

INDEPENDENT AUDITOR'S' REPORT

TO THE MEMBERS

NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED(NHDC)

(I) Revised Audit Report on the Standalone Financial Statements

Our report dated 31st October, 2019 on the accounts for the year ended 31st March, 2019 has been revised to give effect to the observations made by the Comptroller & Auditors General of India in the Supplementary audit carried out by them Under Section 143 (6) (a) of the Companies act 2013.

Qualified Opinion

We have audited the accompanying Standalone Financial Statements of **NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED** ("the Corporation"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss, Statement of change in equity and the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information including notes to the financial statements for the year ended on that date. The aforesaid financial statements incorporate the returns for the year ended on that date audited by the Branch auditors of the Corporation's Regional Offices at -Kannur, Kolkata, Varanasi, Panipat, Hyderabad, Coimbatore, Guwahati, Bhubaneswar and Vijayawada. The detail of Regional Offices and the respective Auditors is being indicated as under-

Sl. No.	Name of the Regional Office	Name & Address of the Branch Auditors
1	National Handloom Development Corporation Limited, Kannur, Kerala	M/s. Jacob & George, Chartered Accountants, B.B. Complex, South Bazar, Kannur, Kerala- 670002
2	National Handloom Development Corporation Limited, Kolkata, West Bengal	Mishra & Mishra, Chartered Accountants, 1/1C Goa Bagan Street 1 st Floor, Kolkata-700006
3	National Handloom Development Corporation Limited, Varanasi, Uttar Pradesh	M/s. Alok Sharma & Co. Chartered Accountants, C-13/5-A Aurangabad, Varanasi.
4	National Handloom Development Corporation Limited, Panipat, Haryana	M/s Vinod Grover & Associates, Chartered Accountants, 26-27, 1 st Floor, Shakuntala, Complex, PalikaBazar, G.T. Road, Panipat, Haryana.
5	National Handloom Development Corporation Limited, Hyderabad, Telangana.	M/s. M.A.Mohiaddin&Co., Chartered Accountants, 307, Lenaine estate Abids, Hyderabad
6	National Handloom Development Corporation Limited, Coimbatore, Tamilnadu	M/s. N.M.&Co., Chartered Accountants 200/4 First Floor, Premier Apartments, NSRRoad, Sai Baba Colony, Coimbatore-641011
7	National Handloom Development Corporation Limited, Guwahati, Assam	M/s S.Bose&Co. , Chartered Accountants, No.4/a, AvinashNiwas, GS Road, Ulubari, Guwahati-781007
8	National Handloom Development Corporation Limited, Bhubaneswar, Odisha	M/s. PPB & Co., Chartered Accountants, Plot No.97, 1 st Floor, Nr. Water Tank, Sahid Nagar, Bhubaneswar, Odisa
9	National Handloom Development Corporation Limited, Vijayawada, Andhra Pradesh	M/s GaddamSatyanarayana& Co., Chartered Accountants, 23-38-1 & 1 A, Sivaraman Street, Satyanarayanapuram, Vijayawada-520011

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statement give the information required by the Companies Act 2013 in the manner so required and give true and fair view in the conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2019, its Loss, change in equity and its Cash Flow for the year ended on that date,

BASIS OF QUALIFIED OPINION

1. NHDC having "9" Regional offices as mentioned above from where sale/purchase of Hank Yarn is undertaken to promote the Handloom Sector on which Government of India, Ministry of Textile office of the Development Commissioner, Handloom provide 10 % Subsidy and other claims (which includes freight subsidy and depot charges) as per scheme announced time to time.

During the year under Audit the Company's Lucknow branch Office, which is under Varanasi Regional Office, had initially booked total Sales & Purchase during the year amounting to Rs. 385.04 Crores in the 1st Quarter of 2018-19 (Refer Note No. 17(1) & 19 (III) respectively).

Out of this, Sales and Purchase to the tune of Rs. 190.82 Crores have been cancelled by the said Lucknow Office in ERP accounting system within just two weeks of booking. Reasons for cancellation are not explained to us. Also, the matter has been referred to investigation agency CBI and Central Vigilance Commission.

For Remaining Sales/Purchase amounting to Rs. 194.22 Crore, the organization has not claimed any service charges amounting to Rs. 2.43 Crores (1.25% on Rs. 194.22 Crores) as per the scheme. Had this service charges of Rs. 2.43 Crores been claimed, the Loss would have been lesser by Rs. 2.43 Crores. Further organization has also not booked any incentives on the above sales, which is to be distributed to user agencies as per the YSS guidelines.

This Rs. 194.22 Crores is being shown in total debtors (Refer Note No. 13(iv)) as well as Creditors ((Refer Note No. 5 (ii)). We cannot comment about the amount receivable from the debtors or payable to the creditor because the matter is under investigation with CBI and Central Vigilance Commission.

2. Sales From 01-03-2018 to 31-03-2018

The Company's Regional Office Lucknow has also booked Sales to the tune of Rs. 215.79 Crores during the month of March 2018, as detailed below:--

Sales From 01-03-2018 to 31-03-2018	Rs. 215.79 Crores
Total amount of 10% subsidy	Rs. 21.58 Crores
Service charge as per scheme	Rs. 1.08 Crores
Total Claims	Rs. 22.66 Crores

The above amount of Rs. 22.66 Crores has been reversed in financial year 2018-19. Had this service charges of Rs. 1.08 Crores not been reversed, the loss would have been lesser by Rs. 1.08 Crores. Further NHDC has released/dispensed Rs. 18.15 Crore as subsidy to the Suppliers, even though the same is not received from Government of India.



3. As stated in Note No. "4A" Rs. 18,74,45,684 is Standing to the Credit of Corpus Fund (Marketing Complex) and correspondingly Invested in Fixed Deposits as Per Schedule 11 of the Balance Sheet. Interest earned on Fixed Deposits of Corpus Funds (Market Complexes) till 31st March 2017, was credited to respective Corpus Fund, but from the financial year 2017-18 onwards the interest on fixed deposit has been taken as Interest income of the Corporation, instead of crediting to the Corpus Fund (Marketing Complex). Accordingly, the same treatment has been done in financial year 2018-19 also. the amount of Interest Rs. 1.20 Crores has been credited to other income, Had this Interest of Rs. 1.20 Crores not been Credited in profit and loss accounts, the loss would have been increased by Rs. 1.20 Crores.
4. As Per Note No. "4(B)", As on 31-03-2019 Rs. 9,50,00,000/- was standing to the Credit of Corpus Fund (Mega Cluster). From financial year 2017-18 onwards the interest on fixed deposit has been taken as Interest income of the Corporation, instead of crediting to the Corpus Fund (Mega Cluster). Accordingly, the same treatment has been done in financial Year 2018-19 also. the amount of Interest Rs. 0.61 Crores has been credited to other income, Had this Interest of Rs. 0.61 Crores not been Credited in profit and loss accounts, the loss would have been increased by Rs. 0.61 Crores.

Due to above total loss of the Corporation would have been lesser by an amount of Rs. 1.70 Crore

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the entity in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

(II) Other matter:

1. From the financial year 2018-19, onwards, the organization has started the system of charging excess expenditure (over and above the budgeted amount) incurred on exhibition/events. Accordingly, for this year, the whole excess amount spent has been debited to profit and loss account. As a result, an amount of Rs. 2.02 Crores (relating to earlier years) has been debited to profit and loss account in this year. Had this amount not been debited to profit and loss account, the loss would have been lesser by Rs. 2.02 Crores (referred note no. 24 (b) (i)).
2. We did not audit the financial statements/information of 9 Regional offices included in the standalone financial statements of the Company whose financial statements / financial information reflect total assets of Rs. 350.47 crores as at 31st March, 2019 and total revenues of Rs. 983.74 Crores for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of the above matters.



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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

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

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

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



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

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

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

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

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

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

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



Report on Other Legal and Regulatory Requirements

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1. As required by Section 143(3) of the Act, based on our audit we report that:

a.) We have sought, the except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit,.

b.) Except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above, In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us

The reports on the accounts of the branch offices of the Company audited under section 143(8) of the Act by the branch auditors have been sent to us and, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, have been properly dealt with by us in preparing this report.

c.) Except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above, the Balance Sheet, the statement of Profit and Loss, Statement of Changes in Equity and the statement of Cash Flow dealt with by this Report are in agreement with the relevant books of accounts.

d.) In our opinion, subject to Basis of Qualified Opinion section in our report, the aforesaid, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above, the Balance Sheet, the statement of Profit and Loss & Cash Flow standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e.) On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of section 164(2) of the Act.

In terms of Notification No. G.S.R. 463(E) dated 05th June 2015 issued by the Government of India, the provisions of Section 164(2) of the Act regarding disqualification of directors, are not applicable to the Corporation.

f.) Except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above, with respect to the adequacy of the internal financial controls over financial reporting of the Corporation and the operating effectiveness of such controls, refer to our separate Report in "Annexure "C"

g.) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Corporation has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note on account in 16(ii) for debtors, Refer Note on account in 18(iii) foot note, 18(vii) foot note, Refer Note on account in 32(1)(A) to the financial statements.
- ii. The Corporation does not have any long term contracts including derivative contracts, hence, not applicable.
- iii. It is found that clause relating to delay in transferring amount, required to be transferred, to the Investor Education and Protection Fund by the Corporation is not applicable.



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II As required by the Companies (Auditor's Report) Order 2016 ("the order") issued by the Central Government in the terms of section 143 (11) of the Act, we Give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the order.

III As required by the Directions/Sub Directions under Section 143 (5) of the Companies Act, 2013, we give in "Annexure B", a report on compliance thereof.

Dated: 18th December, 2019
Place: New Delhi

For MANV & Associates
(Chartered Accountants)

F.R.No: 007351N


N.K.GUPTA

Partner:

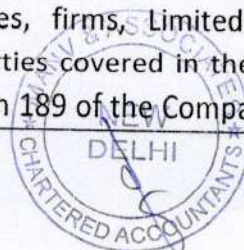
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ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

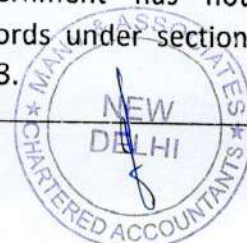
(Referred to in paragraph II under 'Report on Other Legal and Regulatory Requirement section of our report to the Members of National Handloom Development Corporation limited of even date)

S.No	PARTICULARS	Our Reply
(i)	(a) Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.	As per the audit reports submitted to us by Auditors of 9 Regional Offices, these offices have maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. Whereas Head Office of the Corporation has yet to maintain proper records showing full particulars, including quantitative details and situation of fixed assets.
	(b) Whether these fixed assets have been physically verified by the management at reasonable intervals, whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of accounts.	As per the audit reports submitted to us by Auditors of 9 Regional Offices, Fixed Assets have been physically verified by the Management during the year at regular intervals. However, Fixed Assets at Corporate Office have not been physically verified by the Management during the year at regular intervals.
	(c) Whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof.	During the course of audit, we have verified the title deeds of free hold and lease hold land registered in the name of NHDC. The title of the land is clear and no encumbrance has been created by the Corporation on the above land. It is to be pointed out that the office building area 221.70 sq. meters, at Mumbai amounting to Rs. 2163293 is pending for registration with the appropriate authority. Conveyance deed of R.O. Kolkata Building area 152.35 sq. meters is available on records but registered documents of property not found.
(ii)	Whether physical verification of inventory has been conducted at reasonable intervals by the management and whether any material discrepancies were noticed and if so, whether they have been properly dealt with in the books of account.	As informed to us, physical verification of inventory is conducted by the Management at regular intervals. In the opinion of Statutory Auditors of Regional Offices, the frequency of verification is reasonable. However, only the documentary records are maintained for purchase and sale of yarn etc. at the respective R.O. The physical movement of above material could not be shown to audit.
(iii)	Whether the company has granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties	The company has not granted any loans secured or unsecured to companies, firms, Limited Liability Partnership of other parties covered in the register maintained under section 189 of the Companies Act,



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	covered in the register maintained under section 189 of the Companies Act, 2013, if so.	2013.
	(a)Whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest.	Not Applicable
	(b)Whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular.	Not Applicable
	(c)if the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest.	Not Applicable
(iv)	In respect of loans, investments, guarantees and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof.	Not Applicable
(v)	In case, the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, where applicable, have been complied with? If not, the nature of such contraventions be stated, if an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?	The Company has not accepted any deposits. In view of this the provisions of section 73 to 76 or any other relevant provision of the Companies Act, 2013 does not apply.
(vi)	Whether maintenance of cost records has been specified by the Central Government under sub section (1) of Section 148 of the	The Corporation is not required to maintain the cost records, as the Central Government has not prescribed to maintain cost records under section 148(1) of the Companies Act, 2013.



