NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. Reporting Entity

Deepak Spinners Limited referred to as “the Company” is domiciled in India. The Company’s registered office is at 121 Industrial Area, Baddi, Himachal Pradesh- 173212. The Company is a manufacturer of Synthetic Staple Fibres Yarn, Man-made Fibres blended yarn. It has two spinning units located at Guna (Madhya Pradesh) and Baddi (Himachal Pradesh).

These financial statements were authorised for issue by the Board of Directors in their meeting held on 28th May’2018.

2. Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

2.1 Basis of preparation

The financial statements of the Company comply with all material aspects with Indian Accounting Standards (“Ind AS”) as prescribed under section 133 of the Companies Act, 2013 (“the Act”), as notified under the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India.

The financial statements up to year ended 31st March, 2017 were prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the applicable accounting standards prescribed in the Companies (Accounting Standards) Rules, 2014 issued by the Central Government and as per relevant provisions of the Companies Act, 2013 read together with Paragraph 7 of The Companies (Accounts) Rules, 2014. (herein after referred to as ‘Previous GAAP’).

The financial statements for the year ended 31st March, 2018 are the first financial statements of the Company prepared under Ind AS. The Company followed the provisions of Ind-AS 101 in preparing its opening Ind AS Balance Sheet as of the date of transition i.e. 1st 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 31st March, 2016 and accordingly the adjustments were made to restate the opening balances as per Ind-AS. The resulting adjustment arose from events and transactions before the date of transition to Ind-AS were recognized directly through retained earnings as at 1st April, 2016 as required by Ind- AS 101. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company is provided in note no. 42.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention on accrual basis except in case of claims lodged with insurance company but not settled, interest on overdue debts from customers due to uncertainty in realisation, export and other benefits doubtful of recovery are accounted for on receipt/settlement and the following items, which are measured on following basis on each reporting date:

- Certain financial assets and liabilities (including derivative instruments) that is measured at fair value
- Defined benefit liability/(assets): present value of defined benefit obligation less fair value of plan assets.
- Financial instrument - measured at fair value;

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Functional and presentation currency

These financial statements are presented in Indian National Rupee ('INR'), which is the Company's functional currency. All amounts have been rounded to the nearest Lakhs, unless otherwise indicated.

2.4 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:

- Classification of leases into finance and operating lease
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for every period ended is included below:

- Measurement of defined benefit obligations: key actuarial assumptions;
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts.
- Useful life and residual value of fixed assets
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
- Impairment of financial assets: key assumptions used in estimating recoverable cash flows

2.5 Classification of Assets and Liabilities as Current and Non-Current

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

- Expected to be realised/settled (liabilities) or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets/liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents.

2.6 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred up to the date when the assets are ready to use. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed less any impairment loss, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate item (major components) of property, plant and equipment. As per the assessment made by the management, fixed assets (other than building and captive power plant) does not comprise any significant components with different useful life. Any gain on disposal of property, plant and equipment is recognised in Statement of Profit and loss.

Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation

Depreciation on fixed assets is calculated on Straight Line Method using the rates arrived at based on the estimated useful lives given in Schedule II of the Companies Act, 2013 or re-assessed by the Company on technically assessed as given below.

Assets	Useful lives as per technical certificate
Plant & Machinery	30 Years (On single shift basis)
Power Plant	36 Years

Depreciation on additions to or on disposal of assets is calculated on pro-rata basis. Leasehold land is being amortised over the period of lease tenure. Additions on rented premises are being amortised over the period of rent agreement.

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively. Individual assets costing below Rs. 5000 are fully depreciated in the year of purchase as these assets have no significant useful life.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

2.7 Intangible assets

Intangible Assets acquired separately are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the Software is considered as 5 years.

Amortisation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the statement of profit and loss when the asset is derecognised.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired, impairment loss is recognised in the statement of profit & loss.

2.8 Non-current assets (or disposal groups) held for sale

Non-current assets, or disposal groups comprising assets and liabilities, 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, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

2.9 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the Statement of Profit & Loss.

2.10 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use or sale.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the Effective Interest Rate (EIR) method over the term of the loan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

2.11 Foreign currency transactions

Transactions in foreign currencies are recorded by the Company entities at their respective functional currency at the exchange rates prevailing at the date of the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rates prevailing at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss with the exception of the following:

- exchange differences on foreign currency borrowings included in the borrowing cost when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items measure at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.12 Employee benefits

a. Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. The company has Provident Fund as defined contribution plan.

c. Defined benefit plans

For defined benefit retirement, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

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

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item employee benefits expense.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

d. Other long-term employee benefits

The company has long term employment benefit plans i.e. accumulated leave. Accumulated leave is encashed to eligible employees at the time of retirement. The liability for accumulated leave, which is a defined benefit scheme, is provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary.

2.13 Revenue Recognition

a. The Company recognises revenue from sale of goods when the titles have been passed at which time all the following conditions are satisfied:

i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

iii) the amount of revenue can be measured reliably;

iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and

v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue represents net value of goods and services provided to customers after deducting for certain incentives including, but not limited to discounts, volume rebates, etc. Shipping and handling amounts invoiced to customers are included in revenue and the related shipping and handling costs incurred are included in freight and forwarding expenses when the Company is acting as principal in the shipping and handling arrangement. Sales include excise duty, wherever applicable and are net of Goods and Service Tax / Sales Tax.

b. Revenue (other than sale) is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Export incentives and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions and the incentive will be received. Claim on insurance companies and others, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

c. Interest other than interest on overdue debts from customers, is recognised on time proportion basis.

2.14 Government Grants and Subsidies

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants that compensate the Company for expenses incurred are recognised in the statement of profit and loss, as income or deduction from the relevant expense, on a systematic basis in the periods in which the expense is recognised.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Statement of Profit and Loss on a straight line basis over the expected lives of the related assets to match them with the costs for which they are intended to compensate and presented within other income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

2.15 Inventories

i. Inventories are valued as follows:

Raw materials, stores and spares	Lower of cost and net realisable value. Cost is determined on a weighted average basis. Materials and other items held for use in the production of inventories are not written down below costs, if finished goods in which they will be incorporated are expected to be sold at or above cost.
Work-in-progress, finished goods and traded goods	Lower of cost and net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads.
Waste	At net realisable value.

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

ii. Provision for obsolete/ old inventories is made, wherever required.

iii. In view of substantially large number of items in work- in- progress, it is not feasible to maintain the status of movement of each item at shop floor on perpetual basis. The Company, however, physically verifies such stocks at the end of the year and valuation is made on the basis of such physical verification.

2.16 Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the receivable is expected to be collected within a period of 12 months or less from the reporting date (or in the normal operating cycle of the business, if longer), they are classified as current assets otherwise as non-current assets. Trade receivables are measured at their transaction price unless it contains a significant financing component in accordance with Ind AS 18 (or when the entity applies the practical expedient) or pricing adjustments embedded in the contract. Loss allowance for expected life time credit loss is recognised on initial recognition.

2.17 Provisions and contingencies, Contingent liabilities and Contingent Assets

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

2.18 Measurement of fair value

a. Financial instruments

The estimated fair value of the Company's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

b. Derivatives

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value provided by the respective banks. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

2.19 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 instruments also include derivative contracts such as foreign currency foreign exchange forward contracts.

a. 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.

