

**38<sup>TH</sup>**  
**ANNUAL REPORT**



***2017 - 2018***

**ADINATH TEXTILES LIMITED**



## BOARD OF DIRECTORS

Sh. Rajneesh Oswal	Chairman & Managing Director	(DIN : 00002668)
Sh. Vishal Oswal	Vice-Chairman & Managing Director	(DIN : 00002678)
Sh. S. K. Sekhri	Independent Director	(DIN : 00002601)
Sh. Ramesh Chander Juneja	Independent Director	(DIN : 07804729)
Mrs. Priya Begana	Independent Director	(DIN : 07706647)

## CHIEF FINANCIAL OFFICER

Mr. Rajesh Kumar

## COMPANY SECRETARY

Mr. Parminder Singh

## STATUTORY AUDITORS :

M/s. Malhotra Manik & Associates  
Chartered Accountants  
Ludhiana.

## SECRETARIAL AUDITORS :

M/s. P.S. Bathla & Associates  
Ludhiana.

## REGISTERED OFFICE & WORKS

CIN: L17115PB1979PLC003910  
Village Bholapur, P.O. Sahabana  
Chandigarh Road, Ludhiana - 141 123  
Tel: +91-161-2685270, 9876100948  
Email: atl@shreyansgroup.com  
Website: www.adinathtextiles.com

## OFFICES

1. 5 A-C, Gopala Tower, 25, Rajendra  
Place, New Delhi- 110008.  
TEL: +91-11-25818258-59, 25721042  
EMAIL: sil.delhi@shreyansgroup.com

2. 912, Hub Town, Viva Building,  
9<sup>th</sup> Floor, Shankar Wadi, Western  
Express Highway, Jogeshwari (East)  
Mumbai- 400060.  
TEL: +91-22-22851025, 22851708  
EMAIL: sil.mumbai@shreyansgroup.com

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## Registrar & Transfer Agents

Skyline Financial Services (p) Limited  
D-153/A, 1st Floor  
Okhla Industrial Area, Phase - 1,  
New Delhi - 110020  
Tel.: 011 40450193-97  
Email: admin@skylinerta.com



## NOTICE

Notice is hereby given that the 38<sup>th</sup> Annual General Meeting of the members of the Company will be held on Friday, the 28<sup>th</sup> day of September, 2018 at 3:00 P.M. at the Registered Office of the Company at Village Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana 141 123 to transact the following business:

**AS AN ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2018 and the Reports of the Board of Directors and the Auditors thereon.

2. To appoint a Director in place of Sh. Vishal Oswal (DIN: 00002678), who retires by rotation and being eligible offers himself for re-appointment.

**NOTES:**

**1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

A person can act as proxy on behalf of members not exceeding fifty (50) in number and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.

**2. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

3. Members/proxies are requested to bring their copy of Annual Report to the Meeting and bring in duly filled attendance slips enclosed herewith to attend the meeting. Shareholders/ Proxy holders are requested to produce at the entrance, duly filled and signed attendance slips for admission to the Meeting Hall.

Corporate members are required to send a certified copy of the Board Resolution to the Company, pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at the AGM.

4. The Register of Members and Share Transfer books of the Company shall remain closed from 22<sup>nd</sup> September, 2018 to 28<sup>th</sup> September, 2018 (both days inclusive) for the purpose of Annual General Meeting of the Company.

5. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their question in

writing to the Company, so as to reach the registered office of the Company at least 10 days before the date of the meeting so that information required may be made available at the time of the Meeting.

6. Copies of the Annual Report are being sent by electronic mode only to those members whose email addresses are registered with the company/depository participants(s) for communication purposes unless any members has requested for hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2018 are being sent by the permitted mode.

7. Members are requested to :

- Quote their folio number/Client ID & DP-ID in all correspondence with the company.
- Notify immediately to the company any change in their address/ mandate, if any.
- Register their e-Mail id with the company or its Registrar or their depository participant to enable the company to send the notices and other reports through email.

8. Shares of the Company are available for De-Materialization under ISIN- INE207C01019. Members who have not opted for De-Materialization are requested to do so in their own interest.

**9. Please note that the meeting is for members or their proxies only. Please avoid being accompanied by non members and children.**

10. A remote e-voting facility for the members shall also be provided in terms of Section 108 of the Companies Act, 2013 and rules made there under and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The facility for voting through ballot paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise the right at the meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

**The instructions for shareholders voting electronically are as under:**

- The remote e-voting period begins on 24<sup>th</sup> September, 2018 (09.00 A.M.) and ends on 27<sup>th</sup> September, 2018 (5.00 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 (record date) 21<sup>st</sup> September, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

Any person, who acquires shares of the Company

and becomes a shareholder of the Company after dispatch of the Notice of AGM and holds shares as of the cut-off date i.e. 21<sup>st</sup> September, 2018 may obtain the login ID and password by sending a request at [atl@shreyansgroup.com](mailto:atl@shreyansgroup.com).

- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (iii) Click on "Shareholders" tab.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in De-mat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are holding shares in physical form or first time user in case holding shares in De-mat form, follow the steps given below:

For Members holding shares in Physical Form and Demat Form (First time user)	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the <b>sequence number*</b> in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
DOB	<p>Please enter the DOB or Dividend Bank Details in order to login.</p> <p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>

Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</p>
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\*Sequence number shall be as per separate sheet enclosed with the Annual Report.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in De-mat 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 De-mat 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the **EVSN (180816011)** for the <Adinath Textiles Limited> to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If De-mat account holder has forgotten the same password then Enter the User ID and the image

verification code and click on Forgot Password & enter the details as prompted by the system.

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

(xix) Note for Non-Individual Shareholders and Custodians: Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.

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 they have to create a user who would be able to link the account(s) which they wish to vote on.

The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

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

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available

at [www.evotingindia.com](http://www.evotingindia.com) help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

11. M/s P.S. Bathla & Associates, Company Secretaries in practice, Ludhiana have been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner (including the ballot forms). The Scrutinizer shall within a period of 48 hours from the conclusion of Annual General Meeting, unblock the votes cast in presence of at least two witnesses not in employment of the Company and make a report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.

12. The Results shall be declared within a period of 48 hours from the conclusion of the AGM. The results declared along with the Scrutinizer's report shall be placed on the Company's website [www.adinathtextiles.com](http://www.adinathtextiles.com) and on the website of CDSL and shall also be communicated to the Stock Exchange.

**By order of the Board  
For Adinath Textiles Limited**

**Sd/-  
Parminder Singh  
Company Secretary  
ACS 43115**

**Dated : 28<sup>th</sup> May, 2018  
Regd. Office: Village: Bholapur,  
P.O. Sahabana, Chandigarh Road,  
Ludhiana 141 123  
CIN: L17115PB1979PLC003910  
Tel.: +91-161-2685270, 98761-00948  
Email: [atl@shreyansgroup.com](mailto:atl@shreyansgroup.com)  
Website: [www.adinathtextiles.com](http://www.adinathtextiles.com)**

#### ANNEXURE TO ITEM NO. 2 OF THE NOTICE

Details of Directors seeking re-appointment/appointment at the forthcoming Annual General Meeting (in pursuance of Regulation 36 (3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

Name of the Director	Sh. Vishal Oswal
DIN	00002678
Date of Birth	02.09.1972
Date of Appointment on the Board	01.05.2017
Expertise in specific functional areas	Management & Administration
Qualification	Commerce Graduate
Directorship of other public limited companies	Shreyans Industries Ltd.
Memberships of Committees of other public limited companies (mandatory committees only)	Stakeholder's Relationship Committee (Shreyans Inds. Ltd.)
Disclosure of relationship between directors inter-se	Sh. Vishal Oswal and Sh. Rajneesh Oswal are real brothers.
No. of Shares held in the Company	4300

## DIRECTORS' REPORT

Your Directors are pleased to present the 38<sup>th</sup> Annual Report on the business and operations of the Company along with audited financial statements for the year ended 31<sup>st</sup> March, 2018.

## FINANCIAL RESULTS

Particulars	2017-18	(₹ in lakhs)
		2016-17
Income from Operations	120.73	126.28
Other Income	122.24	113.05
Profit/ (Loss) before interest & depreciation	(1.86)	58.36
Less Interest	8.20	7.46
Gross Profit/ (Loss)	(10.06)	50.90
Depreciation and amortization expense	19.12	18.68
Net Profit/ (Loss) Before Tax	(29.18)	32.22
Provision For Taxation (including deferred tax)	(7.54)	6.22
Net Profit/ (Loss) after Tax	(21.64)	26.00

## CORPORATE REVIEW

During the year under consideration the income from operations of the company is ₹120.73 lakhs against ₹126.28 lakhs in the last Financial Year. Other Income of the company is ₹122.24 lakhs in comparison to ₹113.05 lakhs in previous year.

## SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2018 was ₹ 681.44 lakhs. During the year under review, the Company has neither issued any shares nor granted stock options and nor sweat equity.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## RESERVES &amp; SURPLUS

The Company do not proposes to carry any amount to any reserve.

## DIVIDEND

Due to absence of adequate profits, your Directors are unable to recommend any dividend for the year under review.

## DEPOSITS

During the year under review the company has not accepted any deposits within the meaning of section 73 of the Companies Act, 2013 and the rules made there under.

## NUMBER OF MEETINGS HELD

The details of Board and Committee Meetings are given in the Corporate Governance Report.

## DIRECTORS

Sh. Vishal Oswal, Vice-Chairman & Managing Director of the Company, is liable to retire by rotation at the forthcoming Annual General Meeting under clause 86(1) of Article of Association of the Company and being eligible, offer himself for reappointment.

All Independent Directors have given declarations that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## BOARD EVALUATION

Pursuant to provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out an annual performance evaluation of its own performance and the performance of the individual Directors as well as the evaluation of the working of its committees. The manner in which the evaluation was carried out has been explained in the Corporate Governance.



**KEY MANAGERIAL PERSONNEL**

There was no change in the Key Managerial Personnel during the year under review.

**REMUNERATION POLICY**

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and their Remuneration. The said policy has been uploaded on the website of the Company. The Key provisions of Nomination and Remuneration policy are appended as an **Annexure I** to the Board's report.

**AUDIT COMMITTEE**

The company has duly constituted Audit Committee, the scope of which is quite comprehensive and is in conformity with the provisions of the Companies Act, 2013 and Listing Regulations. The composition of the Audit Committee is given in Corporate Governance Report.

All the recommendations of the Audit Committee were accepted by the Board.

**DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

The Company has adopted the Whistle blower Policy/Vigil mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Company's Code of Conduct and Ethics. Such mechanism/policy is also uploaded on the website of the Company.

**STATUTORY AUDITORS**

As per Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company in its 37<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> September, 2017 approved the appointment of M/s. Malhotra Manik & Associates, Chartered Accountants (Firm Reg. No. 015848N), as the Statutory Auditors of the Company for an initial term of 5 years i.e. from the conclusion of 37<sup>th</sup> Annual General Meeting till the conclusion of 42<sup>nd</sup> Annual General Meeting of the Company.

The auditors' report on the accounts of the Company for the year under review requires no comments.

**COST AUDIT**

Cost audit for the financial year 2017-18 is not applicable to the Company hence no cost auditor was appointed for cost audit purposes.

**SECRETARIAL AUDIT**

M/s P. S. Bathla & Associates, Practising Company Secretaries, Ludhiana, were appointed to conduct the secretarial audit of the Company for the financial year 2017-18, as required under Section 204 of the Companies Act, 2013 and Rules made there under. The secretarial audit report for FY 2017-18 is appended as an **Annexure II** to the Board's report.

The Secretarial auditors' report for the year under review requires no comments.

The Board has re-appointed M/s P. S. Bathla & Associates, Practising Company Secretaries, Ludhiana as secretarial auditor of the Company for the financial year 2018-19.

**RELATED PARTY TRANSACTIONS**

There was no material contract or arrangement or transactions with Related Party as referred to in sub-section (1) of Section 188 of the Companies Act, 2013 during the year. Thus, disclosure in form AOC-2 is not required.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act, 2013, the rules there under and the Listing Regulations.

This Policy was considered and approved by the Board has been uploaded on the website of the Company at [http://www.adinathtextiles.com/pdf/Related\\_Party\\_Transaction\\_Policy.pdf](http://www.adinathtextiles.com/pdf/Related_Party_Transaction_Policy.pdf)

**PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197 (12) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as an **Annexure III** and forms an integral part of this report.

**EXTRACT OF ANNUAL RETURN**

In accordance with Section 134(3) (a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as an **Annexure IV** to the Board's report.

**INDUSTRIAL RELATIONS**

The Company maintained healthy, cordial and harmonious industrial relations at all levels.

**DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY**

The Company has been addressing various risks through well defined risk management policy/procedures, which in the opinion of the Board may threaten the existence of the Company.

**INTERNAL FINANCIAL CONTROL SYSTEMS**

The Company has laid down adequate internal financial controls with reference to financial statements. During the year such controls were tested and no material weakness in their operating effectiveness was observed.

**ASSOCIATES AND SUBSIDIARIES**

The Company has no Associates & Subsidiaries as on March 31, 2018.

**CORPORATE GOVERNANCE**

As per the provisions of Listing Regulations, a separate Report on Corporate Governance practices followed by the Company together with a Certificate from the Practicing Company Secretary confirming compliance forms part of this report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 the particulars relating to conservation of energy, technology, absorption and foreign exchange earning and outgo is appended as an **Annexure V** to the Board's Report.

**DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

- (a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2018, the applicable accounting standards have been followed and there has been no material departures;
- (b) the directors had selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit and loss account of the company for that period;
- (c) the directors had taken proper and sufficient care 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 directors had prepared the annual accounts on a going concern basis;
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**ACKNOWLEDGMENTS**

Your Directors wish to place on record their appreciation for the dedicated work and co-operation extended by all the employees. Your Directors also wish to record their gratitude to the shareholders, Customers and Suppliers for their valuable support.

**On Behalf of the Board  
For Adinath Textiles Limited**

**Place : Ludhiana  
Date : 28<sup>th</sup> May, 2018**

**Sd/-  
Rajneesh Oswal  
Chairman & Managing Director  
(DIN : 00002668)**

**Annexure I****NOMINATION AND REMUNERATION POLICY**

The Key provisions of the Nomination and Remuneration policy are given below:

The guiding principle is that the remuneration and the other terms of employment shall be competitive in order to ensure that the Company can attract and retain competent Executives.

The Nomination and Remuneration policy for executives reflects the remuneration philosophy and principles of the Adinath Textiles Limited. When determining the remuneration policy and arrangements for Executive Directors/KMP's, the Nomination and Remuneration Committee shall consider pay and employment conditions with peers / elsewhere in the competitive market to ensure that pay structures are appropriately aligned and that levels of remuneration remain appropriate in this context.

The Committee while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the company successfully.

The Nomination and Remuneration Committee while considering a remuneration package must ensure a balanced approach reflecting short and long term performance objectives appropriate to the working of the company and its goals.

The Committee shall consider that a successful remuneration policy must ensure that any increase in the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.

Nomination and Remuneration policy is guided by a common reward framework and set of principles and objectives as particularly envisaged under section 178 of the Companies Act 2013, inter alia principles pertaining to determining qualifications, positive attributes, integrity and independence etc.

Remuneration packages are designed to attract high-caliber executives in a competitive market and remunerate executives fairly and responsibly. The remuneration shall be competitive and based on the individual responsibilities and performance.

Remuneration is designed to motivate delivery of our key business strategies, create a strong performance-orientated environment and reward achievement of meaningful targets over the short- and long-term.

Executive remuneration shall be proposed by the Committee and subsequently approved by the Board of Directors. Executive remuneration is evaluated annually against performance and a benchmark of other companies, which in size and complexity are similar to Adinath Textiles Limited. Benchmark information is obtained from recognized compensation service consultancies/other relevant sources. In determining packages of remuneration, the Committee may consult with the Chairman/ Managing Director as appropriate.

Information on the total remuneration of members of the Company's Board of Directors and KMPs shall be disclosed in the Company's Annual Report.

The Company may grant any advance salary/loan to employees of the Company at concessional/NIL interest rates as it deems fit subject to tax laws.

The Board may delegate the appointment and remuneration powers in case of Sr. Management Personnel (except KMPs and Directors) to the Managing Director by way of Board Resolution.

The appointment letters of all Sr. Management Personnel, KMPs and Directors shall draw reference to the fact that the appointment and remuneration is in accordance with the Nomination and Remuneration Policy of the Company.

#### Annexure II

#### Form No. MR-3

#### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2018

[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,

Adinath Textiles Limited

Vill. Bholapur P O Sahabana

Chandigarh Road, Ludhiana-141123

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Adinath Textiles Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018 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:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s Adinath Textiles Limited** ("The Company") for the financial year ended on 31<sup>st</sup> March, 2018 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
- 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 there under;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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 as the Company has not issued further capital during the financial year under review)
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not Applicable as there was no event in this regard)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable, as the Company has not issued Debt Securities during the Audit Period under review)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial Year under review);
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the company as there was no event in this regard).
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable as the Company has not bought back/propose to buy-back any of its any of its securities during the financial year under review.)
- (VI) Textiles (Development and Regulation) Order, 2001
- 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).
- (ii) The SEBI Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015

I report that during the period under review the company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards etc. mentioned above.

## 2. I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions at Board Meetings and Committee Meetings have been carried out unanimously as recorded in the minutes of the meetings of Board of Directors and Committee of the Board, as case may be.

