Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

1. Corporate information

Voith Paper Fabrics India Limited ('the Company') is a public limited company domiciled in India and with its registered office at Plot No. 113/114 - A, Sector - 24, Faridabad - 121005, Haryana, India under the provisions of Indian Companies Act, 1956 and its equity shares are listed on Bombay Stock Exchange in India. The Company is a subsidiary of VP Auslandsbeteiligungen GmbH which holds 74.04% paid up equity share capital of the Company. The Company is primarily involved in the business of manufacturing and selling of paper machine clothing for pulp, paper and board industry.

2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

(i) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the act. The company's financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 notified under section 133 of the Act and other relevant provisions of the Act.

The standalone financial statements for the year ended 31 March 2018 are the first financial statements of the Company prepared under Ind AS. Accordingly, the Company has followed the provisions of Ind AS 101, 'First Time Adoption of Indian Accounting Standards', in preparing its opening Ind AS Balance Sheet as of the date of transition, i.e. 1 April 2016. Certain of the Company's Ind AS accounting policies used in the Opening Balance sheet differed from its Indian GAAP policies applied as at 31 March 2016, and accordingly adjustments were made to restate the opening balances as per Ind AS. The resulting adjustments arose from events and transactions before the date of transition to Ind AS. Therefore, as required by Ind AS 101, those adjustments were recognized directly through retained earnings as at 1 April 2016.

Refer Note 42 for the effect of transition to Ind AS on the reported financial position, financial performance and cash flows of the Company

(ii) Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency.

(iii) Historical cost convention

The financial statements have been prepared under the historical cost convention on accrual basis, unless otherwise stated.

(b) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current when:

i) It is expected to be realised or intended to be sold or consumed in normal operation cycle;

ii) It is held primarily for the purpose of trading;

iii) It is expected to be realised within twelve months after the reporting period; or

iv) It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:

i) It is expected to be settled in normal operating cycle;

ii) It is held primarily for the purpose of trading;

iii) It is due to be settled within twelve months after the reporting period; or

iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current non-current classification of assets and liabilities.

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

(c) Property, plant and equipment (PPE)

(i) Recognition and measurement

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of a PPE comprises its purchase price including import duty, and other non-refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition of its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

(ii) Subsequent expenditure

Expenditure incurred on substantial expansion upto the date of commencement of commercial production are capitalised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Advances paid towards acquisition of property, plant and equipment outstanding at each Balance Sheet date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.

(iii) Depreciation and amortization methods, estimated usual lives and residual value

Depreciation is provided on straight line basis on the original cost/acquisition cost of assets or other amounts substituted for cost of fixed assets as per the useful live specified in Part 'C' of Schedule II of the Act, read with notification dated 29 August 2014 of the Ministry of Corporate Affairs, except for the following classes of fixed assets which are depreciated based on the internal technical assessment of the management as under:

Category of assets	Management estimate of useful life	Useful life as per Schedule II
4 looms and 2 pre-tackers	10 Years	10-15 years
Needle loom, weaving loom, 1 oil heated cylinder, 1 chiller and 1 thermax heater	12 Years	10-15 years
1 oil heated cylinder, 1 loom and 1 warping machine	13.48 Years	10-15 years

The assets; residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Depreciation and amortization on property, plant and equipment added/disposed off during the year has been provided on pro-rata basis with reference to the date of addition/disposal.

Depreciation and amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(iv) Derecognition

A property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

(v) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2016, as per the previous GAAP and used that carrying value as its deemed cost of such property, plant and equipment (Note no. 3).

(d) Non-current assets held for sale

Non-current assets, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, are generally measured at the lower of their carrying amount and fair value less cost to sell. Any resultant loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, and biological assets, which continue to be measured in accordance with the Group's other accounting policies. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Any subsequent gain in fair value less costs to sell of an asset is recognized, but not in excess of the cumulative impairment loss that has been recognised either in accordance with this Ind AS or previously in accordance with Ind AS 36, Impairment of Assets. Once classified as held-for sale, property, plant and equipment and intangible assets are no longer amortised or depreciated.

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

(e) Impairment of non-financial assets

The Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of time value of money and the risks specific to the CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment losses recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets of the CGU on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognized in prior periods, the Company reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(f) Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI- debt instrument
- FVOCI- equity instrument
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost and is not designated as at FVTPL if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After such initial measurement, such financial assets are subsequently measured at amortised cost using effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade receivables and other receivables.

Financial assets at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

- 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-by- investment basis.

Financial asset at Fair value through profit and loss (FVPL)

A financial asset which is not classified in any on the above categories is subsequently measured at fair value through profit or loss.

Impairment of financial assets

The Company recognises loss allowance using the Expected Credit Loss (ECL) model for the financial assets measured at amortised cost. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to the lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs 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 ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Statement of Profit and Loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

a) The right to receive cash flows from the asset have expired, or

b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Transition to Ind AS

Under previous GAAP, the Company has derecognized any asset or liability for accounting purposes as and when the asset was written off or liability written back. On transition to Ind AS, the Company has elected to apply the de-recognition provision of Ind AS 109 prospectively from the date of transition to Ind AS.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on Derecognition is also recognised in Statement of Profit and Loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference is the respective carrying amounts is recognised in the Statement of Profit and Loss."

Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously."

(g) Inventories

Inventories are valued at lower of cost or net realisable value.

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

The methods of determining cost of various categories of inventories are as follows:

Raw Material	Weighted average method
Stores and spares	First in first out (FIFO) method
Work-in-progress and finished goods (manufactured)	Weighted average method
Finished goods (traded)	-
Goods in transit	Cost of purchase

Cost includes expenditure incurred in acquiring inventories, production or conversion and other costs incurred in bringing the inventories to their present location and condition.

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

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost, except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis.

(h) Cash and cash equivalents

Cash and cash equivalent comprise cash at banks and on hand (including imprest) and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk or change in value.

(i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that the reimbursement will be received and the amount of receivable can be measured reliably.

Warranty provisions

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data.

(j) Revenue recognition

(i) Sale of goods

Revenue from sale of products is recognised when the property in the goods, or all significant risks and rewards of ownership of the products have been transferred to the buyer, and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of produces as well as regarding its collection. Revenues includes excise duty are shown net of goods and services tax and applicable discount and allowances, if any.

Revenue includes only those sales for which the Company has acted as a principal in the transaction, takes title to the products, and has the risks and rewards of ownership, including the risk of loss for collection, delivery and returns.

(ii) Rendering of services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

(iii) Commission

Commission is recognized as and when these services are rendered and it is probable that economic benefits will flow to the Company as per the terms of the agreement.

(iv) Rental income

Rental income from investment property is recognised as a part of revenue from operations in profit or loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation.

(v) Interest

Interest income or expense is recognised using the effective interest method.

The ‘effective interest rate’ is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

- the gross carrying amount of the financial asset; or

- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(vi) Export incentives

Export incentives are accrued when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist and all the conditions attached to export benefits have been complied with.

(k) Employee benefits

(i) Short-term employee benefits

All employee benefits falling due within twelve months from the end of the period in which employees render the related services are classified as short-term employee benefits, which includes benefits like salaries, wages, performance linked reward etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

(ii) Post-employment benefits

Post employment benefits plans are classified into defined benefits plans and defined contribution plans as under:"

a) Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of the employment. The liability in respect of gratuity is recognised in the books of accounts based on actuarial valuation by an independent actuary at each balance sheet date using projected unit credit method. The gratuity liability of the Company is funded with Life Insurance Corporation of India.

b) Superannuation

Certain employees of the Company are also participants in the superannuation plan, a defined contribution plan. Contribution made by the Company to the plan during the year is charged to Statement of Profit and Loss.

c) Providend fund

The Company makes contribution to the recognised provident fund - VPFIL Employees Provident Fund Trust for its employees, which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's obligation in this regard is determined by an independent actuary and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government. Company's contribution to the provident fund is charged to Statement of Profit and Loss.

(iii) Other long-term employee benefits

Compensated absences

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to the future periods to either be utilised during the service, or encashed. Encashment can be made during service, or early retirement, on withdrawal of scheme, at resignation and upon death of employee. Accumulated compensated absences are treated as other long-term employee benefits. The Company's liability in respect of other long-term employee benefits is recognised in the books of accounts based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(l) Income tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in comprehensive income.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

measured using tax rates enacted at the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax assets are recognised on deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relates to income taxes levied by the same authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on net basis or their tax assets or liabilities will be realised.

(m) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

Lease payments

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to Profit or Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases."

(n) Segment reporting

The Company is mainly in the business of manufacturing and selling of paper machine clothing for pulp, paper and board industry. This is the main source of risk and returns. The Managing Director of the Company is identified as chief operating decision maker (CODM). The company has a single reportable segment which is reviewed by Chief Operating Decision Maker (CODM).

(o) Foreign currency translation

(i) Functional and presentation currency

The functional currency of the Company is the Indian Rupee. These financial statements are presented in Indian rupees.

(ii) Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rate at the reporting date. Non monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the exchange rate when fair value was determined. Non- monetary assets and liabilities that are measured based on a historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit and loss, except exchange differences arising from the translation of the following items which are recognised in OCI.

- equity investment at fair value through OCI (FVOCI)

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that hedge is effective; and

- qualifying cash flow hedges to the extent that the hedges are effective.

(p) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

- the profit attributable to the owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(q) Measurement of fair values

A number of accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. Significant valuation adjustments are reported to the Company's Audit Committee meeting.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 : quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2 : inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (unobservable inputs).

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values used in preparing these financial statements is included in the respective notes.