Classifications

The company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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 as finance costs in the statement of profit and loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risks are recognized in OCI. These gains/loss are not subsequently transferred to Profit & Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

De-recognition of financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

2.20 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income.

i. 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. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if, the Company:

a) Has a legally enforceable right to set off the recognised amounts; and

b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets 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 assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternate Tax ('MAT') is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

2.21 Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the percentage value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease 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 (net of any incentives received from the lessor) are charged to statement of profit and 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.

2.22 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company has been identified as being the chief operating decision maker by the Management of the company. The Business activity of the company falls within one business segment viz "Textile".

2.23 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.24 Standards issued but not yet effective

On March 28, 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates' and Ind AS 115, 'Revenue from Contracts with Customers.' The amendments are applicable to the Company from April 01, 2018.

a. Amendment to Ind AS 21

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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 April 1, 2018. The Company is evaluating the requirements of the amendment and the effect on the financial statements will be given in due course.

b. Amendment to Ind AS 115

Ind AS 115- Revenue from Contract with Customers: On March 28, 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 recognize 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. Further 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 standard permits two possible methods of transition:

i. Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

ii. Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company is evaluating the requirements of the amendment and the effect on the financial statements will be given in due course.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

3. Property, plant and equipment

Particulars	Gross Block					Depreciation				Net Block	
	As at 1st April, 2016	Additions	Deletions	Adjustments	As at 31st March, 2017	As at 1st April, 2016	For the Year	Deletions	As at 31st March, 2017	As at 1st April, 2016	As at 31st March, 2017
Tangible Assets											
Freehold land (a)	33.40	-	-	-	33.40	-	-	-	-	33.40	33.40
Building	5,505.53	429.30	-	-	5,934.83	-	215.41	-	215.41	5,505.53	5,719.42
Plant and equipment	14,469.53	655.86	43.12	-	15,082.27	-	1,365.77	-	1,365.77	14,469.53	13,716.50
Vehicles	52.27	31.94	0.92	-	83.29	-	11.56	-	11.56	52.27	71.73
Furniture and fixtures	20.05	4.14	-	-	24.19	-	2.60	-	2.60	20.05	21.59
Office equipments	52.87	5.45	-	-	58.32	-	14.88	-	14.88	52.87	43.44
Assets under Finance Lease											
Leasehold land	62.74	-	-	-	62.74	-	0.97	-	0.97	62.74	61.77
Total	**20,196.39**	**1,126.69**	**44.04**	**-**	**21,279.04**	**-**	**1,611.19**	**-**	**1,611.19**	**20,196.39**	**19,667.85**

Particulars	Gross Block					Depreciation				Net Block	
	As at 1st April, 2017	Additions	Deletions	Adjustments	As at 31st March, 2018	As at 1st April, 2017	For the Year	Deletions	As at 31st March, 2018	As at 1st April, 2017	As at 31st March, 2018
Tangible Assets											
Freehold land (a)	33.40	-	-	-	33.40	-			-	33.40	33.40
Building	5,934.83	86.79	-	-	6,021.62	215.41	226.06	-	441.47	5,719.42	5,580.15
Plant and equipment	15,082.27	532.60	-	-	15,614.87	1,365.77	1,354.14	-	2,719.91	13,716.50	12,894.96
Vehicles	83.29	13.64	-	-	96.93	11.56	13.41	-	24.97	71.73	71.96
Furniture and fixtures	24.19	0.54	0.04	-	24.69	2.60	3.09	-	5.69	21.59	19.00
Office equipments	58.32	1.18	-	-	59.50	14.88	14.45	-	29.33	43.44	30.17
Assets under Finance Lease											
Leasehold land	62.74	-	-	-	62.74	0.97	0.97	-	1.94	61.77	60.80
Total	**21,279.04**	**634.75**	**0.04**	**-**	**21,913.75**	**1,611.19**	**1,612.12**	**-**	**3,223.31**	**19,667.85**	**18,690.45**

(a) Includes land Rs. 2.42 (Previous year Rs. 2.42) for which registration is pending.

(b) Property, Plant and Equipment given as security for borrowings refer note 16.

(c) Refer Note No 42 for notes to "First Time Adoption".

4. Other Intangible Assets

Particulars	Gross Block					Depreciation				Net Block	
	As at 1st April, 2016	Additions	Deletions	Adjustments	As at 31st March, 2017	As at 1st April, 2016	For the Year	Deletions	As at 31st March, 2017	As at 1st April, 2016	As at 31st March, 2017
Intangible Assets											
Software IT (ERP)	60.83	1.26	-	-	62.09	-	13.65	-	13.65	60.83	48.44
Total	**60.83**	**1.26**	**-**	**-**	**62.09**	**-**	**13.65**	**-**	**13.65**	**60.83**	**48.44**

Particulars	Gross Block					Depreciation				Net Block	
	As at 1st April, 2017	Additions	Deletions	Adjustments	As at 31st March, 2018	As at 1st April, 2017	For the Year	Deletions	As at 31st March, 2018	As at 1st April, 2017	As at 31st March, 2018
Intangible Assets											
Software IT (ERP)	62.09	91.46	-	-	153.55	13.65	33.07	-	46.72	48.44	106.83
Total	**62.09**	**91.46**	**-**	**-**	**153.55**	**13.65**	**33.07**	**-**	**46.72**	**48.44**	**106.83**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

A. Additional disclosure (Gross and Net Block as per Previous GAAP)

Property, plant and equipment

Particulars	As at 1st April, 2016			As at 31st March, 2017			As at 31st March, 2018		
	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block
Tangible Assets									
Freehold land	33.40	-	33.40	33.40	-	33.40	33.40	-	33.40
Building	7,213.40	1,707.87	5,505.53	7,642.70	1,923.28	5,719.42	7,729.49	2,149.34	5,580.15
Plant and equipment	24,909.98	10,373.89	14,536.09	25,150.08	11,433.58	13,716.50	25,682.68	12,787.72	12,894.96
Vehicles	122.38	70.11	52.27	148.60	76.87	71.73	162.24	90.28	71.96
Furniture and fixtures	92.72	72.67	20.05	96.86	75.27	21.59	96.60	77.60	19.00
Office equipments	169.37	116.50	52.87	174.82	131.38	43.44	176.00	145.83	30.17
Assets under Finance Lease				-					
Leasehold land	74.40	11.66	62.74	74.40	12.63	61.77	74.40	13.60	60.80
Total	**32,615.65**	**12,352.70**	**20,262.95**	**33,320.86**	**13,653.01**	**19,667.85**	**33,954.81**	**15,264.37**	**18,690.45**

Intangible Assets

Particulars	As at 1st April, 2016			As at 31st March, 2017			As at 31st March, 2018		
	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block
Intangible Assets									
Software IT (ERP)	71.55	10.72	60.83	72.81	24.37	48.44	164.27	57.44	106.83
Total	**71.55**	**10.72**	**60.83**	**72.81**	**24.37**	**48.44**	**164.27**	**57.44**	**106.83**

* Depreciation for the year 31 March 2017 and 31 March 2018 under Ind-AS has been considered to arrive accumulated depreciation as at 31 March 2017 and 31 March 2018.

