

## INDEPENDENT AUDITOR'S' REPORT

**TO THE MEMBERS**

**NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED (NHDC)**

### (I) Report on the Standalone Financial Statements

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 2018, the Statement of Profit and Loss, the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information for the year then ended. The aforesaid financial statements incorporate the returns for the year ended on that date audited by the auditors of the Corporation's Regional Offices at National Handloom Development Corporation Limited- Kannur, Kolkata, Varanasi, Panipat, Hyderabad, Coimbatore, Guwahati, Bhubaneswar and Vijayawada. The detail of Regional Offices and the respective Statutory Auditors is being indicated as under-

Sl. No.	Name of the Regional Office	Name & Address of the Branch Statutory 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 <sup>st</sup> 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 <sup>st</sup> Floor, Shakuntla, Complex, PalikaBazar, G.T. Road, Paipat, Haryana.
5	National Handloom Development Corporation Limited, Hyderabad, Telangana.	M/s. M.A.Mohiaddin&Co., Chartered Accountants, 307, Lenaine estate Abids, Hyderabad-500001
6	National Handloom Development Corporation Limited, Coimbatore, Tamilnadu	M/s. N.M.& Co., Chartered Accountants 200/4 First Floor, Premier Apartments, NSR Road, Sai Baba Colony, Coimbatore-641011
7	National Handloom Development Corporation Limited, Guwahati, Assam	M/s S. Bose & Co. , Chartered Accountants, No.4/a, Avinash Niwas, GS Road, Ulubari, Guwahati-781007





8	National Handloom Development Corporation Limited, Bhubaneswar, Odisha	M/s. PPB & Co., Chartered Accountants, Plot No.97, 1 <sup>st</sup> Floor, Near Water Tank, Sahid Nagar, Bhubaneswar, Odisha-751007
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

## (II) 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 Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that reflect a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the preparation 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. The Board of Directors are also responsible for making judgments and estimates that are prudent and reasonable; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting record, relevant to preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

## (III) Auditor's' Responsibility

Our responsibility is to express independent opinion on these Standalone Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there-under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit also involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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 error or fraud. In making these risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the financial management

and appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.





We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports is sufficient and appropriate to provide a basis for our audit opinion on the Standalone financial statements.

#### Opinion

In our opinion to the best of our information and according to the explanations given to us, the aforesaid financial statements referred to in Emphasis of Matters/Others Matters below, give the information required by the Act in the manner so required and give a True and Fair View in conformity with the accounting principles generally accepted in India, of the state of affairs of the Corporation as at 31<sup>st</sup> March 2018, and its Profit and its cash flows for the year ended on that date

#### **(IV) Emphasis of matters:**

(Note Nos. referred here under are with reference to respective Notes forming part of the standalone financial statements)

- I) As stated in Note No. "4A" Rs. 18,76,95,376 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 31<sup>st</sup> March 2017, was credited to respective Corpus Fund, But during Current Financial Year i.e. 2017-18 Interest on Fixed Deposits of Rs. 18,76,95,376 has been taken as Interest Income of the Corporation, instead of crediting to the Corpus Fund (Marketing Complex) .
- II) As Per Note No. "4(B)", As on 31-03-2017 Rs. 3,21,75,213/- was standing to the Credit of Corpus Fund (Mega Cluster) on Account of Interest earned on Funds invested with the Bank of Corpus Fund (Mega Cluster). During the Current Financial Year i.e. 2017-18, the Entire Amount of Rs. 3,21,75,213 has been taken as Interest Income of the Corporation.
- III) Receivable from Govt. of India (GOI) Grant in Aid, as per the note no. 15 (VIII) sub-note (iv), for few cases NHDC has submitted the Utilization Certificates (UC). However, the amount is still receivable from GOI. Further there are some cases, where Corporation has made the expenditure and submitted the claims to GOI for reimbursement but neither GOI has been issued nor the amount has been received. The impact of disallowed amount is still unknown to the Auditors.
- IV) As per Note No. "13" Sundry Debtors where it was found the Debtors for Rs. 7,65,319/- (R.O Kolkatta) above then Corpus Fund and ageing beyond more than three years . provision of the same has not been made in the accounts during the year.

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





**(VI) Other matter:**

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. 430.60 crores as at 31st March, 2018 and total revenues of Rs. 2,879.56 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 qualified in respect of this matter.

**(V) Report on Other Legal and Regulatory Requirements.**

- A. As required by Companies (Auditor's Report) Order, 2016 ("the order"), issued by Central Government Of India in terms of section 143(11) of the Act, we give in the Annexure-A, a statement on the matters specified in paragraph 3 and 4 of the order.
- B. As required by section 143(5) of The Act, we give in Annexure-B, a statement on the directions and sub-direction issued by Comptroller and Auditor General of India.
- C. As required by section 143(3) of The Act, we report that:
  - (i) We have sought and, obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (ii) in our opinion, proper books of account as required by Law has been kept by the company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
  - (iii) The reports on the accounts of the Regional Offices of the Corporation audited under Section 143 (8) of the Act by Regional Offices auditors have been sent to us and have been properly dealt with by us in preparing our report.
  - (iv) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the Regional Offices not visited by us.
  - (v) in our opinion, the aforesaid Standalone Financial Statement comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of The Company(Accounts) Rules,2014.
  - (vi) In terms of Notification No. G.S.R. 463(E) dated 05<sup>th</sup> June2015 issued by the Ministry of Corporate Affairs, the provisions of Section 164(2) of the Act regarding disqualification of directors, are not applicable to the Corporation.
  - (vii) 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".
  - (viii) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in





our opinion and to the best of our information and according to the explanations given to us:

- a) 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.
- b) The Corporation does not have any long term contracts including derivative contracts, hence, not applicable.
- c) 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.

Dated: 4th September 2018

Place: New Delhi

For MANV & Associates  
(Chartered Accountants)  
F.R.No: 007351N  
NEW DELHI  
N.K GUPTA  
Partner:  
(M No.085713)



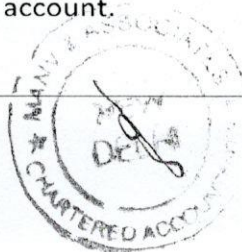
**ANNEXURE-A**

**ANNEXURE TO THE AUDITORS' REPORT OF**

**NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED (NHDC)**

**FOR FINANCIAL YEAR 2017-18**

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 covered in the register maintained under section 189 of the Companies Act, 2013, if so.	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, 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 Companies Act 2013 and whether such accounts and records have been so made and maintained.	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.
(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, cess and 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><b><u>1) Regional Office Varanasi</u></b></p> <p>Sales Tax- An appeal is pending with Assistant Commissioner Sales Tax Varanasi against demand raised for Rs.9520994.00 the assessing authority Sales Tax office Lucknow for the financial year 2010-11.</p> <p><b><u>2) Regional Office Coimbatore</u></b></p> <p>For the Financial Year 2011-12 &amp; 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 Lacs. 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 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).	Not Applicable.
(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.	As reported, no fraud has been noticed during the year 2017-18.
(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 Companies Act, 2013 where applicable and the details have been disclosed in the	There is no related party's transaction as reported by the Corporation.





