



## **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 2017, 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 Vijaywada. The detail of Regional Offices and the respective Statutory Auditors is being indicated as under-

<b>Sl. No.</b>	<b>Name of the Regional Office</b>	<b>Name &amp; Address of the Branch Statutory Auditors</b>
<b>1</b>	National Handloom Development Corporation Limited, Kannur, Kerala	M/s. Jacob & George, Chartered Accountants, B.B. Complex, South Bazar, Kannur, Kerala- 670002
<b>2</b>	National Handloom Development Corporation Limited, Kolkata, West Bengal	Mishra & Mishra, Chartered Accountants, 1/1C Goa Bagan Street 1 <sup>st</sup> Floor, Kolkata-700006
<b>3</b>	National Handloom Development Corporation Limited, Varanasi, Uttar Pradesh	M/s. Krishna Anurag & Co. Chartered Accountants, C-27/273-C-14, 1st Floor, Indian Press colony, Maldahiya, Varanasi-221002
<b>4</b>	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, Hariyana.
<b>5</b>	National Handloom Development Corporation Limited, Hyderabad, Andhra Pradesh	M/s. D.K. RAO & Associates, Chartered Accountants, H.No. 6-1-85/4, Saifabad Lane, Opp. Telephone Bhawan, Hyderabad-500004
<b>6</b>	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, AvinashNiwas, 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, Vijaywada,	M/s Gaddam Satyanarayana & 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.

#### **(IV) Opinion**

In our opinion and to the best of our information and according to the explanations furnished to us, the aforesaid Standalone Financial Statement give the true information required under the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India in regard to the state of affairs of the Corporation as at 31<sup>st</sup> March 2017, and its profit and its cash flows for the year ended on that date.

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

During the course of audit, it has been observed that a total amount of Rs.36,15,573.00 has been deposited directly in the bank accounts of Regional Offices by the Handloom Weavers during period of 08 November 2016 to 30 December 2016 i.e. after demonetization of currency of Specified Bank Notes (SBN) of Rs. 500 and Rs. 1000. Information in regard to the amount deposited by the Weavers in the banks in the SBN could not be furnished to the audit as the same is yet to be obtained from Regional Offices by the Head Office. The Corporation has not issued any guidelines to the Regional Offices (R.O.) for controlling deposit of SBN during demonetization period. Reporting requirement of Specified Bank Notes (SBN) is made by MCA in Notification No. G.S.R. 307(E) and Notification No. G.S.R. 308(E) dated 30<sup>th</sup> March, 2017. Consequently, we are unable to obtain sufficient and appropriate audit evidence to report whether the disclosures to the extent stated in the note no. 31, are in accordance with books of account maintained by the Company and as produced to us by the Management.

Our opinion is not modified in respect of this matter.

#### **(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. 305.98 crores as at 31st March, 2017 and total revenues of Rs. 3299.90 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.

#### **(VI) 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.
  - d) Total amount of Rs.36,15,573.00 has been deposited directly in the bank accounts of Regional Offices by the Handloom Weavers during period of 08 November 2016 to 30 December 2016 i.e. after demonetization of currency of Specified Bank Notes (SBN) of Rs. 500 and Rs. 1000. Information in regard to the amount deposited by the Weavers in the banks in the SBN could not be furnished to the audit as the same is yet to be obtained from Regional Offices by the Head Office. We are unable to obtain sufficient and appropriate audit evidence to report whether the disclosures to the extent stated in the note no. 31, are in accordance with books of account maintained by the Company and as produced to us by the Management.

**For A.SRIVASTVA & CO.**  
Chartered Accountants  
(F.R.N.511001C)

Place: New Delhi  
Date: 08 September 2017

Sd/-  
CA Ashok Kumar Agarwal  
Partner  
(Membership No. 015091)

**ANNEXURE TO THE AUDITORS' REPORT OF**  
**NATIONAL HANDLOOMDEVELOPMENT CORPORATION LIMITED (NHDC)**  
**FOR FINANCIAL YEAR 2016-17**

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. Where as 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 Head 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. 2163293.00 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	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,

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

	maintained.	
(vii)	(a)Whether the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax sales tax, service tax, duty of customs, duty of excise, value added tax, 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 and Sales Tax 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> <p><b><u>3) Regional Office –Panipat</u></b></p> <p>i) Sales Tax Rs.13642661.00 the Trade Tax Department Maharashtra has passed an order in respect of Dyes &amp; Chemical Office Mumbai raising a demand of Rs.11220365.00 (including</p>