	Companies Act 20134 and whether such accounts and records have been so made and maintained.	
(vii)	(a)Whether the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax sales tax, service tax, duty of customs, duty of excise, value added tax, cessand any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the day they became payable, shall be indicated.	The corporation is regular in depositing undisputed statutory dues including provident fund Income Tax including TDS. Employees' state insurance, Sales Tax & GST with the appropriate authorities. The payments of customs duty, excise duty and cess are not applicable to the Corporation.
	(b)Where dues or income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned (A mere representation to the concerned Department shall not be treated as a dispute).	<p>According to the records of the Corporation, no undisputed amounts payable in respect of Sales Tax, Professional Tax is pending. However, the Statutory auditors of the under noted Regional Offices of the Corporation have indicated the pendency of the statutory dues like Sales Tax.</p> <p><u>1) Regional Office Varanasi</u></p> <p>Sales Tax- An appeal is pending with Assistant Commissioner Sales Tax Varanasi against demand raised for Rs.95.21 Lakhs the assessing authority Sales Tax office Lucknow for the financial year 2010-11.</p> <p><u>2) Regional Office Coimbatore</u></p> <p>For the Financial Year 2011-12 & 2012-13 the Sales Tax department arbitrarily rejected some of the exempted sales claimed by the R.O Coimbatore and raised a demand of rupees 53.88 Lackh. This order has been challenged by the R.O in the Hon'ble Madras High Court. The High Court granted the stay on any further proceeding in the matter on 11-12-2014 and gave 8 weeks' time to Sales Tax Department to file their counter, which they have not filed till the date of audit.</p>
(viii)	Whether the company has defaulted in repayment of loans or borrowing	Not Applicable.



	to a financial institution, bank, government or dues to debenture holders? If yes, the period and the amount of default to be reported (in case of defaults to banks, financial institutions, and Government lender wise details to be provided).	
(ix)	Whether moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported.	Not Applicable.
(x)	Whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; if yes, the nature and the amount involved is to be indicated.	To the best of our knowledge and according to the information and explanation given to us, as described in Paragraph "On the basis of Qualified Opinion" above, it is not possible for us to comment on, whether, it is a Fraud or not, and if so, committed by the Company or on the Company by it's officer/employee has been committed as matter is under investigation with CBI and Central Vigilance Commission for Lucknow Office of the Company and concerned staff is also under suspension.
(xi)	Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act? If not, state the amount involved and steps taken by the company for securing refund of the same.	Remuneration to Managing Director has been paid as per IDA Scales approved by DPE. Further, the Corporation is being a Government Company is exempt from Section 197 of the Companies Act, 2013.
(xii)	Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1:20 to meet out the liability and whether ten percent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability.	Not Applicable.
(xiii)	Whether all transactions with the related parties are in compliance with sections 177 and 188 of	There is no related party's transaction as reported by the Corporation.



	Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.	
(xiv)	Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance.	Not Applicable.
(xv)	Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of Section 192 of Companies Act, 2013 have been complied with	As reported, there is no non-cash transaction entered by the Corporation with the Directors.
(xvi)	Whether the company is required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained.	Not applicable.

For MANV & Associates

(Chartered Accountants)

F.R.No: 007351N



N.K.GUPTA

Partner:

(M No.085713)

Dated: 18th December, 2019

Place: New Delhi

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ANNEXURE "C" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **National Handloom Development Corporation Limited** of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause

(i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **National Handloom Development Corporation Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

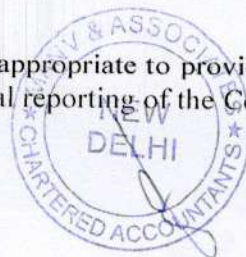
The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Both applicable to the audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness have been identified as at March 31, 2019 as also pointed out in our Audit Report.

1. NHDC having "9" Regional offices as mentioned above from where sale/purchase of Hank Yarn is undertaken to promote the Handloom Sector on which Government of India, Ministry of Textile office of the Development Commissioner, Handloom provide 10 % Subsidy and other claims (which includes freight subsidy and depot charges) as per scheme announced time to time.

During the year under Audit the Company's Lucknow branch Office, which is under Varanasi Regional Office, had initially booked total Sales & Purchase during the year amounting to Rs. 385.04 Crores in the 1st Quarter of 2018-19 (Refer Note No. 17(I) & 19 (III) respectively.

Out of this, Sales and Purchase to the tune of Rs. 190.82 Crores have been cancelled by the said Lucknow Office in ERP accounting system within just two weeks of booking. Reasons for cancellation are not explained to us. Also, the matter has been referred to investigation agency CBI and Central Vigilance Commission.

For Remaining Sales/Purchase amounting to Rs. 194.22 Crore, the organization has not claimed any service charges amounting to Rs. 2.43 Crores (1.25% on Rs. 194.22 Crores) as per the scheme. Had this service charges of Rs. 2.43 Crores been claimed, the Loss would have been lesser by Rs. 2.43 Crores. Further organization has also not booked any incentives on the above sales, which is to be distributed to user agencies as per the YSS guidelines.

This Rs. 194.22 Crores is being shown in total debtors (Refer Note No. 13(iv)) as well as Creditors ((Refer Not No. 5 (ii)). We cannot comment about the amount receivable from the debtors or payable to the creditor because the matter is under investigation with CBI and Central Vigilance Commission.



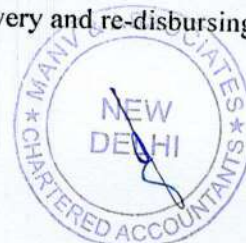
2. **Sales From 01-03-2018 to 31-03-2018**

The Company's Regional Office Lucknow has also booked Sales to the tune of Rs. 215.79 Crores during the month of March 2018, as detailed below:--

Sales From 01-03-2018 to 31-03-2018	Rs. 215.79 Crores
Total amount of 10% subsidy	Rs. 21.58 Crores
Service charge as per scheme	Rs. 1.08 Crores
Total Claims	Rs. 22.66 Crores

The above amount of Rs. 22.66 Crores has been reversed in financial year 2018-19. Had this service charges of Rs. 1.08 Crores not been reversed, the loss would have been lesser by Rs. 1.08 Crores. Further NHDC has released/disbursed Rs. 18.15 Crore as subsidy to the beneficiaries, even though the same is not received from Government of India.

3. As stated in Note No. "4A" Rs. 18,74,45,684 is Standing to the Credit of Corpus Fund (Marketing Complex) and correspondingly Invested in Fixed Deposits as Per Schedule 11 of the Balance Sheet. Interest earned on Fixed Deposits of Corpus Funds (Market Complexes) till 31st March 2017, was credited to respective Corpus Fund, but from the financial year 2017-18 onwards the interest on fixed deposit has been taken as Interest income of the Corporation, instead of crediting to the Corpus Fund (Marketing Complex). Accordingly, the same treatment has been done in financial year 2018-19 also. the amount of Interest Rs. 1.20 Crores has been credited to other income, Had this Interest of Rs. 1.20 Crores not been Credited in profit and loss accounts, the loss would have been increased by Rs. 1.20 Crores.
4. As Per Note No. "4(B)", As on 31-03-2019 Rs. 9,50,00,000/- was standing to the Credit of Corpus Fund (Mega Cluster). From financial year 2017-18 onwards the interest on fixed deposit has been taken as Interest income of the Corporation, instead of crediting to the Corpus Fund (Mega Cluster). Accordingly, the same treatment has been done in financial Year 2018-19 also. the amount of Interest Rs. 0.61 Crores has been credited to other income, Had this Interest of Rs. 0.61 Crores not been Credited in profit and loss accounts, the loss would have been increased by Rs. 0.61 Crores.
5. From the financial year 2018-19, onwards, the organization has started the system of charging excess expenditure (over and above the budgeted amount) incurred on exhibition/events. Accordingly, for this year, the whole excess amount spent has been debited to profit and loss account. As a result, an amount of Rs. 2.02 Crores (relating to earlier years) has been debited to profit and loss account in this year. Had this amount not been debited to profit and loss account, the loss would have been lesser by Rs. 2.02 Crores (referred note no. 24 (b)(i)).
6. Provision of Salary Arrears amounting to Rs. 4.35 Crores (Previous year Rs. 6.52 Crores) has been provided on account of 3rd PRC. As per note no. 7 of Financial Accounts, the provisions have been created but it's not paid till the date of finalization of accounts.
7. The Corporation has initiated action on many of the vital observations made in the audit reports of the previous three years. It would be in the greater interest of the betterment of the accounting system, financial policy and fiscal health of the Corporation to take steps to reach at the conclusive stage on those observations. It would be unnecessary to reiterate the same in this respect.
8. While scrutinizing note No.6 for Corpus fund (Corpus development) of the financial statements for Financial Year 2018-19, it is observed that Corpus fund have been disbursed to meet out their demands of clusters for working capital. These disbursements of the funds are to be recycled by making recovery and re-disbursing the



(16)

same in favor of other needy clusters. Effective action in this regard is wanting. The Internal Auditor has also pointed out that there is no movement in the working capital of the Corpus fund. In addition to this number of balance confirmation for Corpus fund is not available at the respective offices.

A material weakness is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Corporation has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 financial statements of the Corporation, and these material weaknesses do not affect our opinion on the financial statements of the Corporation.

Place: New Delhi

Date: 18th December, 2019

For MANV & ASSOCIATES
Chartered Accountants (Firm's Registration
No. 007351N)



N.K. GUPTA

Partner

(Membership No. 085713)

(17)

COMPLIANCE OF THE DIRECTIONS ISSUED UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013 APPLICABLE FOR THE FINANCIAL YEAR 2018-19 ON ACCOUNTS OF NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED, GREATER NOIDA, U.P.

ANNEXURE-"B"

Queries	Reply
1. Whether the Company has system in place to process all the accounting transaction through IT? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implication, if any, may be stated.	Yes, The Company has ERP System to process all the accounting transactions. The company has adequate internal control system to process all the accounting transactions through IT system.
2. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	There is no restructuring of loan or cases of waiver/write off of debts/loans/interest etc. taken by the company.
Whether funds received/receivable for specific schemes from central/state agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions.

