FM Hammerle Textiles Ltd.
Balance Sheet
As at March 31, 2018
(in Indian Rupees lacs, unless otherwise stated)

Particulars	Notes No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3(a)	10,938.52	11,537.53	12,271.29
Capital work-in-progress	3(b)	0.00	129.03	0.00
Other intangible assets	4	129.45	308.51	547.59
Other financial assets		-	-	-
Other non-current assets	5	24.02	26.87	35.02
Total Non Current Assets		11,091.99	**12,001.93**	**12,853.90**
Current assets				
Inventories	6	188.78	1,090.91	1,301.76
Financial assets				
Trade and other receivables	7	90.45	901.33	1,676.74
Cash and cash equivalents	8	67.44	82.59	177.57
Bank balances other than above	9	153.46	123.14	125.16
Loans	10	0.28	3.20	0.04
Other financial assets	11	18.39	138.58	256.71
Current tax assets	12	27.05	19.48	23.92
Other current assets	13	95.21	205.12	426.73
Total Current Assets		641.05	**2,564.36**	**3,988.64**
TOTAL ASSETS		11,733.04	14,566.29	16,842.53
EQUITY AND LIABILITIES				
Equity				
Share capital	14	12,386.75	12,386.75	12,386.75
Other equity	15	(23,318.94)	(18,872.17)	(15,539.80)
Total Equity		**(10,932.19)**	**(6,485.42)**	**(3,153.05)**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	16	10,719.63	10,862.10	11,180.63
Long term provisions	17	369.47	314.45	295.05
Other non-current liabilities	18	6.33	33.32	60.30
Total Non current Liabilities		**11,095.44**	**11,209.87**	**11,535.98**
Current liabilities				
Financial liabilities				
Borrowings	19	1,328.82	1,328.81	1,728.81
Trade payables	20	1,112.75	1,220.59	1,234.70
Other financial liabilities	21	8,908.67	7,065.14	5,268.25
Other current liabilities	22	198.68	183.81	150.29
Short term provisions	23	20.87	43.50	77.55
Total Current Liabilities		**11,569.79**	**9,841.65**	**8,459.59**
TOTAL EQUITY and LIABILITIES		11,733.04	14,566.29	16,842.53

The accompanying notes are an integral part of these financial statements — 1 to 50

In terms of our report attached
For Kumar Sunil and Associates
Chartered Accountants
Firm Reg. No. 006263N

KUMAR SUNIL & ASSOCIATES
455 SOHAN PALACE
THE MALL, LUDHIANA
FRN NO. 006263N
M. NO. 084958
CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors

Sunil Kumar
Partner
Membership No. 084958

Ashok Kumar Oswal
Chairman & Managing Director

Vipan Kumar Sharma
Chief Financial Officer

Rajeev Goel
Resolution Professional

Place: Ludhiana
Date: May 29, 2018

FM Hammerle Textiles Ltd.
Statement of Profit and Loss
for the year ended March 31, 2018
(in Indian Rupees lacs, unless otherwise stated)

Particulars	Notes No.	For the Year ended March 31,2018	For the Year ended March 31,2017
Revenue from operations	24	1,997.38	6,681.66
Other income	25	119.52	103.87
Total Income (I)		2,116.91	6,785.52
Expenses			
Cost of Material consumed	26	491.95	2,926.07
Changes in inventories of finished goods	27	784.98	131.56
Employee benefits expense	28	1,586.64	1,768.37
Finance cost	29	1,678.85	1,922.33
Depreciation and amortisation expense	30	915.83	980.39
Other expenses	31	1,101.01	2,341.87
Total expenses (II)		6,559.26	10,070.59
Profit before exceptional items and tax (I - II = III)		(4,442.35)	(3,285.07)
Exceptional item (IV)		-	-
Profit before tax (III - IV = V)		(4,442.35)	(3,285.07)
Tax expense (VI)			
Current tax		-	-
Minimum Alternate Tax (MAT) credit		-	-
Deferred tax		-	-
Profit for the period from continuing operations (V - VI = VII)		(4,442.35)	(3,285.07)
Profit from discontinued operations (VIII)		-	-
Tax expense of discontinued operations (IX)		-	-
Profit from Discontinued operations (after tax) (VIII - IX = X)		-	-
Profit for the period (VII + X = XI)		(4,442.35)	(3,285.07)
Other Comprehensive Income (XII)		(4,442.35)	(3,285.07)
A (i) Items that will not be reclassified to profit or loss			
(a)Remeasurement of defined benefit obligation		(4.43)	(47.30)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss			
(ii) Income tax relating to items that will be reclassified to profit or loss			
Total Other Comprehensive Income (A (i-ii)+B(i-ii))			
(Comprising Profit (Loss) and Other Comprehensive income for the period)		(4,446.78)	(3,332.37)
Earnings per equity share (for continuing operation): (XIV)			
1 Basic		(4.06)	(3.06)
2 Diluted		(4.06)	(3.06)
Earnings per equity share (for discontinued & continuing operation). (XVI)			
1 Basic		(4.06)	(3.06)
2 Diluted		(4.06)	(3.06)
The accompanying notes are an integral part of these financial statements	1 to 50		