		<p>interest of Rs.5747016.00) for the financial year 2006-07 under section 6(2) of CST Act &amp; demand of Rs.2422296.00 (including interest) for the financial year 2007-08 u/s 6(2) of CST Act. The corporation has filed an appeal against these financial years which has been admitted for final hearing on part payment of Rs. 1500000.00 against the financial year 2006-07&amp; Rs.375000.00 against the financial year 2007-08 the corporation has deposited the said amount of Rs.1500000.00 (F.Y 2006-07) &amp; Rs 375000.00 (F.Y 2007-08).On 22 Oct 2014 and 19 Jan 2015 respectively.</p> <p>However in the order No. 442-443/14-15/b753 &amp; 754 dated 01/09/16 for FY 2006-07 by the competent authority which being in favour of NHDC ,the assessing officer has been grant refund to NHDC after adjusting the tax liability of Rs.14672.00 under MVAT Act 2002 &amp; Rs.684950.00 under section 9(2) of CST Act.</p> <p>Further, in the order no.appeal/737-738/14-15/b1179 &amp;1180 dated 07-06-17 for FY.2007-08 by the competent authority which being in favour of NHDC,the Assessing Officer has been directed to grant the refund to NHDC after adjusting the Tax liability of Rs. 10235.00 under MVAT Act 2002 &amp; Rs. 582784.00 under CST.</p> <p><b>ii)</b> During the year 2015-16 There was notice for demand of Rs. 10130377.00 raised under HVAT Act 2003 vide order dated 16.06.2015 under revision order of assessment year 2009-10 on the ground that the grant-in-aid worth Rs. 148522539.00 reimbursed to the purchasing dealers on account of Transport Charges should be added to the gross turnover, hence the VAT should be imposed on the amount o grant-in-aid. The NHDC has challenged the order and filed the suit in Haryana VAT Tribunal Chandigarh.</p> <p>However in the order STA No. 144 of the 2015-16 dated 11.04.2017 given by Hrayana VAT Tribunal Chandigarh is in favour of NHDC, there by no Tax liability on the Corporation at all.</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	Not Applicable.



	Government lender wise details to be provided).	
(ix)	Whether moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported.	Not Applicable.
(x)	Whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; if yes, the nature and the amount involved is to be indicated.	As reported, no fraud has been noticed during the year 2016-17.
(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 Financial Statements etc. as required by the applicable accounting standards.	There is no related parties transaction as reported by the Corporation.
(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	Not Applicable.

	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.	
(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 **A. SRIVASTAVA & CO.**  
F.R.No. 511001C  
(Chartered Accountants)

Date: 08 September 2017  
Place: New Delhi

Sd/-  
CA Ashok Kumar Agarwal  
Partner  
M.No. 015091

**A.SRIVASTAVA & CO.**  
(Chartered Accountants)



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GSTI No. 09AAMFA2514MIF

**COMPLIANCE CERTIFICATE**

We have conducted the audit, of accounts of National Handloom Corporation Limited for the year ended 31<sup>st</sup> March, 2017 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, ,2017.

Date: 08 September 2017  
Place: New Delhi

**For A. SRIVASTAVA & CO.**  
F.R.No. 511001C  
(Chartered Accountants)

Sd/-  
CA Ashok Kumar Agarwal  
Partner  
M.No. 015091

**COMPLIANCE OF THE DIRECTIONS ISSUED UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013  
APPLICABLE FOR THE FINANCIAL YEAR 2016-17 ON ACCOUNTS NATIONAL HANDLOOM  
DEVELOPMENT CORPORATION, LUCKNOW, 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. 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.
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 debtors' amounting to Rs.34,86,367.00, the said debtors were very old and amount was not feasible for legal proceedings [refer notes on accounts No. 28(a) of the financial statements] .The Corporation has not written off any due of loans & interest etc. However, the Corporation has made the provision for doubtful debtors for Rs.14,47,769.00 [refer notes on accounts No. 28(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.27,756.00[refer note on accounts No. 28(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 **A. SRIVASTAVA & CO.**  
(Chartered Accountants)  
(C.R. No. 2809)

Date: 08 September 2017  
Place- New Delhi

Sd/-  
CA Ashok Kumar Agarwal  
Partner  
(M.No. 015091)

**“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, 2017 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 31,2017.

**1.1** Frequent transfers of funds have been made from one bank account to the another without proper deliberation for requirement of funds. This kind of bank account management could not make it possible to adopt sweep or flexi fixed deposit facility of the Bank. Thus, unwanted transfer of funds have deprived the Corporation of the comparatively higher rate of interest, which would have otherwise been accrued in the accounts of the Corporation. Further, fixed deposits have been made for shorter periods though the same could have been reasonably made for longer periods to earn better rate of interest.