For MANV & Associates.
(Chartered Accountants)

F.R No. 007351N

NEW DELHI
Partner:
N.K. GUPTA
(Membership No.085713)


Date: 18th December, 2019
Place: New Delhi


①

NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED
BALANCE SHEET AS AT 31st MARCH 2019

PARTICULARS	NOTE NO.	As on 31-03-2019 (Rs.)	As on 31-03-2018 (Rs.)
1	2	3	4
I. EQUITY AND LIABILITIES			
1 Shareholder's funds			
a) Share Capital	1	19,00,00,000	19,00,00,000
b) Reserves and Surplus	2	80,72,57,605	97,02,32,744
2 Non-current liabilities			
a) Deferred tax liabilities (Net)	3	(2,26,62,983)	(2,56,68,842)
b) Other long term liabilities (Corpus)	4	78,51,15,586	82,54,69,560
3 Current liabilities			
a) Trade payables	5	3,37,81,22,367	4,60,92,46,672
b) Other current liabilities	6	66,75,34,234	65,16,89,518
c) Short term provisions	7	20,21,22,861	35,68,89,580
TOTAL		6,00,74,89,670	7,57,78,59,232
II. ASSETS			
Non current assets			
1 (a) Fixed Assets			
i) Tangible assets	8	12,76,01,865	13,06,91,403
ii) Intangible assets	9	1,18,40,225	1,45,13,824
b) Long term loans and advances	10	3,67,778	3,68,278
c) Other non current assets(Corpus)	11	78,51,15,586	82,54,69,560
2 Current assets			
a) Inventories	12	2,27,64,433	99,98,237
b) Trade receivable	13	2,98,41,74,184	3,72,99,94,072
c) Cash and cash equivalents	14	87,19,08,728	1,02,03,21,541
d) Short term loans and advances	15	1,15,89,67,092	1,80,86,71,974
e) Other current assets	16	4,47,49,779	3,78,30,343
TOTAL		6,00,74,89,670	7,57,78,59,232

Note 1 to 28 and significant Accounting Policies annexed to Balance sheet as at the end of current reporting period and Statement of Profit and Loss, Change in Equity and Cash Flow for the year ended on that date form an integral part of


Injali Yadav
Co. Secretary


Jitendra V Purohit
DGM(F&A)/CFO


Sanjeev Dua
Managing Director
DIN No. - 08447827


Sanjay Rastogi
Chairman
DIN No. - 07722405

As per our Report of even date
For MANV & Associates
Chartered Accountants

28 OCT 2019

Place: New Delhi

Date: 31-10-2019

Partner : N. K. Gupta
M.No. : 085113
F.R.No. : 007351N



UDIN: 19085713 AAAA FC 8449

NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2019

PARTICULARS	NOTE NO.	For FY 2018-19 (01-04-2018 to 31-03-2019) (Rs.)	For FY 2017-18 (01-04-2017 to 31-03-2018) (Rs.)
(a) Revenue from operations	17	9,50,93,58,715	27,26,14,72,913
(b) Grant in-aid against reimbursement of expenditure under Yarn Supply Scheme	17	32,80,61,998	1,49,56,89,561
II. Other Income	18	10,31,32,059	21,15,71,314
III. Total Revenue (I+II)		9,94,05,52,771	28,96,87,33,788
IV. Expenses:			
Purchases of stock in trade	19	9,49,66,41,807	27,23,99,32,070
Reimbursement of Transportation/depot charge	20	24,03,58,992	90,23,15,064
Changes in inventories/stock in trade	21	(1,27,66,196)	27,38,334
Employee benefits expenses	22	23,49,67,171	29,20,07,599
Finance costs	23	-	-
Depreciation and amortization expenses	8 & 9	96,05,996	90,11,195
Other expenses	24	11,07,86,181	15,29,43,527
Total Expenses		10,07,95,93,952	28,59,89,47,789
V. Profit before exceptional and extraordinary items and tax (III-IV)		(13,90,41,181)	36,97,85,999
VI. Exceptional items	25	90,62,276	1,01,75,389
VII. Corporate social responsibility (CSR) Expense	26	1,05,74,012	57,88,604
VIII. Profit before extraordinary items and tax (V-VI-VII)		(15,86,77,468)	35,38,22,006
IX. Extraordinary Items			
X. Profit before tax (VIII-IX)		(15,86,77,468)	35,38,22,006
XI. Tax expense:			
1. Current Tax (Provision)	27	4,99,536	11,72,00,000
2. Deferred Tax	3	30,05,859	8,47,504
Profit (Loss) for the period from continuing operations (X - XI)		(16,21,82,863)	23,57,74,502
XIII. Profit/loss from discontinuing operations		-	-
XIV. Tax expenses of discontinuing operations		-	-
XV. Profit/(loss) from discontinuing operations (after tax) (XIII-XIV)		-	-
VI. Profit(Loss) for the period (XII + XV)		(16,21,82,863)	23,57,74,502
XVII. Earnings per equity share (Before extra ordinary items)			
(1) Basic		(85.36)	124.09
(2) Diluted		(85.36)	124.09
Earnings per equity share (After extra ordinary items)			
(1) Basic		(85.36)	124.09
(2) Diluted		(85.36)	124.09

Note 1 to 28 and significant Accounting Policies annexed to Balance sheet as at the end of current reporting period and Statement of Profit and Loss, Change in Equity and Cash Flow for the year ended on that date form an integral part of

Anjali Yadav
Co. Secretary

Jitendra V Purohit
DGM(F&A)/CFO

Sanjeev Dua
Managing Director
DIN No. - 08447827

Sanjay Rastogi
Chairman
DIN No. - 07722405

As per our Report of even date
For MANV & Associates
Chartered Accountants

Partner : N. K. Gupta
M.No. : 085713
F.R.No. : 007354N

28 OCT 2019

Place: New Delhi

Date: 31-10-2019

NOTES ON ACCOUNTS

1 SHARE CAPITAL

	As on 31-03-2019 (Rs.)	As on 31-03-2018 (Rs.)
Authorized		
20,00,000 Equity shares (Previous year 20,00,000 Equity shares) of Rs. 100/- each	<u>20,00,00,000</u>	<u>20,00,00,000</u>
Issued, Subscribed & Paid-up		
18,98,465 Equity shares of Rs. 100/- each fully paid in cash held by Government of India through DCH office (Previous year: 18,98,465 Equity shares of Rs. 100/- each)	18,98,46,500	18,98,46,500
1,535 Equity shares of Rs. 100/- each fully paid up without payment being received in cash (Shares allotted to The President of India through DCH Office against company's incorporation expenses (Previous year 1,535 equity shares of Rs. 100/- each)	1,53,500	1,53,500
TOTAL	19,00,00,000	19,00,00,000

2 RESERVES & SURPLUS

	As on 31-03-2019 (Rs.)	As on 31-03-2018 (Rs.)
(A) RESERVES:		
(i) Reserve for developmental Activities as per last Balance sheet	24,61,630	24,61,630
Add : Amount transferred from Statement of Profit & Loss	-	-
Less: Utilization during the year	-	-
Total(i)	24,61,630	24,61,630
(ii) Post Retirement Medical Corpus As per last Balance sheet	95,57,902	1,01,89,606
Add : Amount transferred from Statement of Profit & Loss	-	-
Add : Interest Earned during the year	5,74,296	8,26,347
Less: Utilization during the year	13,66,572	14,58,051
Total(ii)	87,65,626	95,57,902
Total(i+ii)	1,12,27,256	1,20,19,532
(B) SURPLUS		
As per last Balance sheet	95,82,13,212	80,76,53,590
Add : Amount transferred from Statement of Profit & Loss - Current year profit	-	-
Less:- Proposed Dividend	(16,21,82,863)	23,57,74,502
Corporate Tax on Dividend	-	7,08,00,000
Amount transferred to reserve for developmental activity	-	1,44,14,880
Transferred to post retirement medical corpus	-	-
SURPLUS(B)	79,60,30,349	95,82,13,212
TOTAL (A+B)	80,72,57,605	97,02,32,744
Proposed Dividend per Equity Share	0.00	37.26

3 DEFERRED TAX LIABILITY (Net)

The break up of net deferred tax liability as at the end of current reporting period is as under:

Components of Deferred Tax Assets and Deferred Tax Liability	As on 31-03-2019	
	Deferred Tax Assets (Rs.)	Deferred Tax Liability (Rs.)
Deferred Tax Liabilities		
Difference between book value of depreciable assets as per books of accounts and written down value as per tax depreciation		64,24,646
Other deferred tax liability giving rise to timing difference		55,95,624
Deferred Tax Assets		
Provision for doubtful debts and advances etc. based on Income Tax Rate of Provision	1,52,47,907	
Provision for leave salary	1,87,84,923	
Provision for Deceased Employee Scheme	2,42,357	
Other deferred tax asset giving rise to timing difference- (VRS)	4,08,066	
Total	3,46,83,253	1,20,20,270
Net Deferred Tax Liability/ (Asset) as at the end of current reporting period		(2,26,62,983)
Net Deferred Tax Liability/ (Asset) as at the end of previous reporting period		(2,56,68,842)
Net Liability / (Asset) charged to Statement of Profit and Loss during the current reporting period		30,05,859



4. NON CURRENT LIABILITIES – OTHER LONG TERM LIABILITIES
i) Other Long Term Liability (Corpus)

	As on 31-03-2019 (Rs.)	As on 31-03-2018 (Rs.)
(A) Corpus Fund (Marketing Complex)		
a) Receipt from Govt. of India upto date	8,25,80,850	8,25,80,850
b) Less: Amount adjusted/ refunded to Govt. upto date	4,81,58,949	4,81,58,949
c) Principle amount refundable to Govt. (a-b)	3,44,21,901	3,44,21,901
d) Amount realized from agencies including adjustments upto date	9,74,69,297	9,72,37,567
e) Less: Amount paid for acquisition of space/ other expenses etc. for complexes on behalf of agencies upto date	9,67,59,550	9,62,78,128
f) Refundable to agencies (d-e)	7,09,747	9,59,439
g) Balance (a-b+d-e) or (c+f)	3,51,31,648	3,53,81,340
h) Amount of Interest earned less miscellaneous expenditure upto date	15,23,14,036	15,23,14,036
Total (g+h)	18,74,45,684	18,76,95,376
i) Funds released by the Govt. of India amounting to Rs. 82580850 (Previous Year Rs. 82580850) for outright purchases of Marketing Complexes at Mumbai, Indore, Jaipur, and New Delhi on behalf of user agencies, after initially crediting them to Corpus Fund (Marketing Complex) Account, have been utilized for purchase of Marketing Complexes. The amount of Rs.97469297(Previous Year Rs 97237567) received from user agencies has been credited to the corpus fund and expenditure incurred on setting up of marketing complexes amounting to Rs 96759550 (Previous Year Rs 96278128) has been charged to the corpus fund. The interest earned on fixed deposits created from unspent corpus fund, after adjusting the Misc. expenditure if any, amounting to Rs. 152314036 till 31st March 2017 has been credited thereto. During the year 2018-19 (Previous Year- Nil) Interest has not been credited to the Funds (Marketing Complex)		
ii) Rs.306844 (Previous Year Rs. 306844) has been refunded to agency but wrongly debited in Amount paid for acquisition of space /others expenses instead of Amount realized from agencies including adjustments. Now rectified.		
(B) Corpus Fund (Mega Cluster)		
a) Receipt from Govt. of India upto date	9,50,00,000	9,50,00,000
b) Amount of interest earned	-	3,21,75,213
c) Less : transfer to income	-	3,21,75,213
Total	9,50,00,000	9,50,00,000
i) As per Government directives, the funds released by Govt. of India amounting to Rs. 950000000 (Previous Year Rs. 950000000) for supply of yarn to the Handloom weavers in Varanasi, Sivsagar, Godda, Murshidabad and Prakasham Mega cluster have been utilized for arranging the yarn supply to handloom weavers in Mega Cluster.		
(C) Corpus Fund (Trade Facilitation Centre)		
a) Receipt from Govt. of India upto date	2,68,69,16,952	2,68,69,16,952
b) Amount of Adjustment/UC Submitted & Other expenses up to date	4,41,55,546	4,41,55,546
c) Amount transferred to Grant account	72,36,208	-
d) Total (a-b+c)	2,64,99,97,614	2,64,27,61,406
e) Less: Amount transferred to Project Management Agency upto date/(NBCC)	2,60,31,08,724	2,60,31,08,724
f) Less : Architect fee upto date(SIKKA)	3,71,94,772	3,71,94,772
Balance (c-d-e)	96,94,118.00	24,57,910
i) Amount of Adjustment/UC Submitted & Other expenses Rs 36919338(Previous Year Rs.44155546) Utilisation certificate for Rs.7236208 has been transferred to grant account,		
(D) Pochampally for Handloom Park		
a) Receipt from Central / State	28,00,00,000	24,75,02,000
b) Receipt during the year	1,00,00,000	3,24,98,000
c) Amount of Interest earned/ Less Expenses	3,26,97,705	1,67,92,763
d) Amount of Interest paid	2,72,54,320	1,09,14,424
e) Total (a+b+c-d)	29,54,43,385	28,58,78,339
e) Less: Amount transferred to Pochampally (Advance paid)	1,00,00,000	1,00,00,000
f) Less: Amount transferred for Raw Material	1,00,00,000	75,00,000
Balance (c-d-e)	27,54,43,385	26,83,78,339
(E) Corpus Fund (Hathkargha Samvardhan Sahavata Yoiana)		
a) Receipt from Govt. of India upto date	12,06,72,180	12,06,72,180
b) Receipt from Nodal agencies upto date	17,64,98,357	15,95,52,343
c) Amount of interest earned	2,60,58,490	1,02,50,426
d) Less : Amount Released	10,56,96,628	1,85,37,014
Total	21,75,32,399	27,19,37,935
GRAND TOTAL (A+B+C+D+E)	78,51,15,586	82,54,69,560



