-1,570.66	Avg. Shareholders Equity (Beginning shareholders' equity + Ending shareholders' equity) ÷ 2	-35,585.44	-0.04	0.18
	Remarks-The ratio has improved in the current year as it shows improved Group's proficiency to generate profits from its shareholders equity as comapred to previous year.						
5	Inventory Turnover Ratio	Cost of Goods sold (Opening Stock + Purchases) – Closing Stock	72,055.15	Average Inventory (Opening Stock + Closing Stock)/2	3,133.61	22.99	19.49

Sr. no	Ratio Analysis	Numerator	₹ in lakhs	Denominator	₹ in lakhs	31st March 2022	31st March 2021
6	<b>Trade Receivables Turnover Ratio</b>	<b>Net Credit Sales</b> Credit Sales	92,859.51	<b>Average Trade Receivables</b> (Beginning Trade Receivables + Ending Trade Receivables) / 2	1,639.40	56.64	31.02
	Remarks-This ratio has changed due to increase in turnover in the current year with Debtors holding periods being same as compared to the previous period.						
7	<b>Trade Payables Turnover Ratio</b>	<b>Total Purchases</b> Annual Net Credit purchases	74,148.11	<b>Average Trade Payables</b> (Beginning Trade Payables + Ending Trade Payables)/ 2	8,786.95	8.44	5.72
	Remarks- The accounts payable turnover ratio has increased from previous year indicating that the business is making payments to its creditors on time and the business is in good standing with the creditors and suppliers.						
8	<b>Net Capital Turnover Ratio</b>	<b>Net Sales</b> Total Sales - Sales Return	92,859.51	<b>Average Working Capital</b> Current Assets - Current Liabilities	-59,083.75	-1.57	-0.85
	Remarks-Irrespective of Increase in net sales revenue, the percentage change in average working capital is negligible as compared to previous year thus indicating downward trend in the net capital ratio that is consider as indicative of potential future liquidity problems.						
9	<b>Net Profit Ratio</b>	<b>Net Profit</b> Profit After Tax	-1,570.66	<b>Net Sales</b> Sales	92,859.51	-0.02	-0.11
	Remarks-This ratio has changed due to increase in turnover in the current year with improved profitability scenario as compared to the previous period.						
10	<b>Return on Capital employed</b>	<b>EBIT</b> Profit before Interest and Taxes	4,860.63	<b>Capital Employed</b> Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	-36,067.71	-0.13	-0.01
	Remarks-This ratio has changed due to increase in Earnings before interest& tax in the current year with negligible change in the capital employed scenerio of the company as compared to the previous period.						
11	<b>Return on Investment</b>	Return/Profit/Earnings	-	Investment	-	Nil	Nil

## 60 RELATIONSHIP WITH STRUCK OFF COMPANIES

Name of struck off Company*	Nature of Transactions with Struck-off Company	Balance Outstanding as at 31.03.2022	Relationship with the Struck off Company, if any, to be disclosed.
Sree Vaishnavi Impex Private Limited	Payables	25565	Vendor
Vinod Cotton Corporation Private Limited	Payables	221560.89	Vendor
Gokul Spintex Pvt Ltd	Receivables	28620	Customer
B.R.Knitwears Pvt. Ltd.	Receivables	1567530	Customer

\*Above Balances are related to previous years and there is no transaction during the relevant Financial Year.

- 61 There are no charges or satisfaction yet to be registered with Registrar of Companies/MCA beyond the statutory period.
- 62 The company has no subsidiary as on 31.03.2022; as such the company is in fully compliance with provisions with respect to number of layers of companies prescribed under clause (87) of section 2 of the Companies Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- 63 During the year, there has not been any Scheme of Arrangements that has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

**64 Utilisation of Borrowed funds and share premium:**

The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries ;

The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:-

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**65** The Group has not used any borrowings from banks and financial institutions for other than the specific purpose for which it was taken as at the balance sheet date.

**66** The Group has not traded or invested in crypto currency or virtual currency during the financial year.

**67** The provision of corporate social responsibility covered under the section 135 of Companies Act is not applicable to the Group.

**68** There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under Income Tax Act, 1961, that has not been recorded in the books of account.

**69** According to the SEBI circular for Disclosure of Large Entity, it is hereby confirmed that The Group is not a Large Entity. Outstanding borrowing (Long Term) in terms of the said circular was ₹ 0.43 Crores as on 31.03.2022 and the Highest Credit Rating was 'D' as assigned by ICRA.