		As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
5	**Other Non-Current Financial Assets**			
	(Unsecured, Considered Good)			
	Security Deposits	231.20	227.39	174.02
	Export Benefits/Claims Receivables #	14.92	14.92	14.92
		246.12	**242.31**	**188.94**
	# Claim lying with department but hold against Service Tax dispute			
6	**Other Non Current Assets**			
	Capital Advances	33.45	35.10	70.03
	Indirect Taxes Recoverable	-	378.66	347.24
		33.45	**413.76**	**417.27**
7	**Inventories**			
	(Valued at lower of cost or net realisable value except waste at net realisable value)			
	Raw Materials	2,123.47	1,706.19	2011.58
	Work-in-Progress	738.00	563.11	279.57
	Finished Goods	3,877.38	4,189.91	3107.8
	Stores and Spares	501.14	470.18	562.2
	Waste	3.23	4.45	6.16
		7,243.22	**6,933.84**	**5,967.31**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Goods in transit included in above inventories are as under :			
Raw materials	273.33	113.52	319.32
Stores and spare-parts, etc.	42.82	69.83	49.40

a. Write downs of inventories (net of reversal) to net realizable value related to raw materials and finished goods amounted to ₹ 78.37 (Previous year ₹ 26.12, As at 01st April 2016 ₹ 19.18). These were recognised as expense during the year and included in 'Cost of materials consumed' and Changes in inventories of finished goods, stock-in-trade and work-in-progress in statement of profit and loss.

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
8 Trade Receivables			
Unsecured			
Considered Good	3,666.05	3,928.17	2632.52
Considered Doubtful	12.16	12.16	12.16
	3,678.21	**3,940.33**	**2,644.68**
Less: Allowances for credit losses	12.16	12.16	12.16
	3,666.05	**3,928.17**	**2,632.52**

a. No trade or other receivables are due from directors or other officers of the Company eiher severally or jointly with any other person. Further no trade or other receivables are due from firms or private companies respectively in which any director is a partner, or director or member.

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
9 Cash and Cash Equivalents			
Balance with Banks :			
- In Current Accounts	66.81	44.53	140.38
Cash on hand	6.66	3.61	3.66
	73.47	**48.14**	**144.04**
10 Other Bank Balances			
Earmarked balances with banks			
Unpaid Dividend Account	9.69	9.08	47.83
Fixed Deposit Account (maturity within one year)*	5.39	5.12	5.13
Fixed Deposit Account (Pledged with Sales Tax Department)	1.46	1.27	1.27
	16.54	**15.47**	**54.23**
(*Pledged as Margin with Bank)			
11 Other Current Financial Assets			
(Unsecured, Considered Good)			
Export Benefits/Claims Receivables	149.45	295.84	419.15
Interest Accrued	6.00	6.55	6.67
	155.45	**302.39**	**425.82**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
12 Current Tax Assets (Net)			
Advance Current Tax (Net of Provision)	152.52	175.51	465.00
	152.52	**175.51**	**465.00**
13 Other Current Assets			
Security Deposit	50.00	50.00	50.00
Indirect taxes recoverable	1,239.21	125.00	100.00
Export Benefit Receivable	33.95	13.67	20.16
Advances Recoverable in Cash or in Kind	114.14	47.47	206.78
Prepaid Expenses	86.78	102.64	79.11
	1,524.08	**338.78**	**456.05**

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
14 Share Capital:			
Authorised:			
80,00,000 (Previous year 80,00,000) Equity Shares of ₹ 10/- each.	800.00	800.00	800.00
60,00,000 (Previous year 60,00,000) Unclassified Shares of ₹ 10/- each.	600.00	600.00	600.00
	1,400.00	**1,400.00**	**1,400.00**
Issued:			
72,12,868 (Previous year 72,12,868) Equity Shares of ₹ 10/- each	721.29	721.29	721.29
	721.29	**721.29**	**721.29**
Subscribed and Fully Paid-up Shares			
71,89,368 (Previous year 71,89,368) Equity Shares of ₹ 10/- each fully paid-up	718.94	718.94	718.94
Add: Forfeited Shares (Amount originally Paid-up)	1.17	1.17	1.17
	720.11	**720.11**	**720.11**

a. Terms and Rights attached to Equity Shares

Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders. There is no restriction on distribution of dividend. However same other than interim dividend, is subject to the approval of the shareholders in the Annual General Meeting.

b. Reconciliation of number of shares outstanding at the beginning and end of the year :

Equity Shares outstanding at the beginning of the year	7189368	7189368	7189368
Equity Shares allotted during the year	-	-	-
Equity Shares outstanding at the end of the year	7189368	7189368	7189368

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

c. Shareholders holding more than 5 percent Equity shares of the Company:

Name of shareholder	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Numbers of Shares held	Percentage of Holding	Numbers of Shares held	Percentage of Holding	Numbers of Shares held	Percentage of Holding
M/s. Mangalam Engineering Projects Ltd.	8,69,429	12.09	8,69,429	12.09	9,18,929	12.78
Sh. Pradip Kumar Daga	5,49,445	7.64	5,39,201	7.50	5,02,389	6.99
M/s. Contransys Pvt. Ltd	4,02,100	5.59	4,02,100	5.59	4,02,100	5.59
M/s. Jalpaiguri Holdings Pvt. Ltd.	4,00,070	5.56	4,00,070	5.56	4,00,070	5.56
Smt. Asha Devi Daga	3,86,428	5.38	3,76,047	5.23	3,64,062	5.06
Sh. Baldev Kumar Garg	-	-	-	-	3,74,605	5.21

		As at 31st March, 2018	As at 31st March, 2017
15	**Other Equity**		
(i)	**Securities Premium Reserve**		
	Balance as per last financial statements	217.81	217.81
(ii)	**General Reserve**		
	Balance as per last financial statements	2,809.79	2,809.79
(iii)	**Retained earnings**		
	Balance at the beginning of the year	7,392.27	6,766.10
	Profit for the year	570.45	626.17
	Total	**7,962.72**	**7,392.27**
(iv)	**Remeasurement of defined benefit plans**		
	Balance at the beginning of the year	(10.77)	-
	Addition during the year	30.17	(10.77)
	Balance at the end of the year	19.40	(10.77)
	Total (i to iv)	**11,009.72**	**10,409.10**

Nature and purpose of other reserves/ other equity

General reserve

The Company appropriates a portion to general reserves out of the profits voluntarily to meet future contingencies. The said reserve is available for payment of dividend to the shareholders as per the provisions of the Act.

		As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
16	**Borrowings**			
(i)	**Secured**			
	(a) Term Loans from a Bank	7,772.15	9,206.60	10,452.31
	(b) Term Loans from a Bank (Solar)	280.91	362.41	506.90
	(c) Vehicle Loans*			
	(a) From a Bank	11.65	14.20	0.16
	(b) From Others	8.10	-	1.13
		8,072.81	9,583.21	10,960.50
(ii)	Amount disclosed under the head "Other financial liabilities" (Refer Note No. 21)	(1,893.22)	(1,689.55)	(1,381.99)
	(Total i-ii)	**6,179.59**	**7,893.66**	**9,578.51**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

a. Securities

Term Loan from a bank is secured by first charge on the Plant & Machineries, other movable fixed assets and extension of equitable mortgage on all immovable fixed assets and second charge on current assets of the textile business. These Loans are further secured by personal guarantee of the Chairman and Managing Director and a Director.