In terms of our report attached

For Kumar Sunil and Associates
Chartered Accountants
Firm Reg. No. -006263N

For and on behalf of the Board of Directors

Sunil Kumar
Partner
Membership No. 084958

Ashok Kumar Oswal
Chairman & Managing Director

Vipan Kumar Sharma
Chief Financial Officer

Rajeev Goel
Resolution Professional

Place: Ludhiana
Date: May 29, 2018

FM Hammerle Textiles Ltd.
Cash Flow Statement
for the year ended March 31, 2018
(in Indian Rupees Lacs, unless otherwise stated)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A.	**Cash flow from Operating Activities:**		
	Net profit before tax (V)	(4,446.78)	(3,332.37)
	Adjustments for:		
	Depreciation and amortisation	915.83	980.39
	Finance costs	1,678.85	1,922.33
	Interest income	11.64	11.24
	Dividend income	-	-
	Net loss on sale / discarding of fixed assets	(0.89)	30.46
	Profit on sale of investments (net)	-	-
	Provisions no longer required written back	22.25	8.76
	Provision for doubtful advances	36.78	225.14
	Unrealised foreign exchange (gain)/ loss		-
	Income recognized under Govt. Grant	26.99	26.99
	Sundry balances written off	5.92	111.35
	Operating Profit before Working Capital changes	**(1,871.17)**	**(109.69)**
	Adjustments for changes in Working Capital :		
	- Increase/(decrease) in trade payables	(107.84)	(14.11)
	- Increase/(decrease) in short term provisions	(22.62)	(34.05)
	- Increase/(decrease) in long term provisions	55.04	19.39
	- Increase/(decrease) in other current liabilities	(336.60)	855.77
	- Increase/(decrease) in other long term liabilities		
	- (Increase)/decrease in trade receivables	810.89	775.42
	- (Increase)/decrease in inventories	902.14	210.85
	- (Increase)/decrease in long term loans and advances	2.85	8.15
	- (Increase)/decrease in short term loans and advances	190.35	0.08
	- (Increase)/decrease in other current assets		
	- (Increase)/decrease in other non current assets		
	Cash generated from Operating Activities	**(376.97)**	**1,711.80**
	- Taxes (paid) (net of tax deducted at source)	(7.57)	4.44
	Net Cash from Operating Activities	(384.54)	1,716.24
B.	**Cash flow from Investing Activities:**		
	Purchase of fixed assets	(9.15)	(167.05)
	Sale of fixed assets	1.30	-
	Sale of investments	-	-
	Purchase of investments	-	-
	Investments in deposits with banks	-	-
	Maturities of deposits with banks		
	Interest received	11.64	11.24
	Dividend received	-	-
	Advances paid	-	-
	Net Cash from Investing Activities	3.79	(155.81)
C.	**Cash flow from Financing Activities:**		
	Proceeds from borrowings		-
	Repayment of short term borrowings	0.02	(400.00)
	Repayment of long term borrowings	(142.47)	(318.52)
	Loan repaid to holding company	547.17	(380.58)
	Dividend paid	-	-
	Corporate dividend tax paid		-
	Interest paid	(8.80)	(558.30)
	Net Cash from Financing Activities	395.91	(1,657.40)
	Net Increase/(Decrease) in cash & cash equivalents	15.16	(96.97)
	Cash and cash equivalents as at 1st April (Opening Balance)	205.75	302.72
	Cash and cash equivalents as at 31st March (Closing Balance)	220.90	205.75
	Cash and cash equivalents comprise		
	Cash & cheques in hand	67.44	82.60
	Balance with banks	153.46	123.15
		220.90	205.75