(r) Critical estimates and judgements

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect of the amounts recognised in the financial statements is included in the following notes:-

a)	Recognition and estimation of tax expense including deferred tax	Note 30
b)	Estimated impairment of financial assets and non-financial assets	Note 34
c)	Assessment of useful life of property, plant and equipment	Note 2 (d) (iii)
d)	Estimation of assets and obligations relating to employee benefits	Note 32
e)	Valuation of inventories	Note 2 (h)
f)	Fair value measurement	Note 33

(s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized since it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in financial statements.

(t) Cash flow statement

Cash flows are reported using the indirect method, whereby profit or loss for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

3. Property, plant and equipment

Particulars	Freehold Land	Buildings Owned	Buildings Under lease	Plant and machinery	Furniture and fixtures	Office equipment's (including Computers)	Vehicles	Sub-total (A)	Capital work-in-progress (B)	Total (A) + (B)
Gross carrying amount										
Deemed cost as at 1 April 2016 ^	1,809,080	48,792,894	13,541,502	379,037,219	3,572,045	13,082,615	522,635	460,357,990	13,949,890	474,307,880
Additions during the year	-	-	-	14,263,546	25,354	1,235,290	-	15,524,190	10,998,876	26,523,066
Disposals/ adjustments during the year	-	-	-	627,233	-	90,120	-	717,353	12,928,901	13,646,254
Balance as at 31 March, 2017	1,809,080	48,792,894	13,541,502	392,673,532	3,597,399	14,227,785	522,635	475,164,827	12,019,865	487,184,692
Additions during the year	-	-	-	10,737,539	442,356	2,735,788	-	13,915,683	89,954,052	103,869,735
Disposals/ adjustments during the year	-	-	-	-	-	30,985	64,481	95,466	2,782,957	2,878,423
Balance as at 31 March, 2018	1,809,080	48,792,894	13,541,502	403,411,071	4,039,755	16,932,588	458,154	488,985,044	99,190,960	588,176,004
Accumulated depreciation										
Balance as at 1 April 2016	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	2,399,599	465,603	49,510,235	639,048	6,296,647	259,210	59,570,342	-	59,570,342
Disposals during the year	-	-	-	340,163	-	49,170	-	389,333	-	389,333
Balance as at 31 March, 2017	-	2,399,599	465,603	49,170,072	639,048	6,247,477	259,210	59,181,009	-	59,181,009
Depreciation for the year	-	2,399,698	465,611	49,314,159	468,940	5,665,662	138,967	58,453,037	-	58,453,037
Disposals during the year	-	-	-	-	-	19,122	64,481	83,603	-	83,603
Balance as at 31 March, 2018	-	4,799,297	931,214	98,484,231	1,107,988	11,894,017	333,696	117,550,443	-	117,550,443
Carrying amounts (net)										
As at 1 April 2016	1,809,080	48,792,894	13,541,502	379,037,219	3,572,045	13,082,615	522,635	460,357,990	13,949,890	474,307,880
As at 31 March 2017	1,809,080	46,393,295	13,075,899	343,503,460	2,958,351	7,980,308	263,425	415,983,818	12,019,865	428,003,683
As at 31 March 2018	1,809,080	43,993,597	12,610,288	304,926,840	2,931,767	5,038,571	124,458	371,434,601	99,190,960	470,625,561
^ Reconciliation of deemed cost as at 1 April 2016 under Indian GAAP and Ind AS :										
Gross Block	1,809,080	96,921,864	13,967,871	741,751,556	8,223,566	34,787,074	4,070,216	901,531,227	13,949,890	915,481,117
Accumulated depreciation	-	48,128,970	426,369	362,714,337	4,651,521	21,704,459	3,547,581	441,173,237	-	441,173,237
Deemed cost as at 1 April 2016	1,809,080	48,792,894	13,541,502	379,037,219	3,572,045	13,082,615	522,635	460,357,990	13,949,890	474,307,880

* Land measuring 145,200 square yards consisting site no. 113 and half of the 114 is titled in the name of the Company vide conveyance deed dated 16 March 1970.

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

4. Other financial assets (Non-current)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Security deposits	4,178,217	4,417,217	3,980,217
Total other financial assets (Non-current)	4,178,217	4,417,217	3,980,217

5. Other tax assets (net)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance income tax (net of provision for tax Rs. 348,000,083; 31 March 2017 : 224,249,252; 1 April 2016 : 224,094,410)	26,013,554	23,289,020	23,443,862
Total income tax assets (net)	26,013,554	23,289,020	23,443,862

6. Other non-current assets

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Capital advances	12,730,781	-	2,637,213
Total other non-current assets	12,730,781	-	2,637,213

7. Inventories

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Raw materials (including goods in transit Rs. 11,012,958; 31 March 2017 : 6,475,124; 1 April 2016 : 9,280,728)	54,392,437	57,618,447	61,907,510
Work-in-progress	13,753,102	12,700,405	12,681,582
Finished goods	4,139,426	13,608,149	10,868,525
Stock-in-trade (including goods in transit Rs. 6,509,545; 31 March 2017 : Rs. 4,723,600; 1 April 2016 : Rs. 1,006,127)	6,509,545	4,723,600	1,006,127
Stores and spare parts (including goods in transit Rs. Nil; 31 March 2017 : 176,103; 1 April 2016 : Rs. Nil)	5,071,580	11,316,972	5,851,207
Total inventories	83,866,090	99,967,573	92,314,951

The write-down of inventories to net realisable value during the year amounted to Rs. 7,691,784; (31 March 2017 : 11,035,832; 1 April 2016 : 12,845,614). The reversal of write-downs during the year amounted to Rs. 5,150,814 (31 March 2017 : 6,337,176; 1 April 2016 : 14,837,513). The write-down and reversal are included in cost of materials or changes in inventories of finished goods and work-in-progress.

8. Trade receivables

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Secured and good			
Trade receivables*	177,241,059	202,892,951	190,246,049
Doubtful	2,378,240	5,353,472	5,421,817
Less : Loss allowances for doubtful debts**	(2,378,240)	(5,353,472)	(5,421,817)
Total trade receivables	177,241,059	202,892,951	190,246,049

* Refer note 36 for related party balances. Related party balance on 31 March 2018 : 10,429,479; 31 March 2017 : 17,019,541; 1 April 2016 : 4,730,808.

* Refer note 34 for the Company's exposure to currency and liquidity risks related to trade receivable.

** Loss allowances for doubtful debts include allowance as per expected credit loss method.

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

9(a). Cash and cash equivalents

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balances with banks:			
- On current accounts/ EEFC account	44,572,224	42,593,402	30,124,372
- Deposits with original maturity of less than 3 months	13,002,048	-	-
- Unclaimed dividend account	1,642,411	1,494,167	1,480,207
Cash on hand	13,392	21,983	20,459
Total cash and cash equivalents	59,230,075	44,109,552	31,625,038

9(b). Other bank balances

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deposits due to mature within 12 months of reporting date*	1,294,902,766	1,117,623,156	948,087,860
Deposits due to mature within 12 months of reporting date held as margin money (1)	-	1,666,296	1,565,245
Total other bank balances	1,294,902,766	1,119,289,452	949,653,105

* Includes interest accrued on fixed deposits amounting to INR 35,904,814 (31 March 2017 - INR 30,930,450, 1 April 2016 - INR 29,987,860)

(1) These have restricted use.

10. Other financial assets (Current)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Security deposits	1,565,000	1,325,000	1,375,000
Mark-to-market on foreign exchange forward contract	-	-	121,702
Total other financial assets	1,565,000	1,325,000	1,496,702

11. Other current assets

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Prepaid expenses	2,592,722	8,710,587	2,279,861
Balances with government authorities	745,846	2,662,819	7,121,118
Advance to employees	2,049,496	445,879	604,837
Net defined benefit asset	-	-	87,315
Advance for supply of goods and services	5,313,589	4,362,483	4,550,612
Advance to VPFIL provident fund trust	-	-	2,000,000
Other advances	152,117	925,749	-
SVB claim recoverable			
Secured and good	1,257,357	1,257,357	1,257,357
Doubtful	201,456	416,509	416,509
Less : Loss allowances for doubtful assets	(201,456)	(416,509)	(416,509)
Total other current assets	12,111,127	18,364,874	17,901,100

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

12. Equity Share Capital

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
Authorised						
Equity shares of Rs. 10 each	25,000,000	250,000,000	25,000,000	250,000,000	25,000,000	250,000,000
	25,000,000	250,000,000	25,000,000	250,000,000	25,000,000	250,000,000
Issued, Subscribed and Paid-up						
Equity shares of Rs. 10 each	4,392,559	43,925,590	4,392,559	43,925,590	4,392,559	43,925,590
	4,392,559	43,925,590	4,392,559	43,925,590	4,392,559	43,925,590

a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

	31 March 2018		31 March 2017	
	Numbers	Amount	Numbers	Amount
Equity shares				
At the commencement and at the end of the year	4,392,559	43,925,590	4,392,559	43,925,590

b) Rights, preferences and restrictions attached to equity shares

The company has only one class of shares referred to as equity shares having par value of INR 10 each. Holder of each equity share 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 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.

c) Shares held by holding company

	31 March 2018		31 March 2017	
	Numbers	Amount	Numbers	Amount
Equity shares of Rs. 10 each held by -				
VP Auslandsbeteiligungen GmbH, Germany	3,252,418	32,524,180	3,252,418	32,524,180
	3,252,418	32,524,180	3,252,418	32,524,180

d) Details of shareholders holding more than 5% shares in the company:

	31 March 2018		31 March 2017	
	Numbers	% of holding	Numbers	% of holding
Equity shares of Rs. 10 each held by -				
VP Auslandsbeteiligungen GmbH, Germany	3,252,418	74.04%	3,252,418	74.04%
	3,252,418	74.04%	3,252,418	74.04%

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

13. Other equity

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Attributable to the owners of the Company :			
General reserve (a)	577,529,654	577,529,654	577,529,654
Retained earnings	1,318,193,289	1,158,187,981	1,002,553,077
Other comprehensive income - remeasurement of defined benefit (obligation) / asset (b)	1,116,644	(1,054,711)	362,131
Total attributable to the owners of the Company	1,896,839,587	1,734,662,924	1,580,444,862

Nature and purpose of other equity

(a) *General reserve*

This represents appropriation of profits by the Company and is available for distribution of dividend.