5 CURRENT LIABILITIES – TRADE PAYABLES

	As on 31-03-2019 (Rs.)	As on 31-03-2018 (Rs.)
Sundry creditors (Includes Rs.70332799 payable to S.S.I units – Previous year Rs.1041453512)	3,20,21,07,278	4,51,40,46,140
Advance from customers/ others	17,60,15,089	9,52,00,531
Total	3,37,81,22,367	4,60,92,46,672

i) The balance confirmation is a continuous process. The year end balances as at the end of current reporting period has been sent to all the creditors and other parties for confirmation, however, confirmation has been received as follows:-

Particulars	Total		Confirmation received as on 31-03-2019		% of Confirmation of balances as on 31-03-2019	
	No. of agencies	Amount outstanding (Rs.)	No. of agencies	Amount outstanding (Rs.)	No. of agencies (%)	Amount outstanding (%)
Creditors	409	3,20,21,07,278	177	39,57,60,940	43.28	12.36
Advance from customers/ others.	2111	17,60,15,089	385	3,54,26,449	18.24	20.13

The confirmed balances shown above do not include those, where there is any dispute, but only those balances where the entries on account of difference/ reconciliation are acceptable to both the parties. The balances which are pending for confirmation will be reviewed and reconciled in due course and the adjustment, if any, required in these cases will be made as soon as reconciled.

- ii) Sundry Creditors of Rs.3202107278 (Previous year Rs.4514046140). Purchase sum of Rs 1950792520 (Previous year - Rs. Nil).relating to Lucknow Branch office which is under dispute of Govt. of India Ministry Of Textile office of Development Commissioner Handloom as matter is under Central Bureau of investigation/Chief Vigilance Commissioner .
- iii) Sundry Creditors includes a sum of Rs.24989226 (Previous year Rs. 1005823484) payable to Small Scale Industries, outstanding for more than 30 days as at the end of current reporting period. The amount due to creditors being small scale industries as above is based on the arrangement with them, wherein, the payment will be released to them after realization of the payment from the corresponding debtors.
- iv) Besides above, there are no micro and small enterprises, to whom the company owes dues which are outstanding for more than 45 days as at the end of current reporting period. This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties had been identified on the basis of information available with the corporation. This has been relied upon by the auditors.

6 CURRENT LIABILITIES – OTHER CURRENT LIABILITIES

	As on 31-03-2019 (Rs.)	As on 31-03-2018 (Rs.)
Security deposits	1,06,13,722	1,06,13,722
Govt. grants/participation money	1,54,48,471	1,93,75,361
Retention money	3,41,649	3,41,649
Earnest money	14,54,763	7,02,763
Corpus fund (Cluster development)	16,56,09,697	16,16,09,697
Transportation and depot payable	41,93,42,211	43,91,71,289
Other Liabilities	5,47,23,722	1,98,75,038
Total	66,75,34,234	65,16,89,518

i) Govt. grants/participation money Rs 15448471 (Previous year Rs.19375361). Amount of Rs 271937935 has been transferred to HSSY Corpus.

Particulars	Balance as on 31-03-2018	Adjustment/Transfer during the year (HSSY)	Balance	Addition/Adjustment & UC submitted during the year	Balance as on 31-03-2019
Govt. grants/participation money	29,13,13,296	27,19,37,935	1,93,75,361	39,26,890	1,54,48,471

7 CURRENT LIABILITIES – SHORT TERM PROVISIONS

	Balance as on 31-03-2018	Addition during the year	Total	Payment/ utilization/ charged off	Written back /Adjustmentdurin g the year	(Rs.) Balance as on 31-03-2019
Income tax	11,72,00,000	-	11,72,00,000	11,76,99,536	4,99,536	-
Accrued leave	7,90,34,262	73,91,880	8,64,26,142	1,40,03,281	-	7,24,22,861
Provision for gratuity liability	3,32,40,438	-	3,32,40,438	3,32,40,438	-	-
Provision for ex-gratia	2,10,00,000	1,50,00,000	3,60,00,000	2,10,00,000	-	1,50,00,000
Proposed dividend	2,08,00,000	-	2,08,00,000	2,08,00,000	-	-
Corporate tax on proposed dividend	1,44,14,880	-	1,44,14,880	1,44,14,880	-	-
Provision for Salary Arrears (pay revision)	7,12,00,000	4,35,00,000	11,47,00,000	-	-	11,47,00,000
	35,68,89,580	6,58,91,880	42,27,81,460	22,11,58,135	4,99,536	20,21,22,861

i) The Proposed dividend per equity share for the current reporting period is Rs Nil (Previous year Rs. 37.26).

ii) Defined Benefit Plan

The obligation for leave encashment and gratuity is recognized based on the present value of obligation determined by actuarial valuation using the Projected Unit Credit Method as per revised AS-15.

The reconciliation of opening and closing balances of defined benefit obligation in respect of leave encashment and gratuity is as below:-

Particulars	(Rs.) LEAVE ENCASHMENT	
	For FY 2018-19	For FY 2017-18
Defined benefit obligation at the beginning of the year as per actuarial valuation	7,90,34,262	10,91,61,426
Add: Amount received from new joiner etc. from other PSU.	-	-
Add: Amount provided by charging to current year's expenses	73,91,880	-
Less: Excess Provision written back during the year	-	2,17,22,254
Less : Benefit paid/ leaves en-cashed	1,40,03,281	84,04,910
Defined benefit obligation at year end	7,24,22,861	7,90,34,262



(Rs.)

Particulars	GRATUITY	
	For FY 2018-19	For FY 2017-18
Defined benefit obligation at the beginning of the year with LIC	14,48,47,445	11,31,35,242
Add : Actual Return on Plan Asset	88,69,426	83,09,523
Add : Contribution paid to LIC during the year.	1,35,859	-
Less : Benefit paid/ claim settled by LIC	1,14,73,207	1,18,66,539
Defined benefit obligation at year end with LIC.	14,23,79,523	10,95,78,226
Add : Further provision made against contribution towards Gratuity fund.	-	3,52,69,219
Less : Deposit with Gratuity Trust lying with LIC for future adjustment.	-	-
Less : Excess provision made against contribution towards Gratuity fund written back	29,83,351	-
Defined benefit obligation at year end after provision.	13,93,96,172	14,48,47,445



NON CURRENT ASSETS- TANGIBLE ASSETS

Items	For the current reporting period										For the previous reporting period
	LAND	BUILDING	FURNITURE & FIXTURE	OFFICE ELECTRICAL EQUIPMENTS	ELECTRICAL EQUIPMENT AND INSTALLATION	OFFICE EQUIPMENT	LABORATORY EQUIPMENTS	VEHICLE	COMPUTERS Computer & Data processing Units Servers & Networks	TOTAL	
GROSS BLOCK											
As at beginning of the year	7,59,09,184	3,53,38,192	1,30,01,272	2,73,467	2,23,73,279	88,31,300	4,12,455	40,13,084	99,10,096	17,25,15,048	16,44,42,825
Addition during the year	-	2,62,500	3,27,595	-	4,46,746	3,16,290	8,385	10,62,604	6,23,495	30,47,615	88,11,428
Transfer/ Sale/ Adjustments during the year	-	-	(37,459)	-	-	(53,098)	-	(7,00,230)	(83,500)	(8,74,287)	(91,05,382)
Transfer to during the year	-	-	-	-	-	-	-	-	-	-	83,66,177
As at end of the year	7,59,09,184	3,56,00,692	1,32,91,408	2,73,467	2,28,20,025	90,94,492	4,20,840	43,75,458	1,04,50,091	17,46,88,376	17,25,15,048
DEPRECIATION											
As at beginning of the year	-	1,03,40,880	60,48,963	2,60,880	73,24,871	53,19,324	2,08,971	21,88,080	78,44,838	4,18,23,642	3,69,67,707
Transfer/ Sale/ Adjustments during the year	-	-	(36,942)	-	-	(50,470)	-	(5,58,796)	(79,319)	(7,25,527)	(36,88,578)
Transfer to during the year	-	-	-	-	-	-	-	-	-	-	30,74,706
Depreciation during the year (Transfer to Reserve and Surplus)	-	-	-	-	-	-	-	-	-	-	-
Depreciation during the year (Transfer to Profit and Loss account)	-	5,24,493	9,26,397	2,536	20,08,715	9,49,649	45,937	4,34,337	10,14,445	59,88,396	54,69,810
As at end of the year	-	1,08,65,373	69,38,419	2,63,416	93,33,586	62,18,503	2,54,908	20,63,621	87,79,964	4,70,86,511	4,18,23,645
NET BLOCK											
As at beginning of the year	7,59,09,184	2,49,97,312	69,52,309	12,587	1,50,48,408	35,11,976	2,03,484	18,25,004	20,65,258	13,06,91,406	12,74,75,118
As at end of the year	7,59,09,184	2,47,35,319	63,52,989	10,051	1,34,86,439	28,75,989	1,65,932	23,11,837	16,70,127	12,76,01,865	13,06,91,403

i) Fixed Assets include office building, pending transfer formality of the property and registration with the Appropriate Authorities, amounting to Rs.2163293 (Previous year Rs.2163293) at Mumbai, for which possession has been taken but Registration charges for the same will be capitalized as and when incurred.

ii) An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the statement of profit and loss in the year in which the asset is identified as impaired. The assets as appearing in the books of accounts of the corporation at year end have the value at which they are appearing therein and the impairment, if any, has been shown in the Note 25 to the balance sheet.

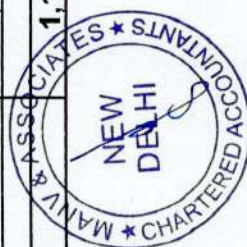


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9 NON CURRENT ASSETS- INTANGIBLE ASSETS

(Rs.)