For Kumar Sunil and Associates
Chartered Accountants
Firm Reg. No.: 006263N

Sunil Kumar
Partner

Membership No: 084958
Place: Ludhiana
Date: May 29, 2018

KUMAR SUNIL & ASSOCIATES 455 SOHAN PALACE THE MALL LUDHIANA FRN NO. 006263N M. NO. 084958 CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Ashok Kumar Oswal
Chairman & Managing Director

Vipan Kumar Sharma
Chief Financial Officer

Rajeev Goel
Resolution Professional

FM Hammerle Textiles Limited
Notes to the financial statements as at and for the year ended 31st March 2018

1. A Corporate Information

a) F.M. Hammerle Textiles Ltd. (the' company) a closely held limited company registered under the erstwhile Companies Act 1956 (superceded by Companies Act, 2013). The Company's principal activity is manufacturing of shirting fabric.

b) The company's principal place of business (regd. Office) is at regd. Office at Vardhman Park,Chandigarh Road, Ludhiana-141123 & factory is located at Plot No. T-5 + T-5, Kagal - Hatkangale Five Star MIDC, Kolhapur (Maharashtra) -416008.

c) These financial statements are presented in Indian Rupees (Rs) which is also its functional currency.

B Going concern

The company as on the date of the balance sheet has accumulated losses of Rs.23318.94 lacs which has eroded 100% of its share capital and the company ' s current liabilities has exceeded its current assets as at the balance sheet date. Under sick industrial companies (special provisions) act (SISA) of 1985, the company had been classified as "sick company " under section 15 of said act and accordingly a reference had been filed with board of industrial and financial reconstruction (BIFR), we. f from 1st December ,2016. Further BIFR has been dissolved due to applicability of insolvency and bankruptcy code. Later company has filed its petition in Honáble National Company Law tribunal (NCLT) which was admitted on 27th June 2017 to initiate the corporate Insolvency resolution process (CIRP). Resultantly resolution professional was appointed who is currently managing the operations of the company and are in process of inviting bids for resolution. The financial stakeholders of the company are working on reviving the company by exploring possibilities of finding different resolutions plans for its revival. In view of this the accompanying financial statements have been prepared on going concern basis.

2 Significant accounting policies

a) **Statement of compliance & Basis of preparation & presentation**

The financial statements of the Company have been prepared in accordance Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the act. Upto the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. The financial statements for the year ended March 31, 2018 are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. Refer Note 3.28 for the details of first-time adoption exemptions availed by the Company.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

b) **Use of estimates**

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the date of the financial statements. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis

c) **Revenue recognition**

Revenue is recognised at fair value of the consideration received or receivable. The amount disclosed as revenue is inclusive of excise duty and net or returns, trade discounts, related taxes and amount collected on behalf of third parties.

The company recognizes revenue when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

i) **Sale of goods**

Revenue from sale of goods is recognized when significant risk and rewards of ownership have been transferred to the buyer, recovery of the Income and export incentives / benefits are accounted for on post export basis.

Revenue is recognized at fair value of the consideration received or receivable. The amount disclosed as revenue

ii) **Dividends**

Revenue in respect of dividends is recognized when the shareholders' right to receive payment is established by the balance sheet date. The final dividend on shares is recorded as a liability on the date of approval by shareholders, and interim dividends are recorded as a liability on the

iii) **Interest**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective

iv) **Insurance Claim**

Claims with insurance companies are accounted on accrual basis to the extent, No significant uncertainity exist and these are measurable and

d) **Inventories**

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence. Cost of inventories comprises of cost of purchase,conversion and other cost including manufacturing overhead net of recoverable taxes incurred in bringing them to their respective present location and condition. The cost in respect of various items of inventory is computed as under:

i. In case of raw materials at weighted average cost plus direct expenses.

ii. In case of stores and spares at weighted average cost plus direct expenses.

iii. In case of work in progress at raw material cost plus conversion cost depending upon the stage of completion.

iv. In case of finished goods at raw material cost plus conversion cost, packing cost, excise duty (If applicable) and other overheads incurred to bring the goods to their present location and condition.