	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)  
Firm No: 007351N  
DELHI  
**NAK GUPTA**  
Partner:  
(M No.085713)

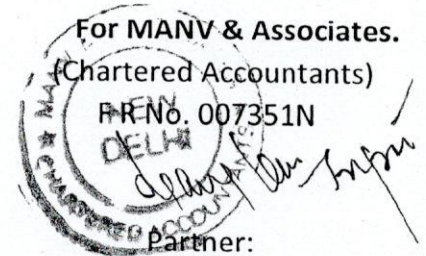
Dated: 4th September 2018  
Place: New Delhi





### COMPLIANCE CERTIFICATE

We have conducted the audit, of accounts of National Handloom Corporation Limited for the year ended 31<sup>st</sup> March, 2018 in accordance with the directions/sub-directions issued to us by the C & AG of India under Section 143(5) of the Companies Act, 2013 and we Certify that we have complied with all the directions/sub-directions issued to us by submitting our report dated September, 4th, 2018.



Partner:

N.K.GUPTA

(Membership No.085713)

Date: 4<sup>th</sup> September 2018

Place: New Delhi

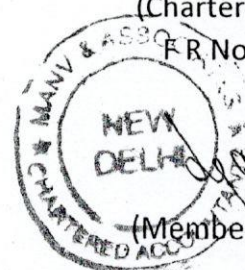


**COMPLIANCE OF THE DIRECTIONS ISSUED UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013  
APPLICABLE FOR THE FINANCIAL YEAR 2017-18 ON ACCOUNTS NATIONAL HANDLOOM  
DEVELOPMENT CORPORATION, GREATER NOIDA, U.P.**

Sr. No.	Questionnaire	Reply of the
1	Whether the company has clear title/lease deeds for free hold and lease hold respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available?	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. 21,63,293/- 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.
2	Whether there are any cases of waiver/write off of debts/loans/interest etc. the reasons thereof and the amount involved.	During the audit, we noticed that the Corporation has written off provision for doubtful advances to suppliers' amounting to Rs.3,90,496/- the said suppliers advance were very old and amount was not feasible for legal proceedings [refer notes on accounts No. 25(a) of the financial statements]. The Corporation has not written off any due of debtors, loans & interest etc. However, the Corporation has made the provision for doubtful debtors for Rs.84,38,130/- [refer notes on accounts No. 25(a) of the financial statements] during the year under audit. Further, the Corporation has also written off loss on sale of assets amounting to Rs.66,964 [refer note on accounts No. 25(a) of the financial statements].
3	Whether proper records are maintained for inventories lying with third parties and assets received as gift/grant(s) from Government or other authorities.	There is no inventory lying with the third party as certified by the Management.; No assets received as gift/grant(s) from Government or other authorities.

**For MANV & Associates,  
(Chartered Accountants)**

FR No. 007351N



Partner:  
N.K.GUPTA

(Membership No.085713)

Date: 4<sup>th</sup> September 2018

Place: New Delhi



**"ANNEXURE C" to the Independent Auditors' Report of even date on the Financial Statements of  
NATIONAL HANDLOOM DEVELOPMENT CORPORATION LTD.**

**Report on the Internal Financial Control under clause (i) of Sub-section 3 of Section 143 of the  
Companies Act, 2013 ("The Act")**

We have audited the internal financial control over financial reporting of NATIONAL HANDLOOM DEVELOPMENT CORPORATION Limited, ("The Corporation") as of March 31, 2018 in conjunction with our independent audit report of the financial statements of the Corporation for the year ended on that date.

**(I) Management's Responsibility for Internal Financial Controls**

The Corporation's management is responsible for establishing and maintaining internal financial control 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 Control 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 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.

**(II) Auditor's Responsibility**

Our responsibility is to expression of opinion on the Company's internal financial control over financial reporting based on our audit; we conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Control Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Control 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 control over financial reporting was established and maintained and if such control operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial control 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 procedure selected depends on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.





**"ANNEXURE C" to the Independent Auditors' Report of even date on the Financial Statements of  
NATIONAL HANDLOOM DEVELOPMENT CORPORATION LTD.**

**Report on the Internal Financial Control under clause (i) of Sub-section 3 of Section 143 of the  
Companies Act, 2013 ("The Act")**

We have audited the internal financial control over financial reporting of NATIONAL HANDLOOM DEVELOPMENT CORPORATION Limited, ("The Corporation") as of March 31, 2018 in conjunction with our independent audit report of the financial statements of the Corporation for the year ended on that date.

**(I) Management's Responsibility for Internal Financial Controls**

The Corporation's management is responsible for establishing and maintaining internal financial control 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 Control 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 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.

**(II) Auditor's Responsibility**

Our responsibility is to expression of opinion on the Company's internal financial control over financial reporting based on our audit; we conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Control Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Control 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 control over financial reporting was established and maintained and if such control operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial control 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 procedure selected depends 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 company's internal financial control system over financial reporting.

**(III) Meaning of Internal Financial Control 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 and 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 of timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**(IV) Inherent Limitations of Internal Financial Control 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 period 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.

**(V) Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2018 as also pointed out in our Audit Report:

- I) As stated in Note No. "4A" Rs. 18,76,95,376 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 31<sup>st</sup> March 2017, was credited to respective Corpus Fund, But during Current Financial Year i.e. 2017-18 Interest on Fixed Deposits of Rs. 18,76,95,376 has been taken as Interest Income of the Corporation, instead of crediting to the Corpus Fund (Marketing Complex).
- II) As Per Note No. "4(B)", As on 31-03-2017 Rs. 3,21,75,213/- was standing to the Credit of Corpus Fund (Mega Cluster) on Account of Interest earned on Funds invested with the Bank of Corpus Fund (Mega Cluster). During the Current Financial Year i.e. 2017-18, the Entire Amount of Rs. 3,21,75,213 has been taken as Interest Income of the Corporation.
- III) Receivable from Govt. of India (GOI) Grant in Aid, as per the note no. 15 (VIII) sub-note (iv), for few cases NHDC has submitted the Utilization Certificates (UC). However, the





expenditure and submitted the claims to GOI for reimbursement but neither GOI has been issued nor the amount has been received. The impact of disallowed amount is still unknown to the Auditors.

- IV) As per Note No. "13" Sundry Debtors where it was found the Debtors for Rs. 7,65,319/- (R.O Kolkatta) above then Corpus Fund and ageing beyond more than three years . provision of the same has not been made in the accounts during the year.
- V) During the Year Corporation has written back leave salary provision amounting to Rs. 2,17,22,254/- as excess provisions made in the last years resulting an increase of profit to the tune of Rs. 2,17,22,254/-
- VI) All the financial statements has been made from ERP (Module). It further needs to improve and develop the customization of reports.
- VII) Provision of Salary Arrears amounting to Rs. 6.52 Crores (Previous year Rs. 0.60 Crores) has been provided on account of 3<sup>rd</sup> 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.
- VIII) 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.
- IX) While scrutinizing note No.8 for Corpus fund (Corpus development) of the financial statements for Financial Year 2017-18, 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 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, 2018, 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, 2018 financial statements of the Corporation, and these material weaknesses do not affect our opinion on the financial statements of the Corporation.