**70** F.M.Hammerle Verwaltung GMBH(FMH) was subsidiary during part of the year upto 30.09.2021. Then the F.M.H was liquidated. So Annual results for the year ended 31.03.2022 have been consolidated which includes the Financial results of subsidiary upto 30.09.2021.

As per our report of even date

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

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

Sd/-  
**Ruchir Singla**  
 Partner  
 Membership No. 519347  
 UDIN: 22519347ALMBDL9131

Sd/-  
**Manju Oswal**  
 Director  
 (DIN-00009449)

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

**Place : Ludhiana**  
**Date : 23rd June, 2022**

Sd/-  
**Ajay K. Ratra**  
 Company Secretary

Sd/-  
**Radhamohan Soni**  
 Chief Financial Officer



## VARDHMAN POLYTEX LIMITED

CIN: L17122PB1980PLC004242

Registered Office: Vardhman Park, Chandigarh Road, Ludhiana-141123, Punjab, India

Dear Shareholder(s),

**RE: SEBI Circular for updations of Permanent Account Number (PAN), KYC Details and Nomination for securities held in physical form**

We wish to inform you that Securities and Exchange Board of India (SEBI) has, by its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated 3rd November 2021, read with Circular No. SEBI/HO/MIRSD\_RTAP/P/CIR/2021/687 dated 14th December 2021, mandated that shareholder holding shares in physical form should submit copies of PAN Card, KYC details, Bank account details and Nomination to the Company/ Registrar and Share Transfer Agent (RTA).

In view of above, we request you to provide the following:

- For updations of PAN number and KYC details, please fill up the attached Form ISR-1
- Self-attested copy of your PAN card (including PAN Card of the joint holders duly self-attested by them)
- Postal address with PIN Code, Self-attested copy of your valid address proof
- Mobile number and E-mail address
- Bank account details i.e., bank name, branch, account number and IFS Code supported by self-attested bank statement or original cancelled cheque leaf
- Specimen signature - Provide Banker's attestation of the signature in the attached Form ISR - 2.
- Nomination for the aforesaid folio(s) in the attached Form SH-13 **or** 'Declaration to Opt-out' in the attached Form ISR-3, if you do not wish to nominate any person **or** change of nomination in attached Form SH-14\*.

And Form ISR-4 for availing the various services in case of dematerialized securities pursuant to the SEBI circular dated 25.01.2022 on issuance of securities in dematerialized form in case of Investor Service Requests;

*\*\* in case of cancellation of nomination by shareholder through Form SH-14, declaration to Opt-out in Form ISR-3 shall also be provided by the shareholder.*

**Note 1:** Please note that in case any one of the aforesaid documents/ details is not available in the folio on or after April 1, 2023, such folios shall be frozen by the RTA. Once your folio is frozen, any service request in such folio shall be processed by the RTA only after receipt of the complete documents/ details as aforesaid.

**Note 2:** After 31st December 2025, the frozen folios shall be referred to the Administering Authority under Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002 for necessary action.

**Note 3:** Further, SEBI has also amended Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and has mandated that transfer of securities held in physical form shall not be processed unless the same are held in the dematerialized form with a depository. This implies that you will not be able to transfer the shares held in physical form. In view of this we request you to dematerialize your shares at the earliest else you will not be able to transfer your shares held in physical form.

We request you to send the above details to Alankit Assignments Limited having Registered Office at 205-208, Anarkali Complex, Jhandewalan Extension, New Delhi- 110055 or through email at [kycupdate@alankit.com](mailto:kycupdate@alankit.com) at the earliest, by any one of the following modes:

- I. Through hard copies which should be self -attested and dated.
- II. Through electronic mode, provided that they are sent through E-mail id of the holder registered with RTA and all documents should be electronically/digitally signed by the Shareholder and in case of joint holders, by first joint holder.