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e) **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or eqity instrument of an other entity.

f) **Initial recognition and measurement**

On initial recognition, all the financial asset and liabilities are recognized at its fair value plus or minus transaction costs that are directly attributable to tha acquisition or issue of the financial asset or financial liability except financial asset or financial liability measured at fair value through profit or loss.Transation costs of financial asset and liabilities carried at fair value the profit and loss are immediately recognized in the statement of profit or loss.

g) **Subsequent Measurement (Non Derivative Financial Instrument)**

i) **Financial assets carried at amortised cost**

A financial asset is subsequently measured at amoreised cost if it is had within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified date to cash flows that are solely payments on principal and interest on the principal amount outstanding.

ii) **Financial Asset At Fair Value Through Other Comprehensive Income (FVTOCI)**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achived by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) **Financial Assets At Fair Value Through Profit or Loss (FVTPL)**

A financial asset is measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income.

iv) **Fiancial Liabilities**

The financial liabilities are subsequently carried at amortized cost using the effective interest method.For trade and other payables maturing within one year from the balance sheet date,the carrying amounts approximate fair value due to the short maturity of these instruments..

h) **Derivative Financial Instruments**

The company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Although the company believes that these derivatives constitute hedges from an economic perspective, they may not quality for hedge accounting under ind AS 109, Financial instruments. Any derivative that is either not designated a hedge,or is so designated but is ineffective as per ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred.Subsequent to initial recognition,these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income.Assets/Liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

As on date of Balance Sheet, the company is not having any outstanding Derivatives financial instruments.

i) **Derecognition of Financial Instrument**

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

j) **Property, plant and equipment**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the standalone balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Estimated useful lives of the assets are as follows:

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Asset description	Useful Life (Years)
Plant & machinery	
- others	10
Other equipment	5 - 10
Computers and Equipements	3 - 6
Vehicle	8
Factory building	3 - 30
Other than factory building	60
Furniture & fixtures	10

k) **Amortization of Intangible Assets**

Intangible assets are amortized over their estimated useful life on straight line basis, commencing from the date, the asset is available to the company for its use. Computer software are amortized in 3 years period not exceeding ten years on a straight-line basis.

Land on lease is amortized over the period of the lease.

l) **Impairment of assets**

a) **Financial Assets**

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL,for all other measured at an amount equal to the 12 month ECL,unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in statement of profit or loss.

b) **Non-Financial Assets**

i) **Intangible assets and property,plant and equipment**

Intangible assets and property,plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing,the recoverable amount(i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely indeoendent of those from other assets.in such cases,the recoverable amount is detrermined for cash generating unit to which the asset belongs.

If such assets are considered to be impaired,the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount,provided that this amount does not exceed the carrying amount that would have been determined (net or any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior year.

m) **Foreign exchange transactions/translation**

i. **Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii. **Exchange Differences**

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as an expense.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

iv. **Forward exchange contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

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n) **Employee benefits**

A) **Short Term Employee Benefits**

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the statement of Profit and loss of the year in which the related service is rendered.

B) **Post Employee Benefits**

I) **Defined Contribution Plans**

i) **Provident Fund & ESI**

The company makes contribution to Statutory Provident Fund and Employee State Insurance in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance Act, 1948 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

ii) **Superannuation benefit**

The Company makes contribution to superannuation fund which is a post employment benefit in the nature of a defined contribution plan & contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

II) **Defined Benefit Plans**

i) **Gratuity**

The company provides for gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees of the company. The gratuity plan provides a lump-sum payment to vested employees at retirement,death,incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the company.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

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

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.
The retirement benefit obligation recognised in the standalonebalance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.
A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

0) **Taxes on income**

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income,In which case it is also recognized in equity or other comprehensive income respectively.