**For MANV & Associates.**

(Chartered Accountants)

(FIR NO.007351N)



Partner:

N.K.GUPTA

(Membership No.085713)

Date: 4<sup>th</sup> September 2018

Place: New Delhi

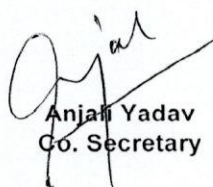


**NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED**  
**BALANCE SHEET AS AT 31st MARCH 2018**


PARTICULARS	NOTE NO.	As on 31-03-2018 (Rs.)	As on 31-03-2017 (Rs.)
1	2	3	4
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholder's funds</b>			
a) Share Capital	1	190000000	190000000
b) Reserves and Surplus	2	970232744	820304826
<b>2 Non- current liabilities</b>			
a) Deferred tax liabilities ( Net)	3	-25668842	-26516346
b) Other long term liabilities ( Corpus)	4	553531625	985672985
<b>3 Current liabilities</b>			
a) Trade payables	5	4609246672	3325400731
b) Other current liabilities	6	923627453	753865413
c) Short term provisions	7	356889580	413874626
<b>TOTAL</b>		<b>7577859232</b>	<b>6462602235</b>
<b>II. ASSETS</b>			
<b>Non current assets</b>			
<b>1 (a) Fixed Assets</b>			
i) Tangible assets	8	130691403	127475118
ii) Intangible assets	9	14513824	17742591
b) Long term loans and advances	10	368278	398778
c) Other non current assets(Corpus)	11	553531625	985672985
<b>2 Current assets</b>			
a) Inventories	12	9998237	12736571
b) Trade receivable	13	3729994072	2210480511
c) Cash and cash equivalents	14	1292259476	1933814196
d) Short term loans and advances	15	1808671974	1119175371
e) Other current assets	16	37830344	55106113
<b>TOTAL</b>		<b>7577859232</b>	<b>6462602235</b>

Check

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.

  
Anjali Yadav  
Co. Secretary

  
Naveen Gupta  
ED (Finance) / CFO

  
Sanjay Rastogi  
CMD  
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. : 007351N

Place: New Delhi

Date:


04 SEP 2018





**NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2018**

PARTICULARS	NOTE NO.	For FY 2017-18 (01-04-2017 to 31-03-2018) (Rs.)	For FY 2016-17 (01-04-2016 to 31-03-2017) (Rs.)
(a) Revenue from operations	17	26051554168	29935179302
(b) Grant in-aid against reimbursement of expenditure under Yarn Supply Scheme	17	2705608306	3027168644
II. Other Income	18	211571314	114262803
III. <b>Total Revenue ( I+II)</b>		<b>28968733788</b>	<b>33076610749</b>
IV. Expenses:			
Purchases of stock in trade	19	27239932070	31324523043
Reimbursement of Transportation/depot charges	20	902315064	930465136
Changes in inventories/stock in trade	21	2738334	1960975
Employee benefits expenses	22	292007599	224161672
Finance costs	23	0	0
Depreciation and amortization expenses	8 & 9	9011194	6021706
Other expenses	24	152943527	109078342
<b>Total Expenses</b>		<b>28598947789</b>	<b>32596210874</b>
V. Profit before exceptional and extraordinary items and tax ( III-IV)		369785999	480399875
VI. Exceptional items	25	10175389	4961892
VII. Corporate social responsibility (CSR) Expenses	26	5788604	10021783
VIII. Profit before extraordinary items and tax ( V-VI-VII)		353822006	465416200
IX. Extraordinary Items			
X. Profit before tax ( VIII- IX)		353822006	465416200
XI. Tax expense:			
1 Current Tax (Provision)	27	117200000	176000000
2 Deferred Tax	3	847504	600241
Profit ( Loss) for the period from continuing operations ( X - XI)		235774502	288815959
XIII. Profit/loss from discontinuing operations		0	0
XIV. Tax expenses of discontinuing operations		0	0
XV. Profit/(loss) from discontinuing operations ( after tax) ( XIII-XIV)		0	0
XVI. Profit( Loss) for the period ( XII + XV)		235774502	288815959
XVII. Earnings per equity share ( Before extra ordinary items)			
(1) Basic		124.09	152.01
(2) Diluted		124.09	152.01
Earnings per equity share ( After extra ordinary items)			
(1) Basic		124.09	152.01
(2) Diluted		124.09	152.01

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.

  
Anjali Yadav  
Co. Secretary

  
Naveen Gupta  
ED (Finance) / CFO

  
Sanjay Rastogi  
CMD  
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.: 007351N

Place: New Delhi  
Date:

**04 SEP 2018**



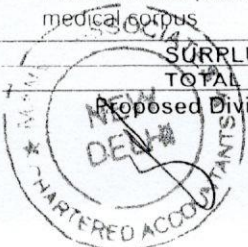
# NOTES ON ACCOUNTS

## 1 SHARE CAPITAL

	As on		As on	
	31-03-2018 (Rs.)		31-03-2017 (Rs.)	
<b>Authorized</b>				
20,00,000 Equity shares (Previous year 20,00,000 Equity shares) of Rs. 100/- each		20,00,00,000		20,00,00,000
<b>Issued, Subscribed &amp; Paid-up</b>				
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)	189846500		189846500	
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)	153500	190000000	153500	190000000
<b>TOTAL</b>		<b>190000000</b>		<b>190000000</b>

## 2 RESERVES & SURPLUS

	As on		As on	
	31-03-2018 (Rs.)		31-03-2017 (Rs.)	
<b>(A) RESERVES:</b>				
(I) Reserve for developmental Activities as per last Balance sheet		2461630		2490403
Add : Amount transferred from Statement of Profit & Loss		0		5800000
Less: Utilization during the year		0		5828773
<b>Total(i)</b>		<b>2461630</b>		<b>2461630</b>
(II) Post Retirement Medical Corpus As per last Balance sheet		10189606		7197499
Add : Amount transferred from Statement of Profit & Loss		0		3700000
Add Interest Earned during the year		826347		250350
Less Utilization during the year		1458051		958243
<b>Total(ii)</b>		<b>9557902</b>		<b>10189606</b>
<b>Total(i+ii)</b>		<b>12019532</b>		<b>12651236</b>
<b>(B) SURPLUS</b>				
As per last Balance sheet		807653590		633050829
Add Amount transferred from Statement of Profit & Loss				
Current year profit		235774502		288815961
Less:-				
Proposed Dividend		70800000		87000000
Corporate Tax on Dividend		14414880		17713200
Amount transferred to reserve for developmental activity		0		5800000
Transferred to post retirement medical corpus		0		3700000
<b>SURPLUS(B)</b>		<b>958213212</b>		<b>807653590</b>
<b>TOTAL (A+B)</b>		<b>970232744</b>		<b>820304826</b>
Proposed Dividend per Equity Share		<b>37.26</b>		<b>45.79</b>





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 31-03-2018	
	Deferred Tax Assets ( Rs.)	Deferred Tax Liability ( Rs.)
<b>Deferred Tax Liabilities</b>		
Difference between book value of depreciable assets as per books of accounts and written down value as per tax depreciation		6573570
Other deferred tax liability giving rise to timing difference		6206839
<b>Deferred Tax Assets</b>		
Provision for doubtful debts and advances etc. based on Income Tax Rate of Provision	14670404	
Provision for leave salary	23124888	
Provision for Deceased Employee Scheme	299628	
Other deferred tax asset giving rise to timing difference- (VRS)	354331	
<b>Total</b>	<b>38449251</b>	<b>12780409</b>
<b>Net Deferred Tax Liability/ (Asset) as at the end of current reporting period</b>		<b>-25668842</b>
<b>Net Deferred Tax Liability/ (Asset) as at the end of previous reporting period</b>		<b>-26516346</b>
<b>Net Liability / (Asset) charged to Statement of Profit and Loss during the current reporting period</b>		<b>847504</b>