Thanking you,  
Yours faithfully,

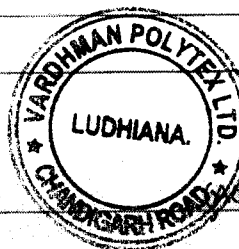
**For Vardhman Polytex Limited**

Sd/-  
**Ajay K. Ratra**  
Company Secretary

Formats of Form ISR-1, ISR-2, ISR-3, ISR-4, SH-13 and SH-14 can be accessed at  
<http://oswalgroup.com/investor-information.php>


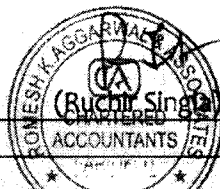
**Statement on Impact of Audit Qualification (for audit report with modified opinion) submitted  
along with Annual Audited Financial Results  
(Standalone)**

<b>Statement on Impact of Audit Qualification for the Financial Year ended March 31, 2022</b>				
I.	S. No.	Particulars	Audited Figure (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	93,167.07	93,167.07
	2.	Total Expenditure	94,722.62	95,119.06
	3.	Net Profit / (Loss)	(1,555.55)	(1,951.99)
	4.	Earnings per share	(6.98)	(8.76)
	5.	Total Assets	32,610.50	32,610.50
	6.	Total Liabilities excluding net worth	68,966.50	69,362.94
	7.	Net Worth	(36,356.00)	(36,752.44)
	8.	Any other financial item(s) (as appropriate by the management)		
II.	a) Audit Qualification (each audit qualification separately):			
	The company had credited profit of Rs 396.44 lacs due on payment of FCCB liability to the statement of profit & loss during the period ending March 31, 2017. This profit should have been credited in the statement of profit & loss on payment of FCCB liability which is still outstanding to the tune of 554,160 USD as on March 31, 2022. The same has not been addressed in the current period under audit. This matter was also qualified in all the previous limited review/audit reports submitted by us.			
	b) Type of Audit Qualification : Qualified Opinion			
	c) Frequency of qualification: Repetitive			
	d) For Audit Qualification(s) where the impact is qualified by the auditor, Management's Views: We state that the Company has credited the amount on basis of settlement of FCCB liability and Re-payment of the same has been delayed due to liquidity crisis. Additional liability, if any on this account, will be booked as and when finalized.			
	e) For Audit Qualification(s) where the impact is not quantified by the auditor: i) Management's estimation on the impact of audit qualification: ii) If management is unable to estimate the impact, reasons for the same: iii) Auditors Comments on (i) or (ii) above :			
III.	Signatories:			
	<ul style="list-style-type: none"> <li>CEO/ Managing Director</li> </ul>			



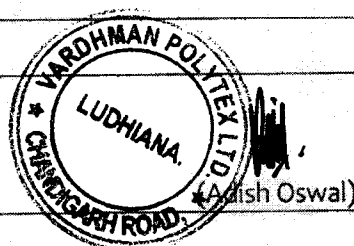
Ajish Oswal



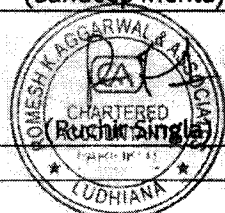
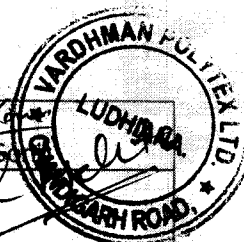
• CFO	 <i>Radhamohan Sora</i> (Radhamohan Sora)
• Audit Committee Chairman	
• Statutory Auditor	
Place: Ludhiana	 <i>Ruchi Singh</i> (Ruchi Singh)
Date: 30-05-2022	

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

<b>Statement on Impact of Audit Qualification for the Financial Year ended March 31, 2022</b>				
I.	S. No.	Particulars	Audited Figure (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	93,189.19	93,189.19
	2.	Total Expenditure	94,739.07	95,135.51
	3.	Net Profit / (Loss)	(1,550.65)	(1,947.09)
	4.	Earnings per share	(6.96)	(8.73)
	5.	Total Assets	NA	NA
	6.	Total Liabilities excluding net worth	NA	NA
	7.	Net Worth	NA	NA
	8.	Any other financial item(s) (as appropriate by the management)		
II.	f) Audit Qualification (each audit qualification separately):			
	<p>The group had credited profit of Rs 396.44 lacs due on payment of FCCB liability to the statement of profit &amp; loss during the period ending March 31, 2017. This profit should have been credited in the statement of profit &amp; loss on payment of FCCB liability which is still outstanding to the tune of 554,160 USD as on March 31, 2022. The same has not been addressed in the current period under audit. This matter was also qualified in all the previous limited review/audit reports submitted by us.</p>			
	g) Type of Audit Qualification: Qualified Opinion			
	h) Frequency of qualification: Repetitive			
	<p>i) For Audit Qualification(s) where the impact is qualified by the auditor, Management's Views:</p> <p>We state that the Group has credited the amount on basis of settlement of FCCB liability and repayment of the same has been delayed due to liquidity crisis. Additional liability, if any on this account, will be booked as and when finalized.</p>			
	<p>j) For Audit Qualification(s) where the impact is not quantified by the auditor:</p> <p>i) Management's estimation on the impact of audit qualification:</p> <p>ii) If management is unable to estimate the impact, reasons for the same:</p> <p>iii) Auditors Comments on (i) or (ii) above :</p>			
III.	Signatories:			
	<ul style="list-style-type: none"> <li>CEO/ Managing Director</li> </ul>			
	<ul style="list-style-type: none"> <li>CFO</li> </ul>			