	COMPUTER SOFTWARE	
	For the current reporting period	For the previous reporting period
GROSS BLOCK		
As at beginning of the year	2,14,27,867	2,12,58,320
Addition during the year	9,44,000	24,40,547
Transfer/ Sale/ Adjustments during the year	-	(22,71,000)
Transfer to during the year	-	-
As at end of the year	2,23,71,867	2,14,27,867
DEPRICIATION		
As at beginning of the year	69,14,042	35,15,729
Adjustment during the year	-	(1,43,073)
Tansfer to during the year	-	-
Transfer to general reserve	-	-
Depreciation during the year	36,17,600	35,41,387
As at end of the year	1,05,31,642	69,14,043
NET BLOCK		
As at beginning of the year	1,45,13,825	1,77,42,591
As at end of the year	1,18,40,225	1,45,13,824



10 NON CURRENT ASSETS - LONG TERM LOAN AND ADVANCES

	As on 31-03-2019 (Rs.)	As on 31-03-2018 (Rs.)
Security Deposit	3,67,778	3,68,278
TOTAL	3,67,778	3,68,278

11 OTHER NON CURRENT ASSETS (CORPUS)

	As on 31-03-2019 (Rs.)	As on 31-03-2018 (Rs.)
(A) Deployment of Corpus Fund (Marketing Complexes)	18,74,45,684	18,76,95,376
(B) Deployment of Corpus Fund (Mega Cluster)	9,50,00,000	9,50,00,000
(C) Deployment of Corpus Fund (Trade Facilitation Centre)	96,94,118	24,57,910
(D) Deployment of Corpus Fund Pochampally	27,54,43,385	26,83,78,339
(E) Hathkargha Samverdhan Sahayeta Yojana	21,75,32,399	27,19,37,935
TOTAL	78,51,15,586	82,54,69,560

The above Deployment of Corpus funds are in fixed deposit and current account.

12 CURRENT ASSETS - INVENTORIES

	As on 31-03-2019 (Rs.)	As on 31-03-2018 (Rs.)
(As taken, valued and certified by the management)		
Stock-in-trade - At cost (less written off for obsolescence) or net realizable value, whichever is less.	2,27,64,433	99,98,237
Goods in Transit	-	-
TOTAL	2,27,64,433	99,98,237

13 CURRENT ASSETS- TRADE RECEIVABLE

	As on 31-03-2019 (Rs.)	As on 31-03-2018 (Rs.)
SUNDRY DEBTORS (unsecured)		
i) Over six months		
- Considered good	2,56,80,32,756	14,53,93,714
- Considered doubtful	4,56,77,106	3,91,95,817
- Less: Provision for doubtful debts	2,61,37,09,862 (4,56,77,106)	18,45,89,531 (3,91,95,817)
	2,56,80,32,756	14,53,93,714
ii) Others (Considered good)	41,61,41,428	3,58,46,00,358
TOTAL	2,98,41,74,184	3,72,99,94,072

i) The balance confirmation is a continuous process. The year end balances as at the end of current reporting period has been sent to all the Trade Receivables for confirmation, however, confirmation has been received as follows:-

Particulars	Total		Confirmation received as on 31-03-2019		% of Confirmation of balances as on 31-03-2019	
	No. of agencies	Amount outstanding (Rs.)	No. of agencies	Amount outstanding (Rs.)	No. of agencies (%)	Amount outstanding (%)
Trade Receivables	1099	3,02,98,51,290	258	10,49,73,828	23.48	3.46

The confirmed balances shown above do not include those, where there is any dispute, but only those balances where the entries on account of difference/ reconciliation are acceptable to both the parties. The balances which are pending for confirmation will be reviewed and reconciled in due course and the adjustment, if any, required in these cases will be made as soon as reconciled.

ii) Trade Receivables for Rs. 3029851290 (Previous year Rs3769189899) include a sum of Rs 2455639916 (Previous year - Rs. Nil),relating to sale made by Lucknow branch office which is under dispute as Govt. of India Ministry Of Textile Office Of Development Commissioner for Handloom has not disburse any claims availablae to above sales made to beneficiaries as matter is under Central Bureau of Investigation/Chief Vigilance Commissioner.

iii) Trade Receivables for Rs. 3029851290 (Previous year Rs3769189899) include a sum of Rs 17809268 (Previous year: Rs1835922) for which suits have been filed by the corporation with appropriate courts. Further, Trade Receivables include Rs.18923921(Previous year Rs. 18923921) receivable against supply of fabric wherein the corporation is having corresponding dues to creditors, payable only after realization. The fabric creditors are Rs 21011280 (Previous year Rs. 21011280). Trade Receivables also includes a sum of Rs. 106071247 (Previous year Rs.55142050) wherein supplies have been made against the revolving advance received by the corporation as Corpus Fund (Cluster Development).



iv) The details of provision for doubtful Trade Receivables is placed herein below:-

Particulars	Balance as on 31-03-2018	Addition during the year	Total	Amount realized/ adjusted	Written off during the year	Balance as on 31-03-2019 (Rs.)
Provision for doubtful Trade Receivables.	3,91,95,817	83,87,244	4,75,83,061	19,05,955	-	4,56,77,106

14 CURRENT ASSETS - CASH & CASH EQUIVALENTS

	As on 31-03-2019 (Rs.)	As on 31-03-2018 (Rs.)
Balances with scheduled bank	10,16,06,744	31,14,60,201
Balances with non- scheduled bank	2,39,669	36,04,084
FDR	77,00,62,314	70,52,57,256
TOTAL	87,19,08,728	1,02,03,21,541

15 CURRENT ASSETS - SHORT TERM LOANS AND ADVANCES

	As on 31-03-2019 (Rs.)	As on 31-03-2018 (Rs.)
(i) Secured loans (considered good)		
- Vehicle loan to staff against hypothecation of vehicles	10,79,820	9,44,930
(ii) Advances (Unsecured) (Recoverable in cash or kind or for value to be received)		
- Advance to suppliers		
- Considered good	24,33,89,619	4,47,066
- Considered doubtful	11,82,419	11,82,419
- Less: Provision for doubtful advances	24,45,72,039 (11,82,419)	16,29,485 (11,82,419)
	24,33,89,619	4,47,066
(iii) Advance to staff		
- Considered good	6,62,963	6,55,226
- Considered doubtful	1,26,274	1,26,274
- Less: Provision for doubtful advances	7,89,237 (1,26,274)	7,81,500 (1,26,274)
	6,62,963	6,55,226
(iv) Advance to others		
- Considered good	1,41,85,034	1,16,39,487
- Considered doubtful	1,35,151	1,35,151
- Less: Provision for doubtful advances	1,43,20,185 (1,35,151)	1,17,74,638 (1,35,151)
	1,41,85,034	1,16,39,487
(v) Prepaid expenses	2,08,920	2,04,715
(vi) Advance income tax including tax deducted at source	9,98,388	7,81,27,869
(vii) DEPOSITS (Unsecured but considered good)		
- With Government departments	-	-
- For rent of complexes/ others		
- Considered good	42,43,109	18,59,850
- Considered doubtful	86,130	86,130
- Less: Provision for doubtful deposits	43,29,239 (86,130)	19,45,980 (86,130)
	42,43,109	18,59,850
(viii) RECEIVABLES		
- From the Government of India against grant-in-aid	88,77,48,483	1,70,83,27,147
- Claims receivable	42,72,577	42,80,294
- Outstanding against marketing Complex/ others		
- Considered good	21,78,179	21,85,392
- Considered doubtful	16,64,418	16,64,418
- Less: Provision for doubtful receivables	38,42,597 (16,64,418)	38,49,810 (16,64,418)
	21,78,179	21,85,392
(ix) Interest outstanding from user Agencies		
Deferred accrued Interest		
- Considered good	-	-
- Considered doubtful	1,79,34,693	1,79,34,693
- Less: Provision for doubtful interest	1,79,34,693 (1,79,34,693)	1,79,34,693 (1,79,34,693)
	-	-
TOTAL	1,15,89,67,092	1,80,86,71,974



i) The details of provision for doubtful assets is placed herein below:-

(Rs.)

Particulars	Balance as on 31-03-2018	Addition during the year	Total	Amount realized/adjusted	Written off during the year	Balance as on 31-03-2019
a) Provision for doubtful advances to suppliers.	11,82,419	-	11,82,419	-	-	11,82,419
b) Provision for doubtful advances to staff.	1,26,274	-	1,26,274	-	-	1,26,274
c) Provision for doubtful advances to others.	1,35,151	-	1,35,151	-	-	1,35,151
d) Provision for doubtful deposits.	86,130	-	86,130	-	-	86,130
e) Provision for doubtful receivables.	16,64,418	-	16,64,418	-	-	16,64,418
f) Provision for doubtful deferred accrued interest.	1,79,34,693	-	1,79,34,693	-	-	1,79,34,693
Total	2,11,29,085	-	2,11,29,085	-	-	2,11,29,085

ii) Advances to suppliers of Rs. 244572039. (Previous year Rs.1629485) include a sum of Rs 215793613 of 10% yarn subsidy component under Yarn Supply Scheme for the year 2017-2018 has not been approved by Ministry till date, as sale for the month of March amounting to rs 215.79Cr. is under dispute by the Govt. of India Ministry Of Textile Office of Development Commissioner Handloom .

iii) Advance to Others include an amount of Rs 2983351 (Previous Year Rs. Nil) for advance lying with LIC of India against Gratuity Fund of the corporation.

iv) Advances to suppliers of Rs. 244572039. (Previous year Rs. 1629485) include a sum of Rs 726947 (Previous year Rs726947) for which suit have been filed by the Corporation with appropriate courts.

v) Receivable from Government of India against grant-in-aid includes Rs 166127695 (Previous year Rs. 138309197) in respect of events wherein claims are submitted to the Government as at the end of current reporting period.

Particulars	Balance as on 31-03-2018	Addition during the year UC submitted	Adjustment during the year	Amount received during the year from Govt. of India	Balance as on 31-03-2019
YARN SUPPLY SUBSIDY SCHEME					
10% HANK YARN SUBSIDY	49,69,02,874	30,82,73,988	22,65,83,508	26,17,80,351	31,68,13,003
YSS CLAIMS (MGPS)	1,07,31,15,078	33,83,44,805	-	1,00,66,52,098	40,48,07,785
OTHER GRANTS	13,83,09,197	15,70,43,158	6,30,53,951	6,61,70,709	16,61,27,695
TOTAL	1,70,83,27,149	80,36,61,951	28,96,37,459	1,33,46,03,158	88,77,48,483

vi) Claims receivables Rs 4042661 (Previous year Rs. 4042661), which is due to be refunded by the income tax authorities, wherein, the major amount has been deposited by the corporation under protest based on the demand for earlier years.

vii) In respect of Deferred accrued interest for Rs.17934694 (Previous year Rs. 17934694) as shown above, the suit has been filed by the corporation with appropriate court.