**4 NON CURRENT LIABILITIES – OTHER LONG TERM LIABILITIES****1) Other Long Term Liability (Corpus)**

	As on 31-03-2018 (Rs.)	As on 31-03-2017 (Rs.)
<b>(A) Corpus Fund ( Marketing Complex)</b>		
a) Receipt from Govt. of India upto	82580850	82580850
b) Less: Amount adjusted/ refunded to Govt. upto date	48158949	48158949
c) Principle amount refundable to Govt. (a-b)	34421901	34421901
d) Amount realized from agencies including adjustments upto date	97544411	96773633
e) Less: Amount paid for acquisition of space/ other expenses etc. for complexes on behalf of agencies upto date	96584973	95351227
f) Refundable to agencies (d-e)	959439	1422406
g) Balance (a-b+d-e) or (c+f)	35381340	35844307
h) Amount of Interest earned less miscellaneous expenditure upto date	152314036	152314036
<b>Total (g+h)</b>	<b>187695376</b>	<b>188158343</b>

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. 97544411 (Previous Year Rs. 96773633) received from user agencies has been credited to the corpus fund and expenditure incurred on setting up of marketing complexes amounting to Rs. 96584973 (Previous Year Rs. 95351227) 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 2017-18 Interest has not been credited to the Funds (Marketing Complex)

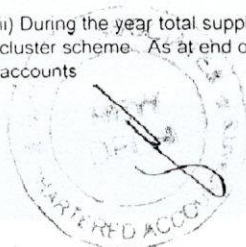
**(B) Corpus Fund ( Mega Cluster )**

a) Receipt from Govt. of India upto	95000000	95000000
b) Amount of interest earned till 31.03.2017	32175213	32175213
c) Less : transfer to income	32175213	0

<b>Total</b>	<b>95000000</b>	<b>32175213</b>
--------------	-----------------	-----------------

i) As per Government directives, the funds released by Govt. of India amounting to Rs. 95000000 (Previous Year Rs. 95000000) 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. The amount of interest earned on fixed deposits amounting to Rs. 32175213 till 31st March, 2017 has been transferred into income during the year.

ii) During the year total supplies has been made to the tune of Rs 1213.60 lacs by rotating the funds under Mega cluster scheme. As at end of year Rs. 43.80 lacs is due to user agencies which is included in Sundry debtors accounts





(C) Corpus Fund (Trade Facilitation Centre)

a) Receipt from Govt. of India upto	2,68,69,16,952	2,68,65,80,436
b) Amount of Adjustment/UC Submitted & Other expenses up to date	4,41,55,546	49,21,310
c) Total (a-b)	2,64,27,61,406	2,68,16,59,126
d) Less: Amount transferred to Project Management Agency upto date/(NBC/C)	2,60,31,08,724	2,09,31,08,724
e) Less : Architect fee upto date/(SIKKA)	3,71,94,772	5,79,40,451
<b>Balance (c-d-e)</b>	<b>24,57,910</b>	<b>53,06,09,951</b>

(D) Pochampally for Handloom

a) Receipt from Central / State	234729478	247502000
b) Receipt during the year	32498000	
c) Amount of Interest earned/ Less Expenses	9852902	6939861
d) Amount of Interest paid	8702041	2212383
e) Total (a+b+c-d)	268378339	252229478
e) Less: Amount transferred to Pochampally ( Advance paid)	0	10000000
f) Less: Amount transferred for Raw Metrial	0	7500000
<b>Balance (c-d-e)</b>	<b>268378339</b>	<b>234729478</b>
<b>GRAND TOTAL ( A+B+C+D)</b>	<b>553531625</b>	<b>985672985</b>

5 CURRENT LIABILITIES – TRADE PAYABLES

	As on 31-03-2018 (Rs.)	As on 31-03-2017 (Rs.)
Sundry creditors (Includes Rs.1041453512 payable to S.S.I units – Previous year Rs.1056948877 )	4514046140	3193836380
Advance from customers/ others	95200531	131564351
<b>Total</b>	<b>4609246672</b>	<b>3325400731</b>

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 31-03-2018		% of Confirmation of balances as on 31-03-2018	
	No. of agencies	Amount outstanding ( Rs )	No. of agencies	Amount outstanding ( Rs.)	No. of agencies (%)	Amount outstanding (%)
Creditors	537	4514046140	208	3665024664	38.73	81.19
Advance from customers/ others.	1674	95200531	516	26620987	30.82	27.96

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 includes amount of Rs . 1005823484 (Previous year Rs . 354913447) 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.

iii) 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 31-03-2018 (Rs.)	As on 31-03-2017 (Rs.)
Security deposits	10613722	613722
Govt. grants/participation money	291313296	33568448
Retention money	341649	341649
Earnest money	702763	827763
Corpus fund (Cluster development)	161609697	256909696
Transportation and depot payable	443822357	355725021
Other Liabilities	15223970	105879114
<b>Total</b>	<b>923627453</b>	<b>753865413</b>

Govt. grants/participation money amount includes Rs. 2662.47 Lacs received from GOI and implementing agency on A/c of HSSY (previous year Rs. 487.01 Lacs)

7 CURRENT LIABILITIES – SHORT TERM PROVISIONS

	Balance as on 31-03-2017	Addition during the year	Total	Payment/ utilization/ charged off	Written back during the year	(Rs.) Balance as on 31-03-2018
Income tax	176000000	117200000	293200000	174649993	1350007	117200000
Accrued leave	109161426	0	109161426	8404910	21722254	79034262
Provision for gratuity liability	0	33240438	33240438	0	0	33240438
Provision for ex-gratia	18000000	21000000	39000000	17987432	12568	21000000
Proposed dividend	87000000	70800000	157800000	137000000	0	20800000
Corporate tax on proposed dividend	17713200	14414880	32128080	17713200	0	14414880
Provision for Salary Arrears ( pay revision)	6000000	65200000	71200000	0	0	71200000
	413874626	321855318	735729944	355755535	23084829	356889580

i) The Proposed dividend per equity share for the current reporting period is Rs. 37.26 (Previous year Rs. 45.79).

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 2017-18	For FY 2016-17
Defined benefit obligation at the beginning of the year as per actuarial	109161426	82832430
Add: Amount received from new joinee etc. from other PSU.	0	0
Add: Amount provided by charging to current year's expenses	0	33321736
Less: Excess Provision written back during the year	21722254	0
Less: Benefit paid/ leaves en-cashed	8404910	6992740
Defined benefit obligation at year end	79034262	109161426

Particulars	(Rs.) GRATUITY	
	For FY 2017-18	For FY 2016-17
Defined benefit obligation at the beginning of the year with LIC	113135242	115308669
Add: Actual Return on Plan Asset	8309523	8986270
Add: Contribution paid to LIC during the year.	0	0
Less: Benefit paid/ claim settled by LIC	11866539	9232291
Defined benefit obligation at year end with LIC.	109578226	115062648
Add: Further provision made against contribution towards Gratuity fund.	35269219	6863349
Less: Deposit with Gratuity Trust lying with LIC for future adjustment.	0	8790755
Less: Excess provision made against contribution towards Gratuity fund written back	0	0
Defined benefit obligation at year end after provision.	144847445	113135242