(b) *Remeasurement of defined benefit obligation*

Remeasurement of defined benefit obligation comprises actuarial gains and losses and return on plan assets.

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

14. Provisions (Non-current)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for Employee benefits			
Provision for gratuity	2,039,362	3,464,701	-
Provision for compensated absences	20,028,528	16,903,399	15,312,262
Provision for other retirement benefits	114,082	121,472	191,065
Provision for long service award	1,400,081	1,386,378	1,291,929
Total provisions (Non-current)	23,582,053	21,875,950	16,795,256

15. Deferred tax

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred tax liabilities			
Excess of depreciation on fixed assets under income-tax law over depreciation charged in accounts	21,290,205	27,666,902	27,933,228
Others	1,252	6,134	214,661
Total (I)	21,291,457	27,673,036	28,147,889
Deferred tax assets			
Provision for gratuity and other retirement benefits	40,501	1,275,711	44,558
Provision for expenses	5,087,500	7,651,867	7,988,548
Expenditure covered by section 43B of the Income-tax Act, 1961	8,906,341	9,335,753	8,776,790
Provision for loss allowances for doubtful debts and inventory	2,991,055	1,996,875	2,020,529
Total (II)	17,025,397	20,260,206	18,830,425
Net deferred tax liability (I)-(II)	4,266,060	7,412,830	9,317,464

16. Trade payables

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current			
Trade payables*	98,537,708	71,467,501	78,113,920
Total trade payables	98,537,708	71,467,501	78,113,920

* Refer note 31 for disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED).

* Refer note 36 for related party balances. Related party balance on 31 March 2018 : 45,960,783; 31 March 2017 : 37,845,082; 1 April 2016 : 39,478,215.

* Refer note 34 for the Company's exposure to currency and liquidity risks related to trade payables.

17. Other financial liabilities

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unpaid dividend (1)	1,642,411	1,494,167	1,480,207
Security deposit received (Refer note 36)	1,312,094	1,230,510	1,154,000
Capital creditors*	17,931,305	300,315	6,023,814
Mark-to-market on foreign exchange forward contract	55,019	318,738	-
Employee benefits payables	17,821,044	16,894,291	17,243,632
Total other financial liabilities	38,761,873	20,238,021	25,901,653

(1) Investor Education and Protection Fund will be credited as and when due.

* Refer note 36 for related party balances. Related party balance on 31 March 2018 : 3,780,983 ; 31 March 2017 : Nil; 1 April 2016 : Nil.

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

18. Other current liabilities

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advances from customers	13,517,380	13,333,220	5,946,451
Statutory liabilities	5,302,877	3,489,101	5,117,432
Total other current liabilities	18,820,257	16,822,321	11,063,883

19. Provisions (Current)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for Employee benefits			
Provision for compensated absences	1,598,524	1,553,634	1,337,195
Provision for other retirement benefits	25,000	100,000	25,000
Provision for long service award	205,000	205,000	450,000
	1,828,524	1,858,634	1,812,195
Other provisions			
Provision for warranties (Refer note 19(a))	7,834,472	11,912,119	12,163,188
Provision for litigations (Refer note 19(b))	7,146,669	7,146,669	7,146,669
	14,981,141	19,058,788	19,309,857
Total provisions (Current)	16,809,665	20,917,422	21,122,052

19(a). Provision for warranty represents costs associated with providing sales and support services which are accrued at the time of recognition of revenue and are expected to be utilized over a period of 1 year. Assumption used to calculate the provision for warranties were based on current sales level and current information about actual claims settlement based on the five year warranty period for all products sold. A summary of activity is as follows:

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
At the commencement of the year	11,912,119	12,163,188	11,253,812
Provision made during the year	2,485,457	5,521,092	5,203,601
Provision utilised during the year	(6,563,104)	(5,772,161)	(4,294,225)
At the end of the year	7,834,472	11,912,119	12,163,188

19(b). Provision for litigation primarily made for probable liabilities/claims arising out of pending disputes/litigations with various regulatory authorities. These provisions are affected by numerous uncertainties and management has taken all efforts to make a best estimate. Timing of outflow of resources will depend upon timing of decision of cases. A summary of activity is given below:

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
At the commencement of the year	7,146,669	7,146,669	7,956,614
Provision made during the year	-	-	-
Provision utilised during the year	-	-	(40,256)
Unutilised provision written back during the year	-	-	(769,689)
At the end of the year	7,146,669	7,146,669	7,146,669

20. Income tax liabilities (net)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for taxation (net of advances Rs. Nil (31 March 2017 : 92,458,910 ; 1 April 2016 : Nil)	921,437	4,336,763	921,437
Total other tax liability	921,437	4,336,763	921,437

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

21. Revenue from operations

	For the year ended 31 March 2018	For the year ended 31 March 2017
Sale of products (including excise duty)		
- manufactured	804,389,666	792,825,311
- traded goods	137,132,787	60,435,858
Total sale of goods (A)	941,522,453	853,261,169
Sale of services		
- Services	356,500	-
- Commission	8,834,346	40,148,269
Total sale of services (B)	9,190,846	40,148,269
Other operating revenues		
- Scrap sales (including excise duty)	3,894,344	2,584,300
- Export incentive - duty drawback	176,514	78,323
- Liabilities/provisions no longer required, written back	35,653	1,575,559
- Provision for doubtful debts written back (net) (including effect of expected loss allowance)	2,834,493	-
- Provision for doubtful advances written back (net)	215,055	-
- Foreign exchange fluctuation gain (net)	2,176,784	1,374,797
- Miscellaneous income	4,488,343	1,823,696
Other operating revenues (C)	13,821,186	7,436,675
Total revenue from operations (A+B+C)	964,534,485	900,846,113

22. Other income

	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income on bank deposits	79,648,105	72,636,978
Net gain on disposal of property, plant and equipment	76,535	-
Mark to market loss/(gain) on foreign exchange forward contracts	263,719	-
Rental income	6,434,546	6,128,140
Total other income	86,422,905	78,765,118

23. Cost of materials consumed

	For the year ended 31 March 2018	For the year ended 31 March 2017
Inventory of materials at the beginning of the year	57,618,447	61,907,510
Add: Purchases	196,346,089	165,133,629
Less: Inventory of materials at the end of the year	54,392,437	57,618,447
Total cost of materials consumed	199,572,099	169,422,692

24. Purchase of stock-in-trade

	For the year ended 31 March 2018	For the year ended 31 March 2017
Fabrics	97,177,735	24,710,994
Qualiflex sleeves	9,583,226	26,597,782
Rolls	1,890,000	-
Total purchase of stock-in-trade	108,650,961	51,308,776

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

25. Changes in inventories of finished goods, stock-in-trade and work-in-progress

	For the year ended 31 March 2018	For the year ended 31 March 2017
Inventories at the end of the year		
Work-in-progress	13,753,102	12,700,405
Finished goods - Manufactured	4,139,426	13,608,149
Finished goods - Traded	6,509,545	4,723,600
	24,402,073	31,032,154
Inventories at the beginning of the year		
Work-in-progress	12,700,405	12,681,582
Finished goods - Manufactured	13,608,149	10,868,525
Finished goods - Traded	4,723,600	1,006,127
	31,032,154	24,556,234
Total changes in inventories of finished goods, stock-in-trade and work-in-progress	6,630,081	(6,475,920)

26. Excise duty

	For the year ended 31 March 2018	For the year ended 31 March 2017
Excise duty	23,407,467	85,649,856
Total excise duty	23,407,467	85,649,856

27. Employee benefits expense

	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	103,003,633	91,711,503
Contribution to provident and other funds	4,235,006	4,032,597
Contribution to super annuation fund	2,956,767	2,412,552
Expenses related to post-employment defined benefit plans (Refer note 32)	2,294,797	1,639,050
Expenses related to compensated absences	3,987,515	2,489,183
Other retirement benefit (Refer note 32)	22,190	23,703
Long service award	323,703	269,449
Staff welfare expenses	6,613,957	6,069,610
Total employee benefits expense	123,437,568	108,647,647

28. Depreciation expense

	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation on property, plant and equipment	58,453,037	59,570,342
Total depreciation on property, plant and equipment	58,453,037	59,570,342