16 CURRENT ASSETS - OTHER CURRENT ASSETS

	Balance as on 31-03-2019 (Rs.)	Balance as on 31-03-2018 (Rs.)
A) Interest accrued but not received	3,59,84,154	2,82,72,442
B) Post Retirement Medical Corpus		
-FDR against Medical Corpus	87,65,626	95,57,902
-Balance with Scheduled Bank in Current Account	-	87,65,626
		95,57,902
TOTAL (A+B)	4,47,49,779	3,78,30,344

17 REVENUE FROM OPERATIONS

	For the year ended 31-03-2019 (Rs.)	For the year ended 31-03-2018 (Rs.)
(a) Sales less returns		
-Yarn - Yarn Supply Scheme	8,97,14,49,768	26,83,54,25,931
Less: 10% subsidy on Hank yarn	-	-
General Scheme	8,97,14,49,768	26,83,54,25,931
-Dyes & chemicals	8,35,79,543	5,22,25,041
-Fabrics	45,42,51,764	37,37,96,802
	77,640	25,140
Total (a)	9,50,93,58,715	27,26,14,72,913
(b) Grant-in-aid against reimbursement of expenditure under Yarn Supply Scheme	32,75,54,913	1,43,51,92,996
10% Subsidy on Hank yarn	-	-
Service charges against 10% yarn subsidy component under Yarn Supply Scheme	5,07,085	6,04,96,565
Total (b)	32,80,61,998	1,49,56,89,561
TOTAL (a+b)	9,83,74,20,713	28,75,71,62,474



i) Lucknow branch office have booked total sales during the year 2018-2019 amounting to Rs 385.04 Cr out of which Rs 190.82 cr have been cancelled by the branch office Lucknow in ERP of the corporation. Remaining sale amounting to Rs 194.22 Cr in the Lucknow Regional Office is under dispute as Govt. Of India, Ministry Of Textile, Office of the Development Commissioner for Handloom has not disbursed any claims available to above sale as stated below.
Action is taken and the said matter is referred to the Central Bureau of Investigation and Chief Vigilance Commissioner (CVC)

Period	Quantity of Yarn supplied (in Kgs.)	Value of Yarn before Yarn Subsidy (in Rs.)	Service charges @0.5% of yarn value before subsidy(in Rs.)	Yarn Subsidy @10% on yarn value before subsidy(in Rs.)	Total claim for yarn subsidy and service charges (in Rs.)	Remarks
01.04.2018 to 18.04.2018	2008530	59,84,11,290	29,92,076	5,98,41,129	6,28,33,205	10% hank yarn subsidy Upfront in the invoice.
01.05.2018 to 31.05.2018	4479730	1,33,61,77,398	66,80,887	13,36,17,743	14,02,98,630	
01.08.2018 to 31.08.2018	12414	24,30,879		2,43,088	2,43,088	
01.09.2018 to 30.09.2018	5494	11,82,390		1,18,239	1,18,239	
01.10.2018 to 31.10.2018	16071	32,91,382		3,29,139	3,29,139	
01.01.2019 to 31.01.2019	2880	6,14,045		61,404	61,404	
01.03.2019 to 31.03.2019	250	52,126		5,212	5,212	
TOTAL	6525369	1,94,21,59,510	96,72,963	19,42,15,954	20,38,88,917	

Further as per the guidelines of the scheme has to submit claims for availing subsidy but till date User Agencies have not forwarded any undertaking & claims as per guidelines of scheme

- ii) Grant in aid against reimbursement of expenditure under Yarn Supply Scheme amounting to Rs 328061998 (Previous year Rs. 1495689561) on account of supply of yarn has been accounted for on accrual basis. Out of which, claims totaling Rs.82456913 (Previous year Rs.452634693) are pending for submission to the government as at the end of current reporting period.
- iii) Grant in aid against reimbursement of expenditure under Yarn Supply Scheme amounting to Rs 338851893 (Previous year Rs. 1495689561) on account of supply of yarn includes. Rs 10789895 Service charges against 10% hank yarn subsidy component under Yarn Supply Scheme for the year 2017-2018 has still not been approved by the Ministry & same has been adjusted in current year service charges.
- iv) Grant in aid against reimbursement of expenditure under Yarn Supply Scheme amounting to Rs328061998 (Previous year Rs. 1495689561) on account of supply of yarn has been decreased due to change in Yarn Supply Scheme w.e.f.18.04.2018 (Exporters & Weavers Entrepreneurs has been discontinued in new scheme) and service charges under 10% reduced to Nil (Previous year 0.50% on supply under 10% hank yarn subsidy scheme) & service charges under YSS reduced to 1.25% (Previous year 2.00% on supplies under YSS).
- v) Sales under Yarn Supply Scheme amounting to Rs8971449768 (Previous year Rs. 26835425931) on account of supply of yarn has been decreased due to change in Yarn Supply Scheme w.e.f.18.04.2018 (Exporters & Weavers Entrepreneurs has been discontinued in new scheme)
- vi) Sales under Yarn Supply Scheme amounting to Rs8971449768 (Previous year Rs. 26835425931) on account of supply of yarn includes Rs 1950792520 (Previous year- Rs. Nil) sale of Lucknow office for FY. 2018-2019 under YSS taken at par, no benefits of scheme has been provided on accrual basis & provisional basis till the decision of Ministry as matter is under Central Bureau of Investigation/Chief Vigilance Commissioner..
- vii) Due to change in Yarn Supply Scheme w.e.f.18.04.2018 (10% hank yarn subsidy upfront in sale invoice has been discontinued in new scheme) subsidy for amounting Rs 10141959 up to 18.04.2018 (Previous year Rs.1209918745).
The figures of previous year have been re-casted/ re-grouped comparable with the figures of current year

18 OTHER INCOME

	For the year ended 31-03-2019 (Rs.)	For the year ended 31-03-2018 (Rs.)
Profit on sale of assets	38,851	2,49,845
Miscellaneous receipt/ tender Fees	83,52,903	3,04,14,615
Depot charges received	-	10,23,139
Interest from bank/ vehicle loan/ others	8,89,38,370	15,49,66,993
Cash discount/ commission	5,03,421	1,17,234
Interest received from parties on overdue bills	1,95,700	3,12,978
Liabilities/ excess provisions written back	31,96,859	2,18,51,756
Provision no longer required written back	19,05,956	26,34,754
TOTAL	10,31,32,059	21,15,71,314

- i) Provision no longer required written back for Rs 1905956 (Previous year Rs. 2634754) realised during the year from agencies against debtors provision.
- ii) Liabilities/ excess provisions written back RS 3196859 (Previous year Rs. 21851756) includes Rs 2983351 (Previous year Rs. Nil) for Excess Provision for Gratuity liability written back as per actuarial valuation

19 PURCHASES OF STOCK IN TRADE

	For the year ended 31-03-2019 (Rs.)	For the year ended 31-03-2018 (Rs.)
Purchases less returns		
-Yarn	9,06,71,84,436	26,88,45,58,714
-Dyes & chemicals	42,93,93,234	35,53,52,946
-Fabrics	64,138	20,409
TOTAL	9,49,66,41,807	27,23,99,32,070

i) The value of Yarn procured from Micro and Small Enterprises (MSEs) (including MSEs owned by SC/ ST entrepreneurs) during the year 2018-19 is Rs. 2148714457 (22.63% of total yarn procured) as against Rs. 8150069502 (30% of total yarn procured) during the previous year 2017-18.

ii) Purchase of Yarn under Yarn Supply Scheme amounting to Rs 8971449768 (Previous year Rs.26835425931 on account of purchase of yarn has been decreased due to change in Yarn Supply Scheme w.e.f.18.04.2018 (Exporters & Weavers Entrepreneurs has been discontinued in new scheme)

iii) Purchase invoices amounting to Rs.190.82 cr. pertaining to YSS were cancelled by branch Lucknow In this regard a communication was received by the Corporation from Administrative Ministry i.e. Government of India, Ministry of Textiles, Office of the Development Commissioner Handlooms for taking necessary administrative action. Accordingly the Corporation took necessary administrative action including referring the matter to Central Bureau of Investigation (CBI) / Chief Vigilance Commission (CVC), office in the first quarter of FY 2018-19. The above matter is pending at Central Bureau of Investigation (CBI) / Chief Vigilance Commission (CVC). In the balance sale/Purchase of RO Lucknow amount of Rs. 195.10 Crore (Previous year-Nil) as shown in the books of Accounts at par and no Profit/ Margin has been charged.Hence it has no financial impact in the books of account for the F.Y. 2018-19.



20 TRANSPORTATION/ DEPOT CHARGES

	For the year ended 31-03-2019 (Rs.)	For the year ended 31-03-2018 (Rs.)
Transportation Charges	13,41,71,106	43,72,33,501
Depot Charges	10,61,87,886	46,50,81,563
TOTAL	24,03,58,992	90,23,15,064

i) Transportation and depot charges under Yarn Supply Scheme amounting to Rs 240358992 (Previous year Rs.902315064) on account of supply of yarn has been accounted for on accrual basis. Out of which, claims for expenses totaling Rs63509939 (Previous year Rs. 279722680) are pending for submission to the government as at the end of current reporting period. Provision for transportation and depot charges payable to the user agencies has been made in accordance with the scheme.

ii) Transportation and depot charges under Yarn Supply Scheme amounting to Rs 240358992 (Previous year Rs.902315064) on account of supply of yarn has been decreased due to change in Yarn Supply Scheme w.e.f.18.04.2018 (Exporters & Weavers Entrepreneurs has been discontinued in new scheme)

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

	OPENING STOCK ON 01-04-2018	CLOSING STOCK ON 31-03-2019	(In Rs.) INCREASE (-)/ DECREASE (+)
YARN	67,78,305	2,07,28,530	(1,39,50,225)
DYES & CHEMICALS	32,19,933	20,35,903	11,84,030
FABRICS	-	-	-
TOTAL	99,98,238	2,27,64,433	(1,27,66,195)
	OPENING STOCK ON 01-04-2017	CLOSING STOCK ON 31-03-2018	INCREASE (-)/ DECREASE (+)
YARN	89,08,770	67,78,305	21,30,465
DYES & CHEMICALS	38,27,801	32,19,933	6,07,868
FABRICS	-	-	-
TOTAL	1,27,36,571	99,98,238	27,38,333



	For the year ended 31-03-2019 (Rs.)	For the year ended 31-03-2018 (Rs.)
a) Salary & Wages		
Salary and allowances	17,96,14,942	19,12,71,760
Salary and allowances (Managing Director)	7,86,835	22,41,836
Leave encashment-including provision for accrued leave (includes Rs. Nil for MD -Previous year Rs.Nil)	73,91,880	-
Ex-Gratia (Includes Rs 66338 for MD - Previous year Rs.396622)	1,50,00,000	2,10,00,000
Children education reimbursement (Includes Rs.NIL for MD - Previous year Rs.NIL)	1,92,725	2,57,545
Conveyance reimbursement	10,92,599	14,55,694
Recruitment Expenses	1,30,785	13,14,867
Leave travel concession/encashment (Includes Rs.NIL for MD - Previous year Rs. Nil)	4,96,765	5,79,913
Medical expenses (Includes Rs 6263 for MD- Previous year Rs25000)	64,37,396	72,01,231
Training to personnel	3,88,370	44,84,768
Sub Total (a)	21,15,32,297	22,98,07,614
b) Contribution to PF & other Fund		
Employers contribution to CPF & FPF/ EDLI scheme/NPS/DDE (Includes Rs 78147 for MD - Previous year Rs.269020)	1,99,62,649	2,01,08,437
Gratuity	1,35,859	3,52,69,219
Sub Total (b)	2,00,98,508	5,53,77,656
c) Staff Welfare expenses		
Staff welfare expenses (including honorarium, reward uniform & liveries)	19,44,951	53,23,154
Group personal accident and Gratuity insurance	77,765	82,375
Payment to Deceased Employee Scheme	13,13,650	14,16,800
Sub Total (c)	33,36,366	68,22,329
Total (a+b+c)	23,49,67,171	29,20,07,599

a) As per Accounting Standard -15 "Employee Benefits", the disclosures of Employee Benefits as defined in the Accounting Standard is given below:-

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expense for the year is as under:

	For year ended 31-03-2019 (Rs.)	For year ended 31-03-2018 (Rs.)
Employer's contribution to CPF/ FPF/NPS/DDE & EDLI Schemes.	1,99,62,649	2,01,08,437

Corporation's provident fund is exempted u/s 17 of Employee's Provident Fund Act, 1952. Condition to exemptions stipulates that the employer shall make good deficiency, if any, in the interest rate declared by the trust against the statutory rate.

b) Salary and allowances for Rs180401777 (Previous year Rs.193513596) included Rs 43500000(previous year Rs.65200000) as provision for Salary Arrears (pay revision)

c) Remuneration paid to Key Managerial Personnels (KMP) during the year 2018-19 is as below:-

(In Rs.)