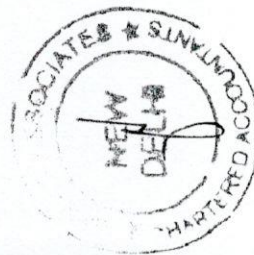


## NON CURRENT ASSETS- TANGIBLE ASSETS

Items	For the current reporting period										(Rs.)	
	LAND	BUILDING	FURNITURE & FIXTURE	OFFICE AND ELECTRICAL EQUIPMENTS	ELECTRICAL EQUIPMENT AND INSTALLATION	OFFICE EQUIPMENT	LABORATORY EQUIPMENT	VEHICLE	COMPUTERS Computer & Data processing Units	Servers & Networks	TOTAL	For the previous reporting period
<b>GROSS BLOCK</b>												
As at beginning of the year	75909184	35341692	12589533	273467	18051733	7282857	412455	3777373	8351812	2452719	164442825	149098102
Addition during the year	0	0	408239	0	4441246	1603402	0	800257	1558284	0	8811428	15476434
Transfer/ Sale/ Adjustments during the year	0	-3361820	-2482835	0	-1516293	-246710	0	-564546	-768058	-165120	-9105382	-2074356
Transfer to during the year	0	3358320	2486335	0	1396593	191751	0	0	768058	165120	8366177	1942645
As at end of the year	75909184	35338192	13001272	273467	22373279	8831300	412455	4013084	9910096	2452719	172515048	164442825
<b>DEPRICIATION</b>												
As at beginning of the year	0	9825620	5152998	257525	5642012	4560214	166495	2322491	6843277	2197075	36967707	32268199
Transfer/ Sale/ Adjustments during the year	0	-1138326	-524217	0	-405305	-207088	0	-536318	-720104	-157220	-3688578	-1310231
Transfer to during the year	0	1134826	527717	0	359317	175522	0	0	720104	157220	3074706	1211639
Depreciation during the year (Transfer to Reserve and Surplus)	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation during the year (Transfer to Profit and Loss account)	0	518760	892467	3355	1728848	790675	42476	401907	1001561	89760	5469810	4798100
As at end of the year	-	10340880	6048965	260880	7324872	5319324	208971	2188080	7844838	2286835	41823645	36967707
<b>NET BLOCK</b>												
As at beginning of the year	75909184	25516072	7436535	15942	12409721	2722643	245960	1454882	1508535	255644	127475118	116829903
As at end of the year	75909184	24997312	6952307	12587	15048407	3511976	203484	1825004	2065258	165884	130691403	127475118

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.





## 9 NON CURRENT ASSETS- INTANGIBLE ASSETS

(Rs.)

	COMPUTER SOFTWARE	
	For the current reporting period	For the previous reporting period
<b>GROSS BLOCK</b>		
As at beginning of the year	21258320	2447321
Addition during the year	24,40,547	18811000
Transfer/ Sale/ Adjustments during the year	(22,71,000)	-
Transfer to during the year	0	0
As at end of the year	21427867	21258320
<b>DEPRICIATION</b>		
As at beginning of the year	3515729	2292124
Adjustment during the year	(1,43,073)	-
Tansfer to during the year	0	0
Transfer to general reserve	0	0
Depriication during the year	3541387	1223605
As at end of the year	6914043	3515729
<b>NET BLOCK</b>		
As at beginning of the year	17742591	155196
As at end of the year	14513824	17742591





10 NON CURRENT ASSETS - LONG TERM LOAN AND ADVANCES

	As on 31-03-2018 (Rs.)	As on 31-03-2017 (Rs.)
Security Deposit	368278	398778
<b>TOTAL</b>	<b>368278</b>	<b>398778</b>

11 OTHER NON CURRENT ASSETS (CORPUS)

	As on 31-03-2018 (Rs.)	As on 31-03-2017 (Rs.)
(A) Deployment of Corpus Fund (Marketing Complexes)	187695376	188158344
(B) Deployment of Corpus Fund (Mega Cluster)	95000000	32175213
(C) Deployment of Corpus Fund (Trade Facilitation Centre)	2457910	530609951
(D) Deployment of Corpus Fund Pochampally	268378339	234729478
<b>TOTAL</b>	<b>553531625</b>	<b>985672985</b>

The above Deployment of Corpus funds are in fixed deposit account

12 CURRENT ASSETS -

	As on 31-03-2018 (Rs.)	As on 31-03-2017 (Rs.)
(As taken, valued and certified by the management)		
Stock-in-trade - At cost (less written off for	9998237	12736571
Goods in Transit	0	0
<b>TOTAL</b>	<b>9998237</b>	<b>12736571</b>

13 CURRENT ASSETS- TRADE RECEIVABLE

	As on 31-03-2018 (Rs.)	As on 31-03-2017 (Rs.)
<b>SUNDRY DEBTORS (unsecured)</b>		
i) Over six months		
- Considered good	145393714	155378324
- Considered doubtful	39195817	31634481
	184589531	187012805
- Less: Provision for doubtful debts	-39195817	-31634481
	145393714	155378324
ii) Others (Considered good)	3584600358	2055102187
<b>TOTAL</b>	<b>3729994072</b>	<b>2210480511</b>

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 31-03-2018		% of Confirmation of balances as on 31-03-2018	
	No. of agencies	Amount outstanding (Rs.)	No. of agencies	Amount outstanding (Rs.)	No. of agencies (%)	Amount outstanding (%)
Trade Receivables	1316	3769189889	270	657752206	20.52	17.45

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. 3769189889 (Previous year Rs.2242114992) include a sum of Rs.18135922 (Previous year: Rs.8095810) for which suits have been filed by the corporation with appropriate courts. Further, Trade Receivables include Rs. 18923921 (Previous year Rs. 18923994) 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. 21011474). Trade Receivables also includes a sum of Rs. 55142050 (Previous year Rs.102980680) wherein supplies have been made against the revolving advance received by the corporation as Corpus Fund (Cluster Development).

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

Particulars	Balance as on 31-03-2017	Addition during the year	Total	Amount realized/ adjusted	Written off during the year	(Rs.) Balance as on 31-03- 2018
Provision for doubtful Trade Receivables	31634481	8438130	40072611	876794	0	39195817



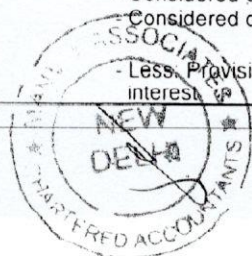


**14 CURRENT ASSETS - CASH & CASH EQUIVALENTS**

	As on 31-03-2018 (Rs.)	As on 31-03-2017 (Rs.)
Balances with scheduled bank	311460201	750826312
Balances with non- scheduled bank	3604084	9283638
FDR	710948505	1125003008
Bank deposits - HSSY	266246686	48701239
<b>TOTAL</b>	<b>1292259476</b>	<b>1933814196</b>