	<div data-bbox="1037 257 1308 358" data-label="Text"> <p><i>Radhikeshan Singh</i> (Radhamohan Singh)</p> </div>
	<ul style="list-style-type: none"> <li>Audit Committee Chairman</li> </ul>
	<ul style="list-style-type: none"> <li>Statutory Auditor</li> </ul>
	<div data-bbox="1085 481 1316 694" data-label="Text"> <p><i>Sandeep Mehta</i> (Sandeep Mehta)</p> </div>
	<div data-bbox="1093 481 1316 694" data-label="Text"> <p><i>Ruchit Singh</i> (Ruchit Singh)</p> </div>
	<p>Place: Ludhiana</p>
	<p>Date: 30-05-2022</p>



**VARDHMAN POLYTEX LIMITED**

CIN: L17122PB1980PLC004242

Registered Office: Vardhman Park, Chandigarh Road, Ludhiana-141123, Punjab, India



Folio No./DP ID/ Client ID No.	
No. of Shares Held	

**ATTENDANCE SLIP**

I/We record my/our presence at the Annual General Meeting of the Company at Registered Office of the company at Vardhman Park, Chandigarh Road, Ludhiana-141123 on Monday, 26<sup>th</sup> September 2022 at 11.00 a.m.

NAME OF THE SHAREHOLDER(S)(in Block Letters)	
SIGNATURE OF THE SHAREHOLDER(S)	
NAME OF THE PROXY(in Block Letters)	
SIGNATURE OF THE PROXY	

**NOTE:** You are requested to sign and handover this slip at the entrance of the meeting venue.

**VARDHMAN POLYTEX LIMITED**

CIN: L17122PB1980PLC004242

Registered Office: Vardhman Park, Chandigarh Road, Ludhiana-141123, Punjab, India

**Form No. MGT-11****Proxy form**

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

CIN:	L17122PB1980PLC004242		
Name of the Company:	Vardhman Polytex Limited		
Registered Office:	Vardhman Park, Chandigarh Road, Ludhiana-141123		
Name of the member(s):			
Registered address:			
E-mail Id:			
Folio No/Client Id		DP ID	

I/We, being the member(s) of.....shares of the above named company, hereby appoint

- Name ..... E-mail id.....

Address ..... Signature ..... Or failing him
- Name ..... E-mail id.....

Address ..... Signature ..... Or failing him
- Name ..... E-mail id.....

Address ..... Signature .....

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Monday, 26<sup>th</sup> September 2022 at 11.00 AM at Registered Office of the company at: Vardhman Park, Chandigarh Road, Ludhiana-141123.

**Resolution No.**

- To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2022, together with the Reports of Auditors and Directors thereon and the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2022, together with the Report of Auditors thereon.
- To appoint a Director in place of Mr. Suresh Kumar Banka (DIN-08847246), who retires by rotation in accordance to Article of Association and being eligible, offers himself for re-appointment.
- To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2023.
- Appointment of Mr. Sandeep Mehta (DIN: 09439403) as Independent Director
- Reappointment of Mr. Adish Oswal as Managing Director
- Appointment of Mr. Sanjeev Joshi (DIN: 09685969) as Independent Director
- Appointment of Mr. Sagar Bhatia (DIN: 09691116) as Independent Director