**1.2** 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.

**1.3** Strict compliance of financial rules is mandatory to avoid financial irregularities. For example, while making payments, it should be ensured that the competent authority, whom the financial powers have been delegated, has duly sanctioned the expenditure, the procurement procedure have been followed and accounting and record keeping properly has being done.

The bills for payment must have inscribed upon them entries made in the stock register. The competent authority should also pass orders on the bills under his signature inscribing "passed for payment Rs....". Bills should be cancelled by stamping "Paid and Cancelled" under initial of the cheque issuing authority. The compliance of these procedures is not being adhered to. Therefore, suitable action needs to be taken.

**1.4** The Government of India order No.6/1/2012- DCH/P&S of Dated 17/01/2014 issued from the Ministry of Textiles, Government of India lays down detailed Guidelines of Yarn Supply Scheme for implementation during the remaining period of 12<sup>th</sup> five year plan. Under this scheme, NHDC has claimed subsidy for reimbursement of transportation/depot charges and 10% subsidy on yarn supply to the agencies.

The audit team examined the subsidy claims of the NHDC (Corporation) with reference to Guidelines which in its Para 10.6.1(vi) provides that "In order to provide 10% price subsidy component on Hank Yarn upfront to the user agencies, NHDC will be provided corpus fund to the tune of 40% of B.E. of the scheme by the Central Government at the beginning of each financial year. The Corpus Fund given to NHDC will be recouped on utilization of 70% of fund and on submission of **audited expenditure statement**". However, on perusal of the related records, we have found that NHDC has claimed reimbursement based on papers created by the NHDC & by obtaining signature & seal of any of the Chartered Accountants on the letter of the NHDC (Not on Chartered Accountants letter head) as and when required without audit reports for audited expenditure statement. Such (undated) seal and signature of the Chartered Accountant without enclosing his report on audited expenditure statement is in violation of the provisions laid down by the GOI in the Guidelines' para 10.6.1(vi).

**1.5** While scrutinizing note no.8 for Corpus fund (Corpus development) of the financial statements for Financial Year 2016-17, 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 favour 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 balance confirmation for Corpus fund is not available at the respective offices.

**1.6** Till June, 2017, sales and purchase of the Yarn did not attract sales tax or VAT (except few .O.s), therefore, the sale and purchase of the Yarn was simple and unrestricted as far as the record keeping in regard to taxes is concerned. Now, with the introduction of Goods and Service Tax (GST) with effect from 01<sup>st</sup> July, 2017; purchase and sale of Yarn has also come under the umbrella of GST with tax rate of 5%. Therefore, accountability and transparency in sale and purchase of Yarn has to be applied and systematic record keeping has to be maintained. Therefore, with introduction of GST, a new regime of accounting in purchase and sale of Yarn is bound to impact the quantum of consumption of yarn, if the issue is not properly handled.

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, 2017, 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, 2017 financial statements of the Corporation, and these material weaknesses do not affect our opinion on the financial statements of the Corporation.

For **A. SRIVASTAVA & CO.**  
(Chartered Accountants)  
(C.R. No. 2809)

Date: 08 September 2017

Place - New Delhi

Sd/-  
CA Ashok Kumar Agarwal  
Partner  
(M.No. 015091)



## **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.

**Sd/-**  
**(Naveen Gupta)**  
**Executive Director (Finance)**

**Sd/-**  
**(Sarvepalli Srinivas)**  
**Managing Director**

**Sd/-**  
**(Shantmanu)**  
**Chairman**

## **ACCOUNTING OF RETIREMENT BENEFITS:**

- (a) Liability towards Gratuity is provided based on the actuarial valuation as per AS-15.
- (b) Liability towards Leave Encashment is provided based on the actuarial valuation as per AS-15.
- (c) Leave travel concession is allowed as per rules of the corporation and booked in accounts in the year in which it is availed by the employees.

## **PRIOR PERIOD ADJUSTMENTS:**

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

## **RESERVE FOR DEVELOPMENTAL ACTIVITIES:**

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

## **SEGMENT ACCOUNTING POLICY:**

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

- a) 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".
- b) 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".
- c) 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.