Term Loan from a bank is secured by Plant & Machinery and other fixed assets and extension of equitable mortgage of the immovable fixed assets of the Solar Power Plant and second charge on current assets of the Company. This Loan is further secured by personal guarantee of the Chairman and Managing Director and a Director.

*Secured by hypothecation of vehicles financed.

b. Terms of Repayments of Non-Current Portion:

Rate of Interest	Repayment Periodicity	Installments Outstanding	Installments Outstanding	Total Amount	Total Amount
11% (previous year 11.40 to 11.60%) linked with MCLR *	Quarterly Equal	4 to 19	8 to 23	5997.15	7631.6
11% (previous year 11.60%) linked with MCLR #	Quarterly Equal	4	8	168.91	250.41
8.5% to 9.10 % (Previous year 9.10%)	Monthly Graded	15 to 32	44	13.53	11.65
				6179.59	**7893.66**

* Including ₹ 2919.19 Lacs (previous year ₹ Nil) converted into foreign currency loan for a year at the interest rate of 4.67% (previous year Nil) per annum.

Including ₹ 320 Lacs (previous year ₹ Nil) converted into foreign currency loan for a year at the interest rate of 4.67% (previous year Nil) per annum.

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
17 Long Term Provisions			
Provision for Employee Benefits	210.59	246.97	213.26
	210.59	**246.97**	**213.26**
18 Deferred Tax Liabilities (Net)			
Deferred Tax Liabilities on account of :			
Depreciation	2,691.27	2,686.21	2588.33
	2,691.27	**2,686.21**	**2,588.33**
Deferred Tax Assets on account of :			
Employees Separation and Retirement Exp.	72.77	92.14	83.45
Other Timing Differences	466.17	418.01	383.19
	538.94	510.15	466.64
Deferred Tax Liabilities/ (Assets) Net	**2,152.33**	**2,176.06**	**2,121.69**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

A. Movement in deferred Tax balances

	As at 31st March, 2017	Recognized in P&L	Recognized in OCI	As at 31st March, 2018
Deferred Tax Assets				
Employees Separation and Retirement Exp.	92.14	-4.25	(15.12)	72.77
Other Timing Differences	418.01	48.16		466.17
Sub- Total (a)	**510.15**	**43.91**	**(15.12)**	**538.94**
Deferred Tax Liabilities				
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/amortization for financial reporting	2,686.21	5.06		2,691.27
Sub- Total (b)	**2,686.21**	**5.06**	**-**	**2,691.27**
Net Deferred Tax Liability (b)-(a)	**2,176.06**	**-38.85**	**15.12**	**2,152.33**

	As at 1st April, 2016	Recognized in P&L	Recognized in OCI	As at 31st March, 2017
Deferred Tax Assets				
Employees Separation and Retirement Exp.	83.45	3.37	5.32	92.14
Other Timing Differences	383.19	34.82		418.01
Sub- Total (a)	**466.64**	**38.19**	**5.32**	**510.15**
Deferred Tax Liabilities				
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/amortization for financial reporting	2,588.33	97.88		2,686.21
Sub- Total (b)	**2,588.33**	**97.88**	**-**	**2,686.21**
Net Deferred Tax Liability (b)-(a)	**2,121.69**	**59.69**	**(5.32)**	**2,176.06**

B. Amounts recognised in Other Comprehensive Income

	For the year ended 31st March, 2018			For the year ended 31st March, 2017		
	Before Tax	**Tax (Expense)/ Income**	**Net Of Tax**	**Before Tax**	**Tax (Expense)/ Income**	**Net Of Tax**
Remeasurements of defined benefit liability	45.29	(15.12)	30.17	(16.09)	5.32	(10.77)
	45.29	**(15.12)**	**30.17**	**(16.09)**	**5.32**	**(10.77)**

	For the Year Ended 31st March, 2018	For the Year ended 31st March, 2017
C. Reconciliation of effective tax rate		
Profit before tax from continuing operations	667.74	861.37
Tax using the Company's domestic tax rate @ 33.063% (31 March 2017: 33.063%)	220.77	284.79
Tax effect of:		
Non-deductible expenses	(5.28)	(0.12)
Deduction under chepter VI	0.91	-
MAT credit entitlement related to earlier years utilised	127.85	(36.75)
Tax Related to Earlier Years		2.51
Others (Tax and Surcharge changes)		83.95
Income tax expenses reported in the statement of profit and loss	**97.29**	**235.20**
Effective tax rate	14.57%	27.31%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

		As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
19	**Short-term Borrowings**			
A	**Secured**			
	Loan repayable on demand			
	-From Banks	4,749.33	5,409.49	4129.89
		4,749.33	**5,409.49**	**4,129.89**

Securities :-

Loan from Banks are Secured by first charge on current assets both present and future and additionally secured by way of second charge on all fixed assets execpt assets charged exclusively for term loans under TUFS. The same is further secured by personal guarantee of the Chairman and Managing Director and a director.

		As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
20	**Trade Payables ***			
	For Goods and Services	2,654.08	1,579.18	859.56
		2,654.08	**1,579.18**	**859.56**

* The Company has not received any intimation from its suppliers being registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSME). Hence the information required to be given in accordance with section 22 of MSME Act, 2006 is not ascertainable hence not disclosed.

		As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
21	**Other Financial Liabilities**			
	Current maturities of long-term debts	1,893.22	1,689.55	1381.99
	Unpaid Dividends	9.69	9.08	47.83
	Interest Accrued and Due	78.27	115.39	118.84
	Security Deposits	10.40	76.67	69.55
	Statutory Dues	72.50	104.55	220.97
	Directors' Commission	7.20	7.20	7.20
	Employees liabilities	562.59	497.84	510.64
		2,633.87	**2,500.28**	**2,357.02**
22	**Other Current Liabilities**			
	Customers' Credit Balances and Advances against orders	308.96	64.37	89.75
		308.96	**64.37**	**89.75**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
23 Short Term Provisions			
Provision for Disputed and Other Statutory Matters (Refer Note 23.1)	1,242.94	1,129.50	973.17
Provision for Employee Benefits	52.69	31.71	27.87
	1,295.63	**1,161.21**	**1,001.04**
23.1 Movement of Provision for Disputed and Other Statutory Matters			
Opening Balance	1,129.50	973.17	592.06
Addition during the year	113.44	238.10	438.74
Paid during the year	-	81.77	57.63
Closing balance	**1,242.94**	**1,129.50**	**973.17**
24 Current Tax Liabilities (Net)			
Current Tax Payable (Net of Provision)	22.07	22.93	367.72
	22.07	**22.93**	**367.72**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