I further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For P S Bathla & Associates  
Company Secretaries**

**(P. S. Bathla)  
FCS No. 4391  
C.P No. 2585**

**Place : Ludhiana**

**Date : 28<sup>th</sup> May, 2018**

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

**'Annexure A'**

To,  
The Members,  
Adinath Textiles Limited  
Vill. Bhoapur P O Sahabana  
Chandigarh Road, Ludhiana-141123

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on 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 which the management has conducted the affairs of the Company.

**For P S Bathla & Associates  
Company Secretaries  
(P. S. Bathla)  
FCS No. 4391  
C.P No. 2585**

**Place : Ludhiana**

**Date : 28<sup>th</sup> May, 2018**

**Annexure III**

**REMUNERATION RATIO OF THE DIRECTORS / KEY MANAGERIAL PERSONNEL (KMP) / EMPLOYEES**

The information required pursuant to Section 197 read with Rule 5 (1) and (2) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is furnished hereunder:

1 (i)

Name of the Director/KMP and Designation	Remuneration in Fiscal 2017-18 ₹ in lakhs	% Increase in remuneration from previous year	Ratio of Remuneration to MRE#
Rajneesh Oswal (Chairman & Managing Director)	5.50	—	8.21
Vishal Oswal (Vice-Chairman & Managing Director)	5.50	—	8.21
Rajesh Kumar (Chief Financial Officer)	4.48	7.18	6.69
Parminder Singh (Company Secretary)	2.99	11.99	4.46

Note: For this purpose, sitting fees paid to the Directors have not been considered as remuneration.

#MRE-Median Remuneration of Employee based on annualized salary.

No remuneration was paid to the Executive Directors during the previous year.

- (ii) The median remuneration of employees of the Company during the financial year was ₹ 0.67 lakhs p.a;
- (iii) In the financial year, there was a increase of 5.99 % in the median remuneration of employees;
- (iv) There were 66 permanent employees on the rolls of the Company as on March 31, 2018;
- (v) Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year i.e 2017-18 was 10.07 % whereas the percentile increase in the KMPs remuneration for the same financial year was 186.88%.

**2 Details of top ten employees in terms of remuneration:**

Name of Employee	Designation of the employee	Remuneration received* ₹ in lakhs	Qualifications	Experience (No. of Years)	Date of Commencement of employment	Age (years)	The last employment held by such employee before joining the Company	%age of equity shares held by the employee in the Company	Whether relative of any Director or Manager of the Company
Ashok Kumar Kundra	Manager (Pers.)	5.02	Graduate & Diploma in Personnel Management	45	01-04-2005	66	Vardhman Group	---	---
Rajesh Kumar	CFO	4.48	B.Com	26	01-04-2008	48	Shreyans Industries Ltd.	---	---
Krishan Kumar	Asstt. Manager (EDP)	3.74	B.Com & PGDCA	28	05-04-2013	52	Surindera Cycles Ltd.	---	---
Dinesh Kumar	Time Office Incharge	3.20	Graduate	30	01-04-2005	52	Dext Lal India Pvt. Ltd.	---	---
Mithun Lal	Asstt. Electrical Engineer	3.47	Matric	28	01-08-2014	46	---	---	---
Parminder Singh	Company Secretary	2.99	B.Com & ACS	8	01-08-2014	29	Gobind Cycles Pvt. Ltd.	---	---
Karun Kumar Sood	Asstt. Accountant	2.38	BCA	3	01-06-2016	31	Panor ma Chemicals	---	---
Gurmail Singh	Security Inspector	2.08	Matric	23	01-04-2005	64	Ex. Service Man (Army)	---	---
Bhuwan Singh	Security Inspector	1.81	Matric	17	25-08-2015	38	Oswal FM Hammerle Textiles Ltd.	---	---
Ravi Kant	Senior Asstt.	1.76	Matric	28	01-01-2015	48	---	---	---

Employed throughout the year and were in receipt of remuneration at the rate of not less than ₹102,00,000/- per annum: NIL

Employed for a part of the financial year and separated, were in receipt of remuneration at the rate of not less than ₹ 8,50,000/- per month: NIL

**Annexure IV  
FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2018**

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

1	CIN	L17115PB1979PLC003910
2	Registration Date	16/01/1979
3	Name of the Company	ADINATH TEXTILES LIMITED
4	Category/Sub-category of the Company	Company having share capital
5	Address of the Registered office & contact details	Village Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana 141 123. Tel.: 161-2685270, 98761-00948 Email: atl@shreyansgroup.com Web: www.adinathtextiles.com

6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Skyline Financial Services Private Limited, D-153 A, 1st Floor, Okhla Industrial Area, Phase- I, New Delhi-110 020. Tel.: 011 40450193-97 Email: info@skylinerta.com Web: www.skylinerta.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
	JOB WORK		

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
	The Company has no holding, subsidiary and associate company.				

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

A) Category-wise Share Holding	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
a) Individual / HUF	11700	—	11700	0.17	11700	—	11700	0.17	—
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corp.	2893519	—	2893519	42.46	2936500	—	2936500	43.09	0.63
e) Banks / FI	—	—	—	—	—	—	—	—	—
<b>Sub Total (A) (1):</b>	<b>2905219</b>	<b>—</b>	<b>2905219</b>	<b>42.63</b>	<b>2948200</b>	<b>—</b>	<b>2948200</b>	<b>43.26</b>	<b>0.63</b>
(2) <b>Foreign</b>									
a) NRIs- Individuals	—	—	—	—	—	—	—	—	—



Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Other- Individuals	---	---	---	---	---	---	---	---	---
c) Bodies Corporate	---	---	---	---	---	---	---	---	---
d) Banks / FI	---	---	---	---	---	---	---	---	---
e) Any Other....	---	---	---	---	---	---	---	---	---
<b>Sub Total (A) (2)</b>	---	---	---	---	---	---	---	---	---
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(1)</b>	<b>2905219</b>	<b>---</b>	<b>2905219</b>	<b>42.63</b>	<b>2948200</b>	<b>---</b>	<b>2948200</b>	<b>43.26</b>	<b>0.63</b>
<b>B. Public Shareholding</b>									
1. Institutions	---	---	---	---	---	---	---	---	---
a) Mutual Funds	---	---	---	---	---	---	---	---	---
b) Banks / FI	600	---	600	0.01	600	---	600	0.01	---
c) Central Govt	---	---	---	---	---	---	---	---	---
d) State Govt(s)	---	---	---	---	---	---	---	---	---
e) Venture Capital Funds	---	---	---	---	---	---	---	---	---
f) Insurance Companies	---	---	---	---	---	---	---	---	---
g) FIs	---	---	---	---	---	---	---	---	---
h) Foreign Venture Capital Funds	---	---	---	---	---	---	---	---	---
i) Others (specify)	---	---	---	---	---	---	---	---	---
<b>Sub-total (B)(1) :-</b>	<b>600</b>	<b>---</b>	<b>600</b>	<b>0.01</b>	<b>600</b>	<b>---</b>	<b>600</b>	<b>0.01</b>	<b>---</b>
<b>2. Non- Institutions</b>									
a) Bodies Corp.	33611	73690	107301	1.57	25032	73690	98722	1.45	-0.13
b) Individuals	---	---	---	---	---	---	---	---	---
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	805763	2682370	3488133	51.19	810748	2658960	3469708	50.92	-0.27
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	190125	---	190125	2.79	175425	---	175425	2.57	-0.22
c) Others (specify)	---	---	---	---	---	---	---	---	---
Non Resident Indians	17350	92600	109950	1.61	17245	85500	102745	1.51	-0.10
Trusts	300	---	300	---	300	---	300	---	---
HUF	10112	1600	11712	0.17	17050	1600	18650	0.27	0.10
Clearing members/house	1010	---	1010	0.01	---	---	---	---	-0.01

Sub-total (B)(2) :-	1058271	2850260	3908531	57.36	1045800	2819750	3865550	56.73	-0.63
Total Public Shareholding (B)=(B)(1) + (B)(2)	1058871	2850260	3909131	57.37	1046400	2819750	3866150	56.74	-0.63
C. Shares held by Custodian for GDRs & ADRs	---	---	---	---	---	---	---	---	---
Grand Total(A+B+C)	3964090	2850260	6814350	100.00	3994600	2819750	6814350	100.00	---

**B) Shareholding of Promoters**

SN	Shareholder's Name	No. of Shares held at the beginning of the year [As on 31-March-2017]			No. of Shares held at the end of the year [As on 31-March-2018]			% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Nirmal K. Oswal	2000	0.03	---	2000	0.03	---	---
2	Kunal Oswal	5400	0.08	---	5400	0.08	---	---
3	Vishal Oswal	4300	0.06	---	4300	0.06	---	---
4	Shreyans Industries Limited	1280000	18.78	---	1280000	18.78	---	---
5	Ojasvi Investment & Mercantile Company	429920	6.31	---	429920	6.31	---	---
6	Adeep Investment Company	175600	2.58	---	175600	2.58	---	---
7	Achin Investment & Mercantile Company	387710	5.69	---	387710	5.69	---	---
8	Levina Investment & Mercantile Company	411150	6.03	---	411150	6.03	---	---
9	Virat Investment & Mercantile Company	95840	1.41	---	95840	1.41	---	---
10	Shreyans Financial & Capital Services Ltd.	89000	1.31	---	89000	1.31	---	---
11	Jagvallah Parasnath Capital Investment (P) Ltd.	14700	0.22	---	14700	0.22	---	---
12	Noble Share Trading (P) Ltd.	200	---	---	200	---	---	---
13	Limelite Consultants Pvt. Ltd.	9399	0.14	---	52380	0.77	---	0.63
	<b>TOTAL</b>	<b>2905219</b>	<b>42.63</b>	<b>---</b>	<b>2948200</b>	<b>43.26</b>	<b>---</b>	<b>0.63</b>

**C) Change in Promoters' Shareholding: There was no change in Promoters' Shareholding during the year.**

SN	Shareholder's Name	No. of Shares held at the beginning of the year [As on 31-March-2017]			No. of Shares held at the end of the year [As on 31-March-2018]			% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Nirmal K. Oswal	2000	0.03	---	2000	0.03	---	---
2	Kunal Oswal	5400	0.08	---	5400	0.08	---	---
3	Vishal Oswal	4300	0.06	---	4300	0.06	---	---
4	Shreyans Industries Limited	1280000	18.78	---	1280000	18.78	---	---
5	Ojasvi Investment & Mercantile Company	429920	6.31	---	429920	6.31	---	---
6	Adeep Investment Company	175600	2.58	---	175600	2.58	---	---
7	Achin Investment & Mercantile Company	387710	5.69	---	387710	5.69	---	---
8	Levina Investment & Mercantile Company	411150	6.03	---	411150	6.03	---	---
9	Virat Investment & Mercantile Company	95840	1.41	---	95840	1.41	---	---
10	Shreyans Financial & Capital Services Ltd.	89000	1.31	---	89000	1.31	---	---
11	Jagvallah Parasnath Capital Investment (P) Ltd.	14700	0.22	---	14700	0.22	---	---
12	Noble Share Trading (P) Ltd.	200	---	---	200	---	---	---
13	Limelite Consultants Pvt. Ltd.	9399	0.14	---	52380	0.77	---	0.63
	<b>TOTAL</b>	<b>2905219</b>	<b>42.63</b>	<b>---</b>	<b>2948200</b>	<b>43.26</b>	<b>---</b>	<b>0.63</b>

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

SN	For Each of the Top 10 Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]		No. of Shares held at the end of the year [As on 31-March-2018]		% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company	
1	Mahendra GirdhariLal	96638	1.42	96638	1.42	---
2	Vinod Chandra MansukhLal Parekh	38100	0.56	38100	0.56	---
3	Dugar Securities Limited	29250	0.43	29250	0.43	---
4	Aema Investments Pvt. Ltd.	22710	0.33	22710	0.33	---
5	Neeta Jain	16000	0.23	16000	0.23	---
6	SBI Capital Markets Limited	14700	0.22	14700	0.22	---

7	Uma Sharma	13487	0.20	13487	0.20	---
8	Chirag Kirtilal Shah	11200	0.16	11200	0.16	---
9	Harish Kumar Singhvi	9688	0.14	9688	0.14	---
10	Indra Kumar Bagri	8700	0.13	8700	0.13	---

**E) Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	<b>Directors</b>				
1	<b>Rajneesh Oswal</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.):	---	---	---	---
	At the end of the year	NIL	NIL	NIL	NIL
2	<b>Vishal Oswal</b>				
	At the beginning of the year	4300	0.06	4300	0.06
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.):	---	---	---	---
	At the end of the year	4300	0.06	4300	0.06
3	<b>Ramesh Chander Juneja</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.):	---	---	---	---
	At the end of the year	NIL	NIL	NIL	NIL
4	<b>Surinder Kumar Sekhri</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.):	---	---	---	---
	At the end of the year	NIL	NIL	NIL	NIL
5	<b>Priya Begana</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.):	---	---	---	---
	At the end of the year	NIL	NIL	NIL	NIL

Key Managerial Personnel					
1	<b>Mr. Parminder Singh (Company Secretary)</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.):	---	---	---	---
	At the end of the year	NIL	NIL	NIL	NIL
2	<b>Mr. Rajesh Kumar (CFO)</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.):	---	---	---	---
	At the end of the year	NIL	NIL	NIL	NIL

**V. INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.(₹ in lakhs)

	Secured Loans excluding deposits Term Loans	Secured Loans Workin Capital	Un-secured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>					
i) Principal Amount			80.00		80.00
ii) Interest due but not paid			---		---
iii) Interest accrued but not due			---		---
<b>Total (i+ii+iii)</b>	---	---	80.00	---	80.00
<b>Change in Indebtedness during the financial year*</b>					
* Addition			---		---
* Reduction			20.00		20.00
<b>Net Change</b>	---	---	20.00	---	20.00
<b>Indebtedness at the end of the financial year</b>					
i) Principal Amount			60.00		60.00
ii) Interest due but not paid			---		---
iii) Interest accrued but not due			---		---
<b>Total (i+ii+iii)</b>	---	---	60.00	---	60.00

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Amount in ₹)

SN.	Particulars of Remuneration	Name of MD/WTD / Manager		Total Amount
		Rajneesh Oswal Chairman & Managing Director	Vishal Oswal Vice-Chairman & Managing Director	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,50,000	5,50,000	11,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	---	---	---
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	---	---	---
2	Stock Option	---	---	---
3	Sweat Equity	---	---	---
4	Commission - as % of profit - others, specify...	---	---	---
5	Others, please specify	---	---	---
	Total (A)	5,50,000	5,50,000	11,00,000
	Ceiling as per the Act	The remuneration paid to Executive Directors is within the limits prescribed under Companies Act, 2013.		

**B. Remuneration to other directors**

(Amount in ₹)

SN.	Particulars of Remuneration	Name of Directors					Total Amount
		R. P. Gupta*	S. K. Sekhri	Arun K. Goel*	Priya Begana	R.C Juneja**	
1	Independent Directors						
	Fee for attending board committee meetings	750	2250	750	30000	3750	37500
	Commission	---	---	---	---	---	---
	Others, please specify	---	---	---	---	---	---
	Total (1)	750	2250	750	30000	3750	37500
	Other Non-Executive Directors						
	Fee for attending board committee meetings						
	Commission						
2	Others, please specify						
	Total (2)						
	Total (B)=(1+2)	750	2250	750	30000	3750	37500
	Total Managerial Remuneration (A + B)						11,37,500
	Overall Ceiling as per the Act	The sitting fees paid to Non Executive Directors is within the limits prescribed under Companies Act, 2013.					

 \* Ceased to be Director w.e.f.1<sup>st</sup> May, 2017

 \*\*Director w.e.f.1<sup>st</sup> May, 2017

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD** (₹ in lakhs)

SN.	Particulars of Remuneration	Key Managerial Personnel		
		CFO: Rajesh Kumar	CS: Parminder Singh	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4.48	2.99	7.47
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	---	---	---
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	---	---	---
	Stock Option	---	---	---
2	Sweat Equity	---	---	---
3	Commission	---	---	---
4	- as % of profit	---	---	---
	others, specify...	---	---	---
5	Others, please specify	---	---	---
	Total	4.48	2.99	7.47

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS</b>					
<b>IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

## Annexure V

**INFORMATION UNDER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE REPORT OF THE BOARD OF DIRECTORS CONSERVATION OF ENERGY**

**A) Energy Conservation** is an ongoing process in the Company. The Company continued its efforts to improve energy usage efficiencies and increase the share of renewable energy. Various key performance indicators like specific energy (energy consumed per unit of production), specific energy costs and renewable energy contributions were continuously tracked to monitor alignment with the Company's overall sustainability approach.

**(i) Steps taken or impact on conservation of energy:**

- a) Improvement in energy usage efficiency in lighting systems by installation of more efficient lighting solutions such as Light Emitting Diodes.
- b) Installation of Capacitors to maintain power factor for efficient use of power.

**(ii) Steps taken for utilizing alternate sources of energy:**

The Company is exploring potential of using alternate source of energy, which may be considered implementation in future.

**(iii) Capital investment on energy conservation equipment during the year: NIL****B) TECHNOLOGY ABSORPTION**

Your company is keeping a close eye on the new product development and upgradation of technology in existing products. Upgradation in various areas of plant and machinery is continuously carried out.

**(i) Efforts made towards technology absorption: NIL****ii) Benefits derived: NIL****iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): N.A.**

- a. Details of Technology: N.A.
- b. Year of Import: N.A.
- c. whether the technology has been fully absorbed: N.A.
- d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof – N.A.

**iv) Expenditure incurred on Research and Development: NIL****C) FOREIGN EXCHANGE EARNING AND OUTGO: NIL**



**MANAGEMENT DISCUSSIONS AND ANALYSIS****OVERVIEW OF INDUSTRY**

The company primarily operates in spinning of worsted and spun yarn. The company has manufacturing set up base in Ludhiana in the state of Punjab and Corporate Office is located in Ludhiana in Punjab. Presently the company has devoted major part of its production capacity to Job works. In addition company has taken up the trading activities to avail of the available opportunities.