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

29. Other expenses

		For the year ended 31 March 2018		For the year ended 31 March 2017
Consumption of stores and spares		41,334,740		36,294,522
Contract labour cost		34,665,994		32,753,620
Increase/(decrease) of excise duty on inventory of finished goods		(2,363,433)		445,583
Power and fuel		41,144,901		37,493,453
Freight and forwarding charges		3,639,294		3,947,002
Rates and taxes		4,706,533		10,348,314
Insurance		1,651,736		1,825,552
Repairs and maintenance				
- Plant and machinery		18,810,203		18,712,697
- Buildings (owned)		4,993,774		5,554,660
- Others		7,122,815		7,215,275
Sales commission		611,848		631,148
Travelling and conveyance		13,148,411		10,184,574
Communication expenses		4,628,708		4,395,716
Legal and professional fees		7,331,481		5,814,790
Directors' sitting fees		1,110,000		693,450
Payments to auditor (see Note 29(a) below)		2,912,241		2,467,282
Warranties		2,485,457		5,521,092
Bad debts written off	170,116		811,599	
Less : Provision utilized	(140,739)	29,377	(559,176)	252,423
Provision for doubtful debts (net) (including effect of expected loss allowance)		-		490,831
Net loss on sale of property, plant and equipment		-		185,939
Mark to market loss/(gain) on foreign exchange forward contracts		-		440,440
Technical know how fees/Royalty		39,140,355		35,387,001
Advertising and sales promotion		98,293		121,802
Security charges		3,151,616		3,182,726
Expenditure on corporate social responsibility (Refer note 39)		5,654,000		5,100,000
Training and development charges		6,518,340		553,552
Miscellaneous expenses		11,910,552		9,818,069
		254,437,236		239,831,513

29(a). Other expenses (continued)

		For the year ended 31 March 2018	For the year ended 31 March 2017
(i)	Payment to auditors (excluding applicable taxes)		
	As auditor:		
	Statutory audit	1,451,083	1,050,000
	Tax audit	150,000	150,000
	Limited review of quarterly results	750,000	750,000
	In other capacity:		
	Group audit	324,000	324,000
	Certification fee	50,000	25,000
	Reimbursement of expenses	187,158	168,282
	Total payment to auditors	2,912,241	2,467,282

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

30. Income Tax

The major components of income tax expense for the year ended 31 March 2018 and 31 March 2017 are:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Current income tax:		
Current income tax charge for the year	100,164,643	95,874,236
Adjustments in respect of current income tax of previous years	(1,236,846)	154,842
	98,927,797	96,029,078
Deferred tax:		
Deferred tax on profits for the year	(3,711,287)	(1,154,780)
	(3,711,287)	(1,154,780)
Income tax expense reported in the Statement of Profit and Loss	95,216,510	94,874,298
OCI		
Tax related to items that will not be classified to Profit & Loss	(8,614)	749,848
Reversal of income tax relating to earlier years that will not be reclassified to profit or loss	(555,904)	-
Income tax charged to OCI	(564,518)	749,848

Reconciliation between average effective tax rate and applicable tax rate for the year ended 31 March 2018 and 31 March 2017:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Accounting profit before income tax	276,368,941	271,656,325
At India's statutory income tax rate of 34.608% (31 March 2017 : 34.608%)	95,645,763	94,014,821
- Effect of non-deductible expenses and exempt income	978,368	783,006
- Change in estimates related to prior years	(1,236,846)	154,842
- Deferred tax assets (recognised)/not recognised in earlier years	643,598	-
- Rate difference	(802,803)	-
- Others	(11,570)	(78,371)
Income tax expense reported in the Statement of Profit and Loss	95,216,510	94,874,298

During the year ending 31 March 2018 and 31 March 2017, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of shareholders. Hence DDT paid is charged to equity. Distribution tax on dividend represents distribution tax on dividend paid during the year ended 31 March 2018 amounting to Rs. 3,576,887 (31 March 2017 3,576,887).

31. Micro, small and medium enterprises

There are no Micro, small and medium enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at the end of the year. The information as required to be disclosed in relation to Micro, small and medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the company.

	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016
The principal amount remaining unpaid to any supplier as at the end of the year	-	-	-
The interest due on principal amount remaining unpaid to any supplier as at the end of the year	-	-	-
The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), along with the amount of payment made to the supplier beyond the appointed day during the year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the MSMED Act.	-	-	-

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

32. Employee benefits in respect of the Company have been calculated as under:

(A) Defined Contribution Plans

The company has certain defined contribution plan such as provident fund, employee state insurance, employee pension scheme, employee superannuation fund wherein specified percentage is contributed to them. During the year, the Company has contributed following amounts to:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Employer's contribution to provident fund	2,320,969	2,171,731
Employer's contribution to employees' pension scheme 1995	1,339,941	1,316,848
Employer's contribution to superannuation fund	2,956,767	2,412,552
Employer's contribution to employee deposit linked insurance	322,369	279,816
Employer's contribution to employee state insurance	225,507	181,395
Employer's contribution to state welfare fund	26,220	24,615

(B) Defined Benefit Plans

(i) Gratuity

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of gratuity. The discount rate assumed is 7.70% p.a. (31 March 2017 : 7.30% p.a.; 1 April 2016 : 7.85% p.a.) which is determined by reference to market yield at the balance sheet date on government bonds. The retirement age has been considered at 58 years (31 March 2017 : 58 years; 1 April 2016 : 58 years).

The estimates of future salary increases, considered in actuarial valuation is 10% p.a. (31 March 2017 : 10%; 1 April 2016: 10%), taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plan assets are maintained with Life Insurance Corporation of India in respect of gratuity scheme. The details of investments maintained by Life Insurance Corporation are not available with the Company, hence not disclosed. The expected rate of return based on LIC statement on plan assets is 8.25% p.a. (31 March 2017 : 8.25% p.a.; 1 April 2016 : 8.25% p.a.)

Reconciliation of opening and closing balances of present value of defined benefit obligation:

Particulars	31 March 2018	31 March 2017
Present value of obligation at the beginning of the year	28,248,986	24,474,438
Current service cost	2,182,629	1,893,039
Interest cost	1,921,421	1,847,354
Benefits paid	(2,703,088)	(1,882,544)
Actuarial loss	(2,578,574)	1,916,699
Present value of obligation at the end of the year	27,071,374	28,248,986

Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:

Particulars	31 March 2018	31 March 2017	1 April 2016
Present value of obligation at the end of the year	27,071,374	28,248,986	24,474,438
Fair value of plan assets at the end of the year	25,032,012	24,784,284	24,561,753
Net liabilities recognised in the Balance Sheet	2,039,362	3,464,702	(87,315)

Fair value of plan assets:	31 March 2018	31 March 2017
Plan assets at the beginning of the year	24,784,284	24,561,753
Expected return on plan assets	1,809,253	2,101,343
Contribution by employer	1,013,844	247,020
Actual benefits paid	(2,703,087)	(1,882,544)
Actuarial gain / (loss)	127,718	(243,288)
Plan assets at the end of the year	25,032,012	24,784,284

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

Expense recognised in the Statement of Profit and Loss under employee benefits expenses:

Particulars	31 March 2018	31 March 2017
Current service cost	2,182,629	1,893,039
Interest cost	112,168	(253,989)
Expense recognised in the Statement of Profit and Loss	2,294,797	1,639,050

Amount recognised in the other comprehensive income:

Particulars	31 March 2018	31 March 2017
Actuarial loss/ (gain) due to financial assumption change	(1,015,249)	1,319,637
Actuarial loss due to experience adjustment	(1,563,325)	597,062
Actuarial (gain)/ loss on plan assets	(127,718)	243,288
Amount recognised in the Other Comprehensive Income	(2,706,292)	2,159,987

Sensitivity analysis:

Particulars	31 March 2018	31 March 2018
Assumption	Discount rate	Future salary increase
Sensitivity level	1 % increase	1 % increase
Impact on defined benefit	(2,279,210)	2,581,365
Sensitivity level	1 % decrease	1 % decrease
Impact on defined benefit	2,667,135	(2,254,129)

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

(ii) Retirement benefit award

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has also been carried out in respect of retirement benefit award. The discount rate assumed is 7.70% p.a. (31 March 2017 : 7.30% p.a.; 1 April 2016 : 7.85% p.a.) which is determined by reference to market yield at the balance sheet date on government bonds. The retirement age has been considered at 58 years (31 March 2017 : 58 years; 31 March 2016 : 58 years).

Reconciliation of opening and closing balances of present value of defined benefit obligation:

Particulars	31 March 2018	31 March 2017
Present value of obligation at the beginning of the year	221,472	216,065
Current service cost	9,673	7,723
Interest cost	12,517	15,980
Benefits paid	(74,999)	(24,999)
Actuarial loss	(29,581)	6,703
Present value of obligation at the end of the year	139,082	221,472

Reconciliation of the net liabilities recognised in the balance sheet

Particulars	31 March 2018	31 March 2017	1 April 2016
Present value of obligation at the end of the year	139,082	221,472	216,065
Net liabilities recognised in the Balance Sheet	139,082	221,472	216,065

Expense recognised in the Statement of Profit and Loss under employee benefits expenses:

Particulars	31 March 2018	31 March 2017
Current service cost	9,673	7,723
Interest cost	12,517	15,980
Expense recognised in the Statement of Profit and Loss	22,190	23,703

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

Amount recognised in the other comprehensive income:

Particulars	31 March 2018	31 March 2017
Actuarial loss/ (gain) due to financial assumption change	(2,296)	3,611
Actuarial loss due to experience adjustment	(27,285)	3,092
Amount recognised in the Other Comprehensive Income	(29,581)	6,703

Sensitivity analysis:

Particulars	31 March 2018
Assumption	Discount rate
Sensitivity level	1 % increase
Impact on defined benefit	-5,401
Sensitivity level	1 % decrease
Impact on defined benefit	5,898

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

(iii) Providend Fund:

The Company makes monthly contributions to provident fund managed by trust for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. As per Ind AS 19 on "Employee Benefits", employer established provident fund trusts are treated as defined benefit plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees. The total liability of Nil (31 March 2017 : Nil; 1 April 2016 : Nil) has been charge to Statement of Profit and Loss during the year.

Actuarial assumptions made to determine interest rate guarantee on exempt provident fund liabilities are as follows:

Particulars	31 March 2018	31 March 2017	1 April 2016
Discount rate	7.70%	7.30%	7.85%
Guaranteed rate of return	8.65%	8.65%	8.65%

The Company has contributed Rs. 2,320,969 to provident fund for the year.