**15 CURRENT ASSETS - SHORT TERM LOANS AND ADVANCES**

	As on 31-03-2018 (Rs.)	As on 31-03-2017 (Rs.)
(i) Secured loans (considered good)		
- Vehicle loan to staff against hypothecation of vehicles	944930	1297270
(ii) Advances (Unsecured )		
(Recoverable in cash or kind or for value to be received)		
- Advance to suppliers		
- Considered good	447066	1295779
- Considered doubtful	1182419	1572915
	1629485	2868694
- Less: Provision for doubtful advances	-1182419	-1572915
	447066	1295779
(iii) Advance to staff		
- Considered good	655226	1945741
- Considered doubtful	101744	126274
	756969.6	2072015
- Less: Provision for doubtful advances	-101744	-126274
	655226	1945741
(iv) Advance to others		
- Considered good	11639487	20648646
- Considered doubtful	159681	135151
	11799167	20783797
- Less: Provision for doubtful advances	-159681	-135151
	11639487	20648646
(v) Prepaid expenses	204715	682894
(vi) Advance income tax including tax deducted at source	78127869	146145564
(vii) DEPOSITS (Unsecured but considered good)		
- With Government departments	-	-
- For rent of complexes/ others		
- Considered good	1859850	1268195
- Considered doubtful	86130	86130
	1945980	1354325
- Less: Provision for doubtful deposits	-86130	-86130
	1859850	1268195
(viii) RECEIVABLES		
- From the Government of India against grant-in-aid	1708327147	937555505
- Claims receivable	4280294	4024761
- Outstanding against marketing Complex/ others		
- Considered good	2185392	4311016
- Considered doubtful	1664418	1664418
	3849810	5975434
- Less: Provision for doubtful receivables	-1664418	-1664418
	2185392	4311016
(ix) Interest outstanding from user Agencies		
Deferred accrued Interest		
- Considered good	-	-
- Considered doubtful	17934693	17934693
	17934693	17934693
- Less: Provision for doubtful interest	-17934693	-17934693
	0	0
<b>TOTAL</b>	<b>1808671974</b>	<b>1119175371</b>





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

(Rs.)

Particulars	Balance as on 31-03-2017	Addition during the year	Total	Amount realized/ adjusted	Written off during the year	Balance as on 31-03- 2018
a) Provision for doubtful advances to suppliers.	1572915	0	1572915	0	390497	1182419
b) Provision for doubtful advances to staff.	101744	0	101744	0	0	101744
c) Provision for doubtful advances to others.	159681	0	159681	0	0	159681
d) Provision for doubtful deposits.	86130	0	86130	0	0	86130
e) Provision for doubtful receivables.	1664418	0	1664418	0	0	1664418
f) Provision for doubtful deferred accrued interest.	17934693	0	17934693	0	0	17934693
<b>Total</b>	<b>21519581</b>	<b>0</b>	<b>21519581</b>	<b>0</b>	<b>390497</b>	<b>21129084</b>

- ii) Advance to Others include an amount of Rs. Nil (Previous Year Rs. 1927406) for advance lying with LIC of India against Gratuity Fund of the corporation.
- iii) Advances to suppliers of Rs. 1629485 (Previous year Rs. 2868694) include a sum of Rs. 726947 (Previous year Rs. 726947) for which suit have been filed by the Corporation with appropriate courts.
- iv) Receivable from Government of India against grant-in-aid includes Rs. 62119411 (Previous year Rs. 38824366) in respect of events wherein claims are to be submitted to the Government as at the end of current reporting period. The above amount includes also Rs. 49001315 (Previous year Rs. 27463717) wherein no GO has yet been received.
- v) 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.
- vi) 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 31-03-2018 (Rs.)	Balance as on 31-03-2017 (Rs.)
A) Interest accrued but not received	28272442	44916507
B) Post Retirement Medical Corpus		
-FDR against Medical Corpus	9557902	6055714
-Balance with Scheduled Bank in Current Account	0	9557902
		4133892
		10189606
<b>TOTAL (A+B)</b>	<b>37830344</b>	<b>55106113</b>

#### 17 REVENUE FROM OPERATIONS

	For the year ended 31-03-2018 (Rs.)	For the year ended 31-03-2017 (Rs.)
(a) Sales less returns		
-Yarn - Yarn Supply Scheme	26835425931	30836786373
Less: 10% subsidy on Hank yarn	-1209918745	-1417305057
		29419481316
General Scheme	52225041	56032736
-Dyes & chemicals	373796802	459665250
-Fabrics	25140	0
<b>Total (a)</b>	<b>26051554168</b>	<b>29935179302</b>
(b) Grant-in-aid against reimbursement of expenditure under Yarn Supply Scheme	1435192996	1538997280
10% Subsidy on Hank yarn	1209918745	1417305055
Service charges against 10% yarn subsidy component under Yarn Supply Scheme	60496565	70866309
<b>Total (b)</b>	<b>2705608306</b>	<b>3027168644</b>
<b>TOTAL (a+b)</b>	<b>28757162474</b>	<b>32962347946</b>

- i) Grant in aid against reimbursement of expenditure under Yarn Supply Scheme amounting to Rs. 2705608306 (Previous year Rs. 3027168644) on account of supply of yarn has been accounted for on accrual basis. Out of which, claims totaling Rs. 720162469 (Previous year Rs. 481117512) are pending for submission to the government as at the end of current reporting period.





**18 OTHER INCOME**

	For the year ended 31-03-2018 (Rs.)	For the year ended 31-03-2017 (Rs.)
Profit on sale of assets	249845	637
Miscellaneous receipt/ tender Fees	30414615	5806732
Depot charges received	1023139	734762
Interest from bank/ vehicle loan/	154966993	99064909
Cash discount/ commission	117234	50491
Interest received from parties on overdue bills	312978	971264
Liabilities/ excess provisions written back	21851756	642360
Provision no longer required written back	2634754	6991648
<b>TOTAL</b>	<b>211571314</b>	<b>114262803</b>

- i) Provision no longer required written back for Rs. 2634754 includes Rs. 876791 realised during the year from agencies against debtors
- ii) 'Liabilities/ excess provisions' written back for Rs 2181756 includes Rs.21722254 excess provision written back from leave salary provision as per Actuarial valuation.

**19 PURCHASES OF STOCK IN TRADE**

	For the year ended 31-03-2018 (Rs.)	For the year ended 31-03-2017 (Rs.)
<b>Purchases less returns</b>		
-Yarn	26884558714	30891185319
-Dyes & chemicals	355352946	433337724
-Fabrics	20409	0
<b>TOTAL</b>	<b>27239932070</b>	<b>31324523043</b>

The value of Yarn procured from Micro and Small Enterprises (MSEs) (including MSEs owned by SC/ ST entrepreneurs) during the year 2017-18 is Rs. 8150069502 (30% of total yarn procured) as against Rs. 19843248850 (64.23% of total yarn procured) during the previous year 2016-17.

**20 TRANSPORTATION/ DEPOT**

	For the year ended 31-03-2018 (Rs.)	For the year ended 31-03-2017 (Rs.)
Transportation Charges	437233501	416314945
Depot Charges	465081563	514150191
<b>TOTAL</b>	<b>902315064</b>	<b>930465136</b>

Transportation and depot charges under Yarn Supply Scheme amounting to Rs. 902315064 (Previous year Rs. 930465136) on account of supply of yarn has been accounted for on accrual basis. Out of which, claims for expenses totaling Rs. 279722680 (Previous year Rs. 169367078) 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.