		For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
25	**Revenue from Operations :**		
	Sale of Manufactured goods:		
	Man Made Synthetic Yarn *	43,923.59	40,869.58
	Sale of Electricity	66.61	73.45
	Other Operating Revenue (Export and other incentives)	244.66	156.37
	Revenue from Operations (Net)	**44,234.86**	**41,099.40**
	* Sales includes Export Sales of ₹ 3761.50 lakhs (Previous year ₹ 2986.38 lakhs)		
26	**Other Income:**		
	Interest Subsidy from State Govt.	56.12	76.13
	Interest Income	196.64	172.37
	Net Profit on sale/discard of Fixed Assets	0.02	-
	Scrap Sales	49.20	32.14
	Miscellaneous Income	88.33	42.51
	Net Gain on Foreign Currency transactions and translation	38.50	27.91
	Sundry credit balances written back	7.66	38.06
		436.47	**389.12**
27	**Cost of Materials Consumed:**		
	Man Made Fibres	26,838.72	25,678.78
	Dyes & Chemicals	975.92	900.64
		27,814.64	**26,579.42**
28	**Changes in Inventories of Finished Goods, Work-in-Progress and Waste**		
	Inventories as at 31st March, 2018		
	Work-in-Progress	738.00	563.11
	Finished Goods	3,877.37	4,189.91
	Waste	3.23	4.45
	Total (A)	**4,618.60**	**4,757.47**
	Inventories as at 31st March, 2017		
	Work-in-Progress	563.11	279.57
	Finished Goods	4,189.91	3,107.80
	Waste	4.45	6.16
	Total (B)	**4,757.47**	**3,393.53**
	Total (B-A)	**138.87**	**(1,363.94)**
29	**Employee Benefit Expense**		
	Salaries, Wages and Bonus	4,229.41	3,947.01
	Contribution to Provident and other Funds	357.60	246.29
	Staff welfare expense	201.94	194.73
		4,788.95	4,388.03

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

		For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
30	**Finance Costs**		
	Interest expneses*	1,179.36	1,343.45
	Other Borrowing cost	42.95	18.91
	Loss on foreign Currency translations & transanctions	147.43	134.82
	(Considered as finance costs)	1,369.74	1,497.18
	Less: Amount transferred to Capital Work-in-Progress/Capitalised	16.25	2.60
		1,353.49	**1,494.58**
	*Net of Interest subsidies ₹ 220.34 lakhs (Previous Year ₹ 194.66 lakhs) under TUF (Technology Upgradation Fund) scheme and includes Rs. Nil (Previous Year ₹ 1.59 lakhs) to Income Tax department		
31	**Depreciation and Amortization Expense**		
	On Tangible Assets	1,645.18	1,624.85
		1,645.18	**1,624.85**
32	**Other Expenses**		
	Consumption of Stores & Spares	1,467.56	1,304.28
	Consumption of Packing Material	731.85	712.95
	Job Charges	171.61	129.42
	Power & Fuel	3,905.59	3,786.57
	Rent	28.10	37.19
	Insurance	30.92	32.56
	Rates & Taxes	11.01	6.57
	Repair and Maintenance		
	Buildings	8.13	22.46
	Machinery	128.81	128.14
	Freight & Forwarding (Net)	1,024.39	868.02
	Commission and Brokerage	270.16	213.40
	Net Loss on sale/discard of Fixed Assets	-	0.37
	Excise Duty paid	19.47	0.75
	Auditor's Remuneration (including Service tax)		
	As Auditors	6.80	7.82
	For Limited Review #	1.95	2.07
	For Certification and other matters #	0.54	1.26
	Reimbursement of Expenses #	0.55	0.46
	Cost Auditors	0.65	0.75
	Commission to Directors	8.00	8.00
	Bad debts & Advances written off	1.88	4.54
	CSR Expenses	5.00	-
	Donation	0.50	-
	Miscellaneous Expenses	438.99	414.54
		8,262.46	**7,682.12**

includes paid to previous Auditors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

		For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
33	**Exceptional Items****	-	222.09
	** Exceptional items represents interest on custom duty paid due to shortfall in fullfilment of Export Obligation against capital goods imported in earlier years under EPCG Scheme.		
34	**Current Tax**		
	Current Tax for the year	264.00	173.00
	Less:- MAT Credit utilised	127.85	-
		136.15	173.00
	Income Tax related to earlier year	-	2.51
	Total Current Tax	**136.15**	**175.51**
35	**Earnings per share**		
	Total profit for the year	570.45	626.17
	Weighted average number of equity shares of ₹ 10/- each	71,89,368	71,89,368
	EPS - Basic and Diluted (per share in ₹)	7.91	8.68

		As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
36	**Contingent liabilities, contingent assets and commitments**			
A.	**Contingent liabilities (not provided for) in respect of:**			
	1. Demand for Excise duty, being contested by the Company	7.97	64.96	79.77
	2. Demand for Income Tax, being contested by the Company (Amount deposited ₹ 25.06 lakhs, Previous year ₹ 25.06 lakhs)	58.77	96.53	50.87
	3. Legal Cases (Employees)	6.40	5.78	4.35
	4. Demand for Cess on own generation of electricity.	45.89	45.89	44.89
	The management believes that the Company has a strong chance of favourable decision in above cases, hence no provision has been considered necessary.			
B.	**Commitments**			
	Estimated amount of Contracts remaining to be executed on Capital Account [Net of Advances] not provided for	142.30	166.94	19.02

37 Leases

Operating lease

The Company's significant leasing arrangements are in respect of operating leases of premises for offices and warehouse. These leasing arrangements, which are cancellable, are typically for a period of 11 months and are usually renewable on mutually agreeable terms. The Company has recognised expense amounting to ₹ 28.10 (Previous year ₹ 37.19)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
38 Foreign exchange derivatives and exposures outstanding at the year-end:			
(a) Foreign Currency exposure not hedged by derivative instrument or otherwise :			
i. Receivable	149.56	337.74	88.54
ii. Payable	299.04	-	375.15
(b) Outstanding forward contracts to be hedge foreign currency exposure :			
Cross Currency / Nature / Currency			
USD / INR / Buy / in US $	41,34,390	-	35,68,300

39 Employee benefits

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. During the year the Company has contributed to Government Provident Fund ₹ 312.31 (Previous year ₹ 262.38).

(ii) Defined Benefit Plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Gratuity liability is being contributed to the Group Gratuity-cum-life Assurance Cash Accumulation Policy administered by the LIC of India.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2018. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Net defined benefit liability / (asset)	67.40	94.67	77.67
Liability for Gratuity			
Non-current	55.61	85.54	71.45
Current	11.79	9.13	6.22

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	31st March, 2018			31st March, 2017		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance as at 1 April	583.39	488.73	94.67	479.73	402.07	77.67
Included in profit or loss						
Service costs	111.39	-	111.39	92.57	-	92.57
Interest cost / (income)	40.84	(34.21)	6.63	35.98	(30.15)	5.82
	152.23	(34.21)	118.02	128.55	(30.15)	98.39
Included in OCI						
Actuarial loss / (gain) arising from:						
- financial assumptions	(47.07)	-	(47.07)	27.78	-	27.78
- experience adjustment	(2.72)	-	(2.72)	(9.12)	-	(9.12)
- on plan assets		4.51	4.51	-	(2.57)	(2.57)
	(49.79)	4.51	(45.29)	18.66	(2.57)	16.09
Other						
Contributions paid by the employer		100.00	(100.00)		97.48	(97.48)
Benefits paid	(51.23)	(51.23)	-	(43.55)	(43.55)	-
Acquisition adjustment			-			-
	(51.23)	48.77	(100.00)	(43.55)	53.93	(97.48)
Balance as at 31 March	634.60	567.19	67.40	583.39	488.72	94.67

	31st March, 2018	31st March, 2017	01st April, 2016
C. Plan assets			
Fund managed by insurer	100%	100%	100%
D. Actuarial assumptions			
The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).			
Discount rate	7.80%	7.00%	7.50%
Expected rate of future salary increase	6.00%	6.00%	6.00%
Mortality	100% of IALM (2006 - 08)		
Assumptions regarding future mortality have been based on published statistics and mortality tables.			

E. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31st March, 2018		31st March, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(27.34)	29.92	(28.96)	31.83
Expected rate of future salary increase (0.5% movement)	30.02	(27.66)	31.98	(29.36)

Sensitivities due to mortality and withdrawals are insignificant, hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

F. Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follow -

A) Salary Increases- Higher than expected increase in salary will increase the defined benefit obligation.

B) Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.

C) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumption in the valuation can impact the liabilities.

D) Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

40 Related parties

A. Related parties and their relationships

i. Key Managerial Personnel (KMP) and their relatives

Name	Relationship
Sh. P. K. Daga	Chairman and Managing Director.
Sh. Yashwant Kumar Daga	Director (Son of Shri P. K. Daga) (KMP under Ind-AS)
Sh. Shantanu Daga	Senior Management Executive (Son of Shri Yashwant Kumar Daga).
Sh. Binod Kr. Agrawal	Independent Director (KMP under Ind-AS)
Sh. P. K. Drolia	Independent Director (KMP under Ind-AS)
Sh. Vikram Prakash Agrawal	Independent Director (KMP under Ind-AS) (upto 10 Aug, 2017)
Mrs.Neelu Agrawal	Independent Director (KMP under Ind-AS)

ii. Enterprise over which Key Management Personnel and their relatives exercise significant influence and with whom transactions have taken place during the year

Deepak Industries Ltd.

Contransys Pvt Ltd.

B. Transactions with the above in the ordinary course of business

			For the year ended	
			31st March, 2018	**31st March, 2017**
a) Payments to Key Managerial Personnel and their relatives				
Name	**Nature**	**Category**		
Sh. P. K. Daga	- Remuneration #	Short Term Employee Benefits	77.03	46.95
Sh. Shantanu Daga	- Remuneration #	Short Term Employee Benefits	27.95	22.30
Sh. Yashwant Kumar Daga	- Sitting Fees	Other Transactions	1.05	1.28
	- Commission	Other Transactions	2.00	2.00
Sh. P. K. Drolia	- Sitting Fees	Other Transactions	1.33	1.33
	- Commission	Other Transactions	2.00	2.00
Sh. Binod Kr. Agrawal	- Sitting Fees	Other Transactions	1.03	-
	- Commission	Other Transactions	2.00	-
Mrs.Neelu Agrawal	- Sitting Fees	Other Transactions	0.65	0.50
	- Commission	Other Transactions	2.00	2.00
Sh. Vikram Prakash Agrawal	- Sitting Fees	Other Transactions	0.45	1.33
	- Commission	Other Transactions	-	2.00

The above said remuneration is excluding provision for Gratuity & Leave Encashment, where the actuarial valuation is done on overall Company basis.

Apart from above Shri. P. K. Daga, Chairman and Managing Director and Shri Yashwant Kumar Daga (Son of Shri P.K. Daga) have given 'personal guarantees to the bankers of the company for securing various borrowings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
b) With Enterprises over which Key Management Personnel or his relative are able to exercise significant influence. are as under		
- Deepak Industries Limited		
Purchase of Electricity	309.66	402.12
- Contransys Pvt. Ltd.		
Lease rent for premises leased out	2.64	2.54
Closing Balance		
- Deepak Industries Limited		
Payable	21.09	42.67

41 Financial instruments

I. Fair value measurements

A. Financial instruments by category

	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Assets						
Trade receivables	-	3,666.05	-	3,928.17	-	2,632.52
Cash and cash equivalents	-	73.47	-	48.14	-	144.04
Bank balances other than above	-	16.54		15.47		54.23
Others						
Non Current	-	246.12	-	242.31	-	188.94
Current	-	155.46	-	302.39	-	425.82
	-	**4,157.64**	**-**	**4,536.48**	**-**	**3,445.55**
Financial liabilities						
Long Term Borrowings	-	6,179.59	-	7,893.66	-	9,578.51
Short terms borrowings	-	4,749.33	-	5,409.49	-	4,129.89
Trade payables	-	2,654.08	-	1,579.18	-	859.56
Other current financial liabilities	-	2,633.87	-	2,500.28	-	2,357.02
	-	**16,216.87**	**-**	**17,382.61**	**-**	**16,924.98**

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

	As at 31st March, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets	–	–	–	–
Financial liabilities	–	–	–	–
	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between level 1 and level 2 during the year

C. Fair value of financial assets and liabilities measured at amortised cost

	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Trade receivables	3,666.05	3,666.05	3,928.17	3,928.17	2,632.52	2,632.52
Cash and cash equivalents	73.47	73.47	48.14	48.14	144.04	144.04
Bank balances other than above	16.54	16.54	15.47	15.47	54.23	54.23
Others						
Non Current	246.12	246.12	242.31	242.31	188.94	188.94
Current	155.45	155.45	302.39	302.39	425.82	425.82
	4,157.63	**4,157.63**	**4,536.48**	**4,536.48**	**3,445.55**	**3,445.55**
Financial liabilities						
Long Term Borrowings	6,179.59	6,179.59	7,893.66	7,893.66	9,578.51	9,578.51
Short terms borrowings	4,749.33	4,749.33	5,409.49	5,409.49	4,129.89	4,129.89
Trade payables	2,654.08	2,654.08	1,579.18	1,579.18	859.56	859.56
Other current financial liabilities	2,633.87	2,633.87	2,500.28	2,500.28	2,357.02	2,357.02
	16,216.87	**16,216.87**	**17,382.61**	**17,382.61**	**16,924.98**	**16,924.98**

The carrying amounts of the above mentioned financial assets and financial liabilities are considered to be the same as their fair values, due to their short-term nature.

II. Financial risk management

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

- credit risk;

- liquidity risk; and

- market risk

i. 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 board of directors has established the processes to ensure that executive management controls risks through the mechanism of property defined framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to

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

set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty 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 exposure. The Company monitor credit risk very closely both in domestic and export market. The Management impact analysis shows credit risk and impact assessment as low.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes market check, industry feedback, past financials and external ratings, if they are available. Sale limits are established for each customer and reviewed periodically. Any sales exceeding those limits require approval from the President of the Company.

More than 60 % of the Company's customers have been transacting with the Company for over four years, and no impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are reviewed according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry and existence of previous financial difficulties.

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables

The carrying amount net of credit loss allowances of trade receivables is Rs. 3666.05 (31st March, 2017 – Rs. 3928.17, 1st April, 2016 – Rs. 2632.52).