**OPPORTUNITY, RISK AND CONCERN**

The company is dependent upon the orders for the job work for its manufacturing facilities. Ludhiana being a hosiery cluster, company does not foresee any problem for its activities. Further management feels that the opportunity for the company lies in increasing the income in trading activities of textile goods. Your company is actively working for these opportunities.

**SEGMENTWISE-PRODUCTWISE PERFORMANCE**

The company has only one segment i.e. manufacturing and sale/trading of Acrylic and worsted yarn.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company has a proper and adequate internal control system to safeguard and protect against loss from unauthorized use or disposition and to ensure that all transactions are authorized, recorded correctly and adequately. Internal control is designed to ensure that financial and other records are reliable for preparing financial information and for maintaining accountability of assets.

The internal audit report, plans, significant audit findings and compliance with accounting standards is in turn reviewed by the Company's Audit Committee to ensure proper audit coverage and adequate consideration along with execution of the auditors' recommendations.

**FINANCIAL STATEMENT**

Financial statements of the company have been prepared in compliance with the requirements of the Companies Act, 2013 and Indian accounting standard. The management of the Company accepts responsibility for the integrity and objectivity of these financial statements, as well as various estimates and judgments used therein.

However, any unforeseen and uncontrollable external factors may alter these judgments.

**HUMAN RESOURCE DEVELOPMENT AND****INDUSTRIAL RELATIONS**

The human resources development function of the Company is guided by a strong set of values and policies. Your company maintains a work environment that is free from any harassment.

## REPORT ON CORPORATE GOVERNANCE

**1. Company's philosophy of Corporate Governance**

The Company is in compliance with requirements of the guidelines on corporate governance stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). The status with regard to the various aspects of the corporate governance is given below.

The company has laid down a code of conduct for all its Board Members and senior management personnel for avoidance of conflicts of interests. Company has received the necessary declaration affirming compliance with the code of conduct for the year 2017-18.

**2. Board of Directors****(a) Composition:**

The Company has an Executive Chairman and the number of independent directors is not less than half of the total strength of the Board. The Company has complied with the requirements of listing regulations in respect of composition of Board of Directors. None of the independent directors have any pecuniary relationship (except sitting fee) or transactions with the Company.

(b) Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM):

Name of the Director	DIN	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM
Rajneesh Oswal Chairman & Managing Director	00002668	Promoter & Executive Director	6	Yes
Vishal Oswal* Vice-Chairman & Managing Director	00002678	Promoter & Executive Director	5	Yes
Surinder Kumar Sekhri	00002601	Non Executive (Independent)	3	Yes
Ramesh Chander Juneja*	07804729	Non Executive (Independent)	5	Yes
Priya Begana	07706647	Non Executive (Independent)	4	Yes
Arun Kumar Goel**	06450046	Non Executive (Independent)	1	---
Rajendra Prasad Gupta**	00958239	Non Executive (Independent)	1	---

\*Appointment w.e.f. 1<sup>st</sup> May, 2017

\*\*Ceased to be Director w.e.f. 1<sup>st</sup> May, 2017

(c) Number of other Companies or Committees the Director of the Company is a Director/Member/Chairman: -

Name of the Director	No. of Directorships in all public companies#	Membership of the Board Committees in all Public Companies##	Chairmanship of the Board Committees in all Public Companies**
Rajneesh Oswal	2	2	—
Vishal Oswal	2	1	---
Surinder Kumar Sekhri	1	---	1
Ramesh Chander Juneja	2	2	2
Priya Begana	2	3	1

#including Adinath Textiles Ltd. and excluding private limited companies, foreign companies, unlimited liability companies and Companies under Section 8 of the Companies Act, 2013.

##Board committee for this purpose includes Audit Committee and Stakeholder's Relationship Committee (including committees of Adinath Textiles Limited).

(d) Six Board Meetings were held during the financial year 2017-18 on 28<sup>th</sup> April, 2017, 27<sup>th</sup> May, 2017, 28<sup>th</sup> July, 2017, 12<sup>th</sup> September, 2017, 13<sup>th</sup> December, 2017 and 12<sup>th</sup> February, 2018.

#### Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, a system has been put in place to carry out performance evaluation of the Board, its Committees and individual directors. An appraisal format has been devised covering various aspects of the Board's functioning such as adequacy of composition of the board and its committees, board process, culture and accountability etc. Similarly, a separate format is also formulated for carrying out evaluation of the performance of individual Directors including the Chairman of the Board, which inter-alia include parameters such as level of engagement and contribution, understanding of industry and global trends, and independence of judgment etc.

#### Board Familiarization Programme

At the time of appointing a Director, a formal letter of appointment is given to him/her, which inter alia explains the role, functions, duties and responsibilities expected from him/her as a Director of the Company. The Director is also explained in detail the compliance required from him/her under the Companies Act, 2013, Listing Regulations and other relevant regulations.

The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/her to effectively fulfill his/her role as Director of the Company. The details of familiarization programmes have been posted on the website of the Company at [www.adinathtextiles.com](http://www.adinathtextiles.com).

### 3. Audit Committee

#### i. Terms of Reference:

Company has constituted Audit Committee in compliance with the provisions of the Companies Act, 2013 and Listing Regulations. The committee's terms and reference, authority and powers are in conformity with the requirements of the Companies Act, 2013 and Listing Regulations. All financial statements are reviewed by the Audit Committee before submission to the Board.

#### ii. Composition, Name of Members and Chairperson

Name of Member	Designation	Meetings Attended
Surinder Kumar Sekhri*	Chairman	3
Ramesh Chander Juneja*	Member	5
Priya Begana*	Member	3
Rajendra Prasad Gupta**	Chairman	---
Arun Kumar Goel**	Member	—

\*Chairman/Member w.e.f. 1<sup>st</sup> May, 2017

\*\*Ceased to be Chairman/Member w.e.f. 1<sup>st</sup> May, 2017

iii. Five Audit Committee Meetings were held during the financial year 2017-18 on 27<sup>th</sup> May, 2017, 28<sup>th</sup> July, 2017, 12<sup>th</sup> September, 2017, 13<sup>th</sup> December, 2017 and 12<sup>th</sup> February, 2018.

### 4. Nomination and Remuneration Committee

#### i. Terms of Reference:

The terms of reference of this Committee are wide enough covering the matters specified under the Listing Regulations and the Companies Act, 2013.

#### ii. Composition, Name of Members and Chairperson

Three Meeting of the Nomination and Remuneration Committee was held during the Financial Year 2017-18 on 28<sup>th</sup> April, 2017, 28<sup>th</sup> July, 2017 and 12<sup>th</sup> February, 2018.

Name of Member	Designation	Meetings Held	Meetings Attended
Surinder Kumar Sekhri	Chairman	3	3
Ramesh Chander Juneja*	Member	3	2
Priya Begana*	Member	3	1
Rajendra Prasad Gupta**	Member	3	1
Arun Kumar Goel**	Member	3	1

\*Member w.e.f. 1<sup>st</sup> May, 2017

\*\*Ceased to be Member w.e.f. 1<sup>st</sup> May, 2017

### iii. Nomination and Remuneration Policy

The Nomination and Remuneration policy of the Company is designed to attract, motivate and retain manpower in competitive market. The Key provisions of such policy are given in Board's Report.

### iv. Remuneration of Directors

#### Executive Directors

(Amount in ₹)

Name and Designation	Basic Salary	Provident Fund	Other Benefits	Total
Rajneesh Oswal Chairman & Managing Director	5,50,000	—	—	5,50,000
Vishal Oswal Vice-Chairman & Managing Director	5,50,000	—	—	5,50,000

#### Non-Executive Directors

The Non Executive Directors are paid the sitting fee and/or reimbursement of out of pocket expenses incurred by them for attending the meeting of Board. The sitting fee amount is within the limits prescribed under the Companies Act, 2013 and rules made there under. No other payment is made to any of the Non executive Director. No stock option has been given to any of the Directors, including Executive Directors.

(Amount in ₹)

Name of Member	Category	Sitting Fees for Board Meeting
Surinder Kumar Sekhri	Independent Director	2,250
Ramesh Chander Juneja*	Independent Director	3,750
Priya Begana	Independent Director	30,000
Rajendra Prasad Gupta**	Independent Director	750
Arun Kumar Goel**	Independent Director	750

\*Appointment w.e.f. 1<sup>st</sup> May, 2017

\*\* Ceased to be Director w.e.f. 1<sup>st</sup> May, 2017

### 5. Stakeholders Relationship Committee

The Board has formed an investors' Grievance Committee named as Stakeholder's Relationship Committee to specifically look into the redressal of investors' complaint like transfer of shares, non receipt of balance sheet or non receipt of credit of shares into the Demat account etc. The committee also approves issue of duplicate share certificate(s) and oversees and reviews all matters connected with the share transfer.

**I. Composition**

Name of Member	Designation	Meetings Held	Meetings Attended
Ramesh Chander Juneja*	Chairman	4	3
Rajneesh Oswal	Member	4	4
Priya Begana*	Member	4	3
Rajendra Prasad Gupta**	Chairman	4	1
Arun Kumar Goel**	Member	4	1

\*Chairman/Member w.e.f. 1<sup>st</sup> May, 2017

\*\* Ceased to be Chairman/Member w.e.f. 1<sup>st</sup> May, 2017

ii. Mr. Parminder Singh, Company Secretary is the Compliance Officer of the Company. The company has designated the email id [atl@shreyansgroup.com](mailto:atl@shreyansgroup.com) for the purpose of registering complaints by investors electronically. The email id is displayed on the company's website.

iii. The details regarding the investor's complaints are as under:

Particulars	No. of Complaints	Particulars	No. of Complaints
Pending as on 01-04-2017	0	Resolved during the year	8
Received during the year	8	Pending as on 31-03-2018	0

**6. Independent Directors Meeting**

During the year, the Independent Directors met on 12<sup>th</sup> February, 2018 to:

- Review the performance of Non-Independent Directors and the Board as a whole.
- Review the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- Evaluate the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**7. General Body Meetings**

(I) Location and time where last three Annual General Meetings were held and details of special resolution(s) passed:

Financial Year	Date of A.G.M	Time	Venue	No. of Special Resolutions Passed
2016 - 2017	28th Sep, 2017	11.00 A.M.	Regd. Office of the Company at Vill. Bholapur, P.O. Shabana, Chandigarh Road, Ludhiana- 141123	2
2015 - 2016	29th Sep, 2016	11.00 A.M.	----Do----	1
2014 - 2015	12th Aug, 2015	3.30 P.M.	----Do----	1

**(ii) Postal Ballot**

During the year under review, no resolution was passed through Postal Ballot. Further, no resolution is proposed to be passed through postal ballot.

**8. Disclosures**

- i. The details of related party transactions, if any, are placed before Audit Committee and these are disclosed in the Notes on Account to the Balance Sheet. For the year 2017-18, there was no transaction of material nature with related parties, which are not in the normal course of business.
- ii. There are no pecuniary relationships (except sitting fees) or transactions of non executive directors vis-à-vis Company that have a potential conflict with the interests of the company.
- iii. The company has complied with requirements of the stock exchange as well as the Regulations and Guidelines prescribed by the Securities & Exchange Board of India. There were no penalties or strictures imposed on the company by Stock Exchange or SEBI, any statutory authority on any matter related to capital markets during last three years.  
Company has paid up to date Listing Fees to the Bombay Stock Exchange.
- iv. The company has complied with all mandatory requirements of listing regulations on corporate governance.
- v. As on 31<sup>st</sup> March, 2018 none of the non-executive directors, is holding any equity shares of the company.
- vi. The company has a Whistle Blower Policy in place and it has not denied access to any personnel to approach the Management or the Audit Committee on any issue.
- vii. Sh. Rajneesh Oswal, Chairman & Managing Director and Sh. Vishal Oswal, Vice-Chairman & Managing Director are real brothers. No other director of the company is having any relationship with each other.

**9. Means of Communication**

i	Quarterly Results	Published in the newspapers every quarter
ii	Newspapers wherein results normally published	The Financial Express and Desh Sewak
iii	Any website, where results are displayed	<a href="http://www.adinathtextiles.com">www.adinathtextiles.com</a>
iv	Whether it also displays official news releases	No
v	The presentations made to Institutional Investors or to the Analysts	No

**SCORES (Sebi Complaints Redressal System):** The Investor Complaints are processed in a centralized web based complaints redressal system on [www.scores.gov.in](http://www.scores.gov.in), a website maintained by SEBI (Securities and Exchange Board of India). The main feature of this system is central database of all complaints, online upload of action taken reports (ATR's) by the concerned companies and online view by investors of action taken on complaints and its current status. The Company had dispose of all the pending complaints filed through scores.

**Online Filing:** Periodical compliance filings like shareholding pattern, corporate governance report, announcements, corporate actions etc. have been filed electronically on BSE –Corporate Compliance & Listing Centre.

**10. General Share Holders Information**

- (i) **Annual General Meeting:**  
Date & Time: Friday, the 28<sup>th</sup> day of September, 2018 at 3.00 P.M.  
Place: Regd. office of the Company at Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana -141 123.
- (ii) **Financial Year:** The company's Financial Year starts from 1<sup>st</sup> April every year and conclude on 31<sup>st</sup> March, next year.
- (iii) **Book Closure:** Saturday, the 22<sup>nd</sup> day of September, 2018 to Friday, the 28<sup>th</sup> day of September 2018 (both days inclusive).

- (iv) Company has not declared any dividend during the year 2017-18.
- (v) **Listing Details:** The Equity shares of the Company are listed on Bombay Stock Exchange, Phirozee Jeejeebhoy Towers, 25th floor, Dalal street, Mumbai-400001 Stock Code (BSE): 514113
- (vi) Depositories for Equity Shares: National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)  
ISIN No. for the Companies Equity Shares: INE207C01019
- (vii) Registrar and Share Transfer Agent.  
The details of Registrar & Transfer Agents areas under  
Name : Skyline Financial Services (P) Ltd.  
Address : D-153/A 1<sup>st</sup> Floor, Okhla Industrial Area, Phase-1 New Delhi-11 0020  
Phone No. : 011-40450193-97  
Fax No. : 011-26812682  
Contact Person : Mr. Subhash Aggarwal, Director / Mr. Virender Rana, Vice-President.
- (viii) Distribution of Equity share capital as on 31.03.2018  
Nominal Value of Each Share: Rs.10

SHARE HOLDING NOMINAL VALUE (in Rs.)		NO. OF SHARE HOLDERS	PERCENTAGE OF TOTAL NUMBERS	SHARE HOLDING AMOUNT (in Rs.)	PERCENTAGE OF TOTAL AMOUNT
From	To				
Up To 5,000		22089	96.97	27808950	40.80
5,001	10,000	439	1.93	3458390	5.08
10,001	20,000	157	0.69	2239110	3.29
20,001	30,000	36	0.16	898230	1.32
30,001	40,000	15	0.07	525190	0.77
40,001	50,000	11	0.05	511000	0.75
50,001	1,00,000	14	0.06	918780	1.35
1,00,000 and Above		17	0.07	31783850	46.64
<b>TOTAL</b>		<b>22778</b>	<b>100</b>	<b>68143500</b>	<b>100</b>

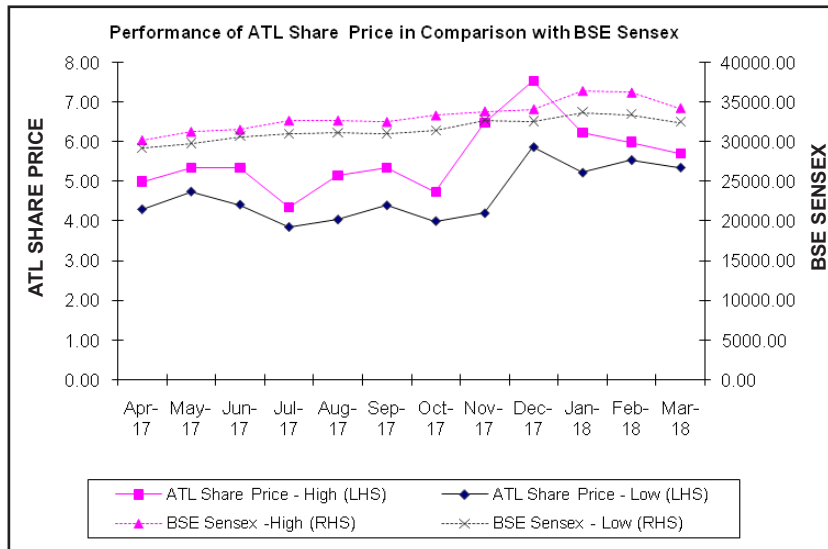
\* The distribution is after excluding the shares forfeited but not re- allotted.

- (ix) As on 31.03.2018, 58.62% of the total paid up capital of the company is held with depositories in dematerialized form.
- (x) **Share Transfer System:**  
The company's shares are in compulsory dematerialized list and are transferable through depository system. Shares in physical form are processed and approved by M/s Skyline Financial Services Pvt. Ltd., the Registrar and Transfer Agents and approved/taken note of by the Stakeholder's Relationship Committee. The physical share transfers are generally processed within a period of 15 days from the date of receipt of transfer documents by M/s Skyline Financial Services Pvt. Ltd.