SI No.	Particulars of Remuneration	Key Managerial Personnel			
		MD	ED (FINANCE)	Co. Secretary	TOTAL
01.	Gross Salary	7,86,835	22,12,564	5,75,017	35,74,416
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act. 1961				-
	(b) Value of Perquisites u/s 17(2) of Income Tax Act. 1961	1,02,965	-	-	1,02,965
	(c) Profits in lieu of salary u/s 17(3) of Income Tax Act. 1961	-	-	-	-
02.	Stock Option	-	-	-	-
03.	Sweat Equity	-	-	-	-
04.	Commission				
	- as % of Profit	-	-	-	-
	- others, specify.....	-	-	-	-
05.	Others, please specify.....	-	-	-	-
	TOTAL	8,89,800	22,12,564	5,75,017	36,77,381



23 FINANCE COSTS

	For year ended 31- 03-2019 (Rs.)	For year ended 31- 03-2018 (Rs.)
Interest to bank/ others	-	-
Other Borrowing cost	-	-
Total	-	-

24 OTHER EXPENSES

	For year ended 31- 03-2019 (Rs.)	For year ended 31- 03-2018 (Rs.)
--	-------------------------------------	-------------------------------------

(a) ADMINISTRATIVE EXPENSES

Travelling expenses	77,98,801	3,29,79,074
Payment to auditors	3,88,533	6,57,673
Board meeting expenses (Sitting fees)	75,000	85,000
Books & periodicals	84,564	1,13,260
Conveyance expenses	61,89,559	1,22,04,751
Electricity/water charges	31,09,342	30,81,819
Insurance	4,66,281	4,48,317
Legal & professional charges	29,92,231	66,98,602
Membership fees & subscription	10,500	2,55,690
Office upkeep	14,31,063	19,03,877
Printing & stationery	17,51,529	26,06,398
Postage/telegram/telephone & telex	40,49,583	68,03,518
Rent, rates & taxes (net of recoveries) (includes lease rent for residential accommodation of MD Rs 165000 Previous year Rs. 645000)	1,93,59,888	3,08,14,766
Repair & maintenance	16,97,449	50,86,257
Service vehicle expenses	8,37,689	11,20,157
Security expenses	58,13,188	63,19,341
Miscellaneous expenses	3,14,202	1,76,857
TOTAL (a)	5,63,69,403	11,13,55,356

i) Payment made to auditors is as below:-

Audit Fee	2,83,000	2,83,000
Other Capacity	1,05,533	3,74,673
TOTAL	3,88,533	6,57,673

(b) TRADE

	For year ended 31- 03-2019 (Rs.)	For year ended 31- 03-2018 (Rs.)
Advertisement & publicity	16,39,262	7,66,579
Business promotion	3,75,23,993	3,10,22,451
Discount, commission & rebate	6,53,182	6,64,230
Bank charges	1,35,470	76,379
Freight & other charges	45,94,530	15,98,691
Meeting expenses	14,54,879	20,22,343
Sales tax	-	21,929
Software implementation/ maintenance expenses	45,13,238	14,51,736
Data entry charges	39,02,226	39,63,833
TOTAL (b)	5,44,16,779	4,15,88,171
TOTAL (a+b)	11,07,86,181	15,29,43,527

i) Business promotion expenses includes expenses incurred on exhibition and other events/ activities over and above the sanctioned budget during the current financial year .

EXCEPTIONAL ITEMS

	For year ended 31- 03-2019 (Rs.)	For year ended 31- 03-2018 (Rs.)
a) PROVISION, WRITE OFF ETC.		
Loss on sale of assets	-	66,964
Provision for doubtful debtors	83,87,244	84,38,130
Write off debtors	-	-
Provision for doubtful advances to supplier	-	3,90,496
Sub Total	83,87,244	88,95,589
b) Prior Period Adjustments	-	-
c) VRS Compensation	6,75,032	12,79,800
Total (a+b+c)	90,62,276	1,01,75,389



	For year ended 31-03-2019 (Rs.)	For year ended 31-03-2018 (Rs.)
Expenses on Corporate Social Responsibility	1,05,74,012	57,88,604
Total	1,05,74,012	57,88,604

The details of CSR activity undertaken during the year 2018-19 is as below:-

- Gross amount required to be spent on CSR Activity during the F.Y. 2018-19
- Amount spent during the F.Y. 2018-19 (as per details below)

	Paid during current year	Yet to be paid	(In Rs. in lacs) Total
Construction of toilets in the following handloom clusters: Jammlamadugu (Y.S.R.Kadapa district in A.P.), Rawta (Udalguri district in Assam), Sikni (Ramgarh district in Jharkhand), Padana (Rajgarh district in M.P.) and Dulhipur (in Chandauli district in U.P.)	60.10	15.00	75.10
Donation of Ambulances to Government Hospitals of Chandel (Manipur) and Balangir (Odisha) districts. The procurement of the ambulance should be done through tendering process.	45.16		45.16
Donation of 6 motorized (automatic) sewing machine and fabric to poor women in the handloom cluster of Kalahandi, Orissa	0.49		0.49
Total	105.75	15.00	120.75

* construction of toilets is complete and they are fully functional. Further, one year maintenance of the toilets amounting to Rs.15,00,000 shall be paid as and when the bills are produced by Sulabh.

27 TAX EXPENSES - Current Tax

	For year ended 31-03-2019 (Rs.)	For year ended 31-03-2018 (Rs.)
Income Tax for Current year	-	11,72,00,000
Income Tax for earlier year	4,99,536	-
Total	4,99,536	11,72,00,000

During the year provision for income tax of Rs. NIL (Previous year Rs.117200000) has been made in the accounts.

28 OTHER NOTES

1 CONTINGENT LIABILITIES & COMMITMENTS

(A) Contingent Liabilities:-

(a) Sales tax- Rs14908994 (Previous year Rs.14908994).

(i) An appeal is pending with Assistant Commissioner Sales Tax Varanasi against demand raised for Rs9520994 by assessing authority sales tax office Lucknow for the F.Y. 2010-11 (Previous year 9520994)

(ii) Demand for Rs5388000 (Previous Year Rs. 5388000) has been raised by the Sales Tax Department Chennai for the financial year 2011-12 and financial year 2012-13, on which a stay has been obtained from Hon'ble Madras High Court.

(b) Claims/ demands against the corporation not acknowledged as debts.

(i) Interest on outstanding claimed by the suppliers Rs 293000 (Previous year Rs.293000)

(ii) Court cases against the company - Rs. Nil (Previous year Nil)

(iii) Bank guarantee issued in favour of M/s U P Pollution Control Board - Rs 200000 (Previous year Rs.200000).

(iv) Lucknow Development Authority common service charges- Rs4577446.(Previous Year 4577446) since this is from long period. There may be more contingent liability as on 31st March 2019

(B) Commitment:-

1 Since the amount is not ascertainable pending finalization of assessment by the concerned sales tax authorities, no provision for sales tax liability & GST, if any, under the provision of Central and various State Sales Tax Acts has been made in respect of sales of yarn, dyes & chemicals and fabrics.

2 The Managing Director was allowed the use of Company Car during the year for non-duty journeys on payment of Rs.325/- per month.

3 Additional information pursuant to Schedule III Part II to the Companies Act, 2013:-

A) Licensed and installed capacity of production - Not applicable.

B) Quantitative information in respect of Opening Stock, Purchases, Sales and Closing stock are as under:-

Sl. No.	PARTICULARS	YARN		DYES & CHEMICAL		FABRIC	
		Unit	Value	Unit	Value	Unit	Value
1	Opening Stock - Current Year	0.217	67,78,305	0.137	32,19,933		
	- Previous Year	0.191	89,08,770	0.231	38,27,801		
2	Purchase - Current Year	445.884	9,06,71,84,436	40.423	42,93,93,234		64138
	- Previous Year	1557.201	26,88,45,58,715	38.812	35,53,52,946	-	20409
3	Sale - Current Year	445.594	9,05,50,29,311	40.514	45,42,51,764		77640
	- Previous Year	1557.175	25,67,77,32,226	38.906	37,37,96,802	-	25140
4	Closing Stock - Current Year	0.506	2,07,28,530	0.046	20,35,903		
	- Previous Year	0.217	67,78,305	0.137	32,19,933		



- C) Value of Import on CIF basis in respect of (i) Dyes & chemicals is Rs. Nil (Previous year Rs.Nil) and in respect of (ii) Raw Material (iii) Components & spare parts (iv) Capital goods is Rs. Nil (Previous year - Rs. Nil).
- D) Earnings in Foreign Currency - Rs. Nil (Previous Year- Rs.Nil).
- E) Expenditure incurred in foreign Currency - NIL (Previous year - Rs. Nil).
- F) Value of imported raw material, spare parts and components consumed - Rs. Nil (Previous year - Rs. Nil).
- 4 In accordance with the requirements of AS-17, i.e. Segment Reporting as issued by ICAI, Activity wise financial information as reporting segments consisting of Yarn, Dyes & Chemicals and Fabric is as under:-

	Yarn	Dyes & Chemicals	Fabrics	(Amount in Rs.) Total
A) Primary information				
1 Segment wise Revenue	9,05,50,29,311	45,42,51,764	77,640	9,50,93,58,715
2 Segment wise Results	(3,83,64,293)	2,36,74,499	13,502	(1,46,76,292)
3 Unallocated overheads	-	-	-	(20,74,27,278)
4 Interest from Bank & others	-	-	-	6,33,04,509
5 Other Income	-	-	-	1,06,95,604
6 Prior period adjustments	-	-	-	-
7 CSR Expenditure	-	-	-	(1,05,74,012)
8 Profit before tax	-	-	-	(15,86,77,469)
9 Provision for Tax including earlier year	-	-	-	(4,99,536)
10 Deferred tax	-	-	-	(30,05,861)
11 Profit after tax	-	-	-	(16,21,82,866)
12 Segment-wise assets	3,42,21,20,933	6,37,16,894	1,89,23,921	3,50,47,61,748
13 Unallocable Corporate Assets (Including Financial Assets).	-	-	-	2,50,27,27,922
14 Total Assets	-	-	-	6,00,74,89,670
15 Segment wise liabilities includes Bank Borrowing	4,04,46,43,018	2,39,34,926	2,04,68,635	4,08,90,46,579
16 Unallocable Corporate liabilities (Including Bank Borrowings)	-	-	-	92,11,85,488
17 Total liabilities	-	-	-	5,01,02,32,067
18 Depreciation segment-wise	33,45,987	-	-	33,45,987

- Notes: i. There is no inter segment transaction in segment-wise revenue.
- ii. Segment- wise result includes interest on overdue bills/ deferred accrued interest for Rs 195700
- iii. Segment-wise result includes liabilities/ provisions written back for Rs 2119464 (credit) , and provisions & write off etc made for Rs NIL (Debit).