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities,Using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of transaction.Deferred tax assets and liabilities are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

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

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p) **Government grants and subsidies**

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

q) **Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

r) **Provisions, contingent liabilities and contingent assets**

A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. A contingent liability is recognized for:

i. a present obligation that arises from past events but is not recognized as a provision because either the possibility that an outflow of resources embodying economic benefits will be required to settle the obligation is remote or a reliable estimate of the amount of the obligation cannot be made; and

ii. a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.Contingent assets are neither accounted for nor disclosed in the financial statements.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

s) **Earning per share**

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

t) **Cash and cash equivalents**

Cash and cash equivalents comprises cash at bank and in hand, including offsetting bank overdrafts, and short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in fair value and have a maturity of three months or less from the acquisition date.

u) **Segment accounting & reporting**

The Company has only one segment of Textile (Fabric) and accordingly the disclosure requirements as prescribed in the Indian Accounting Standards 108 are met

v) **Cash flow Statement**

The cash flow satement has been prepared in accordance with the IND AS -7 , "Statement of cash flows" using indirect method for operating activities

w) **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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A) **Critical judgements in applying accounting policies**

The following are the critical judgements, apart from those involving estimations (see note 4.2 below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the standalone financial statements.

i) **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

The company's policy for recognition of revenue from rental income is on basis of periodic intervals.Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease.Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

ii) **Non-current assets held for sale**

Non-current assets and disposal Companys are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal Company) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal Company) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

When the Company is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Company discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Company discontinues the use of the equity method at the time of disposal when the disposal results in the Company losing significant influence over the associate or joint venture.

After the disposal takes place, the Company accounts for any retained interest in the associate or joint venture in accordance with Ind AS 109 unless the retained interest continues to be an associate or a joint venture, in which case the Company uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal Companys) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

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FM Hammerle Textiles Limited
Notes to financial statements as at 31st March 2018

3(a) Property Plant and Equipment

a) As at 31st March 2018

	Tangible assets								Total Assets
	Leasehold land *	Building	Plant & machinery	Office equipments	Furniture and fixtures	Vehicles	Total tangible assets	Capital work in progress	
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Cost									
	236.13	6,712.33	13,737.69	29.39	195.48	46.72	20,957.74	-	20,957.74
Additions	-	32.63	105.55	-	-	-	138.18		138.18
Relating to disposals	-	-	-	-	-	(8.25)	(8.25)		(8.25)
Transfer to assets	-	-	-	-	-	-	-		-
As at 31st March 2018	236.13	6,744.95	13,843.24	29.39	195.48	38.47	21,087.67	-	21,087.67
Depreciation									
	26.90	1,810.81	7,379.99	27.06	149.48	25.97	9,420.21	-	9,420.21
Charge for the year	2.34	206.55	510.45	0.31	12.47	4.66	736.77	-	736.77
Relating to disposals	-	-	-	-	-	(7.84)	(7.84)	-	(7.84)
Adjustment		-		-		-	-	-	-
As at 31st March 2018	29.25	2,017.35	7,890.44	27.37	161.95	22.79	10,149.15	-	10,149.15
Net Block									
As at 31st March 2018	206.88	4,727.60	5,952.80	2.02	33.53	15.69	10,938.52	-	10,938.52

b) As at 31st March 2017

	Tangible assets								Total Assets
	Leasehold land	Building	Plant & machinery	Office equipments	Furniture and fixtures	Vehicles	Total tangible assets	Capital work in progress	
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Cost									
As at 1st April 2016	236.13	6,712.33	13,714.67	28.93	237.80	46.72	20,976.58	-	20,976.58
Additions	-	-	23.02	0.46	14.54	-	38.02	129.03	167.05
Relating to disposals	-	-	-	-	(56.86)	-	(56.86)		(56.86)
Transfer to assets	-	-	-	-	-	-	-		-
As at 31st March 2017	236.13	6,712.33	13,737.69	29.39	195.48	46.72	20,957.74	129.03	21,086.77
Depreciation									
As at 1st April 2016	24.56	1,605.24	6,880.16	26.49	147.56	21.28	8,705.29	-	8,705.29
Charge for the year	2.34	205.57	499.83	0.57	28.31	4.69	741.31	-	741.31
Relating to disposals	-	-	-	-	(26.40)	-	(26.40)	-	(26.40)
Adjustment				-		-	-	-	
As at 31st March 2017	26.90	1,810.81	7,379.99	27.06	149.48	25.97	9,420.20	-	9,420.20
Net Block									
As at 31st March 2017	209.23	4,901.52	6,357.70	2.33	45.99	20.75	11,537.53	129.03	11,666.57

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FM Hammerle Textiles Ltd.
Notes forming part of the financial statements
(in Indian Rupees Lakhs, unless otherwise stated)

3(b). Capital work-in-progress

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Civil work in progress	0.00	129.03	0.00
Total	**0.00**	**129.03**	**0.00**

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