**Shareholders who hold shares in the physical form and wish to make Change/ nomination in respect of their shares in the company, as permitted under Companies Act, 2013 may submit the same to Registrars & Transfer Agents of the company in the prescribed Form.**

- (xi) **Market Price data:** The monthly high and low stock quotations for the shares of the company during the last financial year at BSE are given below along with comparison to broad based BSE Sensex:

Month & Year	Share Price at BSE	
	High	Low
Apr-17	5.00	4.30
May-17	5.34	4.75
Jun-17	5.34	4.42
Jul-17	4.35	3.85
Aug-17	5.15	4.04
Sep-17	5.34	4.40
Oct-17	4.73	4.00
Nov-17	6.49	4.20
Dec-17	7.54	5.88
Jan-18	6.24	5.23
Feb-18	6.00	5.55
Mar-18	5.70	5.36



(xii) The Company has not issued any GDR's / ADR's and there are no warrants or any convertible warrants.

(xiii) Location of Plant:

Adinath Textiles Ltd., Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana (Punjab) 141 123

(xiv) Address for Correspondence:

Adinath Textiles Limited, Vill. Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana (India) -141 123  
Ph. (0161) 2685270, 9876100948, Email: atl@shreyansgroup.com, Website: www.adinathtextiles.com

**12. OTHER DISCLOSURES**

- The company is not dealing in commodity and hence disclosure relating to commodity price risks and commodity hedging activities is not applicable.
- There is no Non- Compliance of any requirement of Corporate Governance Report of Sub para (2) to (10) of Part C of Schedule V of the Listing Regulations.

The Company has complied with all the applicable corporate governance requirements specified in regulation 17 to 27 with schedule II and V of the Listing Regulations.



**DECLARATION BY THE MANAGING DIRECTOR UNDER REGULATIONS 26(3) OF THE LISTING REGULATIONS**

To,  
The Members,  
Adinath textiles Ltd.  
Ludhiana.

I hereby confirm that all Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the Directors and Senior Management Personnel as approved by the Board for the Financial Year ended 31<sup>st</sup> March, 2018 in terms of regulations 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place: Ludhiana  
Date : 28<sup>th</sup> May, 2018

Sd/-  
Rajneesh Oswal  
Chairman & Managing Director  
(DIN : 00002668)

**Practicing Company Secretary Certificate on Compliance  
with the condition of Corporate Governance**

To  
The Members  
Adinath Textiles Ltd

We have examined the compliance of conditions of corporate governance by Adinath Textiles Limited (the company) for the year ended 31<sup>st</sup> March, 2018 as stipulated under the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the company, for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the 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, as applicable.

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.

**For P. S. Bathla & Associates  
Company Secretaries**

(P.S. Bathla)  
C. P. No. 2585  
M. No. 4391

Place : Ludhiana  
Dated : 28<sup>th</sup> May, 2018

**CMD & CFO CERTIFICATION**

To  
The Members,  
Adinath Textiles Ltd,  
Ludhiana.

- a) We have reviewed financial statements and the cash flow statements for the year ended 31<sup>st</sup> March, 2018 and that to the best of our knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material fact or contains statements that might be misleading;
  - 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 internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such 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
- significant changes in internal control over financial reporting during the year;
  - significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Sd/-**  
**Rajneesh Oswal**  
**Chairman & Managing Director**  
**(DIN : 00002668)**  
**Place : Ludhiana**  
**Date : 28<sup>th</sup> May, 2018**

**Sd/-**  
**Rajesh Kumar**  
**Chief Financial Officer**

## INDEPENDENT AUDITOR'S REPORT

To,

**The Members**

**ADINATH TEXTILES LIMITED**

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of ADINATH TEXTILES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matter stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to

obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018 and its loss, its cash flows, total comprehensive income and the changes in equity for the year ended on that date.

**Emphasis of Matter**

We draw attention to the following matter:

(a) Note 42 to the Ind AS financial statements, describes that outstandings in most of the trade receivables of the company are overdue making them doubtful in nature & the company has provided for impairment allowance/provision in respect of their realizations under expected credit losses. Also taking sincere steps for their recoverability, the company has filed suits against some of the debtors whose outstanding amount as on 31.03.2018 is Rs.3681509. However, despite this, trade receivables amounting to 3180861.10 are outstanding for a significant time which are past due & considerably doubtful, the management of the Company is yet to assess loss allowance/expected credit loss on such trade receivables, as the management claims that the said receivables are fully recoverable.

Our opinion is not modified in respect of above matters.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report)

Order, 2016 ('the Order') issued by the Central Government of India in terms of sub- Section (11) of Section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.
  - e) In our opinion, the matters described in the "Emphasis of matter" paragraph above may have an adverse impact on the functioning of the company.
  - f) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164 (2) of the Companies Act, 2013;
  - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 31(A) to the Ind AS financial statements.
    - (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Malhotra Manik & Associates  
Chartered Accountants  
Firm's Reg. No. 015848N**

**Place : Ludhiana  
Date : 28<sup>th</sup> May, 2018**

**CA Manik Malhotra  
Proprietor  
Membership No. 094604**

#### **ANNEXURE- A TO THE INDEPENDENT AUDITORS-REPORT**

The Annexure referred to in our Independent Auditors' Report to the members of ADINATH TEXTILES LIMITED on the Ind AS financial statements for the year ended on 31st March, 2018. We report that:

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have not been physically verified by the management during the year, but the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. According to the information and explanations given to us 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 the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) According to the information and explanation given to us, the physical verification of inventories has been conducted at reasonable interval by the management. As explained to us, no material discrepancies were noticed on physical verification of inventories carried out by the management as compared to the book records.
- (iii) In our opinion and according to the information and explanation given to us, the Company has not granted any loans secured or unsecured, to Companies, Firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security.

- (v) The Company has not accepted deposits from the public within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (vi) As per information & explanation given by the management, maintenance of cost records is not required to be maintained as required under sub-section (1) of section 148 of the companies Act, 2013 read with Rule 3 of Companies (Cost Records and Audit) Amendment Rules, 2014.
- (vii) (a) According to the information and explanations given to us and the books and records examined by us, we state that the company is regular in depositing undisputed statutory dues including income tax, provident fund, employees state insurance, service tax and other statutory dues to the appropriate authorities.
- The details of the undisputed statutory dues to the extent of the arrears of outstanding statutory dues as on last day of financial year outstanding for a period of more than six months from the date they became payable

Name of The Nature of Dues	Amount in (Rs.)
Sales Tax	2277956
Entry Tax	237798
Interest on PF/ESI/ Sales Tax	765207

(b) According to the information and explanations given to us & records of the Company, the disputed statutory dues aggregating to Rs.1000000/- that have not been deposited on account of matters pending before the appellate authorities in respect of custom duty and excise duty as at March 31, 2018 are as follows

Sr. No.	Forum where dispute is pending	Nature of Dues	Disputed Amount (Rs.)
1.	Commissioner Central Excise & Customs, Chandigarh	Penalty	10,00,000**

\*\* Note: However Rs. 500000/- has been deposited under protest.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a bank during the year and did not have any amount outstanding to financial institutions or debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, there were no moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company, by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of records of company, the company has paid / provided for the managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Companies (Auditor's Report) Order, 2016, are not applicable to the Company.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Section 187 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Ind AS financial statements etc., as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and therefore, the provisions of clause 3 (xiv) of the Companies (Auditor's Report) Order, 2016, are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors and therefore, the provisions of clause 3 (xv) of the Companies (Auditor's Report) Order, 2016, are not applicable to the Company

(xvi) In our opinion and according to the 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.

**For Malhotra Manik & Associates  
Chartered Accountants  
Firm's Reg. No. 015848N**

**Place : Ludhiana  
Date : 28<sup>th</sup> May, 2018**

**CA Manik Malhotra  
Proprietor  
Membership No. 094604**

#### **Annexure B to the Independent Auditors' Report**

**(Referred to in paragraph 1(g) under "Report on other legal and regulatory requirements" of our report of even date)**

**Report on the Internal Financial Controls under Clause (i) of sub section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We were engaged to audit the Internal Financial Controls over financial reporting of **ADINATH TEXTILES LTD.** ('the Company') as of 31<sup>st</sup> March, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). 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 the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's Internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10)

of the Act, to the extent applicable to an audit of Internal financial controls over financial reporting and the Guidance Note issued by the ICAI. 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 were 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 systems on financial reporting and their operating effectiveness. Our audit of Internal financial controls over financial reporting included obtaining an understanding of Internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements whether due to fraud or error.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Company.

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

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of control, material misstatements due to error or fraud may occur and may 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, 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 31st March, 2018, 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 Malhotra Manik & Associates**  
**Chartered Accountants**  
**Firm's Reg. No. 015848N**

**Place : Ludhiana**  
**Date : 28<sup>th</sup> May, 2018**

**CA Manik Malhotra**  
**Proprietor**  
**Membership No. 094604**

**BALANCE SHEET AS AT 31ST MARCH 2018**

PARTICULARS	Note No.	As at 31/03/2018 ₹	As at 31/03/2017 ₹	As at 01/04/2016 ₹
<b>I. ASSETS</b>				
<b>1 Non-current assets</b>				
(a) Property Plant & Equipment	3	1,64,58,515.24	1,65,58,399.32	1,59,95,205.32
(b) Financial Assets				
- investments	4	47,17,354.70	47,17,354.70	45,57,618.28
(c) Other non-current assets	5	8,53,033.00	8,15,353.00	8,15,353.00
<b>Total Non-current Assets</b>		<b>2,20,28,902.94</b>	<b>2,20,91,107.02</b>	<b>2,13,68,176.60</b>
<b>2 Current Assets</b>				
(a) Inventories	6	1,56,654.00	1,56,654.00	1,56,654.00
(b) Financial Assets				
- Trade receivables	7	62,52,064.95	69,62,174.95	68,16,157.95
- Cash and cash equivalents	8	77,98,988.91	1,27,09,595.96	1,19,23,306.34
(c) Others current assets	9	37,06,669.43	48,25,119.89	32,00,535.89
<b>Total Current Assets</b>		<b>1,79,14,377.29</b>	<b>2,46,53,544.80</b>	<b>2,20,96,654.18</b>
<b>Total Assets</b>		<b>3,99,43,280.23</b>	<b>4,67,44,651.82</b>	<b>4,34,64,830.78</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital	10	6,99,43,500.00	6,99,43,500.00	6,99,43,500.00
(b) Other Equity	11	(5,27,54,980.77)	(5,06,39,868.45)	(5,31,95,121.69)
<b>Total Equity</b>		<b>1,71,88,519.23</b>	<b>1,93,03,631.55</b>	<b>1,67,48,378.31</b>
<b>LIABILITIES</b>				
<b>1 Non-current liabilities</b>				
(a) Financial Liabilities				
- Borrowings	12	---	---	---
- Other financial liabilities	13	61,608.11	56,521.20	51,854.32
(b) Provisions	14	16,44,824.00	7,84,754.00	5,82,298.00
(c) Deferred Tax Liabilities (Net)	15	15,45,373.87	22,11,559.75	29,69,353.35
<b>Total Non-current Liabilities</b>		<b>32,51,805.99</b>	<b>30,52,834.96</b>	<b>36,03,505.66</b>
<b>2 Current liabilities</b>				
(a) Financial Liabilities				
- Borrowings	16	---	---	5,620.56
- Trade Payables	17	3,48,192.41	4,37,812.53	3,52,351.44
- Other financial liabilities	18	1,26,51,477.70	1,48,04,200.88	1,52,51,510.90
(b) Other current liabilities	19	45,21,692.91	51,12,776.91	50,15,921.91
(c) Provisions	20	19,81,592.00	40,33,395.00	24,87,542.00
<b>Total Current liabilities</b>		<b>1,95,02,955.02</b>	<b>2,43,88,185.32</b>	<b>2,31,12,946.81</b>
<b>Total Equity &amp; Liabilities</b>		<b>3,99,43,280.23</b>	<b>4,67,44,651.82</b>	<b>4,34,64,830.78</b>

2

Subject to our separate report of even date

The accompanying notes are an integral part of these financial statements.

**For Malhotra Manik & Associates**  
**Chartered Accountants**
**For and on behalf of the Board of**  
**Directors**
**(Manik Malhotra)**  
 Proprietor

**(Rajneesh Oswal)**  
 Chairman and  
 Managing Director

**(R C Juneja)**  
 Independent  
 Director

**(Parminder Singh)**  
 Company Secretary

**(Rajesh Kumar)**  
 CFO

**PLACE : LUDHIANA**  
**DATED : 28.05.2018**



## PROFIT & LOSS STATEMENT FOR THE YEAR ENDING 31ST MARCH 2018

PARTICULARS	Note No.	As at 31/03/2018 ₹	As at 31/03/2017 ₹
I Revenue from operations	21	1,20,72,913.80	1,26,28,486.00
II Other income	22	1,22,24,156.15	1,13,05,475.42
III. <b>Total Income (I+II)</b>		<b>2,42,97,069.95</b>	<b>2,39,33,961.42</b>
IV. <b>EXPENSES</b>			
Cost of Materials consumed	23	---	---
Changes in inventories of finished goods, work in progress & stock in trade	24	---	---
Employee Benefits Expenses	25	1,04,98,559.00	75,79,711.00
Financial Expenses	26	8,20,028.68	7,46,279.61
Depreciation and amortization	3	19,12,422.00	18,67,734.00
Other expenses	27	1,39,84,212.47	1,05,18,538.17
		<b>2,72,15,222.15</b>	<b>2,07,12,262.78</b>
V. <b>Profit/ (Loss) before exceptional items and tax(III-IV)</b>		<b>(29,18,152.20)</b>	32,21,698.64
VI. Exceptional items [(Income)/ Expense]		---	---
VII. <b>Profit /(Loss before tax (V-VI))</b>		<b>(29,18,152.20)</b>	32,21,698.64
VIII. <b>Tax expense:</b>			
i) Current tax		---	13,88,649.00
ii) Deferred tax (Assets)/Liabilities		(6,56,244.32)	(7,66,982.23)
iii) MAT Credit Entitlement		---	---
iv) Tax expense relating to earlier years		(98,246.00)	---
IX. <b>Profit /(Loss)for the period (VII-VIII)</b>		<b>(21,63,661.88)</b>	26,00,031.87
X. <b>Other Comprehensive Income</b>			
A i) Items that will not be reclassified to Profit or Loss (on account of remeasurements of defined benefit plans)		38,608.00	(35,684.00)
ii) Income tax related to items that will not be reclassified to profit or loss		(9941.56)	9,188.63
B i) Items that will be reclassified to Profit or Loss		---	---
ii) Income tax related to items that will be reclassified to profit or loss		---	---
XI. <b>Total Comprehensive Income/(Loss) for the period (IX+X)</b>		<b>(21,15,112.32)</b>	25,55,159.24
XII. <b>Earning per equity share (Nominal Value per share :Rs.10)</b>			
Basic		(0.32)	0.38
Diluted		(0.32)	0.38

Subject to our separate report of even date 2

The accompanying notes are an integral part of these financial statements.

**For Malhotra Manik & Associates**  
Chartered Accountants

**For and on behalf of the Board of Directors**

**(Manik Malhotra)**  
Proprietor

**(Rajneesh Oswal)**  
Chairman and  
Managing Director

**(R C Juneja)**  
Independent  
Director

**(Parminder Singh)**  
Company Secretary

**(Rajesh Kumar)**  
CFO

**PLACE : LUDHIANA**  
**DATED : 28.05.2018**

**STATEMENT OF CHANGES IN EQUITY**

PARTICULARS	As at 31st March 2018		As at 31st March 2017		As at 01st April 2016	
	Number	Amount	Number	Amount	Number	Amount
<b>Equity Share Capital</b>						
Balance at the beginning of reporting period	8616800	69943500	8616800	69943500	8616800	69943500
Changes in Equity Share Capital	-	-	-	-	-	-
<b>Balance at the closing of reporting period</b>	<u>8616800</u>	<u>69943500</u>	<u>8616800</u>	<u>69943500</u>	<u>8616800</u>	<u>69943500</u>

**Other Equity**

PARTICULARS	Reserves and Surplus			Equity Instruments through other comprehensive income	Other items of other comprehensive income	Total
	Capital reserve	Securities premium reserve	Retained Earnings			
<b>Balance as at 01 April 2017</b>	12000.00	69507250.00	(120236273.04)	122027.22	(44872.63)	(50639868.45)
Changes in equity for the year ended 31 March 2018						
Profit for the year			(2163661.88)			(2163661.88)
Other Comprehensive Income for the year					48549.56	48549.56
<b>Total Comprehensive Income for the year</b>			<u>(2163661.88)</u>		<u>48549.56</u>	<u>(2115112.32)</u>
<b>Balance as at 31st March 2018</b>	<u>12000.00</u>	<u>69507250.00</u>	<u>(122399934.92)</u>	<u>122027.22</u>	<u>3676.93</u>	<u>(52754980.77)</u>
<b>Balance as at 01 April 2016</b>	12000.00	69507250.00	(122836398.91)	122027.22		(53195121.69)
Changes in equity for the year ended 31 March 2017						
Profit for the year			2600031.87			2600031.87
Other Comprehensive Income for the year					(44872.63)	(44872.63)
<b>Total Comprehensive Income for the year</b>			<u>2600031.87</u>		<u>(44872.63)</u>	<u>2555159.24</u>
<b>Balance as at 31st March 2017</b>	<u>12000.00</u>	<u>69507250.00</u>	<u>(120236273.04)</u>	<u>122027.22</u>	<u>(44872.63)</u>	<u>(50639868.45)</u>

 Subject to our separate report of even date **2**

The accompanying notes are an integral part of these financial statements.