(C) Other long term benefits

(i) Compensated absences

Particulars	31 March 2018	31 March 2017	1 April 2016
Present value of obligation at the end of the year	21,627,052	18,457,033	16,649,457

(ii) Long service award

Particulars	31 March 2018	31 March 2017	1 April 2016
Present value of obligation at the end of the year	1,605,081	1,591,378	1,741,929

33. Fair value management

	Note	Level of hierarchy Refer Note 2 (q)	31 March 2018			31 March 2017			1 April 2016		
			FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets											
Trade receivables	(a)		-	-	177,241,059	-	-	202,892,951	-	-	190,246,049
Cash and cash equivalents	(a)		-	-	59,230,075	-	-	44,109,552	-	-	31,625,038
Other bank balance	(a)		-	-	1,294,902,766	-	-	1,119,289,452	-	-	949,653,105
Other financial assets	(a)	1	-	-	5,743,217	-	-	5,742,217	121,702	-	5,355,217
Total financial assets			-	-	1,537,117,117	-	-	1,372,034,172	121,702	-	1,176,879,409
Financial liability											
Trade payable	(a)		-	-	98,537,708	-	-	71,467,501	-	-	78,113,920
Other financial liabilities	(a)	1	55,019	-	38,706,854	318,738	-	19,919,283	-	-	25,901,653
Total financial liabilities			55,019	-	137,244,562	318,738	-	91,386,784	-	-	104,015,573

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

(a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

(b) The fair value is determined by using the valuation model/technique with observable/non-observable inputs and assumptions.

34. Financial risk management

(A) Financial risk management

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company, through three layers of defence namely policies and procedures, review mechanism and assurance, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The audit committee of the board with top management oversees the formulation and implementation of the Risk Management Policies. The risks and mitigation plan are identified, deliberated and reviewed at appropriate forums.

The Company has exposure to the following risks arising from financial instruments:

- credit risk (see (i))
- liquidity risk (see (ii))
- market risk (see (iii))
- liquidity risk (see (iv))

i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of financial assets represents the maximum credit risk exposure.

Trade receivable and other financial assets

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, industry information and business intelligence.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry, trade history with the Company and existence of previous financial difficulties.

Expected credit loss for trade receivable:

The Company based on internal assessment which is driven by the historical experience / current facts available in relation to defaults and delays in collection thereof, the credit risk for trade receivable is considered low. The Company estimates its allowance for trade receivable using lifetime expected credit loss. The balance past due (net of expected credit loss allowance), excluding receivable from group companies and government companies is 160,546,394.

Movement in the expected credit loss allowance of trade receivables are as follows:

	31 March 2018	31 March 2017
Balance at the beginning of the year	439,130	229,195
Add : Provided during the year (net of reversal)	(48,371)	209,935
Balance at the end of the year	390,759	439,130

Expected credit loss on financial assets other than trade receivable:

With regards to all financial assets with contractual cash flows other than trade receivable, management believes these to be high quality assets with negligible credit risk. The management believes that the parties from whom these financial assets are recoverable, have strong capacity to meet the obligations and where the risk of default is negligible and accordingly no provision for expected credit loss has been provided on such financial assets. Break up of financial assets other than trade receivables have been disclosed on balance sheet.

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

ii. Liquidity risk

Liquidity risk is the risk that Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's finance department is responsible for managing the short term and long term liquidity requirements. Short term liquidity situation is reviewed daily by finance. Long term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Exposure to the liquidity risk

The following are remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

		Contractual cash flows		
31 March 2018	Carrying amount	Total	Within one year	More than 1 year
Non-derivative financial liabilities				
Trade payables	98,537,708	98,537,708	98,537,708	-
Other financial liabilities	38,761,873	38,761,873	38,761,873	-

		Contractual cash flows		
31 March 2017	Carrying amount	Total	Within one year	More than 1 year
Non-derivative financial liabilities				
Trade payables	71,467,501	71,467,501	71,467,501	-
Other financial liabilities	20,238,021	20,238,021	20,238,021	-

		Contractual cash flows		
1 April 2016	Carrying amount	Total	Within one year	More than 1 year
Non-derivative financial liabilities				
Trade payables	78,113,920	78,113,920	78,113,920	-
Other financial liabilities	25,901,653	25,901,653	25,901,653	-

iii. Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates - will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between currencies in which sales and purchases are denominated and the functional currency of the Company. The currencies which the Company is exposed to risk are EUR, USD, GBP and NOK.

The Company follows a natural hedge driven currency risk mitigation policy to the extent possible. Any residual risk is evaluated and appropriate risk mitigating steps are taken, including but not limited to, entering into forward contract.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk are reported to management of the company as follows:

	As at 31 March 2018			
	USD	EUR	GBP	SEK
Cash and cash equivalents	6,853,989	593,889	-	-
Trade receivables	11,675,302	2,279,883	-	-
Other financial assets	-	-	-	-
Trade payables	(25,857,990)	(8,432,151)	-	(261,164)
Capital creditors	(9,367,748)	(443,244)	(1,127,209)	-
Against open purchase orders	(5,629,264)	(7,041,363)		
Net statement of financial position exposure	(22,325,711)	(13,042,986)	(1,127,209)	(261,164)

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

	As at 31 March 2017		
	USD	EUR	NOK
Cash and cash equivalents	903,771	4,240,289	-
Trade receivables	11,502,852	7,211,958	-
Other financial assets	-	-	-
Trade payables	(19,978,764)	(4,623,923)	(130,644)
Capital creditors	-	-	-
Net statement of financial position exposure	(7,572,141)	6,828,324	(130,644)

	As at 1 April 2016			
	USD	EUR	NOK	GBP
Cash and cash equivalents	2,664,234	196,041	-	-
Trade receivables	7,484,316	2,555,221	-	-
Other financial assets	-	-	-	-
Trade payables	(17,695,878)	(6,823,554)	-	(29,789)
Capital creditors	-	(341,892)	(1,730,614)	-
Net statement of financial position exposure	(7,547,328)	(4,414,184)	(1,730,614)	(29,789)

Sensitivity analysis

A reasonable possible strengthening (weakening) of the USD, EUR, GBP and NOK against all other currencies at 31 March would have affected the measurement of financial exposure denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant and ignores any impact on forecast sales and purchases.

	Profit or Loss (before tax)	
	Strengthening	Weakening
31 March 2018		
USD (1% movement)	(168,080)	168,080
EUR (1% movement)	(59,795)	59,795
GBP (1% movement)	(11,299)	11,299
SEK (1% movement)	(2,676)	2,676
31 March 2017		
USD (1% movement)	58,964	(58,964)
EUR (1% movement)	67,893	(67,893)
NOK (1% movement)	(1,381)	1,381

iv. Interest rate risk

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

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

	31 March 2018	31 March 2017	1 April 2016
Fixed-rate instruments			
Financial assets - Bank deposits	1,307,904,814	1,119,289,452	949,653,105
	1,307,904,814	1,119,289,452	949,653,105

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Fair value sensitivity on bank deposits has not been disclosed as interest rate on such deposits is equivalent to market rate.

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

35. Capital management

Dividends

(a) The following dividends were declared and paid by the Company during the year:

Particulars	31 March 2018	31 March 2017
Equity shares		
Final dividend paid during the year ended 31 March 2018 of Rs. 4 per fully paid equity share (31 March 2017 of Rs. 4 per fully paid up equity share)	17,570,236	17,570,236
	17,570,236	17,570,236

(b) Dividend not recognised at the end of the reporting period

	31 March 2018	31 March 2017
Equity shares		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of Rs. 9 per fully paid equity share (31 March 2017 : Rs. 4). This proposed dividend is subject to the approval of shareholders in the ensuing general meeting and would attract dividend distribution tax when declared or paid.	39,533,031	17,570,236

36. Related Party Disclosures

(A) Related Party Names

(a) Related parties where control exists

a) Holding Company — VP Auslandsbeteiligungen GmbH, Germany

b) Ultimate Holding Company — Voith Paper Holding GmbH & Co. KG, Germany (Holds 100% Equity of VP Auslandsbeteiligungen GmbH)

(b) Fellow subsidiaries

Syn Strand Inc., United State of America

Voith Paper Fabrics Stubbins Ltd., United Kingdom

Voith Digital Solutions GmbH, Germany
(Formerly known as Voith IT Solutions GmbH, Germany)

Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia

Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia

Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany

Voith Paper Technology (India) Private Limited, India

Voith Hydro Private Limited, India

Voith Paper Fabric & Roll Systems Inc. (Wilson), United State of America

Voith Paper Fabric & Roll Systems Inc. (Shreveport), United State of America

Voith Paper GmbH & Co. KG, Germany

Voith Paper Rolls GmbH & Co KG, Austria

Voith Paper Fabrics GmbH, Austria

Voith Paper Fabrics Högsjö AB, Sweden

Voith Paper Fabrics Waycross, LLC

PT. Voith Paper Rolls Indonesia

Voith Paper (China) Co., Ltd., China

Voith Paper Fabrics BV, Nedarland

Voith Digital Solutions India Private Ltd., India

(c) Key Management Personnel

R. Krishna Kumar, Managing Director

Kalyan Dasgupta, Financial Controller

C. S. Gugliani, Company Secretary

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

(d) Others:

VPFIL Employees' Provident Fund Trust

(B) Related Party Transactions

S.No.	Particulars	31 March 2018	31 March 2017
1	Transactions with Holding Company		
	Payment of Dividend	13,009,672	13,009,672
		13,009,672	13,009,672
2	Transactions with Fellow Subsidiaries		
i)	Sale of goods		
	Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	4,248,706	277,631
	Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany	1,818,489	3,841,152
	Voith Paper (China) Co., Ltd., China	4,132,756	-
	Voith Paper GmbH & Co. KG, Germany	-	377,225
	Voith Paper Technology (India) Private Limited, India	12,160,343	-
	Voith Paper Fabrics Waycross, LLC	185,666	191,872
		22,545,961	4,687,880
ii)	Sale of services		
	Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	3,643,090	10,934,810
	Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany	771,705	6,189,901
	Voith Paper Rolls GmbH & Co KG, Austria	913,631	1,330,883
	PT. Voith Paper Rolls Indonesia	3,505,920	13,778,057
	Voith Paper (China) Co., Ltd., China	-	7,914,619
		8,834,347	40,148,270
iii)	Lease rent income		
	Voith Paper Technology (India) Private Limited, India	6,434,546	6,128,140
		6,434,546	6,128,140
iv)	Purchase of materials		
	Voith Paper Fabrics GmbH, Austria	4,105,773	6,730,539
	Syn Strand Inc., United State of America	20,898,965	22,801,307
	Voith Paper Fabrics Stubbins Ltd., United Kingdom	-	7,474,498
	Voith Paper (China) Co., Ltd., China	11,963,267	2,956,448
	Voith Paper Fabrics Högsjö AB, Sweden	626,309	334,558
	Voith Paper Fabrics BV, Nedarland	240,609	-
	Voith Paper Fabric & Roll Systems Inc. (Shreveport), United State of America	3,514,632	-
		41,349,555	40,297,350
v)	Purchase of traded goods		
	Voith Paper (China) Co., Ltd., China	47,518,519	16,134,120
	Voith Paper Fabrics GmbH, Austria	6,170,481	-
	Voith Paper Rolls GmbH & Co KG, Austria	-	-
	Voith Paper GmbH & Co. KG, Germany	9,583,226	24,569,446
	Voith Paper Fabrics Högsjö AB, Sweden	22,850,890	
	Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia	20,043,176	9,708,505
		106,166,292	50,412,071
vi)	Purchase of capital goods & services		
	Voith Paper Fabric & Roll Systems Inc. (Wilson), United State of America	11,905,153	-
	Voith Digital Solutions India Private Ltd., India	71,400	
		11,976,553	-

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

S.No.	Particulars	31 March 2018	31 March 2017
vii)	Technical know-how fees/Royalty		
	Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany* (formerly known as Voith Paper Fabrics GmbH & Co. KG, Germany)	39,140,355	35,387,001
		39,140,355	35,387,001
viii)	Communication expenses		
	Voith Digital Solutions GmbH, Germany (Formerly known as Voith IT Solutions GmbH, Germany)	3,751,595	3,428,533
	Voith Digital Solutions India Private Ltd., India	137,976	-
	Voith Hydro Private Limited, India	-	186,020
		3,889,571	3,614,553
ix)	Reimbursement of expenses from related parties		
	Voith Paper Technology (India) Private Limited, India	1,888,014	1,878,755
	Voith Paper Fabrics Waycross, LLC	59,743	-
	Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	164,615	-
	Voith Paper Fabrics Högsjö AB, Sweden	13,241	-
	Voith Paper (China) Co., Ltd., China	372,220	
	Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany	86,880	-
	PT. Voith Paper Rolls Indonesia	9,283	-
		2,593,996	1,878,755
x)	Reimbursement of expenses to related parties		
	Voith Paper Technology (India) Private Limited, India	807,008	1,853,231
		807,008	1,853,231
3	Transactions with Key Management Personnel		
i)	Remuneration paid		
	R. Krishna Kumar	15,507,600	14,035,632
	Kalyan Dasgupta	4,087,358	3,822,661
	C.S. Gugliani	1,884,241	1,671,654
		21,479,199	19,529,947
ii)	Reimbursement of expenses to related parties		
	R. Krishna Kumar	256,214	309,128
		256,214	309,128
4	Transactions with Others		
i)	Contribution by the Company		
	VPFIL Employees' Provident Fund Trust	2,320,969	2,171,731
		2,320,969	2,171,731

(C) Related Parties' Year End Balances

		31 March 2018	31 March 2017	1 April 2016
1	Amount Outstanding - Fellow Subsidiaries			
i)	Trade Receivable			
	Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	2,212,409	1,289,610	1,653,310
	Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany	638,353	2,079,948	2,414,397
	Voith Paper (China) Co., Ltd., China	227,108	4,997,311	-
	Voith Paper Fabrics Waycross, LLC	217,492	186,944	-
	Voith Paper GmbH & Co. KG, Germany	-	-	9,890
	Voith Paper Technology (India) Private Limited, India	5,539,572	858,658	522,277
	Voith Paper Rolls GmbH & Co KG, Austria	222,978	134,699	130,934
	Voith Paper Fabrics Högsjö AB, Sweden	13,237	-	-
	PT. Voith Paper Rolls Indonesia	1,358,330	7,472,371	-
		10,429,479	17,019,541	4,730,808

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

	31 March 2018	31 March 2017	1 April 2016
ii) Trade Payable (including capital creditors)			
Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia	4,901,542	634,912	56,400
Voith Paper (China) Co., Ltd., China	5,050,100	3,849,705	1,245,381
Voith Digital Solutions GmbH, Germany	301,326	253,160	251,603
(Formerly known as Voith IT Solutions GmbH, Germany)			
Voith Hydro Private Limited, India	-	26,566	43,848
Voith Paper Technology (India) Private Limited, India	361,057	-	925,818
Voith Paper GmbH & Co. KG, Germany	-	6,487,866	-
Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	-	-	14,576
Voith Paper Fabrics GmbH, Austria	4,318,359	-	6,571,951
Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany*	18,089,339	15,967,787	16,527,782
Voith Paper Fabrics Högsjö AB, Sweden	626,309	-	-
Voith Paper Fabric & Roll Systems Inc. (Wilson), United State of America	3,551,765	-	-
Syn Strand Inc., United State of America	9,016,580	10,625,086	13,840,856
Voith Digital Solutions India Private Ltd., India	10,757	-	-
Voith Paper Fabric & Roll Systems Inc. (Shreveport), United State of America	3,514,632	-	-
	49,741,766	37,845,082	39,478,215
iii) Advances receivable			
Voith Digital Solutions GmbH, Germany	-	-	15,576
(Formerly known as Voith IT Solutions GmbH, Germany)			
	-	-	15,576
iv) Other liabilities (Security Deposit)			
Voith Paper Technology (India) Private Limited, India	1,500,000	1,500,000	1,500,000
	1,500,000	1,500,000	1,500,000
2 Amount Outstanding - Key Management Personnel			
i) Remuneration payable			
R. Krishna Kumar	215,724	408,699	441,322
Kalyan Dasgupta	143,128	178,763	159,602
C.S. Gugliani	113,288	62,836	89,372
	472,140	650,298	690,296
ii) Reimbursement of expenses			
R. Krishna Kumar	240,325	-	162,314
	240,325	-	162,314
iii) Travel advance			
R. Krishna Kumar	-	556,944	-
	-	556,944	-
3 Amount Outstanding - Others			
i) Contribution payable			
VPFIL Employees' Provident Fund Trust	607,002	551,062	622,378
	607,002	551,062	622,378

* Includes amount not invoiced Rs. 254,686

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

37. Contingent liabilities to the extent not provided for:

A Guarantees

Outstanding guarantees furnished by Banks on behalf of the Company is Rs. 5,483,075 (31 March 2017: 6,609,027; 1 April 2016: 5,253,346)

B Claims against Company, disputed by the Company not acknowledged as debt:

	31 March 2018	31 March 2017	1 April 2016
Income Tax	10,966,764	10,966,764	14,715,184
	10,966,764	10,966,764	14,715,184

(a) Rs. 2,637,144 (31 March 2017 : Rs. 2,637,144; 1 April 2016 : Rs. 6,385,564) as the amount of demand raised by the assessing officer for assessment year 2009-10 on account of disallowances in respect of shifting expenses & repair building etc. (previous year shifting expenses, repair building and technical know-how fees).

The assessing officer disallowed in his assessment order expenses on shifting, repair building, provision for leave encashment & warranty and technical know-how fees/royalty. The Company had filed an appeal with the Commissioner (Appeals) - Income Tax against the said order. The Commissioner (Appeals) had allowed all other grounds in favour of the company except shifting expenses pursuant to which the Company and the department have filed cross appeals in Income Tax Appellate Tribunal.

(b) Rs. 1,715,600 (31 March 2017 : 1,715,600; 1 April 2016 : Rs. 1,715,600) as the amount of demand raised by the assessing officer for assessment year 2008-09 on account of shifting expenses.

The assessing officer disallowed in his assessment order expenses on shifting, repair, forex expenditure on capital assets, legal expenses and additional depreciation. The Company had filed an appeal with the Commissioner (Appeals)- Income Tax against said order. The Commissioner (Appeals) had allowed only repair expenses in favour of the company. Aggrieved by the order, the Company had preferred it's appeal to Income Tax Appellate Tribunal. Department has also filed an appeal in Income Tax Appellate Tribunal against one ground allowed in favour of the company.

During the year, the Company has received favourable order from Income tax Appellate Tribunal. However, the department is expected to initiate further proceedings against the order of Income tax Appellate Tribunal with the higher appellate authority. Hence, the amount is continue to be disclosed in the above table.

(c) Rs. 6,614,020 (31 March 2017 : 6,614,020; 1 April 2016 : 6,614,020) as the amount of demand raised by assessing officer for assessment year 2007-08 on account of repair expenses.