		Name of the Region	Segment Revenue
B) Secondary Information			
1	Segment Revenue by geographical area for the segment whose revenue is 10% or more of total revenue of all geographical segments.	RO Coimbatore	3,25,74,57,687
		RO Varanasi	2,10,04,88,575
		RO Hyderabad	1,05,69,65,110
		Name of the Region	Assets
2	Segment assets by geographical location of assets of the segment whose assets are 10% or more of total assets of all geographical segments.	RO Varanasi	2,60,95,15,782
		Name of the Region	Addition to Fixed Assets
3	Additions to fixed assets for the segment where assets are 10% or more of the total assets of all geographical segments.	RO Guwahati	8,89,462
		RO Coimbatore	2,88,218
		RO Kolkotta	1,81,720

- 5 Note 1 to 28 and significant Accounting Policies annexed to Balance sheet as at the end of current reporting period and Statement of Profit and Loss, Change in Equity and Cash Flow for the year ended on that date form an integral part of Accounts.
- 6 The figures of previous year have been re-casted/ re-grouped wherever necessary to render them comparable with the figures of current year.
- 7 Figures have been rounded off to the nearest rupees .

Anjali Yadav
Co. Secretary

Jitendra V Parohit
DGM (F&A) / CFO

Sanjeev Dua
Managing Director
DIN No. 08447827

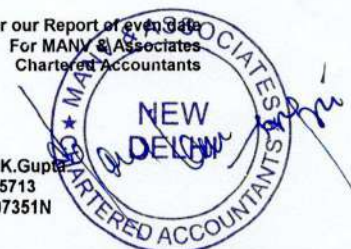
Sanjay Rastogi
Chairman
DIN No. - 07722405

As per our Report of even date
For MANY & Associates
Chartered Accountants

Partner : N. K. Gupta
M.No. : 085713
F.R.No. : 007351N

28 OCT 2019

Place: New Delhi
Date: 31-10-2019



NATIONAL HANDLOOM DEVELOPMENT CORPORATION LTD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2019

(Amount in Rs.)

PARTICULARS	2018-19	2017-18
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	-158677468	353822006
Adjustments :		
i Depreciation	9605996	9011194
ii Expenditure on developmental activities/medical corpus charged to relevant fund	-792276	-631704
iii Income tax provision written back during the year	0	-1350007
iv Loss on Sale of Assets	0	66964
v Profit on Sale of Assets	-38851	-249845
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	-149902600	360668608
CHANGES IN WORKING CAPITAL (Excluding Cash & Bank Balances)		
Increase/Decrease in:		
i Inventories	-12766196	2738334
ii Book-debts	745819888	-1519513561
iii Loans & Advances	-252698266	29345175
iv Receivables	818354732	-769553204
v Trade & other Payables	-1217631427	1252983321
Cash Generated from Operations	-68823868	-643331327
Less : Income Tax paid *	-40570055	-106632298
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	-109393923	-749963625
(B) CASH FLOW FROM INVESTING ACTIVITIES		
i Sale of Fixed Assets	187605	2436142
ii Addition to Fixed Assets/W.I.P	-3991615	-11251975
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	-3804010	-8815833
(C) CASH FLOW FROM FINANCIAL ACTIVITIES		
i Payment of Dividend	-35214880	-154713200
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	-35214880	-154713200
NET CHANGES IN CASH AND CASH EQUIVALENT (D) (A+B+C)	-148412813	-913492658
(E) CASH AND CASH EQUIVALENT- OPENING BALANCE	1020321541	1933814199
(F) TOTAL	871908728	1020321541
(G) CASH AND CASH EQUIVALENT- CLOSING BALANCE	871908728	1020321541
Cash & Cash Equivalent represent :		
1 Cash in Hand	0	0
2 Balance with Banks in Current & Fixed deposit Account	871908728	1020321541
Total	871908728	1020321541

Notes :

- 1 Cash flow statement has been prepared under the indirect method as set out in the AS-3, issued by the ICAI.
- 2 Previous year's figures have been regrouped/ re-classified wherever applicable.

Anjali Yadav
Co. Secretary

Jitendra V
DGM (F&A) /CFO

Sanjeev Dua
Managing Director
DIN No. -08447827

Sanjay Rastogi
Chairman
DIN No. - 07722405

28 OCT 2019

Place: New Delhi
Date:

As per our Report of even date
For M&A Associates
Chartered Accountants

NEW DELHI
Partner: M. K. Gupta
M.No. 085713
F.R.No. 007354N

NATIONAL HANDLOOM DEVELOPMENT CORPORATION LTD, LUCKNOW

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31st MARCH 2019

(A) Equity Share Capital

(Amount in Rs.)

Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
1900000000	-	1900000000

(B) Other Equity

(B) Other Equity												(Amount in Rs.)		
	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus			Debt instruments through other Comprehensive income	Effective portion on Cash Flow Hedges	Revaluation on Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of other comprehensive income (specify nature)	Money received against share warrants	Total		
			Capital Reserve	Securities Premium Reserve	Other Reserves (specify nature)								Retained earnings	
Balance at the beginning of the reporting period						12019532	958213212							
Changes in accounting policy of prior period errors					-	-	-							
Restated balance at the beginning of the reporting period					-	-	-							
Total Comprehensive Income for the period					-	-	-							
Dividends							0							
Transfer to retained earnings					574296	-162182863								
Any other change (to be specified)					1366572		0							
Balance at the end of the reporting period					11227256	796030349								

Anjali Yadav
CQ. Secretary

Jitendra V Purohit
DGM(F&A)/CFO

Sanjeev Dua
Managing Director
DIN No. - 08447827

Sanjay Rastogi
Chairman
DIN No. - 07722405

28 OCT 2019

Place: New Delhi
Date: 31-10-2019

As per our Report of even date
For MANV & Associates
Chartered Accountants

NEW DELHI
Partner: N. K. Gupta
M.No.: 085713
F.R.No.: 007351N

INFORMATION PURSUANT TO SCHEDULE III TO THE COMPANIES ACT, 2013, BALANCE SHEET AND COMPANY'S GENERAL BUSINESS PROFILE.

i) Registration details:

CIN No.	U17299UP1983GOI005974
Registration No.	5974/ 83
State Code	20
Date of Balance sheet	31-03-2019

ii) Capital raised during the year (Amount in Rs.) subscribed by Government of India.

iii) Position of Mobilization and Deployment of Funds (Amount in Rs.)

Total Liabilities	Total Assets
6007489670	6007489670
Sources of Funds	
Paid up Capital	190000000
Reserve & Surplus	807257605
Deferred tax liability (net)	-22662983
Corpus Fund (Marketing Complex, Mega Cluster, TFC, HSSY & PHP)	785115586
Other Non Current liabilities	0
Current liabilities	4247779462
Application of Funds	
Net Fixed Assets - Tangible	127601865
- Intangible	11840225
Capital work in progress	0
Deployment of Corpus Fund (Marketing Complex & Mega Cluster)	785115586
Other Non Current Assets	367778
Current Assets	5082564216

iv) Performance of the company

Turnover	9509358715
Total Expenditure	9668036183
Profit before Tax	-158677468
Profit after Tax	-162182863
Earning per share in Rupees	-85.36
Dividend (% age of Share Capital)	0.00%

v) Generic name of the principal product of the company

Product description	Item Code No. (ITC Code)
Yarn	5208(Cotton)
Dyes & Chemicals	3204(Dyes)
Fabric	N.A.


Anjali Yadav
Co. Secretary


Jitendra V Purohit
DGM(F&A)/CFO


Sanjeev Dua
Managing Director
DIN No. - 08447827


Sanjay Rastogi
Chairman
DIN No. - 07722405

**As per our Report of even date
For MANV & Associates
Chartered Accountants**



Partner : N. K. Gupta
M.No. : 085743
F.R.No. : 007351N

28 OCT 2019

Place: New Delhi

Date: 31-10-2019

SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONVENTIONS:

The financial statements have been prepared under historical cost convention in accordance with the Generally Accepted Accounting Principles, the provisions of Companies Act' 2013 and applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

FIXED ASSETS:

The assets acquired/ purchased are recorded on the basis of purchase value.

DEPRECIATION AND IMPAIRMENT OF ASSETS:

Depreciation on fixed Assets is charged on straight-line method. Depreciation is calculated on pro-rata basis on all additions made during the year in which the assets are put to use/ brought on charges. However, 100% depreciation is charged on the assets acquired during the year where individual cost does not exceed Rs.5000. Depreciation is calculated as per useful life of assets mentioned in Schedule – II of the Companies Act 2013.

The carrying amount of assets is tested at each Balance Sheet date for impairment so as to determine and provide for the impairment loss, if any, required or the reversal, if any, required for impairment loss recognized in previous periods.

GRANTS:

The expenses against Grants-in-aid have been incurred on specific purposes and are adjusted accordingly in specific grant received from Government. Grants/ Receivable from Government are recognized on accrual basis keeping in view the certainty of its ultimate collection.

INVENTORIES:

The valuation of stocks is at cost or net realizable value, whichever is lower. Goods-in-transit due to sales return or otherwise are valued at purchase price.

SALES:

The sales of yarn, dyes & chemicals and fabrics represent the value of goods dispatched to customers.

CLASSIFICATION OF EXPENDITURE:

All expenses and Incomes are accounted for under natural heads of account. Wherever necessary, allocation of expenditure on the functional basis has been made.

INTEREST ON OVERDUE BILLS:

Interest on overdue bills has been provided for delayed payments as per terms of credit decided with them. The unrealized overdue interest is shown as Deferred Accrued Interest.

FINANCE CHARGE

Finance charges levied on customers of Dyes & Chemicals are recognized as revenue on receipt basis in view of uncertainty in its ultimate collection.

ACCOUNTING OF RETIREMENT BENEFITS:

- (a) Liability towards Gratuity is provided based on the actuarial valuation as per AS-15.
- (b) Liability towards Leave Encashment is provided based on the actuarial valuation as per AS-15.



- (c) Leave travel concession is allowed as per rules of the corporation and booked in accounts in the year in which it is availed by the employees.

PRIOR PERIOD ADJUSTMENTS:

Prior Period Adjustments are those adjustments applicable to prior periods arising from correction of fundamental errors & omissions.

RESERVE FOR DEVELOPMENTAL ACTIVITIES:

Expenditure incurred by the Corporation on developmental activities from its own sources including expenditure incurred over and above the grant-in-aid received from Government of India are charged to Reserve for Developmental Activities directly which have been appropriated out of profits of the Corporation.

SEGMENT ACCOUNTING POLICY:

Segment Accounting policies are in line with the accounting policies of the corporation. However, the following specific accounting policies have been followed for segment reporting:

- Segment Revenue includes sales and other income directly identifiable with/ allocable to the segments including inter-segment revenue. The income, which relate to the corporation as a whole and not allocable to the segments is included in "Other Un-allocable Income".
- Expenses that are directly identifiable with/ allocable to the segments are considered for determining the segments result. The expenses, which relate to the corporation as a whole and not allocable to the segments are included under "Other Un-allocable Expenditure".
- Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable corporate assets and liabilities represent the assets and liabilities that relate to the corporation as a whole and not allocable to any segment.

TAXES ON INCOME:

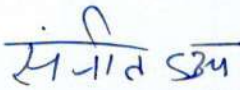
Tax income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of Income Tax Act 1961 and based on the expected outcome of assessments/ appeals.

Deferred tax is recognized on timing difference between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.


Anjali Yadav
Co. secretary


Jitendra V Purohit
DGM(F&A)/CFO


Sanjeev Dua
Managing Director
DIN No.-08447827


Sanjay Rastogi
Chairman
DIN No.-07722405

As per out Report of even date
For MANV & Associates
Chartered Accountants

28 OCT 2019

Place: New delhi

Date: 31-10-2019

Partner: N.K. Gupta
M.No. : 085743
F.R.No.: 007351N