**For Malhotra Manik & Associates**  
**Chartered Accountants**
**For and on behalf of the Board of**  
**Directors**
**(Manik Malhotra)**  
 Proprietor

**(Rajneesh Oswal)**  
 Chairman and  
 Managing Director

**(R C Juneja)**  
 Independent  
 Director

**(Parminder Singh)**  
 Company Secretary

**(Rajesh Kumar)**  
 CFO

**PLACE : LUDHIANA**  
**DATED : 28.05.2018**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018**

PARTICULARS	DETAIL	2017-18	DETAIL	2016-17
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/(Loss) Before Exceptional items & Tax		(2918152.20)		3221698.64
<b>Adjustment For Non Cash &amp; Non Operating Items:-</b>				
Depreciation	1912422.00		1867734.00	
Interest Received	(37460.00)		(37608.00)	
Financial Expenses	820028.68		746279.61	
Loss/(Profit) on Sale & Discard of PPE	155431.08		72751.00	
Gain on fair valuation of investments	---		(159736.42)	
Rental Income	(12065851.00)		(11103856.00)	
	(9215429.24)	(9215429.24)	(8614435.81)	(8614435.81)
<b>Operating Profit Before Working Capital Changes</b>		(12133581.44)		(5392737.17)
<b>Adjustment For Changes in Working Capital</b>				
(Increase)/Decrease in Trade Receivable	710110.00		(146017.00)	
Increase/(Decrease) in Trade Payables	(89620.12)		85461.09	
Repayment of Short term Borrowings	---		(5620.56)	
Increase/(Decrease) in Borrowings (current)	---		(5620.56)	
Increase/(Decrease) in other current Liabilities	(591084.00)		96855.00	
Increase/(Decrease) in other Non Current Assets	(37680.00)		---	
Increase/(Decrease) in other Current Assets	804260.46		(252150.00)	
	800467.16	800467.16	(527889.05)	(527889.05)
<b>Cash Flow From Operating Activities Before Exceptional Items &amp; tax</b>		(11333114.28)		(5920626.22)
Direct Taxes Paid	(927202.09)		(578945.55)	
	(927202.09)	(927202.09)	(578945.55)	(578945.55)
<b>Net Cash Used in Operating Activities</b>		(12260316.37)		(6499571.77)
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(1984083.00)		(2653679.00)	
Sale of Fixed Assets	50510.00		544356.00	
Rental Income	12065851.00		11103856.00	
Interest Income	37460.00		37608.00	
<b>Net Cash Generated from Investing Activities</b>	10169738.00	10169738.00	9032141.00	9032141.00
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Repayment of Long Term Borrowings	(2000000.00)		(1000000.00)	
Financial (Bank charges)	(820028.68)		(746279.61)	
<b>Net Cash Generated from/(used in) Financing Activities</b>	(2820028.68)	(2820028.68)	(1746279.61)	(1746279.61)
Net Increase/(Decrease) in Cash and Cash Equivalents		(4910607.05)		786289.62
Opening Cash and Cash Equivalents		12709595.96		11923306.34
Closing Cash and cash Equivalents		7798988.91		12709595.96

This is the cash flow statement referred to in our report of even date.

**For Malhotra Manik & Associates**  
Chartered Accountants

(Manik Malhotra)  
Proprietor

PLACE : LUDHIANA  
DATED : 28.05.2018

**For and on behalf of the Board of Directors**

(Rajneesh Oswal)  
Chairman and  
Managing Director

(R C Juneja)  
Independent  
Director

(Parminder Singh)  
Company Secretary

(Rajesh Kumar)  
CFO

**1. CORPORATE INFORMATION**

Adinath Textiles Limited (the Company) is a public company incorporated under the provisions of the Companies Act, 1956. The company is engaged in manufacturing of Blended Acrylic yarn and Trading of unstitched Suitings, Shirtings & Dress Materials.

**2. SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of preparation of financial statements**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

For all periods up to and including the year ended 31 March, 2017, the Company prepared its financial statements in accordance with accounting standards notified under Companies (Accounting Standard) Rule, 2006 (Indian GAAP). These financial statements for the year ended 31st March, 2018 are the first the Company has prepared in accordance with Ind AS. Note 28 explains the manner in which the Company has adopted Ind AS.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value :

Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**(b) Use of Estimates and Judgements**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of the assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accordingly estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

**(C) Revenue Recognition**

Revenue is recognized at the fair value of the consideration received or receivable. The amount disclosed as revenue is inclusive of excise duty and net of returns, trade discounts, value added tax , GST 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) Sales of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer and the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

**(ii) Services**

Revenue from the sale of services is recognized on the basis of the stage of completion. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

**(iii) Rental Income**

Rental income arising from operating leases on leased assets is accounted for on a straight-line basis over the lease terms and is included in other income under revenue in the statement of profit or loss due to its operating nature.

**(iv) Interest**

Income from interest is recognized using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial assets. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

**(d) Employees 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 Employment Benefits****(a) Defined Contribution Plans:****Provident Fund**

Benefits to employees are provided for by contribution to Provident Fund and other funds in accordance with provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952, the payment of which are accounted for on accrual basis. Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense when an employee renders the related service.

**(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 of the Company. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.

The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Remeasurements comprising of actuarial gains and losses are recognized in Other Comprehensive income which are not reclassified to profit or loss in subsequent periods.

**(iii) Long-term employee benefits (Leave Encashment)**

The liability of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method.

**(e) Property, Plant and Equipment**

The company has applied for the one time transition exemption of considering the carrying cost on the transition date i.e. April 1, 2016 as the deemed cost under INDAS and hence regarded thereafter as historical cost.

Freehold land is carried at cost. All other items of Property, plant and equipment are stated at cost, less accumulated depreciation. The cost of an item of Property, Plant and Equipment comprises:

- a) its purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates.
- b) Any attributable expenditure directly attributable for bringing an asset to the location and the working condition for its intended use and
- c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation is provided on straight Line Method on the basis of useful lives of such assets specified in Schedule II to the Companies Act, 2013 except the assets costing Rs. 5,000/- or below on which depreciation is charged @ 100% per annum on proportionate basis

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the assets and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

**(f) Intangible Assets**

Intangible assets are stated at cost less accumulated amount of amortization.

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimate useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, etc. The amortization method and useful lives are reviewed periodically at end of each financial year.

**(g) Inventories**

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

- In case of stores and spares at weighted average cost plus direct expenses. The cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- In case of wastes at net realizable value.

**(h) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**(i) Earnings per Share**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.

**(j) Income Taxes**

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 income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are reviewed at each reporting date and the reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the assets and settle the liability simultaneously.

Minimum Alternate Tax credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**(k) 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 assets 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. Transaction costs of financial assets and liabilities carried at fair value through the profit and loss are immediately recognized in the Statements of Profit and Loss.

**(ii) Subsequent measurement****(A) Non-derivative financial instruments****- 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 dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**- Financial assets 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.

**- 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 amortised cost or at fair value through other comprehensive income.

**- Financial liabilities**

The financial liabilities are subsequently carried at amortised 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.

**- Derecognition of financial instruments**

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled or expired.

**- Fair value measurement of financial instruments**

The fair value of financial instruments is determined using the valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Based on the three level fair value hierarchy, the methods used to determine the fair value of financial assets and liabilities include quoted market price, discounted cash flow analysis and valuation certified by the external valuer.

In case of financial instruments where the carrying amount approximates fair value due to the short maturity of those instruments, carrying amount is considered as fair value.

**(B) Ordinary Shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

**(l) Impairment of assets****(a) 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 receivable 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 recognized is recognized as an impairment gain or loss in statement of profit or loss.

**(b) 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 they are largely independent of those from other assets. In such cases, the recoverable amount is determined for the 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. The carrying amount of the asset is increased to its revised 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 years.

**(m) Cash flow statement**

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) – 7 “Statement of Cash flows” using the indirect method for operating activities.

**(n) Provisions**

**A provision shall be recognized when:**

An entity has a present obligation as a result of a past event :

- (a) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- (b) a reliable estimate can be made of the amount of the obligation.

**(o) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position include cash in hand and at bank and short-term deposits with original maturity period of three months or less.

**(p) Contingent Liabilities & Contingent Assets**

**Contingent Liabilities**

(a) Provisions are recognized for liabilities that can be determined by using a substantial degree of estimation, if:

- (i) The company has a present obligation as a result of a past event;
- (ii) A probable outflow of resources embodying economic benefits is expected to settle the obligation; and
- (iii) The amount of the obligation can be reliably estimated

(b) Contingent liability is disclosed in the case of:

- (i) a present obligation arising from a past event when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
- (ii) a possible obligation, unless the probability of outflow of resources embodying economic benefits is remote.

**Contingent Assets**

Where an inflow of economic benefit is probable, an entity shall disclose a brief description of the nature of the contingent assets at the end of reporting period, and, where practicable, an estimate of their effect, measured using the principles set out as per provisions.

**(q) Segment Reporting**

Operating segments are defined as components of an enterprise for which discrete financial information is



available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Managing Director & CEO.

**(r) Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**Transition to Ind AS**

For arrangements entered into prior to April 01, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease except the case where incremental lease reflects inflationary effect and lease income is accounted in such case by actual rent for the period. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the Statement of Profit and Loss, in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Rental income from factory building given on operating lease which can be renewed by the mutual consent of the parties after the expiry date, is recognized as income in profit & loss statement.

**2.1 Significant accounting judgments, estimates and assumptions**

The preparation of financial statements in conformity with Ind AS requires management to make certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The principal accounting policies adopted by the Company in the financial statements are as set out above. The application of a number of these policies requires the Company to use a variety of estimation techniques and apply judgment to best reflect the substance of underlying transactions.

The Company has determined that a number of its accounting policies can be considered significant, in terms of the management judgment that has been required to determine the various assumptions underpinning their application in the financial statements presented which, under different conditions, could lead to material differences in these statements. The actual results may differ from the judgments, estimates and assumptions made by the management and will seldom equal the estimated results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical Judgments**

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

**Deferred Tax Assets:** The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the company's forecast, which is adjusted for significant non-taxable income and expenses, and specific limits to the use of any unused tax loss or credit. The tax rules in India in which the company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

**Contingences and commitments:** In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position.

**Estimates and assumptions**

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the uncollectability of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**Allowance/impairment for uncollected accounts receivable and other advances:** Trade receivables and other advances do not carry any interest and are stated at their normal value as reduced by appropriate allowance/impairment which is made on ECL, and the present value of the cash shortfall over the expected life of the financial assets.

**Recoverability of deferred tax assets:** The recognition of deferred tax assets requires assessment of future taxable profit.

**Estimation of fair value of financial assets and financial liabilities:** While preparing the financial statements the Company makes estimates and assumptions that affect the reported amount of financial assets and financial liabilities.

**DEPRECIATION CHART AS PER COMPANIES ACT, 2013 FOR THE YEAR 2017-2018**

**NOTE NO.03 PROPERTY, PLANT & EQUIPMENT**

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK		
	As at 01/04/2017	Addition during the year	Discarded during the year	Sales/Adjust- ments during the year	As at 31/03/2018	As at 01/04/2017	Discarded during the year	Adjustments during the year	Provided for the year	As at 31/03/2018	As at 31/03/2018	As at 31/03/2017
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Land	8,68,977	0	0	0	8,68,977	0	0	0	0	0	8,68,977	8,68,977
Building	3,33,57,042	0	1,08,681	0	3,32,48,361	2,28,22,496	1,03,247	5,944	15,70,091	2,42,83,396	89,64,965	1,05,34,546
Plant & Equipment	5,31,40,551	19,66,000	24,08,454	50,510	5,26,47,587	5,04,72,639	22,88,033	6,373	36,976	4,82,15,209	44,32,378	26,67,912
Furniture, Fixture & Other Equipment	39,60,808	18,083	6,81,267	0	32,97,623	23,90,394	6,47,201	26,569	1,94,587	19,11,211	13,86,412.33	15,70,413
Vehicles	9,44,872	0	0	0	9,44,872	28,321	0	0	1,10,768	1,39,089	8,05,783	9,16,551
<b>Total</b>	<b>9,22,72,249</b>	<b>19,84,083</b>	<b>31,98,402</b>	<b>50,510</b>	<b>9,10,07,420</b>	<b>7,57,13,850</b>	<b>30,38,481</b>	<b>38,886</b>	<b>19,12,422</b>	<b>7,45,48,905</b>	<b>1,64,58,515</b>	<b>1,65,58,399</b>

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK		
	As at 01/04/2016	Addition during the year	Discarded during the year	Sales/Adjust- ments during the year	As at 31/03/2017	As at 01/04/2016	Discarded during the year	Adjustments during the year	Provided for the year	As at 31/03/2017	As at 31/03/2017	As at 31/03/2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Land	8,68,977	0	0	0	8,68,977	0	0	0	0	0	8,68,977	8,68,977
Building	3,31,10,352	2,46,690	0	0	3,33,57,042	2,12,49,234	0	0	15,73,262	2,28,22,496	1,05,34,546	1,18,61,118
Plant & Equipment	5,31,38,175	2,470	0	0	5,31,40,645	5,04,53,626	0	0	19,107	5,01,72,733	26,67,912	26,84,549
Furniture, Fixture & Other Equipment	24,41,461	15,19,347	0	0	39,60,808	21,94,610	0	0	1,95,784	28,90,394	15,70,413	2,46,850
Vehicles	6,04,056	8,85,172	0	5,44,356	9,44,872	2,70,345	0	3,21,605	79,581	28,321	9,16,551	3,33,711
<b>Total</b>	<b>9,01,63,021</b>	<b>26,53,679</b>	<b>0</b>	<b>5,44,356</b>	<b>9,22,72,344</b>	<b>7,41,67,815</b>	<b>0</b>	<b>3,21,605</b>	<b>18,67,734</b>	<b>7,57,13,944</b>	<b>1,65,58,399</b>	<b>1,59,95,205</b>

**Note:** Factory building is given on operating lease to various parties. (see note 48 to the financial statements for disclosures relating Leases)

**4. INVESTMENT (NON CURRENT)**

PARTICULARS	As at 31/03/2018 ₹	As at 31/03/2017 ₹	As at 01/04/2016 ₹
<b>Investments in Equity instruments</b>			
<b>Unquoted-Long Term at FVTPL</b>			
22500 (22500 in FY17),(22500 in FY 16) equity shares of Fountain Tie-Up Pvt. Ltd of Rs. 10 each	<b>4717354.70</b>	4717354.70	4557618.28
<b>Aggregate Value of unquoted investment</b>	<b>4717354.70</b>	<b>4717354.70</b>	<b>4557618.28</b>
<b>5. OTHER NON-CURRENT ASSETS</b>			
<b>Non Financial Assets at amortised cost</b>			
(unsecured, considered good)	---	---	---
Security Deposits	<b>853033.00</b>	815353.00	815353.00
<b>TOTAL</b>	<b>853033.00</b>	<b>815353.00</b>	<b>815353.00</b>
<b>6. INVENTORIES</b>			
<b>STOCK &amp; STORES</b>			
Stores & Spares	104797.00	104797.00	104797.00
Others(scrap of machinery)	51857.00	51857.00	51857.00
<b>TOTAL</b>	<b>156654.00</b>	<b>156654.00</b>	<b>156654.00</b>
<b>7. TRADE RECEIVABLES</b>			
<b>(Unsecured)</b>			
Considered good	<b>3071203.85</b>	1398681.00	1401164.14
Considered doubtful	<b>8680861.10</b>	11063493.95	10914993.81
Less: Provision For Doubtful trade receivables (see note 3 below)	<b>(5500000.00)</b>	(5500000.00)	(5500000.00)
<b>TOTAL</b>	<b>6252064.95</b>	<b>6962174.95</b>	<b>6816157.95</b>

Note: 1. Trade receivables are non interest bearing and are generally on credit terms of 30-45 days.

2. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables taking into account historical credit loss experience. The expected credit allowance is based on the ageing of the receivables that are due & there is significant uncertainty regarding their recoverability.

**Allowance for doubtful debts or Expected credit loss**

Company has provided allowance for doubtful debts on the basis of lifetime expected credit loss model on trade receivables. (see note 43 to the financial statements)

Movement in allowance for doubtful debt :

PARTICULARS	As at 31/03/2018 ₹	As at 31/03/2017 ₹
Balance at the beginning of the year	<b>5500000</b>	5500000
Add : Allowance for the year	---	---
Less : Write off of bad debts (net of recovery)	---	---
Balance at the end of the year	<b>5500000</b>	<b>5500000</b>

**8. CASH AND CASH EQUIVALENTS**

PARTICULARS	As at 31/03/2018		As at 31/03/2017		As at 01/04/2016	
	₹		₹		₹	
(a) Balance With Banks in Current Accounts	<b>2624425.10</b>		2159086.72		2844573.99	
(b) Cheques in hand	---		---		1000000.00	
(c) Cash in Hand (including Imprest)	<b>5174563.81</b>		10550509.24		8078732.35	
<b>TOTAL</b>	<b>7798988.91</b>		<b>12709595.96</b>		<b>11923306.34</b>	

**9. OTHER CURRENT ASSETS  
(Unsecured, considered good unless otherwise stated)**

a) Advances to Suppliers	---	10800.00	---
b) Advance to employees	<b>174715.00</b>	175500.00	61902.00
c) Advance tax & TDS	<b>2874655.00</b>	3188845.00	1816411.00
d) Prepaid Expenses	<b>43993.00</b>	23190.00	26698.00
e) Taxes recoverable*	<b>500000.00</b>	1245536.89	1203326.89
f) Other amount receivable	<b>113306.43</b>	181248.00	92198.00
<b>TOTAL</b>	<b>3706669.43</b>	<b>4825119.89</b>	<b>3200535.89</b>

\* This includes Excise duty, VAT, Service tax & custom duty recoverable from various tax authorities.