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

	OPENING STOCK ON 01-04-2017	CLOSING STOCK ON 31-03-2018	INCREASE (-)/ DECREASE (+)
YARN	8908770	6778305	2130465
DYES & CHEMICALS	3827801	3219933	607868
FABRICS	0	0	0
<b>TOTAL</b>	<b>12736571</b>	<b>9998238</b>	<b>2738333</b>
	OPENING STOCK ON 01-04-2016	CLOSING STOCK ON 31-03-2017	INCREASE (-)/ DECREASE (+)
YARN	9255135	8908770	346365
DYES & CHEMICALS	5442411	3827801	1614610
FABRICS	0	0	0
<b>TOTAL</b>	<b>14697546</b>	<b>12736571</b>	<b>1960975</b>





	For the year ended 31-03-2018 (Rs.)	For the year ended 31-03-2017 (Rs.)
<b>a) Salary &amp; Wages</b>		
Salary and allowances	190613103	130733856
Salary and allowances (Managing Director)	2241836	2101637
Leave encashment-Including provision for accrued leave (includes Rs. Nil for MD -Previous year Rs.Nil)	0	33577518
Ex-Gratia (Includes Rs. 396622 for MD - Previous year Rs.322939)	21000000	18000000
Children education reimbursement (Includes Rs.NIL for MD - Previous year Rs.NIL)	257545	320515
Conveyance reimbursement	1455694	1824079
Recruitment Expenses	1314867	528798
Leave travel concession/encashment (Includes Rs.NIL for MD - Previous year Rs. Nil)	579913	817507
Medical expenses (Includes Rs.25000 for MD - Previous year Rs.25000)	7201231	7739149
Training to personnel	4484768	585429
<b>Sub Total ( a )</b>	<b>229148957</b>	<b>196228488.2</b>
<b>b) Contribution to PF &amp; other Fund</b>		
Employers contribution to CPF & FPF/ EDLI scheme (Includes Rs. 269020 for MD - Previous year Rs.255204)	21591394	14820859
Gratuity	35269219	7363349
<b>Sub Total ( b )</b>	<b>56860613</b>	<b>22184208</b>
<b>c) Staff Welfare expenses</b>		
Staff welfare expenses (including honorarium, reward uniform & liveries)	5323154	4210603
Group personal accident and Payment to Deceased Employee Scheme	82375 592500	76573 1461800
<b>Sub Total ( c )</b>	<b>5998029</b>	<b>5748976</b>
<b>Total ( a+b+c)</b>	<b>292007599</b>	<b>224161672</b>

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

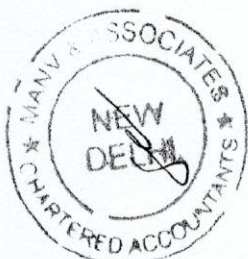
**Defined Contribution Plan**

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

	For year ended 31-03-2018 (Rs.)	For year ended 31-03-2017 (Rs.)
Employer's contribution to CPF/ FPF & EDLI Schemes.	21591394	14820859

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 Rs. 190613103 (Previous year Rs. 130733866) included Rs. 65200000( previous year Rs. 6000000) as provision for Salary Arrears (pay revision)





c) Remuneration paid to Key Managerial Personnels (KMP) during the year 2017-18 is as below:-

(In Rs.)

SI No.	Particulars of Remuneration	Key Managerial Personnel			
		MD	ED (FINANCE)	Co. Secretary	TOTAL
01.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act. 1961	2665660	2014000	76387	4756047
	(b) Value of Perquisites u/s 17(2) of Income Tax Act. 1961	324915	0	0	324915
	(c) Profits in lieu of salary u/s 17(3) of Income Tax Act. 1961	0	0	0	0
02.	Stock Option	0	0	0	0
03.	Sweat Equity	0	0	0	0
04.	Commission				
	- as % of Profit	0	0	0	0
	- others, specify.....	0	0	0	0
05.	Others, please specify.....	0	0	0	0
	<b>TOTAL</b>	<b>2990575</b>	<b>2014000</b>	<b>76387</b>	<b>5080962</b>

## 23 FINANCE COSTS

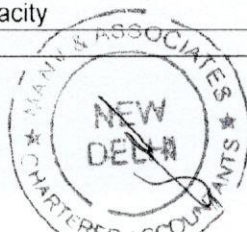
	For year ended 31-03-2018 (Rs.)	For year ended 31-03-2017 (Rs.)
Interest to bank/ others	0	0
Other Borrowing cost	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## 24 OTHER EXPENSES

	For year ended 31-03-2018 (Rs.)	For year ended 31-03-2017 (Rs.)
<b>(a) ADMINISTRATIVE EXPENSES</b>		
Travelling expenses (Including Rs. 1685893 for MD - Previous year Rs.3342204)	32979074	16837834
Payment to auditors	657673	561825
Board meeting expenses (Sitting	85000	0
Books & periodicals	113260	118674
Conveyance expenses	12204751	8715440
Electricity/water charges	3081819	3656649
Insurance	448317	303403
Legal & professional charges	6698602	3302565
Membership fees & subscription	255690	24259
Office upkeep	1903877	2263264
Printing & stationery	2606398	3137268
Postage/telegram/telephone & telex	6803518	6696290
Rent, rates & taxes (net of recoveries) (includes lease rent for residential accommodation of MD Rs.645000 - Previous year Rs.540000)	30814766	10814126
Repair & maintenance	5086257	2449834
Service vehicle expenses	1120157	934499
Security expenses	6319341	6328573
Miscellaneous expenses	176857	88909
<b>TOTAL (a)</b>	<b>111355356</b>	<b>66233413</b>

### i) Payment made to auditors is as below:-

Audit Fee	283000	309425
Other Capacity	374673	252400
<b>TOTAL</b>	<b>657673</b>	<b>561825</b>





**(b) TRADE**

	For year ended 31-03-2018 (Rs.)	For year ended 31-03-2017 (Rs.)
Advertisement & publicity	766579	2705102
Business promotion	31022451	26570222
Discount, commission & rebate	664230	4793905
Bank charges	76379	155576
Freight & other charges	1598691	500293
Meeting expenses	2022343	1967377
Sales tax	21929	366463
Software implementation/ maintenance expenses	1451736	2309220
Data entry charges	3963833	3476771
<b>TOTAL (b)</b>	<b>41588171</b>	<b>42844929</b>
<b>TOTAL (a+b)</b>	<b>152943527</b>	<b>109078342</b>

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

**25 EXCEPTIONAL ITEMS**

	For year ended 31-03-2018 (Rs.)	For year ended 31-03-2017 (Rs.)
<b>a) PROVISION, WRITE OFF ETC.</b>		
Loss on sale of assets	66964	27756
Provision for doubtful debtors	8438130	1447769
Write off debtors	0	3486367
Provision for doubtful advances to supplier	390496	0
<b>Sub Total</b>	<b>8895589</b>	<b>4961892</b>
<b>b) Prior Period Adjustments</b>	<b>0</b>	<b>0</b>
<b>c) VRS Compensation</b>	<b>1279800</b>	<b>0</b>
<b>Total ( a+b+c)</b>	<b>10175389</b>	<b>4961892</b>

**26 CORPORATE SOCIAL RESPONSIBILITY (CSR )**

	For year ended 31-03-2018 (Rs.)	For year ended 31-03-2017 (Rs.)
Expenses on Corporate Social	5788604	10021783
<b>Total</b>	<b>5788604</b>	<b>10021783</b>

The details of CSR activity undertaken during the year 2017-18 is as below:-

- Gross amount required to be spent on CSR Activity during the F.Y.
- Amount spent during the F.Y. 2017-18 (as per details below)

	Paid during current year	Yet to be paid	<b>5788604</b> (In Rs. In lacs) <b>Total</b>
a) Amount spent on construction of toilets,RO water and village development during the year under Swatch Bharat Abhiyan	36.22		36.22
b) Weavers Enterprenuership workshop at Hyderabad	9.88		9.88
c) Distribution of Jacket	11.79		11.79
<b>Total</b>	<b>57.89</b>	<b>0</b>	<b>57.89</b>





## 27 TAX EXPENSES - Current Tax

	For year ended 31-03-2018 (Rs.)	For year ended 31-03-2017 (Rs.)
Income Tax for Current year	117200000	176000000
Income Tax for earlier year	0	0
<b>Total</b>	<b>117200000</b>	<b>176000000</b>

During the year provision for income tax of Rs. 117200000 (Previous year Rs. 176000000) has been made in the

## 28 OTHER NOTES

## 1 CONTINGENT LIABILITIES &amp; COMMITMENTS :-

## (A) Contingent Liabilities:-

(a) Sales tax- Rs. 9520994 (Previous year Rs. 17331290).