Affix  
Revenue  
Stamp

Signed this.....day of.....2022

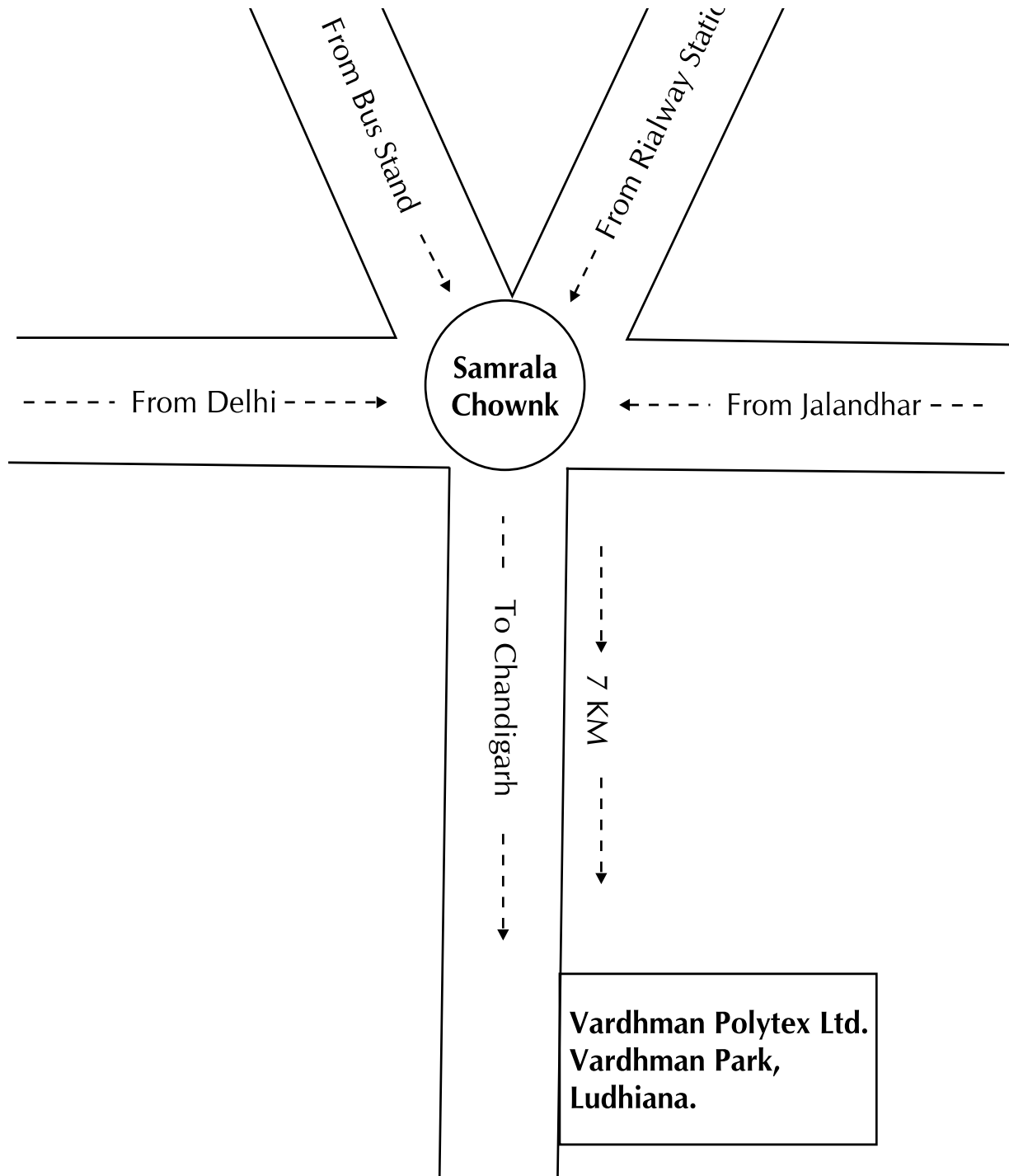
Signature of Shareholder : .....

Signature of Proxy holder(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.

**Route Map of AGM Venue  
Vardhman Polytex Limited**

Vardhman Park, Chandigarh Road, Ludhiana - 141123





## **VARDHMAN POLYTEX LIMITED**

An Oswal Group® Company

CIN: L17122PB1980PLC004242

### **REGISTERED & CORPORATE OFFICE**

Vardhman Park, Chandigarh Road,

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Ph: +91-161-6629888

Fax: +91-161-6629988

Email: [info@vpl.in](mailto:info@vpl.in)

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