**10. EQUITY SHARE CAPITAL**
**(a) AUTHORISED**

i) 9900000 Equity Shares of Rs.10/- each (par value)	<b>99000000.00</b>	99000000.00	99000000.00
ii) 10000, 11% Redeemable Non-cumulative preference shares of Rs. 100/- each (par value)	<b>1000000.00</b>	1000000.00	1000000.00
<b>TOTAL</b>	<b>100000000.00</b>	<b>100000000.00</b>	<b>100000000.00</b>

**(b) ISSUED & SUBSCRIBED**

i) 8616800 Equity Shares of Rs.10/- each.	<b>86168000.00</b>	86168000.00	86168000.00
ii) 2000, 11% Redeemable Non-cumulative preference shares of Rs. 100/- each	<b>200000.00</b>	200000.00	200000.00
<b>TOTAL</b>	<b>86368000.00</b>	<b>86368000.00</b>	<b>86368000.00</b>

**(c) PAID UP CAPITAL**

i) 6814350 Equity Shares of Rs.10/- each.	<b>68143500.00</b>	68143500.00	68143500.00
ii) Add : Shares Forfeited (Amount originally paid up)	<b>1800000.00</b>	1800000.00	1800000.00
<b>TOTAL</b>	<b>69943500.00</b>	<b>69943500.00</b>	<b>69943500.00</b>

**(d) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period :**

PARTICULARS	As at 31/03/2018		As at 31/03/2017		As at 01/04/2016	
	Number	Amount	Number	Amount	Number	Amount
<b>Equity Shares</b>						
i) At the beginning of the reporting period	<b>68,14,350</b>	<b>6,99,43,500</b>	68,14,350	6,99,43,500	68,14,350	6,99,43,500
ii) Add : Issued during the year	---	---	---	---	---	---
iii) Less : Buyback during the reporting period	---	---	---	---	---	---
<b>Outstanding at the end of the reporting period</b>	<b>68,14,350</b>	<b>6,99,43,500</b>	<b>68,14,350</b>	<b>6,99,43,500</b>	<b>68,14,350</b>	<b>6,99,43,500</b>

**Rights, preferences and restrictions attached to equity**

The company has one class of equity shares having a par value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

- (e) The company issued 2000 11% Non-cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up in the year 2011-12 & the same will be redeemed within the period specified under section 55 of the Companies Act, 2013 from the date of allotment i.e. 31.10.2012 or earlier at the discretion of Board of Directors.

**Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

PARTICULARS	As at 31/03/2018		As at 31/03/2017		As at 01/04/2016	
	Number	Amount	Number	Amount	Number	Amount
<b>Preference Shares</b>						
i) At the beginning of the reporting period	2,000	2,00,000	2,000	2,00,000	2,000	2,00,000
ii) Add : Issued during the year	---	---	---	---	---	---
iii) Less : Buyback during the reporting period	---	---	---	---	---	---
<b>Outstanding at the end of the reporting period</b>	<b>2,000</b>	<b>2,00,000</b>	<b>2,000</b>	<b>2,00,000</b>	<b>2,000</b>	<b>2,00,000</b>

- (f) **Shares held by holding company or its ultimate holding company or subsidiaries or associates of the holding company or the ultimate holding company in aggregate.**

There is no holding or ultimate holding company of the company.

- (g) **Detail of shareholders holding more than 5% of share capital in the company**

Class of shares & Name of Shareholder	As at 31/03/2018		As at 31/03/2017		As at 01/04/2016	
	Number	Shareholding	Number	Shareholding	Number	Shareholding
<b>a)Equity shares</b>						
Shreyans Industries Ltd.	1280000	18.78	1280000	18.78	1280000	18.78

- (h) under Indian GAAP, Non Cumulative preference shares were recorded at their transaction value. Under Ind AS, these preference shares are to be measured as compound financial instruments on the basis of effective interest rate method. Due to this, preference shares has been divided into debt portion and equity component as under:

	As at 31/03/2018	As at 31/03/2017	As at 01/04/2016
Equity Component- Note No. 11 Other Equity	122027.22	122027.22	122027.22
Debt Component- Note No. 13 Other financial liabilities (Non Current)	61608.11	56521.20	51854.32

**11. OTHER EQUITY**

PARTICULARS	Reserves & Surplus			Equity Instruments through other comprehensive income	Other items of other comprehensive income	TOTAL
	Capital reserve	Securities Premium	Retained Earnings			
<b>Balance as at 01st April 2017</b>	12000	69507250	(120236273.04)	122027.22	(44872.63)	(50639868.45)
Changes in equity for the year ended 31 March 2018						
Profit for the year	---	---	(2163661.88)	---	---	(2163661.88)
Other Comprehensive Income for the year					48549.56	48549.56
<b>Total Comprehensive Income for the year</b>			<b>(2163661.88)</b>		<b>48549.56</b>	<b>(2115112.32)</b>
<b>Balance as at 31 March 2018</b>	<b>12000</b>	<b>69507250</b>	<b>(122399934.92)</b>	<b>122027.22</b>	<b>3676.93</b>	<b>(52754980.77)</b>

<b>Balance as at 01<sup>st</sup> April 2016</b>	12000	69507250	(122836398.91)	122027.22	---	(53195121.69)
Changes in equity for the year ended 31 March 2017						
Profit for the year	---	---	2600031.87	---	---	2600031.87
Other Comprehensive Income for the year					(44872.63)	(44872.63)
<b>Total Comprehensive Income for the year</b>			<u>2600031.87</u>		<u>(44872.63)</u>	<u>2555159.24</u>
<b>Balance as at 31 March 2017</b>	<u>12000</u>	<u>69507250</u>	<u>(120236273.04)</u>	<u>122027.22</u>	<u>(44872.63)</u>	<u>(50639868.45)</u>

**12. BORROWINGS (NON CURRENT)**

<b>PARTICULARS</b>	<b>As at 31/03/2018</b>	<b>As at 31/03/2017</b>	<b>As at 01/04/2016</b>
	₹	₹	₹
<b>Unsecured</b>			
(i) From Others*	<b>6000000.00</b>	8000000.00	9000000.00
Less : Current Maturities (refer note - 18)	<b>(6000000.00)</b>	<u>(8000000.00)</u>	<u>(9000000.00)</u>
<b>TOTAL</b>	<b>---</b>	<b>---</b>	<b>---</b>

\* bearing interest rate of 9% p.a. payable yearly

**13. OTHER FINANCIAL LIABILITIES (NON CURRENT)**
**Financial Liabilities at Amortized cost**

(i) Preference Shares	<b>61608.11</b>	56521.20	51854.32
<b>TOTAL</b>	<b>61608.11</b>	<u>56521.20</u>	<u>51854.32</u>

**14. PROVISIONS (NON CURRENT)**

Provision for employee benefits			
- Leave encashment	627667.00	---	---
- Gratuity	1017157.00	784754.00	582298.00
<b>TOTAL</b>	<b>1644824.00</b>	<u>784754.00</u>	<u>582298.00</u>

**15. DEFERRED TAX LIABILITIES (NET)**

<b>Deferred Tax Liabilities :</b>			
Gross deferred tax liability (A) [Refer note 39(a)]	<b>2416500.87</b>	2695552.75	3316918.35
<b>Deferred Tax Asset</b>			
Gross deferred tax asset (B) [Refer note 39(a)]	<b>871127.00</b>	483993.00	347565.00
<b>Deferred Tax Liability (net) (A-B)</b>	<b>1545373.87</b>	<u>2211559.75</u>	<u>2969353.35</u>

**16. BORROWINGS (CURRENT)**
**Loans repayable on demand**
**(a) Unsecured**
**Loans & Advances from related parties**

(i) From Director (Interest free)	---	---	5620.56
<b>TOTAL</b>	<b>---</b>	<b>---</b>	<u>5620.56</u>

**17. TRADE PAYABLES**

**Trade Payables**

Total Outstanding to Micro, Small & Medium enterprises	---	---	---
Total Outstanding to other than Micro, Small & Medium enterprises	348192.41	437812.53	352351.44
<b>TOTAL</b>	<b>348192.41</b>	<b>437812.53</b>	<b>352351.44</b>

The Micro, Small and Medium Enterprises Development Act, 2006 has come into force with effect from October 2, 2006. As per the Act, the company is required to identify the Micro and Small Vendors/Service providers and pay interest to them on overdue beyond the specified period irrespective of the terms agreed upon. The company has not received any confirmation from its Vendors/Service Providers regarding their status of registration under the said Act, which has been relied upon by the auditors, hence prescribed disclosures under Section 22 of the said Act has been provided in note no. 35 to financial statements.

**18. OTHER FINANCIAL LIABILITIES (CURRENT)**

PARTICULARS	As at 31/03/2018 ₹	As at 31/03/2017 ₹	As at 01/04/2016 ₹
(a) Current maturities of non-current debt	6000000.00	8000000.00	9000000.00
(b) Interest accrued & due on non-current debt.	3239911.00	2730831.00	2065965.00
(c) Other Payables			
i) Employee Benefits*	1298929.70	1254441.39	1010435.90
ii) For Expenses	2112637.00	2818928.49	3175110.00
<b>TOTAL</b>	<b>12651477.70</b>	<b>14804200.88</b>	<b>15251510.90</b>

\* includes dues towards ESI, Provident fund, Welfare Fund etc.

**19. OTHER CURRENT LIABILITIES**

i) Statutory Duties & Taxes*	2732859.91	2653604.91	2632749.91
ii) Advance from Customer	217833.00	208172.00	208172.00
iii) Securities Payables	1571000.00	2251000.00	2175000.00
<b>TOTAL</b>	<b>4521692.91</b>	<b>5112776.91</b>	<b>5015921.91</b>

\* includes dues towards TDS, Sale tax, Entry tax & GST.

**20. PROVISIONS (CURRENT)**

PARTICULARS	As at 31/03/2018 ₹	As at 31/03/2017 ₹	As at 01/04/2016 ₹
<b>Provision for Employee benefits.</b>			
- Leave encashment	256156.00	509664.00	391610.00
- Gratuity	336787.00	271900.00	232750.00
Provision for Income Tax	1388649.00	3251831.00	1863182.00
<b>TOTAL</b>	<b>1981592.00</b>	<b>4033395.00</b>	<b>2487542.00</b>



**21. REVENUE FROM OPERATIONS**

PARTICULARS	Current Year ₹	Previous Year ₹
(a) Sale of products	---	---
(b) Sale of services		
Job Charges Received (Yarn manufacturing)	12072913.80	12628486.00
<b>TOTAL</b>	<b>12072913.80</b>	<b>12628486.00</b>

**22. OTHER INCOME**

Interest received on securities with PSPCL	37460.00	37608.00
Lease Rental income	12065851.00	11103856.00
Sundry Balances written back	15330.15	3.00
Gain on fair valuation of investments through profit & loss (FVTPL)	---	159736.42
Misc. Income	---	4272.00
Legal Consultancy Charges	12000.00	---
Profit on Sale of Fixed Assets	4490.00	---
Provisions written back	89025.00	---
<b>TOTAL</b>	<b>12224156.15</b>	<b>11305475.42</b>

**23. COST OF MATERIALS CONSUMED**

Opening Stock of Raw Material Yarn	---	---
Add : Purchases of Yarn	---	---
Less : Closing Stock of Raw Material Yarn	---	---
<b>TOTAL</b>	<b>---</b>	<b>---</b>

**24. CHANGE IN INVENTORIES**

<b>Opening Stock</b>		
(i) Finished Goods	---	---
<b>TOTAL (A)</b>	<b>---</b>	<b>---</b>
<b>CLOSING STOCK</b>		
(i) Finished Goods	---	---
<b>TOTAL (B)</b>	<b>---</b>	<b>---</b>
<b>TOTAL (A-B)</b>	<b>---</b>	<b>---</b>

**25. EMPLOYEES BENEFITS EXPENSE**

Salaries, Wages & Other Allowances	10367299.00	7500306.00
Staff & Labour Welfare	131260.00	79405.00
<b>TOTAL</b>	<b>10498559.00</b>	<b>7579711.00</b>

**26. FINANCE COST**

Bank Charges & Commission	49231.37	2872.72
Interest Expense on borrowings	765710.40	738740.00
Notional Interest on Preference shares	5086.91	4666.89
<b>TOTAL</b>	<b>820028.68</b>	<b>746279.61</b>

**27. OTHER EXPENSES**

PARTICULARS	Current Year ₹	Previous Year ₹
<b>(a) MANUFACTURING EXPENSES</b>		
Stores & Spares	242551.50	294239.00
Packing Expenses	263815.00	278815.00
Power and Fuel	4149245.00	3919822.00
Repairs to Machinery	230824.00	193175.00
<b>Sub Total</b>	<b>4886435.50</b>	<b>4686051.00</b>
<b>(b) ADMINISTRATIVE EXPENSES</b>		
Insurance	68333.00	70783.00
Listing Fees	250000.00	200000.00
Legal & Professional Expenses	4621136.00	3074062.00
Demat Charges	130063.00	125187.00
E-Voting Charges	9158.00	13854.00
Directors Sitting Fees	37500.00	16500.00
Canteen Expenses	189053.00	141043.00
Fees & Taxes	800302.00	582423.00
Traveling Expenses	63059.00	61061.00
<u>Auditors Remuneration</u>		
- Audit Fee	30000.00	25000.00
- Tax Audit	---	5000.00
Vehicle Expenses	68441.67	92693.87
Sundry Balances Written off	270218.49	5744.00
Other Expenses	2204879.81	1060082.30
<b>Sub Total</b>	<b>8742143.97</b>	<b>5473433.17</b>
<b>(c) SELLING EXPENSES</b>		
Advertisement	40716.00	53574.00
Commission	234600.00	250240.00
Freight & Cartage Outward	80317.00	55240.00
<b>Sub Total</b>	<b>355633.00</b>	<b>359054.00</b>
<b>TOTAL</b>	<b>13984212.47</b>	<b>10518538.17</b>

**28. First time adoption of Ind AS**

This financial statement is the first financial statement that has been prepared in accordance with Ind AS together with the comparative period data as at and for the year ended 31st March 2017, as described in the summary of significant accounting policies. The transition to Ind AS has been carried out in accordance with Ind AS 101-'First time adoption of Indian Accounting Standards' with 1st April 2016 as the transition date.

This note explains the exemption availed by the company on first time adoption of Ind AS and the principal adjustments made by the Company in restating its Indian GAAP financial statements as at 1st April 2016 and financial statements for the year ended 31st March 2017 in accordance with Ind AS 101.

**Exemption applied**

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has, accordingly, applied following exemptions:

- a) The Company has elected to consider carrying amount of all items of property, plant and equipments & intangible assets measured as per Indian GAAP as recognized in the financial statements as at the date of transition, as deemed cost at the date of transition.
- b) The Company has availed the exemption of fair value measurement of financial assets or liabilities at initial recognition and accordingly will apply fair value measurement of financial assets or liabilities at initial recognition prospectively to transactions entered into on or after 01st April 2016.
- c) The estimates at 1st April 2016 and at 31st March, 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items under Indian GAAP did not require estimation:

- Fair values of Financial Assets & Financial Liabilities
- Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at 1st April, 2016 and 31st March, 2017.

- d) Derecognition of financial assets: The company has applied the de-recognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.
- e) Financial assets like Equity shares in unquoted instruments has been designated as on 1st April 2016 & 31st March 2017 at fair value through profit & loss.
- f) Impairment of financial assets (Trade receivables and other financial assets): At the date of transition to Ind AS, the Company has assessed whether there has been a significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, hence the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognized (unless that financial instrument is low credit risk at a reporting date).

## 29. Reconciliation of Equity as on 31<sup>st</sup> March 2017 and 1<sup>st</sup> April 2016

PARTICULARS	As at 31 <sup>st</sup> March 2017			As at 1 <sup>st</sup> April 2016		
	As per Indian GAAP	Ind AS Adjustments	As per Ind AS	As per Indian GAAP	Ind AS Adjustments	As per Ind AS
<b>I ASSETS</b>						
<b>1 Non-current assets</b>						
(a) Property, Plant and Equipment	16558399.32	-	16558399.32	15995205.32	-	15995205.32
(b) Financial Assets						
- Investments	171250.00	4546104.70	4717354.70	171250.00	4386368.28	4557618.28
(c) Other non current Assets	815353.00	-	815353.00	815353.00	-	815353.00
<b>Total Non-current assets</b>	<u>17545002.32</u>	<u>4546104.70</u>	<u>22091107.02</u>	<u>16981808.32</u>	<u>4386368.28</u>	<u>21368176.60</u>
<b>2 Current assets</b>						
(a) Inventories	156654.00	-	156654.00	156654.00	-	156654.00
(b) Financial Assets						
i Trade receivables	6962174.95	-	6962174.95	6816157.95	-	6816157.95
ii Cash and Cash equivalents	12709595.96	-	12709595.96	11923306.34	-	11923306.34
(c) Other assets	4825119.89	-	4825119.89	3200535.89	-	3200535.89
<b>Total Current Assets</b>	<u>24653544.80</u>	<u>0.00</u>	<u>24653544.80</u>	<u>22096654.18</u>	<u>0.00</u>	<u>22096654.18</u>
<b>TOTAL ASSETS</b>	<u>42198547.12</u>	<u>4546104.70</u>	<u>46744651.82</u>	<u>39078462.50</u>	<u>4386368.28</u>	<u>43464830.78</u>
<b>II EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
(a) Equity Share capital	70143500.00	(200000.00)	69943500.00	70143500.00	(200000.00)	69943500.00
(b) Other Equity	(54121884.20)	3482015.75	(50639868.45)	(56561998.31)	3366876.62	(53195121.69)
<b>Total Equity</b>	<u>16021615.80</u>	<u>3282015.75</u>	<u>19303631.55</u>	<u>13581501.69</u>	<u>3166876.62</u>	<u>16748378.31</u>
<b>LIABILITIES</b>						
<b>1 Non-current liabilities</b>						
(a) Financial Liabilities						
- Borrowings	0.00	-	0.00	0.00	-	0.00
- Other financial liabilities	0.00	56521.20	56521.20	0.00	51854.32	51854.32
(b) Provisions	784754.00	-	784754.00	582298.00	-	582298.00
(c) Deferred Tax Liabilities (Net)	1003992.00	1207567.75	2211559.75	1801716.00	1167637.34	2969353.34
<b>Total Non-current liabilities</b>	<u>1788746.00</u>	<u>1264088.96</u>	<u>3052834.96</u>	<u>2384014.00</u>	<u>1219491.66</u>	<u>3603505.66</u>
<b>2 Current liabilities</b>						
(a) Financial Liabilities						
- Borrowings	0.00	-	0.00	5620.56	-	5620.56
- Trade Payables	437812.53	-	437812.53	352351.44	-	352351.44
- Other financial liabilities	0.00	14804200.88	14804200.88	0.00	15251510.90	15251510.90
(b) Other current liabilities	19916977.79	(14804200.88)	5112776.91	20267432.81	(15251510.90)	5015921.91
(c) Provisions	4033395.00	-	4033395.00	2487542.00	-	2487542.00
<b>Total Current liabilities</b>	<u>24388185.32</u>	<u>0.00</u>	<u>24388185.32</u>	<u>23112946.81</u>	<u>0.00</u>	<u>23112946.81</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>42198547.12</u>	<u>4546104.70</u>	<u>46744651.82</u>	<u>39078462.50</u>	<u>4386368.28</u>	<u>43464830.78</u>

**Note:** The figures of Indian GAAP have been reclassified to confirm to presentation requirements of Division II of Schedule III of Companies Act, 2013 as applicable to a company whose financial statements are required to be drawn up in compliance of the (Indian Accounting Standards) Rules, 2015.