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

(ii) Demand for Rs. 5388000 (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- Rs. 4577446 (Previous Year 4577446) since this is from long period. There may be more contingent liability as on 31st March 2018

## (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, 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 fabric.

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	0.191	8908770	0.231	3827801		
	- Previous Year	0.263	9255135	0.239	5442411		
2	Purchase - Current Year	1557.201	26884558715	38.812	355352946	-	20409
	- Previous Year	1802.121	30891185319	46.216	433337724	-	0
3	Sale - Current Year	1557.175	25677732226	38.906	373796802	-	25140
	- Previous Year	1802.193	29475514052	46.224	459665250	-	0
4	Closing Stock - Current Year	0.217	6778305	0.137	3219933		
	- Previous Year	0.191	8908770	0.231	3827801		

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).

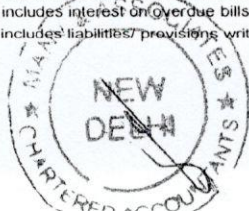
4 In accordance with the requirements of AS -17, i.e. Segment Reporting as issued by ICAI, Activity wise financial information as reporting segments consisting of Yarn, Dyes & Chemicals and Fabric is as under:-

(Amount in Rs.)				
	Yarn	Dyes & Chemicals	Fabrics	Total
<b>A) Primary Information</b>				
1 Segment wise Revenue	25677834665	373765864	0	26051600528
2 Segment wise Results	496216950	3941174	0	500158124
3 Unallocated overheads	-	-	-	-310950915
4 Interest from Bank & others	-	-	-	119521659
5 Other Income	-	-	-	50881742
6 Prior period adjustments	-	-	-	0
7 CSR Expenditure	-	-	-	-5788604
8 Profit before tax	-	-	-	353822005
9 Provision for Tax including earlier	-	-	-	-117200000
10 Deferred tax	-	-	-	-847506
11 Profit after tax	-	-	-	235774499
12 Segment-wise assets	4166810839	132310841	6853768	4305975447
13 Unallocable Corporate Assets (Including Financial Assets)	-	-	-	3271883785
14 Total Assets	-	-	-	7577859232
15 Segment wise liabilities includes Bank Borrowing	5181211879	253698592	4662300	5439572771
16 Unallocable Corporate liabilities (Including Bank Borrowings)	-	-	-	978053717
17 Total liabilities	-	-	-	6417626488
18 Depreciation segment-wise	2663198	911617	0	3574815

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.312978/-.

iii. Segment-wise result includes liabilities/ provisions written back for Rs.1401680 (credit) , and provisions & write off etc made for Rs. 390486

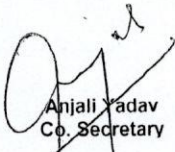




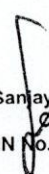
(Amount in Rs.)

B)	Secondary Information	Name of the Region	Segment Revenue
1	Segment Revenue by geographical area for the segment whose revenue is 10% or more of total revenue of all geographical segments.	RO Panipat	5525323236
		RO Coimbatore	10061653943
		RO Varanasi	5842370136
		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 Panipat	724447020
		RO Coimbatore	117577349
		RO Varanasi	2723752348
		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 Panipat	77000
		RO Vijaywada	47310

- 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

  
Naveen Gupta  
ED (Finance) / CFO

  
Sanjay Rastogi  
CMD  
DIN No. - 07722405

Place: New Delhi  
Date: 04 SEP 2018

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

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



**NATIONAL HANDLOOM DEVELOPMENT CORPORATION LTD**

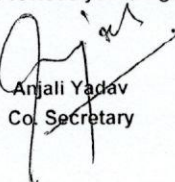
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018**


(Amount In Rs.)

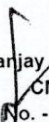
PARTICULARS	2017-18	2016-17
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	353822006	465416202
Adjustments :		
i Depreciation	9011194	6021704
ii Expenditure on developmental activities/medical corpus charged to relevant fund	-631704	-6536666
iii Income tax provision written back during the year	-1350007	-120483
iv Loss on Sale of Assets	66964	27756
v Profit on Sale of Assets	-249845	-637
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>360668608</b>	<b>464807876</b>
<b>CHANGES IN WORKING CAPITAL</b> (Excluding Cash & Bank Balances)		
Increase/Decrease in:		
i Inventories	2738334	2186875
ii Book-debts	-1519513561	26199116
iii Loans & Advances	29345175	-7681021
iv Receivables	-769553204	-455627461
v Trade & other Payables	1524921255	972792188
<b>Cash Generated from Operations</b>	<b>-371393392</b>	<b>1002677573</b>
Less : Income Tax paid	-106632298	-162901544
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>-478025690</b>	<b>839776029</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
i Sale of Fixed Assets	2436142	6000
ii Addition to Fixed Assets/W.I.P	-11251975	-28001634
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-8815833</b>	<b>-27995634</b>
<b>(C) CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
i Payment of Dividend	-154713200	-87981698
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>-154713200</b>	<b>-87981698</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENT (A+B+C)</b>	<b>-641554723</b>	<b>723798697</b>
<b>(E) CASH AND CASH EQUIVALENT- OPENING BALANCE</b>	<b>1933814199</b>	<b>1210015502</b>
<b>(F) TOTAL</b>	<b>1292259476</b>	<b>1933814199</b>
<b>(G) CASH AND CASH EQUIVALENT- CLOSING BALANCE</b>	<b>1292259476</b>	<b>1933814199</b>
Cash & Cash Equivalent represent :		
1 Cash in Hand	0	0
2 Balance with Banks in Current & Fixed deposit Account	1292259476	1933814199
<b>Total</b>	<b>1292259476</b>	<b>1933814199</b>

**Notes :**

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

  
Anjali Yadav  
Co. Secretary

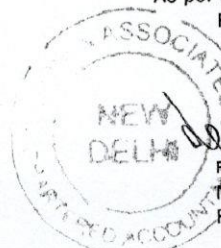
  
Naveen Gupta  
ED (Finance) / CFO

  
Sanjay Rastogi  
CMD  
DIN No. - 07722405

Place: New Delhi  
Date:

**04 SEP 2018**

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



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



## **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:**

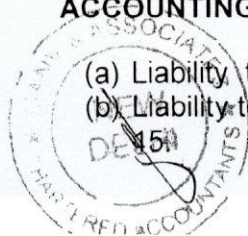
Interest on overdue bills has been provided for delayed payments as per terms of credit decided with them. The unrealized overdue interest is shown as Deferred Accrued Interest.

### **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-





- (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:**

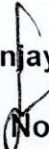
Tax income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of Income Tax Act 1961 and based on the expected outcome of assessments/ appeals.

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.

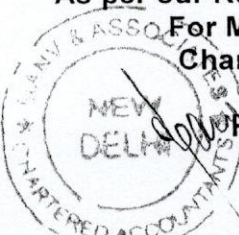
Deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

  
**Anjali Yadav**  
Co. Secretary

  
**Naveen Gupta**  
ED (Finance) / CFO

  
**Sanjay Rastogi**  
CMD  
DIN No.- 07722405

Place: New Delhi  
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As per our Reports of even date  
For MANV & Associates  
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