Ageing of trade receivables are as under:-

Particulars	**Less than 6 months**	**6-12 months**	**More than 12 months**	**Total**
As at 31.03.2018	3,535.83	130.22	12.16	3,678.21
As at 31.03.2017	3,847.99	80.18	12.16	3,940.33
As at 01.04.2016	2,582.10	50.42	12.16	2,644.68

During the period, the Company has made no write-offs of trade receivables, it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off. The Company management also pursue all legal option for recovery of dues wherever necessary based on its internal assessment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

A default on a financial asset is when counterparty fails to make payments within 60 days when they fall due.

Reconciliation of loss allowance provision – Trade receivables

	31st March, 2018	31st March, 2017	01st April, 2016
Opening balance	12.16	12.16	12.16
Changes in loss allowance	-	-	-
Closing balance	**12.16**	**12.16**	**12.16**

iii. Liquidity risk

Liquidity risk is the risk that the 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 fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected future cash flows. This is generally carried out at unit level and monitored through caproate office of the Company in accordance with practice and limits set by the Company. These limits vary by location to take into account requirement, future cash flow and the liquidity in which the entity operates. In addition, the Company's liquidity management strategy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Floating rate			
Expiring within one year (bank overdraft and other facilities)	2,850.67	2,190.51	3,470.11
Expiring beyond one year (bank loans)	-	-	-
	2,850.67	**2,190.51**	**3,470.11**

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in indian rupee and have an average maturity within a year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements.

	Carrying Amounts 31st March, 2018	Contractual cash flows				
		Total	0- 1 Year	1–3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	6,179.59	6,179.59	-	4,615.50	1,564.09	-
Short term borrowings	4,749.33	4,749.33	4,749.33	-	-	-
Trade payables	2,654.08	2,654.08	2,654.08	-	-	-
Other current financial liabilities	2,633.87	2,633.87	2,633.87	-	-	-
Total non-derivative liabilities	**16,216.87**	**16,216.87**	**10,037.28**	**4,615.50**	**1,564.09**	**-**

	Carrying Amounts 31st March, 2017	Contractual cash flows				
		Total	0- 1 Year	1–3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	7,893.66	7,893.66	-	5,415.00	1,987.50	491.16
Short term borrowings	5,409.49	5,409.49	5,409.49	-	-	-
Trade payables	1,579.18	1,579.18	1,579.18	-	-	-
Other current financial liabilities	2,500.28	2,500.28	2,500.28	-	-	-
Total non-derivative liabilities	**17,382.61**	**17,382.61**	**9,488.95**	**5,415.00**	**1,987.50**	**491.16**

	Carrying Amounts 1st April, 2016	Contractual cash flows				
		Total	0- 1 Year	1–3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	9,578.51	9,578.51	-	5,827.00	2,362.50	1,389.01
Short term borrowings	4,129.89	4,129.89	4,129.89	-	-	-
Trade payables	859.56	859.56	844.17	15.39	-	-
Other current financial liabilities	2,357.02	2,357.02	2,357.02	-	-	-
Total non-derivative liabilities	**16,924.98**	**16,924.98**	**7,331.08**	**5,842.39**	**2,362.50**	**1,389.01**

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for liquidity / credit management purposes and which are not usually closed out before contractual maturity.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

iv. Market risk

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

The Company uses derivatives like forward contracts to manage market riskson account of foreign exchange. All such transactions are carried out within the guidelines set by the Board of Directors.

v. Currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and small exposure in EUR and GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions by hedging the foreign exchange inflows on regular basis.

Currency risks related to the principal amounts of the Company's foreign currency payables, have been partially hedged using forward contracts taken by the Company.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows(amounts in lakhs)

	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	USD	EUR	USD	EUR	USD	EUR
Financial assets						
Trade receivables	149.56	-	308.62	29.12	61.61	26.93
Other payables	299.04	-	-	-	-	-
Payable for capital goods	-	-	-	-	375.15	-
Net statement of financial position exposure	**448.60**	**-**	**308.62**	**29.12**	**436.76**	**26.93**

The following significant exchange rates have been applied

	Average Rates		Year end spot rates		
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017	1st April, 2016
USD 1	64.33	64.43	64.09	64.05	65.87
EUR 1	79.31	79.41	79.07	79.03	80.85

Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31st March, 2018 and 31st March, 2017, the Company's borrowings at variable rate were denominated in Indian Rupees and US Dollars.

Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

	Nominal Amount		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Fixed-rate instruments			
Financial assets	238.05	233.78	180.42
Financial liabilities	19.75	14.20	1.29
	257.80	247.98	181.71
Variable-rate instruments			
Financial assets	-	-	-
Financial liabilities	14,695.61	16,668.05	16,471.09
	14,695.61	16,668.05	16,471.09

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Equity, net of tax	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
31st March, 2018				
Variable-rate instruments	73.48	(73.48)	49.18	(49.18)
Cash flow sensitivity	**73.48**	**(73.48)**	**49.18**	**(49.18)**
31st March 2017				
Variable-rate instruments	83.34	(83.34)	55.79	(55.79)
Cash flow sensitivity	**83.34**	**(83.34)**	**55.79**	**(55.79)**

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.

42 First Time Adoption of Ind AS

As stated in note 2, these are the Company's first financial statements prepared in accordance with Ind AS.

The 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 statement of financial position at 1 April 2016 (the Company's date of transition). In preparing its opening Ind AS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Previous 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 the notes that accompany the tables.

Exemptions and exceptions 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

A. Ind AS optional exemptions

(i) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its 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 after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

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

(ii) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/arrangements.

B. Ind AS mandatory exceptions

(i) 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 in 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 Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

(ii) 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.

C. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity

Particulars	Notes to first–time adoption	As at 1st April, 2016			As at 31st March, 2017		
		Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
ASSETS							
Non-current assets							
Property, Plant and Equipment	1	20,262.95	(66.56)	20,196.39	19,734.41	(66.56)	19,667.85
Capital work-in-progress		199.33	-	199.33	20.30	-	20.30
Other Intangible Assets		60.83	-	60.83	48.44	-	48.44
Intentigble Assets under development		24.52	-	24.52	48.40	-	48.40
Financial assets							
(i) Other Non-Current Financial assets		188.94		188.94	242.31		242.31
Other non-current assets		417.27		417.27	413.76		413.76

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

Particulars	Notes to first–time adoption	As at 1st April, 2016			As at 31st March, 2017		
		Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
Current assets							
Inventories		5,967.31	-	5,967.31	6,933.84	-	6,933.84
Financial assets							
(i) Trade receivables		2,632.52	-	2,632.52	3,928.17	-	3,928.17
(ii) Cash and cash equivalents		144.04		144.04	48.14		48.14
(iii) Bank balances other than (ii) above		54.23		54.23	15.47		15.47
(iv) Other current financial assets	1	359.26	66.56	425.82	238.99	63.40	302.39
Current Tax Assets (Net)		465.00		465.00	175.51		175.51
Other current assets		456.05	-	456.05	338.78		338.78
TOTAL ASSETS		**31,232.25**	**-**	**31,232.25**	**32,186.52**	**(3.16)**	**32,183.36**