**Reconciliation of Total Comprehensive Income for the year ended 31<sup>st</sup> March 2017**

PARTICULARS	Year ended as at 31 <sup>st</sup> March 2017		
	As per Indian GAAP	Ind AS Adjustments	As per Ind AS
I Revenue from operations	12628486.00	-	12628486.00
II Other income	11145739.00	159736.42	11305475.42
<b>III Total revenue (I+II)</b>	<b>23774225.00</b>	<b>159736.42</b>	<b>23933961.42</b>
<b>IV Expenses :</b>			
Cost of materials consumed	---	-	---
Changes in inventories of finished goods and work-in-progress & stock in trade	---	-	---
Purchases of stock-in-trade	---	-	---
Employee benefits expense	7615395.00	(35684.00)	7579711.00
Finance costs	741612.72	4666.89	746279.61
Depreciation and amortization expense	1867734.00	-	1867734.00
Other expenses	10518538.17	-	10518538.17
<b>Total Expenses (IV)</b>	<b>20743279.89</b>	<b>(31017.11)</b>	<b>20712262.78</b>
<b>V Profit before exceptional items and tax</b>	<b>3030945.11</b>	<b>190753.53</b>	<b>3221698.64</b>
VI Add: Exceptional items	---	-	---
<b>VII Profit/(Loss) before tax (V-VI)</b>	<b>3030945.11</b>	<b>190753.53</b>	<b>3221698.64</b>
<b>VIII Tax expense:</b>			
i Current Tax	1388649.00	-	1388649.00
ii Deferred tax (Assets) / Liabilities	(797724.00)	(30741.77)	(766982.23)
<b>IX Profit/(Loss) for the Period (VII- VIII)</b>	<b>2440020.11</b>	<b>160011.76</b>	<b>2600031.87</b>
<b>X Other Comprehensive Income /(loss)</b>			
A i Items that will not be reclassified to Profit or Loss (on account of remeasurements of defined benefit plans)	-	(35684.00)	(35684.00)
ii Income tax related to items that will not be reclassified to profit or loss	-	9188.63	9188.63
B i Items that will be reclassified to Profit or Loss	-	-	-
ii Income tax related to items that will be reclassified to profit or loss	-	-	-
<b>XI Total Comprehensive Income for the period (IX+X)</b>	<b>2440020.11</b>	<b>115139.13</b>	<b>2555159.24</b>

**Notes to the reconciliation of equity as at 1st April 2016 and 31st March 2017 and total comprehensive income for the year ended 31st March 2017****1. Fair Valuation of Investments**

Under Indian GAAP, investments in equity investments were classified as long term investments based on the intended holding period and realisability. Long term investments were carried at cost less provision for other than temporary diminution in the value of investments. Ind AS requires such investments to be measured at fair value. Accordingly, the Company has designated such investments as investments measured at FVTPL in accordance with Ind AS. The difference between the instrument's fair value and carrying amount as per Indian GAAP has been recognized in retained earnings. This has resulted in increase in retained earnings of Rs. 4717354.70 and Rs. 4386368.28 as at 31st March 2017 and 1st April 2016 respectively and increase in net profit of Rs. 159736.41 for the year ended 31st March 2017.

**2. Effect of change in operating assets and liabilities due to Ind AS 101**

In accordance with Ind AS 101 "First Time Adoption of Indian Accounting Standards", the Company has elected to consider carrying amount of all items of property, plant and equipments & intangible assets measured as per Indian GAAP as recognized in the financial statements as at the date of transition, as deemed cost at the date of transition.

**3. Compound Financial Instruments**

Under Indian GAAP, Non Cumulative preference shares are recorded at their transaction value. Under Ind AS, these Preference shares are to be measured as compound financial instruments on the basis of effective interest rate method. Due to this, preference shares has been decreased and difference between carrying amount and debt portion of preference shares has been recognized as 'Equity component of financial instrument' under the head 'Other Equity' (31st March 2017 Rs.164346.42, 1st April 2016 Rs.164346.42). Further, due to notional interest expense on preference shares there is a reduction in retained earnings and decrease in net profit of Rs. 4667 for the year ended 31st March 2017.

**4. Deferred tax**

Under Indian GAAP, deferred tax was recognized for the temporary timing differences which focus on differences between taxable profits and accounting profits for the period. Ind AS requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Further, the application of Ind AS has resulted in recognition of deferred tax on certain temporary differences which was not required under Indian GAAP. This has resulted decrease in retained earnings of Rs. 1207568 and Rs. 1167637 as at 31st March 2017 and 1st April 2016 respectively. The net profit has been decreased with Rs. 39930.40 for the year ended 31st March 2017 with a corresponding adjustment in 'Deferred tax liability'.

**5. Defined benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses are to be recognized in 'Other comprehensive income' and are not to be reclassified to profit and loss in a subsequent period. Under the Indian GAAP, these remeasurements were forming part of the profit and loss. Therefore, actuarial (gain) / loss amounting to Rs. 35684 for the financial year 2016-17 has been recognized in OCI (net of tax Rs.9188.63) which was earlier recognized as Employee benefits expense. However, the same has no impact on the total equity as at 31st March, 2017.

**6. Statement of cash flows**

The transition from Indian GAAP to Ind AS has not had a material impact on statement of cash flows.

**30 (a) Financial Instruments by Category**

The Carrying value &amp; fair value of financial instruments at the end of each reporting period is as follows :

PARTICULARS	At Cost	At Amortised Cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
<b>As at 31st March 2018</b>								
<b>Assets:</b>								
Investments (Non Current) (Refer note 4)				4717354.70			4717354.70	4717354.70
Trade receivables (Refer note 7)		6252064.95					6252064.95	6252064.95
Cash and Cash Equivalents (Refer note 8)		7798988.91					7798988.91	7798988.91
<b>Total</b>	-	<b>14051053.86</b>	-	<b>4717354.70</b>	-	-	<b>18768408.56</b>	<b>18768408.56</b>
<b>Liabilities:</b>								
Other financial liabilities (Non Current) (Refer note 13)						61608.11	61608.11	61608.11
Borrowings (Current) (Refer note 16)		-					-	-
Trade Payables (Refer note 17)		348192.41					348192.41	348192.41
Other financial liabilities (Current) (Refer note 18)		12651477.70					12651477.70	12651477.70
<b>Total</b>	-	<b>12999670.11</b>	-	-	-	<b>61608.11</b>	<b>13061278.22</b>	<b>13061278.22</b>
<b>As at 31st March 2017</b>								
<b>Assets:</b>								
Investments (Non Current) (Refer note 4)				4717354.70			4717354.70	4717354.70
Trade receivables (Refer note 7)		6962174.95					6962174.95	6962174.95
Cash and Cash Equivalents (Refer note 8)		12709595.96					12709595.96	12709595.96
<b>Total</b>	-	<b>19671770.91</b>	-	<b>4717354.70</b>	-	-	<b>24389125.61</b>	<b>24389125.61</b>
<b>Liabilities:</b>								
Other financial liabilities (Non Current) (Refer note 13)						56521.20	56521.20	56521.20
Borrowings (Current) (Refer note 16)		-					-	-
Trade Payables (Refer note 17)		437812.53					437812.53	437812.53
Other financial liabilities (Current) (Refer note 18)		14804200.88					14804200.88	14804200.88
<b>Total</b>	-	<b>15242013.41</b>	-	-	-	<b>56521.20</b>	<b>15298534.61</b>	<b>15298534.61</b>
<b>As at 31st March 2016</b>								
<b>Assets:</b>								
Investments (Non Current) (Refer note 4)				4557618.28			4557618.28	4557618.28
Trade receivables (Refer note 7)		6816157.95					6816157.95	6816157.95
Cash and Cash Equivalents (Refer note 8)		11923306.34					11923306.34	11923306.34
<b>Total</b>	-	<b>18739464.29</b>	-	<b>4557618.28</b>	-	-	<b>23297082.57</b>	<b>23297082.57</b>

**Liabilities:**

Other financial liabilities (Non Current) (Refer note 13)			51854.32	51854.32	51854.32
Borrowings (Current) (Refer note 16)	5620.56			5620.56	5620.56
Trade Payables (Refer note 17)	352351.44			352351.44	352351.44
Other financial liabilities (Current) (Refer note 18)	15251510.90			15251510.90	15251510.90
<b>Total</b>	<b>-</b>	<b>15609482.90</b>	<b>-</b>	<b>51854.32</b>	<b>15661337.22</b>

**30 (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 & liabilities measured at fair value :

**As at 31st March 2018**

Particulars	Fair Value	Fair Value measurement using		
		Level 1	Level 2	Level 3
<b>Long Term Investments</b>				
Fair Value through profit & loss	4717354.70			4717354.70

**As at 31st March 2017**

Particulars	Fair Value	Fair Value measurement using		
		Level 1	Level 2	Level 3
<b>Long Term Investments</b>				
Fair Value through profit & loss	4717354.70			4717354.70

**As at 31st March 2016**

Particulars	Fair Value	Fair Value measurement using		
		Level 1	Level 2	Level 3
<b>Long Term Investments</b>				
Fair Value through profit & loss	4557618.28			4557618.28



**31. Contingent Liabilities and Capital Commitments**

**A. Contingent Liabilities:** There are contingent liabilities in respect to certain items outlined below . Considering the facts of the matters, no outflow is expected & also no provision is considered necessary by management :

Outstanding Excise Duty (Penalty) of Rs. 10,00,000 \*\*

\*\*This amount includes Rs.5,00,000 which has been deposited under protest.

**32.** Business segments have been identified based on the nature and class of products and services, assessment of differential risks and returns. Accordingly, company is a single segment company operating in textile business and disclosure requirements as contained in Ind AS- 108 'Operating Segments' are not required in the financial statements.

**33.** In accordance with Ind AS-36 on "Impairment of Assets" the Company has assessed as on the balance sheet date, whether there are any indications with regard to the impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.

**34. Earnings Per Share:** The calculation of Earnings per Share as disclosed in the statement of Profit & Loss has been in accordance with Indian Accounting Standard (Ind AS)-33 on "Earning per Share" issued by the Institute of Chartered Accountants of India.

A statement on calculation of Basic & Diluted EPS is as under:

PARTICULARS	As at 31/03/2018 ₹	As at 31/03/2017 ₹
1. Net Profit/Loss after tax as per Statement of Profit and Loss Attributable to the Equity Shareholders (A)	<b>(2163661.88)</b>	2600031.866
2. Weighted average no. of Equity Shares outstanding during the year used for calculation of Basic Earning Per Share (B)	<b>68,14,350</b>	68,14,350
3. Nominal Value of Share Rs.	<b>10.00</b>	10.00
4. Earning Per Share		
a) Basic(A / B)	<b>(0.32)</b>	0.38
b) Diluted(A / C)	<b>(0.32)</b>	0.38

**35.** Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 under the chapter on delayed payments to Micro & small enterprises.

PARTICULARS	As at 31/03/2018 ₹	As at 31/03/2017 ₹	As at 01/04/2016 ₹
1. Principal amount remaining unpaid to any supplier as at the end of accounting period	---	---	---
2. Interest due on remaining unpaid to any supplier as at the end of the accounting period	---	---	---
3. The amount of interest paid along with the amounts appointed day during accounting period	---	---	---
4. The amount of interest due and payable for the year	---	---	---
5. The amount of interest accrued and remaining unpaid at the end of accounting year	---	---	---
6. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	---	---	---

Dues of Micro, Small and Medium enterprises have been determined on the basis of information collected by the management. This has been relied upon by the auditors.

36. The related party disclosure in accordance with Indian Accounting Standard (Ind AS)-24 "Related Party" issued by the Institute of Chartered Accountants of India is given below:

NAME OF RELATED PARTY	RELATIONSHIP
Mr.Rajneesh Oswal (Managing Director) Mr. Vishal Oswal ( Managing Director) Mr. Surinder Kumar Sekhri ( Non Executive Director) Mr. Rajindra Prasad Gupta ( Non Executive Director) Mr. Arun Goel ( Non Executive Director) Mr. Ramesh Chander Juneja ( Non Executive Director) Ms.Priya Begana ( Non Executive Director) Mr. Rajesh Kumar (CFO) Mr. Parminder Singh (Company Secretary)	Key Management Personnel
Mr. Kunal Oswal (Brother)* Mrs. Priti Oswal (Wife)* Mrs. Nirmal Oswal (Mother)*	Relatives of Key Management Personnel
Punctual Dealers Private Limited* Fountain Tie-up Private Limited	Enterprises over which key management personnel and relatives of such personnel is able to exercise significant influence

\*No transactions have taken place during the year.

**Related Parties Transactions:**

PARTICULARS	Enterprises over which key management personnel and relatives of such personnel is able to exercise significant influence		Key Management Personnel		Relatives of KMP	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Contractual Remuneration	---	---	1846884.00	685110.00	---	---
Contractual Remuneration outstanding as on last day of Fin. Year	---	---	119607.00	49350.00	---	---
Sitting Fees	---	---	37500.00	16500.00	---	---
Interest paid	765710.40	738740.00	---	---	---	---
Loan Repaid	2000000.00	1000000.00	---	5620.56	---	---
Loans - Opening Balance	8000000.00	9000000.00	---	5620.56	---	---
Loans - Closing Balance	6000000.00	8000000.00	---	---	---	---

**37. Employee Benefits (Defined Benefit Plan)**

The Company has a defined benefit plan for gratuity and leave encashments. The present value of obligation is determined based on the actuarial valuation using the Project unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The Indian Accounting Standard (Ind AS-19) on "Employee Benefits" is being followed and the following table summarize the components of net benefit/expenses recognised in the Sstatement of Profit and Loss and the amount recognised in the balance sheet for the gratuity and Leaves with wages plan.