The assessing officer re-opened the assessment u/s 147/148 and disallowed all the repair expenditure claimed in the Statement of Profit & Loss account. Aggrieved by the order, the Company filed an appeal with Commissioner (Appeals) which was allowed in favour of the Company. Pursuant to this order, the department has filed an appeal in the Income Tax Appellate Tribunal.

During the year, the Company has received favourable order from Income tax Appellate Tribunal. However, the department is expected to initiate further proceedings against the order of Income tax Appellate Tribunal with the higher appellate authority. Hence, the amount is continue to be disclosed in the above table.

In all of the above cases, the management is confident of a favorable outcome from higher appellate authority.

C Other contingent liabilities

Labour case:

15 contractual ex-employees had filed a case against the Company under Industrial Tribunal cum Labour Court II, Haryana. The dispute pertains to reinstatement of these employees with continuity of service, full back wages and all consequential benefits since the date of termination. The labour court had decided the case in favour of the workmen. The Company had filed a writ petition in High Court (Punjab & Haryana) based on a legal opinion sought in the matter. 8 employees out of the above filed an appeal for the execution of the labour court award order decided earlier. The Company brought the High Court (Punjab & Haryana) writ petition in notice of the Labour court II, Haryana, but the application has been dismissed for stay on the ground that the stay order by the High Court pertains to criminal prosecution and not the civil execution of the Award. The Company further filled a writ petition in High Court (Punjab & Haryana) against the execution order of Labour Court II, Haryana and currently awaiting for hearing. Based on the opinion from legal consultant, the Company is of the view that the likelihood of potential favorable judgement in the Company's favour is probable. Further, the financial implications can't be quantified in this case and will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Further, the Company has certain other labour cases for which the liability is not ascertainable.

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

38. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs. 95,498,072 (31 March 2017 : Nil; 1 April 2016 : 4,190,412)

39. Corporate Social Responsibility (CSR) Expense

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Prescribed CSR expenditure as per Section 135 of the Companies Act, 2013	5,653,245	5,098,379
Details of CSR spent during the financial year		
a) Construction / acquisition of any asset		
b) On purposes other than (a) above	5,654,000	5,100,000

40. Hedging and derivative instruments:

i) The Company uses foreign exchange forward contracts to selectively hedge its exposure. These derivative instruments are not used for speculative or trading purposes.

a) Forward contract outstanding

Purpose	Currency hedged	As at 31 March 2018 (in original currency)	As at 31 March 2018 (in Rupees)
Trade payable	EUR	84,857	6,813,669
Trade payable	USD	316,937	20,654,785
Trade receivable	USD	74,280	4,840,828
Creditor for capital goods	USD	115,585	7,532,699
Against open purchase orders	EUR	86,638	7,041,363
Against open purchase orders	USD	86,166	5,629,264

Purpose	Currency hedged	As at 31 March 2017 (in original currency)	As at 31 March 2017 (in Rupees)
Trade payable	USD	207,367	13,460,432

Purpose	Currency hedged	As at 1 April 2016 (in original currency)	As at 1 April 2016 (in Rupees)
Trade payable	EUR	87,127	6,571,951

b) Foreign currency exposure not hedged by forward contracts

Purpose	Currency	As at 31 March 2018 (in original currency)	As at 31 March 2018 (in Rupees)
Trade payable	EUR	20,156	1,618,482
Trade payable	USD	79,841	5,203,205
Trade payable	SEK	33,450	261,164
Creditor for capital goods	EUR	5,520	443,244
Creditor for capital goods	GBP	12,282	1,127,209
Creditor for capital goods	USD	28,158	1,835,050
Trade receivable	EUR	28,393	2,279,883
Trade receivable	USD	104,871	6,834,474
Cash & cash equivalents	EUR	7,396	593,889
Cash & cash equivalents	USD	105,171	6,853,989

Purpose	Currency	As at 31 March 2017 (in original currency)	As at 31 March 2017 (in Rupees)
Trade payable	USD	100,419	6,518,332
Trade payable	EUR	66,631	4,623,923
Trade payable	NOK	17,260	130,644
Trade receivable	EUR	103,924	7,211,958
Trade receivable	USD	177,209	11,502,852
Cash & cash equivalents	EUR	61,102	4,240,289
Cash & cash equivalents	USD	13,923	903,771

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

Purpose	Currency	As at 1 April 2016	
		(in original currency)	(in Rupees)
Trade payable	EUR	3,336	251,603
Trade payable	USD	267,093	17,695,878
Trade payable	GBP	313	29,789
Creditor for capital goods	EUR	4,533	341,892
Creditor for capital goods	NOK	216,000	1,730,614
Trade receivable	EUR	33,875	2,555,221
Trade receivable	USD	112,965	7,484,316
Cash & cash equivalents	EUR	2,599	196,041
Cash & cash equivalents	USD	40,213	2,664,234

ii) Mark to market loss/ (gain) amounting to Rs. (263,719) (31 March 2017: 440,440) in respect of forward contracts have been credited/charged to the Statement of Profit and Loss. The mark to market losses on forward contract outstanding liability as at 31 March 2018 is Rs. 55,019 (31 March 2017: 318,738)

41. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the specified domestic transactions entered into with the specified persons and the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence before the due date of filing of income tax return. The management is of the opinion that it's international transactions are at arm's length so that the aforesaid legislation will not have any impact on financial statements, particularly on the amount of tax expense and that of provision for taxation.

42. First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The significant accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

(A) Exemptions and exemptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Ind AS optional exemptions

1. Deemed cost

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of it's property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

Ind AS mandatory exemptions

1. Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were an error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP

The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP

- Impairment of financial assets based on expected credit loss model.

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

2. De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initial accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

42(B).Reconciliation of equity as previously reported under Indian GAAP to Ind AS

Particulars	Note	1 April 2016 Previous IGAAP*	1 April 2016 Ind AS Adjustments	1 April 2016 Ind AS	31 March 2017 Previous IGAAP*	31 March 2017 Ind AS Adjustments	31 March 2017 Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment		460,357,990	-	460,357,990	415,983,818	-	415,983,818
Capital work-in-progress		13,949,890	-	13,949,890	12,019,865	-	12,019,865
Financial assets			-				
i. Other financial assets		3,980,217	-	3,980,217	4,417,217	-	4,417,217
Income tax assets (net)		23,443,862	-	23,443,862	23,289,020	-	23,289,020
Other non-current assets	1	3,201,875	(564,662)	2,637,213	912,093	(912,093)	-
Total non-current assets		**504,933,834**	**(564,662)**	**504,369,172**	**456,622,013**	**(912,093)**	**455,709,920**
Current assets							
Inventories		92,314,951	-	92,314,951	99,967,573	-	99,967,573
Financial assets			-				
i. Trade receivables	2	190,475,244	(229,195)	190,246,049	203,332,081	(439,130)	202,892,951
ii. Cash and cash equivalents		31,625,038	-	31,625,038	44,109,552	-	44,109,552
iii. Other bank balance		949,653,105	-	949,653,105	1,119,289,452	-	1,119,289,452
iv. Other financial assets	3	1,375,000	121,702	1,496,702	1,325,000	-	1,325,000
Other current assets		17,901,100	-	17,901,100	18,364,874	-	18,364,874
Total current assets		**1,283,344,438**	**(107,493)**	**1,283,236,945**	**1,486,388,532**	**(439,130)**	**1,485,949,402**
Total assets		**1,788,278,272**	**(672,155)**	**1,787,606,117**	**1,943,010,545**	**(1,351,223)**	**1,941,659,322**
EQUITIES AND LIABILITIES							
Equity							
Equity share capital		43,925,590	-	43,925,590	43,925,590	-	43,925,590
Other equity		1,559,564,865	20,879,997	1,580,444,862	1,735,397,810	(734,886)	1,734,662,924
Total equity		**1,603,490,455**	**20,879,997**	**1,624,370,452**	**1,779,323,400**	**(734,886)**	**1,778,588,514**
Liabilities							
Non-current liabilities							
Provisions		16,795,256	-	16,795,256	21,875,950	-	21,875,950
Deferred tax liabilities (net)	8	9,343,107	(25,643)	9,317,464	7,944,375	(531,545)	7,412,830
Total non-current liabilities		**26,138,363**	**(25,643)**	**26,112,720**	**29,820,325**	**(531,545)**	**29,288,780**
Current liabilities							
Financial liabilities							
i. Trade payable	3	78,147,306	(33,386)	78,113,920	71,601,541	(134,040)	71,467,501
ii. Other financial liabilities	3,4	**26,247,653**	**(346,000)**	**25,901,653**	**20,188,773**	**49,248**	**20,238,021**
Other current liabilities		11,063,883	-	11,063,883	16,822,321	-	16,822,321
Provisions	5	42,269,175	(21,147,123)	21,122,052	20,917,422	-	20,917,422
Current Tax Liabilities (Net)		921,437	-	921,437	4,336,763	-	4,336,763
Total current liabilities		**158,649,454**	**(21,526,509)**	**137,122,945**	**133,866,820**	**(84,792)**	**133,782,028**
Total liabilities		**184,787,817**	**(21,552,152)**	**163,235,665**	**163,687,145**	**(616,337)**	**163,070,808**
Total equity and liabilities		**1,788,278,272**	**(672,155)**	**1,787,606,117**	**1,943,010,545**	**(1,351,223)**	**1,941,659,322**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note.