Particulars	Notes to first–time adoption	As at 1st April, 2016			As at 31st March, 2017		
		Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
EQUITY AND LIABILITIES							
Equity							
Equity share capital		720.11	-	720.11	720.11		720.11
Other equity	4,5	9,793.70	-	9,793.70	10,412.26	(3.16)	10,409.10
LIABILITIES							
Non-current liabilities							
Financial liabilities							
(i) Borrowings	1	9,578.51	-	9,578.51	7,893.66	-	7,893.66
Provisions		213.26	-	213.26	246.97	-	246.97
Deferred tax liabilities (net)	3	2,121.69	-	2,121.69	2,176.06	-	2,176.06
Current liabilities							
Financial liabilities							
(i) Borrowings		4,129.89	-	4,129.89	5,409.49	-	5,409.49
(ii) Trade payables		859.56		859.56	1,579.18	-	1,579.18
(iii) Other financial liabilities		2,357.02		2,357.02	2,500.28		2,500.28
Other current liabilities	1	89.75		89.75	64.37		64.37
Provisions	2	1,001.04		1,001.04	1,161.21	-	1,161.21
Current Tax Liablities	2	367.72		367.72	22.93	-	22.93
TOTAL EQUITY AND LIABILITIES		**31,232.25**	**-**	**31,232.25**	**32,186.52**	**(3.16)**	**32,183.36**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

Reconciliation of total comprehensive income for the year ended 31st March, 2017

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
Revenue				
Revenue from operations		41,014.35	85.05	41,099.40
Other income		389.12	-	389.12
Total income		**41,403.47**	**85.05**	**41,488.52**
Expenses				
Cost of materials consumed		26,579.42	-	26,579.42
Changes in inventories of finished goods, stock-in-Trade and work-in-progress		(1,363.94)	-	(1,363.94)
Employee benefits expense	2	4,404.12	(16.09)	4,388.03
Finance costs	1	1,487.48	7.10	1,494.58
Depreciation and amotization expense	3	1,628.79	(3.94)	1,624.85
Other expenses		7,597.07	85.05	7,682.12
Total Expenses		**40,332.94**	**72.12**	**40,405.06**
Profit/(loss) before exceptional items and tax		**1,070.53**	**12.93**	**1,083.46**
Exceptional Item		**222.09**		**222.09**
Profit/ (loss) before tax		**848.44**	**12.93**	**861.37**
Tax expense:				
Current tax		175.51		175.51
Income Tax related to earlier years		54.37	5.32	59.69
Deferred tax	3	-		
Profit/ (loss) for the period (A)		**618.56**	**7.61**	**626.17**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plans	2	-	(16.09)	(16.09)
Income tax relateing to remeasurement of defined benefit plans	3	-	5.32	5.32
Total other comprehensive income for the period (B)		**-**	**(10.77)**	**(10.77)**
Total comprehensive income for the period (A + B)		**618.56**	**(3.16)**	**615.40**

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

Reconciliation of total equity as at 31st March, 2017 and 1st April, 2016

Particulars	Notes to first-time adoption	31st March, 2017	1st April, 2016
Total equity (shareholder's funds) as per previous GAAP		**11,132.37**	**10,513.81**
Adjustments:			
Impact of Effective Interest Rate on PPE and Depreciation thereon	1	(3.16)	
Total adjustments		**(3.16)**	**-**
Net impact brought forward from Opening balance sheet		-	-
Total equity as per Ind AS		**11,129.21**	**10,513.81**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

Reconciliation of total comprehensive income for the year ended 31st March 2017

Particulars	Notes to first-time adoption	Amount
Profit after tax under India GAAP		**618.56**
Adjustments		
Impact of Effective Interest Rate on PPE and Depreciation thereon	1	(3.16)
Remeasurement of defined benefit plans (Net of deferred tax)	2	(10.77)
Total adjustments		**(13.93)**
Profit after tax as per Ind AS		**604.63**
Other Comprehensive Income (Net of deferred tax)	2,3,5	(10.77)
Total Comprehensive income for the year		**615.40**

Impact of Ind AS adoption on the statements of cash flows for the year ended 31st March, 2017

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
Net cash flow from operating activities		2,138.30	-	2,138.30
Net cash flow from investing activities		(642.98)	-	(642.98)
Net cash flow from financing activities		(1,591.22)	-	(1,591.22)
Net increase/(decrease) in cash and cash equivalents		(95.90)	-	(95.90)
Cash and cash equivalents as at 1 April 2016		144.04	-	144.04
Cash and cash equivalents as at 31 March 2017		**48.14**	**-**	**48.14**

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

D. Notes to first-time adoption:

1 Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Under previous GAAP, these transaction costs were charged to profit or loss and capitalised under PPE as and when incurred. Accordingly, borrowings as at 31st March, 2017 have been reduced by Rs. 7.10 (1st April, 2016 – Rs. 66.56) with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amount of reatined earning. The profit for the year ended 31st March, 2017 reduced by Rs. 7.10 (Gross) as a result of the additional interest expense.

2 Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these remeasurements were forming part of the statement of profit and loss for the year. As a result of this change, the profit for the year ended March 31st, 2017 increased by Rs. 16.09 (Net of tax Rs. 10.77) There is no impact on the total equity as at 31st March 2017.

3 Deferred Tax

Under previous GAAP, deferred tax was prepared using income statement approach. Under Ind AS, company has prepared deferred tax using balance sheet approach. Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

4 Retained earnings

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

5 Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in the statement of profit and loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and tax thereon. The concept of other comprehensive income did not exist under previous GAAP.

43 Balances of certain trade receivables, advances, trade payables and other liabilities are in the process of confirmation and/or reconciliation.

44 Segment Reporting

According to Ind AS 108, identification of operating segments is based on Chief Operating Decision Maker (CODM) approach for making decisions about allocating resources to the segment and assessing its performance. The business activity of the company falls within one broad business segment viz. "Textile" and substantially sale of the product is within the country. The Gross income and profit from the other segment is below the norms prescribed in Ind AS 108. Hence, the disclosure requirement of Ind AS 108 of 'Segment Reporting' is not considered applicable.

45 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The following table summarises the capital of the Company :

Particulars	31.03.2018	31.03.2017	01.04.2016
Equity Share Capital	720.11	720.11	720.11
Other Equity	11,009.72	10,409.10	9,793.70
Total Equity	**11,729.83**	**11,129.21**	**10,513.81**
Non-Current Borrowings	6,179.59	7,893.66	9,578.51
Current maturities of Non-Current Borrowings	1,893.22	1,689.55	1,381.99
Current Borrowings	4,749.33	5,409.49	4,129.89
Total Debts	**12,822.14**	**14,992.70**	**15,090.39**

The accompanying notes are an integral part of the financial statements

As per our report of even date attached.

For **Jitendra K. Agarwal & Associates**
Chartered Accountants
Firm Reg. No. 318086E

Kuldeep Maloo
Partner
Membership No. 515708

Place : Kolkata
Dated : 28th May, 2018

P K DAGA
Chairman and Managing Director

S B SHARDA
Chief Financial Officer & President

PUNEETA ARORA
Company Secretary

For and on behalf of the Board of Directors
of **Deepak Spinners Limited**

YASHWANT KUMAR DAGA

P K DROLIA

BINOD KUMAR AGRAWAL

NILU AGRAWAL
Directors