**1. Key assumptions**

PARTICULARS	AS ON 31.03.2018	AS ON 31.03.2017
	Gratuity (Unfunded)	Gratuity (Unfunded)
Mortality Table	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate
Attrition Rate	05.00% p.a	02.00% p.a
Imputed rate of interest (D)	7.70% p.a	7.40% p.a
Imputed rate of interest (IC)	7.40% p.a	7.90% p.a
Salary rise	8.00% p.a	8.00% p.a
Return on plan assets	N.A	N.A
Remaining Working Life	16.32 years	16.86 years

**2. Changes in the present value of obligation:-**

PARTICULARS	AS ON 31.03.2018	AS ON 31.03.2017
	Gratuity (Unfunded)	Gratuity (Unfunded)
Present value of obligation at the beginning of the I.V.P.	1056654.00	815048.00
Interest cost	76935.00	62210.00
Past service cost	-----	---
Current service cost	292951.00	202814.00
Benefits paid	(33988.00)	(55164.00)
Experience Adjustment	27587.00	(10998.00)
Diff.in Present Value of Obligations / Acturial ( Gain ) / Loss on obligations	(66195.00)	42744.00
Present Value of obligation at the end of the I.V.P.	1353944.00	1056654.00

**3. Changes in the fair value of plan assets**

PARTICULARS	AS ON 31.03.2018	AS ON 31.03.2017
	Gratuity (Unfunded)	Gratuity (Unfunded)
Fair value of plan assets at the beginning of the I.V.P.	-	-
Expected Return on plan assets	-	-
Net Contribution	-	-
Withdrawals/ Benefits Paid	-	-
Remeasurement gain / (loss) Returns on plan assets	-	-
Fair value of plan assets at the end of the I.V.P.	-	-

**4. Net Interest cost:-**

PARTICULARS	AS ON 31.03.2018	AS ON 31.03.2017
	Gratuity (Unfunded)	Gratuity (Unfunded)
Interest Cost on Defined Benefit obligation	76935.00	62210.00
Expected Interest Income on plan assets	---	---
Net Interest cost / (Income)	76935.00	62210.00

**5. Remeasurements - Other comprehensive Income ( OCI)**

PARTICULARS	AS ON 31.03.2018	AS ON 31.03.2017
	Gratuity (Unfunded)	Gratuity (Unfunded)
Return on plan Assets (excluding amounts included in net interest expenses)	---	---
Actuarial (Gain) / Loss arising from:		
Experience Adjustment	27587	(10998)
Diff. in present value of obligations	(66195)	42744
Component of Defined of Benefit Costs recongnised in OCI	(38608)	31746

**6. Expenses recognised in the statement of profit and loss**

PARTICULARS	AS ON 31.03.2018	AS ON 31.03.2017
	Gratuity (Unfunded)	Gratuity (Unfunded)
Past service cost	---	---
Current service cost	292951.00	202814.00
Net Interest cost / (Income)	76935.00	62210.00
Actuarial (Gain) / Loss recognized in the IVP	---	---
Defined Benefit cost recognized in the statement of profit and loss	369886.00	265024.00

**7. Amount to be recognised in the balance sheet:-**

PARTICULARS	AS ON 31.03.2018	AS ON 31.03.2017
	Gratuity (Unfunded)	Gratuity (Unfunded)
Present Value of obligation at the end of the I.V.P.	1353944.00	1056654.00
Fair value of plan assets at the end of the I.V.P.	---	---
Funded status	(1353944.00)	(1056654.00)
Net liability arising from Defined benefit obligation	1353944.00	1056654.00

## 8. Components of the net defined obligations

PARTICULARS	AS ON 31.03.2018	AS ON 31.03.2017
	Gratuity (Unfunded)	Gratuity (Unfunded)
Fair value of plan assets at the beginning of the I.V.P.	1056654.00	815048.00
Past service cost	---	---
Current service cost	292951.00	202814.00
Net Interest cost / (Income)	76935.00	62210.00
Remeasurement	(38608.00)	31746
Net contribution from the employer	---	---
Benefits directly paid by the employer	33988.00	55164.00
Net Defined benefit obligation at the end of the IVP	1353944.00	1056654.00

## 9. Category wise plan assets

PARTICULARS	AS ON 31.03.2018	AS ON 31.03.2017
	Gratuity (Unfunded)	Gratuity (Unfunded)
Fund at the end of IVP	---	---

## 38. Disclosure requirement as per Ind AS - 17 on 'Leases'

Factory building is given on Lease to different parties for which the period varies between 1 to 7 years.

General description of the Lease agreement :

- i) Lease agreement can be terminated by either party by giving advance notice either by lesse or lessor.
- ii) Lessee can not sublet the building further.
- iii) Lease rent is subject to yearly increase by 10%.

PARTICULARS	2017-18		2016-17	
	Rs.	P.	Rs.	P.
Future minimum lease payments under non cancellable operating leases	55345330.00		31214599.00	
Not later than one year	9065423		5112869	
Later than one year & not later than five years	46279907		26101730	
Later than five years	---		---	
Lease income recognised in the profit & loss statement	12065851.00		11103856.00	

39. Income taxes:

a) The detail of deferred tax liabilities & assets as at the end of each reporting period is as under:

PARTICULARS	As at 1st April 2016	Movement during 2016-17	As at 31st March 2017	Movement during 2017-18	As at 31st March 2018
<b>Deferred Tax Liability</b>					
Impact of Depreciation	2149281.00	(661296.00)	1487985.00	(277742.00)	1210243.00
Fair valuation Gain on investments	1129489.83	4132.13	1170621.96	---	1170621.96
Impact of Compound Financial Instruments	38147.51	(1201.72)	36945.79	(1309.88)	35635.91
<b>(A)</b>	<u>3316918.35</u>	<u>(621365.60)</u>	<u>2695552.75</u>	<u>(279051.88)</u>	<u>2416500.87</u>
<b>Deferred Tax Asset</b>					
43B Disallowances	347565.00	136428.00	483993.00	92232.00	576225.00
Carried forward business loss & Unabsorbed Depreciation	---	---	---	294902.00	294902.00
<b>(B)</b>	<u>347565.00</u>	<u>136428.00</u>	<u>483993.00</u>	<u>387134.00</u>	<u>871127.00</u>
<b>Deferred Tax Liability (Net) (A-B)</b>	<u>2969353.35</u>	<u>(757793.60)</u>	<u>2211559.75</u>	<u>(666185.88)</u>	<u>1545373.87</u>

(b) Reconciliation of Deferred tax liabilities (net)

PARTICULARS	Current Year	Previous Year
Deferred tax liability at the beginning of the year	2211559.75	2969353.35
Deferred tax (income)/expenses during the year recognized in Statement of Profit & Loss (see note below)	(666185.88)	(757793.60)
Deferred tax (income)/expenses during the year recognized in Other Comprehensive Income	---	---
Deferred tax (income)/expenses during the year recognized directly in equity	---	---
Deferred tax liability at the end of the year (see note below)	1545373.87	2211559.75

(c) The income tax expense for the year can be reconciled to the accounting profit as follows:

PARTICULARS	As at 31.3.2018
Loss before Tax	(2918152.20)
Tax at statutory income tax rate of 25.75%	(751424.19)
<b>Tax effect of the amounts not deductible for computing taxable income</b>	
Depreciation difference	946941.00
Disallowances	(511852.09)
<b>Income tax expense to be recognized in statement of Profit &amp; Loss</b>	<u>---</u>

40. The summarized position of Post-Employment benefits and long term employee benefits recognized in the Profit & Loss Account and Balance Sheet as required in accordance with Indian Accounting Standard (Ind AS 19) are as under:

**(a) Post-Employment benefits**

**Defined Benefit Plans (Gratuity):** During the year the company has recognized an expense of Rs. 369886 (Previous Year Rs. 296770 ) in the Statment of Profit and Loss. The outstanding liability recognized in Balance sheet as at year end is Rs.1353944.

**Defined Contribution Plans (Provident Fund):** During the year the company has recognized an expense of Rs. 601184 (Previous Year Rs. 471995) as contribution to Employee Provident Fund in the Statment of Profit and Loss .

**(b) Long-term employee benefits (Leave Encashment):** During the year the company has recognized an expense of Rs. 507107 (Previous Year Rs. 335369 ) in the Statement of Profit and Loss. The outstanding liability recognized in Balance sheet as at year end is Rs. 883823.

41. The balances of Trade Receivables, Loan and Advances, Deposits, Trade Advances and Trade Payables are subject to confirmation/reconciliation and subsequent adjustments, if any. The management has requested for the confirmation of balances & believes that no material adjustments would be required in books of account upon receipt of these confirmations.
42. The outstandings in most of the trade receivables of the company are overdue making them doubtful in nature and the company has provided impairment provision of Rs. 55 lakhs in respect of their realizations on the basis of lifetime expected credit loss in compliance with Ind AS 109. Although, allowance has been made on the said receivables, management has a strong opinion that the said receivables are fully recoverable. (see note no. 7 to financial statements for more details). Also taking sincere steps for their recoverability, the company has filed suits against some of the debtors whose outstanding amount as on 31.03.2018 is Rs.3681509. In respect of trade receivables aggregating to Rs. 3180861.10 that are past due & considerably doubtful, the Management of the Company is yet to assess loss allowance/expected credit loss on such trade receivables. However, management is in continuous follow up with the respective contractee/clients for realization of aforesaid dues.
43. In the opinion of the Board of Directors, the financial assets & other current assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated except as expressly stated otherwise
44. Previous year amounts have been reclassified wherever necessary and conform to Ind AS presentation.

**45. Financial Risk Management**

The Company's principal financial liabilities comprises of loans and borrowings, trade and other payables, and other current liabilities. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has loans and receivables, trade and other receivables, cash and short-term deposits that arise directly from its operations.

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. There has been no change to the company's exposure to the financial risks or the manner in which it manages and measures the risk. The company has not framed formal risk management policies; however, the risks are monitored by management on a continuous basis. The company does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

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 investment/ equity risk. Financial instruments affected by market risk include loans & borrowings.

**I) Foreign Currency Risk Management:**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company doesn't operate internationally & didn't undertook any transactions denominated in foreign currencies during the reporting period & previous year. Hence, exposures to exchange rate fluctuations didn't 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 does not arise due to non existence of any debt obligations with floating interest rates. 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. As the Company has no significant interest-bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates.

**(iii) Investment Risk**

The company is exposed to equity price risk arising from equity investments. The company manages equity price risk by monitoring liquidity positions of such investments in short & long term periods. The company does not actively trade equity investments. Equity investments are mainly held for strategic rather than trading purposes.

**Liquidity risk management**

Liquidity risk refers to the probability of loss arising from a situation where there will not be enough cash and/or cash equivalents to meet the needs of depositors and borrowers, sale of illiquid assets will yield less than their fair value and illiquid assets will not be sold at the desired time due to lack of buyers. The primary objective of liquidity management is to provide for sufficient cash and cash equivalents at all times and any place in the world to enable us to meet our payment obligations. The financial liabilities of the company include loans and borrowings, trade and other payables. The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company monitors its risk of shortage of funds to meet the financial liabilities using a liquidity planning tool. The company plans to maintain sufficient cash and marketable securities to meet the obligations as and when fall due. Currently the company is servicing all its obligations whether in case of borrowings or statutory dues payable to various authorities.

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.

Ultimate responsibility for liquidity risk management rest with the management which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long term funding and liquidity management requirements.

The below is the detail of contractual maturities of the financial liabilities of the company at the end of each reporting period:

PARTICULARS	As at March 31, 2018
<b>Borrowings</b>	
0-1 years	60,00,000.00
2-3 years	---
4-5 years	---
More than 5 years	---
<b>Trade Payables</b>	
0-1 years	3,48,192.41
2-3 years	---
3-5 years	---
More than 5 years	---
<b>Other Financial liabilities</b>	
0-1 years	66,51,477.70
2-3 years	--
3-5 years	--
More than 5 years	61,608.11



**Credit Risk Management****Credit Risk**

Credit risk refers to the risk that the counter party will default on its contractual obligations resulting in financial loss to the company. Credit risk arises from financial assets such as cash and cash equivalents, loans, trade receivables, derivative financial instruments and financial guarantees. 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. We monitor our exposure to credit risk on an ongoing basis at various levels. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. Credit risk on cash and bank balances is negligible as the company generally invests in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies. Investments primarily include investment in equity instruments for long term period. The Company's credit risk in case of all other financial instruments is negligible.

**Trade receivables:**

The Company has exposure to credit risk majorly from trade receivable balances on sale of yarn and Trading of unstitched Suitings, Shirtings & Dress Materials which are typically unsecured. The Company routinely assesses the financial strength of its customers and, as a consequence, believes that its trade receivable credit risk exposure is limited. The company also assesses the creditworthiness of the customers internally to whom goods are sold on credit terms in the normal course of business. The credit limit of each customer is defined in accordance with this assessment. 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 management of the company regularly evaluates the individual customer receivables. This evaluation takes into consideration customer's financial condition and credit history, as well as current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. The company regularly tracks the outstanding trade receivables and proper action is taken by the company for collection of overdue trade receivables.

The impairment analysis is performed on client to client basis for the debtors that are past due at the end of each reporting date. The company has considered an allowance for doubtful debts on the basis of lifetime expected credit loss model as per provision matrix in case of trade receivables that are past due but there has not been a significant change in the credit quality and the amounts are still considered recoverable & no writing off from books is required.

**Capital risk management**

The capital includes issued equity capital, share premium and all other equity reserves attributable to the equityholders of the company. The primary objective of the company's capital management is to maintain optimum capital structure to reduce cost of capital and to maximize the shareholder value. 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. In order to maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital plus net debt. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the requirements of the financial covenants which otherwise would permit the banks to immediately call loans and borrowings

<b>PARTICULARS</b>	<b>As at 31st March, 2018</b>
Borrowings	6000000.00
Less: Cash & cash equivalents	7798988.91
Net debt	(1798988.91)
Total equity	17188519.23
Capital & Net debt	15389530.32
Gearing ratio	(0.12)

Since there are no interest bearing loans & borrowings from banks, therefore, there are no breaches in the financial covenants of interest-bearing loans and borrowings in the current year ended 31st March 2018.

No Changes were made in the objectives, policies or processes during the years ended 31st March 2018 and 31st March 2017.

**For Malhotra Manik & Associates**  
Chartered Accountants

**(Manik Malhotra)**  
Proprietor

**PLACE : LUDHIANA**  
**DATED : 28.05.2018**

**For and on behalf of the Board of**  
**Directors**

**(Rajneesh Oswal)**  
Chairman and  
Managing Director

**(R C Juneja)**  
Independent  
Director

**(Parminder Singh)**  
Company Secretary

**(Rajesh Kumar)**  
CFO

**ADINATH TEXTILES LIMITED**

Regd. Office: Village Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana 141 123  
 Tel. No. 0161-2685270, 9876100948, CIN- L17115PB1979PLC003910  
 Website : [www.adinathtextiles.com](http://www.adinathtextiles.com), Email : [atl@shreyansgroup.com](mailto:atl@shreyansgroup.com)

**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]

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 Adinath Textiles Limited, hereby appoint:

1. Name : .....
2. Address : .....
3. E-mail Id : .....
4. Signature : ....., or failing him /her

1. Name : .....
2. Address : .....
3. E-mail Id : .....
4. Signature : .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 38<sup>th</sup> Annual general meeting of the company, to be held on Friday, the 28th day of September, 2018 At 3:00 P.M. at the registered office of the company at Village: Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana 141 123 and at any adjournment thereof in respect of such resolutions as are indicated below:

**Resolution(s):**

- 1.....
- 2.....

Signed this..... day of ..... 2018

Signature of shareholder

Signature of Proxy holder(s)

Affix Revenue Stamp here
--------------------------------

**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.**

**ADINATH TEXTILES LIMITED  
 ATTENDANCE SLIP**

I here by record my presence at the 38<sup>th</sup> ANNUAL GENERAL MEETING of the Company being held on Friday, the 28th day of September, 2018 at 3:00 P.M. at the Registered Office of the Company Village Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana - 141 123

.....  
 Full Name of the Shareholder  
 (IN BLOCK LETTERS)

Signature

Folio No .....

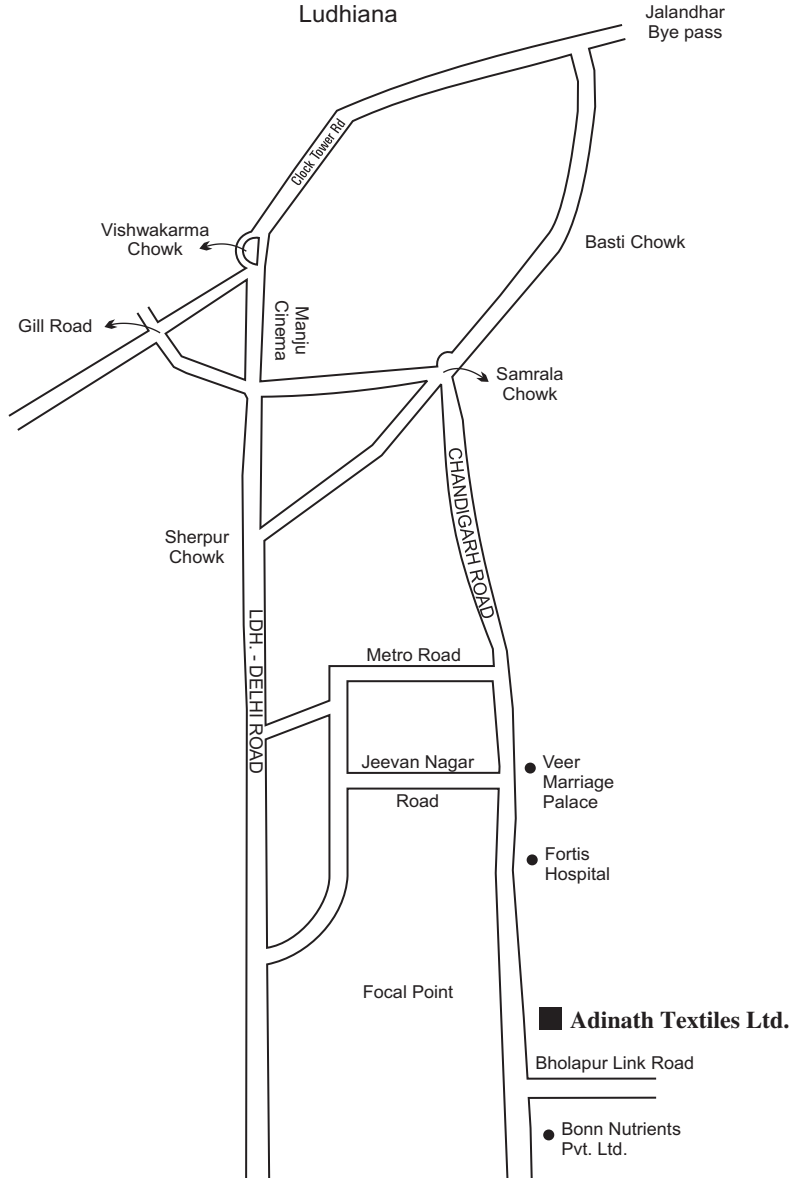
Client ID. ....

Full Name of Proxy .....  
 (IN BLOCK LETTERS)

D. P. ID. ....

- NOTE :**
1. The Proxy Form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
  2. A proxy need not be a member.

Route map to the venue of the AGM  
Venue : **Adinath Textiles Limited**  
Village Bholapur, P.O. Sahabana, Chandigarh Road,  
Ludhiana



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Village Bholapur, P.O. Sahabana,

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