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

42(C).Reconciliation of Statement of Profit and Loss as previously reported Indian GAAP to Ind AS

	Note	Year ended 31 March 2017		
		Previous GAAP*	Ind AS Adjustments	Ind AS
Revenue from operations	6, 3	815,095,597	85,750,516	900,846,113
Other income	1	79,112,549	(347,431)	78,765,118
Total income		**894,208,146**	**85,403,085**	**979,611,231**
Expenses				
Cost of materials consumed		169,422,692	-	169,422,692
Purchase of stock-in-trade		51,308,776	-	51,308,776
Changes in inventories of finished goods, stock-in-trade and work-in-progress		(6,475,920)	-	(6,475,920)
Excise duty	6	-	85,649,856	85,649,856
Employee benefits expense	7	110,814,337	(2,166,690)	108,647,647
Depreciation expense		59,570,342	-	59,570,342
Other expenses	2,3,4	239,104,628	726,885	239,831,513
Total expenses		**623,744,855**	**84,210,051**	**707,954,906**
Profit before taxes		**270,463,291**	**1,193,034**	**271,656,325**
Tax expense				
- Current tax		95,874,236	-	95,874,236
- Income tax (credit)/charge relating to earlier years		154,842	-	154,842
- Deferred tax (credit)	8	(1,398,732)	243,952	(1,154,780)
Income tax expense		**94,630,346**	**243,952**	**94,874,298**
Profit for the year		**175,832,945**	**949,082**	**176,782,027**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit obligations / asset	7	-	(2,166,690)	(2,166,690)
Income tax on above	8	-	749,848	749,848
Other comprehensive income for the year (net of tax)		**-**	**(1,416,842)**	**(1,416,842)**
Total comprehensive income for the year		**175,832,945**	**(467,760)**	**175,365,185**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note.

42(D). Equity reconciliation

Particulars	Note	As at 1 April 2016	As at 31 March 2017
Reported earlier under previous GAAP		1,559,564,865	1,735,397,810
Accounting for proposed dividend and dividend distribution tax on payment basis		21,147,123	-
Others *		(267,126)	(734,886)
Now reported under Ind AS		**1,580,444,862**	**1,734,662,924**

* Others include adjustments resulting from differences in accounting for classification of actuarial gain/loss to other comprehensive income, reversal of lease equalization reserve etc.

43(E) Statement of cash flows

Other than effect of certain reclassifications due to difference in presentation, there was no other material effect on cash flow from operating, financing and investing activities for all periods presented.

Note 1 : Lease equalisation reserve

Under previous GAAP, lease rentals on operating lease were required to be recognised as income on straight line basis over the lease term by recognising corresponding lease equalisation reserve. However, under Ind AS, there is no such requirement unless under specific circumstances specified in the Ind AS.

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

The impact arising from the change is summarised as follows:

Statement of profit and loss	Year ended 31 March 2017
Other income	
Rental income from property	(347,431)
Adjustment before income tax	(347,431)

Balance Sheet	1 April 2016	31 March 2017
Other financial assets		
Lease equalisation reserve	(564,662)	(912,093)
Related tax impact	-	315,656
Adjustment to retained earnings	(564,662)	(596,437)

Note 2 : Expected credit loss allowance

On transition to Ind AS, the Company has recognised impairment loss on trade receivable measured at amortized cost based on the expected credit loss model as required by Ind AS 109. Consequently, trade receivable have been reduced with a corresponding decrease in retained earnings on the date of transition and there has been an incremental provision for the year ended 31 March 2017.

The impact arising from the change is summarised as follows:

Statement of profit and loss	Year ended 31 March 2017
Other expenses	
Provision for doubtful debts	209,935
Adjustment before income tax	209,935

Balance Sheet	1 April 2016	31 March 2017
Trade receivable		
Expected credit loss allowance	229,195	439,130
Related tax impact	(79,320)	(151,974)
Adjustment to retained earnings	149,875	287,156

Note 3 : Mark-to-market gain/loss recognition on Derivative contracts

Recognition of unrealized mark-to-market gain/loss on forward contracts as at 1 April 2016 which was not permitted under previous GAAP. The amount was realized during the year ended 31 March 2017.

The impact arising from the change is summarised as follows:

Statement of profit and loss	Year ended 31 March 2017
a) *Other operating revenue*	
Forward contract premium as per previous GAAP reversed (b) - (d)	(100,658)
	(100,658)
b) *Other expenses*	
Mark to market loss/(gain) (a) - (c)	440,440
	440,440
Adjustment before income tax	339,782

Balance Sheet	1 April 2016	31 March 2017
Other financial assets		
Mark-to-market gain/loss (a)	(121,702)	-
Reversal of previous year mark-to-market gain/loss (b)	33,386	-
Other financial liability		
Mark-to-market gain/loss (c)	-	318,738
Reversal of previous year mark-to-market gain/loss (d)	-	134,040
Mark-to-market gain/loss	(155,088)	184,698
Related tax impact	53,677	(63,915)
Adjustment to retained earnings	(101,411)	120,783

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

Note 4 : Other financial liabilities

Under the previous GAAP, liability for security deposit were classified as other current liabilities based on the realisability. Liability for security deposit was carried at cost. Under Ind AS, this security deposit is required to be measured at fair value. The resulting changes before the date of transition have been recognised in retained earnings.

The impact arising from the change is summarised as follows:

Statement of profit and loss	Year ended 31 March 2017
Other expense	
Discounting of liability for security deposit	76,510
Adjustment before income tax	76,510

Balance Sheet	1 April 2016	31 March 2017
Other financial assets		
Security deposit	(346,000)	(269,490)
Adjustment to retained earnings	(346,000)	(269,490)

Note 5 : Proposed Dividend

Under the previous GAAP, dividends proposed by the board of directors after the Balance Sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend including dividend distribution tax, was recognised as a liability. Under Ind AS, dividends so proposed by the board are considered to be non-adjusting event. Accordingly, provision for proposed dividend and dividend distribution tax recognised under previous GAAP has been reversed.

The impact arising from the change is summarised as follows:

Statement of profit and loss	Year ended 31 March 2017
	-
Adjustment before income tax	-

Balance Sheet	1 April 2016	31 March 2017
Provisions		
Proposed dividend including dividend distribution tax	(21,147,123)	-
Adjustment to retained earnings	(21,147,123)	-

Note 6 : Excise duty

Under the previous GAAP, revenue from sale of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as an expense. This has resulted in an increase in the revenue from operations and expenses for the year ended 31 March 2017. The total comprehensive income for the year ended and equity as at 31 March 2017 has remained unchanged.

The impact arising from the change is summarised as follows:

Statement of profit and loss account	Year ended 31 March 2017
Revenue from operations	85,649,856
Excise duty	85,649,856
Adjustment before income tax	-

Balance Sheet	1 April 2016	31 March 2017
	-	-
Adjustment to retained earnings	-	-

Note 7 : Remeasurement of post employment benefit obligation

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP, the Company recognised actuarial gains and losses in statement of profit or loss. However, this has no impact on the total comprehensive income and total equity as on 1 April 2016 or as on 31 March 2017.

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

Note 8 : Tax expenses

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 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. Also, the above changes (decreased)/increased the deferred tax liability as follows based on a tax rate of 34.608 percent:

	1 April 2016	31 March 2017
Lease equalisation reserve	-	(315,656)
Credit loss allowance	(79,320)	(151,974)
Mark-to-market gain/loss	53,677	(63,915)
(Decrease) / increase in deferred tax liability	(25,643)	(531,545)

43. Earning per share

	31 March 2018	31 March 2017
Profit for basic and diluted earnings per share of Rs. 10 each	181,152,431	176,782,027
Weighted average number of equity shares used in computing earnings per share :		
For basic earnings per share	4,392,559	4,392,559
For diluted earnings per share	4,392,559	4,392,559
Earnings per share (Face value of Rs. 10 each)		
Basic	41.24	40.25
Diluted	41.24	40.25

44. During the year, the company had no Specified Bank Notes (SBNs) as defined in the MCA notification, G.S.R.308(E), dated 31 March 2017. The details of SBNs held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination-wise SBNs and other notes as per notification are as follows:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	90,500	14,256	104,756
(+) Permitted receipts	-	85,802	85,802
(-) Permitted payments	-	76,616	76,616
(-) Amount deposited in Banks	90,500	-	90,500
Closing cash in hand as on 30 December 2016	-	23,442	23,442

45. a) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company has evaluated the effect of this on the financial statements and is of the view that no change in accounting policy is required and the impact is not material.

b) Ind AS 115- Revenue from Contracts with Customers:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Moreover, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018. The Company will adopt the standard on 1 April 2018 by using the cumulative catch-up transition method as defined under standard and accordingly, comparatives for the year ending or ended 31 March 2018 will not be retrospectively adjusted.

Notes to Financial Statements for the year ended 31 March 2018

(All amounts are in Indian Rupees, unless otherwise stated)

While, the Company is in the process of implementing Ind AS 115 on financial statement, it is of the view that there will not be any significant change in its revenue recognition policy and the impact of the same will not be material.

46. Figures in bracket indicate deductions

47. Previous period's/ year's figures have been regrouped / reclassed, where necessary, to conform to current year's classification as per Ind AS.

For B S R & Co. LLP
ICAI Firm Registration Number: 101248W/W-100022
Chartered Accountants

Vikram Advani
Partner
Membership No. 091765

Place : New Delhi
Date : 4 May 2018

For and on behalf of the Board of Directors of
Voith Paper Fabrics India Limited

Biren De *Director* DIN : 00011607	R. Nath *Director* DIN : 00062186	S.K.Nagpal *Director* DIN : 01171148	Shahana Basu *Director* DIN : 07137715
R. Krishna Kumar *Managing Director* DIN : 05344619	Kalyan Dasgupta *Finance Controller* CMA No. : 25152	C.S. Gugliani *Company Secretary* FCS No. : 4301	

Place : New Delhi
Date : 4 May 2018