**Sd/-**  
**(Naveen Gupta)**  
**Executive Director (Finance)**

**Sd/-**  
**(Sarvepalli Srinivas)**  
**Managing Director**

**Sd/-**  
**(Shantmanu)**  
**Chairman**



**NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2017**

PARTICULARS	NOTE NO.	Figures for the current reporting period ( Rs.)	Figures for the previous reporting period ( Rs.)
I. (a) Revenue from operations	20	29935179302	24060442984
(b) Grant in-aid against reimbursement of expenditure under Yarn Supply Scheme	20	3027168644	2221565897
II. Other Income	21	114262803	67855186
<b>III. Total Revenue ( I+II)</b>		<b>33076610749</b>	<b>26349864067</b>
IV. Expenses:			
Purchases of stock in trade	22	31324523043	24957681870
Reimbursement of Transportation/depot charges	23	930465136	765315323
Changes in inventories/stock in trade	24	1960975	-1459443
Employee benefits expenses	25	224161672	180684963
Finance costs	26	0	0
Depreciation and amortization expenses	10 & 11	6021704	4047598
Other expenses	27	109078342	63365461
<b>Total Expenses</b>		<b>32596210872</b>	<b>25969635772</b>
V. Profit before exceptional and extraordinary items and tax ( III-IV)		480399877	380228295
VI. Exceptional items	28	4961892	3090720
VII. Corporate social responsibility (CSR) Expenses	29	10021783	7396129
VIII. Profit before extraordinary items and tax ( V-VI-VII)		465416202	369741446
IX. Extraordinary Items			
X. Profit before tax ( VIII- IX)		465416202	369741446
XI. Tax expense:			
1 Current Tax (Provision)	30	176000000	134515000
2 Deferred Tax	3	600241	-5566226
XII. Profit ( Loss) for the period from continuing operations ( X - XI)		288815961	240792672
XIII. Profit/loss from discontinuing operations			
XIV. Tax expenses of discontinuing operations			
XV. Profit/(loss) from discontinuing operations ( after tax) ( XIII-XIV)		0	0
XVI. Profit( Loss) for the period ( XII + XV)		288815961	240792672
XVII. (i) Earnings per equity share ( Before extra ordinary items)			
(1) Basic		152.01	126.73
(2) Diluted		152.01	126.73
(ii) Earnings per equity share ( After extra ordinary items)			
(1) Basic		152.01	126.73
(2) Diluted		152.01	126.73
Note 1 to 32 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.			
<b>Sd/-</b> <b>Naveen Gupta</b> Executive Director(Finance)	<b>Sd/-</b> <b>Sarvepalli Srinivas</b> Managing Director		<b>Sd/-</b> <b>Shantmanu</b> Chairman
			As per our Report of even date For A Srivastava & Co. Chartered Accountants
			<b>Sd/-</b> <b>CA Ashok Kumar Agarwal</b> Partner
Place: New Delhi			M.No. 015091
Date:			F.R.No. 511001C

**NOTES ON ACCOUNTS**

**1 SHARE CAPITAL**

	Figures as at the end of current reporting period ( Rs.)	Figures as at the end of the previous reporting period ( Rs.)
<b>Authorized</b>		
20,00,000 Equity shares (Previous year 20,00,000 Equity shares) of Rs. 100/- each	<u>20,00,00,000</u>	<u>20,00,00,000</u>
<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
<b>TOTAL</b>	<b>190000000</b>	<b>190000000</b>

**2 RESERVES & SURPLUS**

	Figures as at the end of current reporting period (Rs.)	Figures as at the end of the previous reporting period (Rs.)
<b>(A) RESERVES:</b>		
<b>(I) Reserve for developmental Activities</b> as per last Balance sheet	2490403	2499398
<b>Add :</b> Amount transferred from Statement of Profit & Loss	5800000	4700000
<b>Less:</b> Utilization during the year	5828773	4708995
<b>Total(i)</b>	<b>2461630</b>	<b>2490403</b>
<b>(II) Post Retirement Medical Corpus</b> As per last Balance sheet	7197499	3908346
<b>Add :</b> Amount transferred from Statement of Profit & Loss	3700000	3860000
<b>Add :</b> Interest Earned during the year	250350	283485
<b>Less:</b> Utilization during the year	958243	854332
<b>Total(ii)</b>	<b>10189606</b>	<b>7197499</b>
<b>Total(i+ii)</b>	<b>12651236</b>	<b>9687902</b>
<b>(B) SURPLUS</b>		
As per last Balance sheet	633050829.00	488799853
<b>Add :</b> Amount transferred from Statement of Profit & Loss		
Current year profit	288815961	240792674
<b>Less:-</b>		
Proposed Dividend	87000000.00	73100000
Corporate Tax on Dividend	17713200.00	14881698
Amount transferred to reserve for developmental activity	5800000.00	4700000
Transferred to post retirement medical corpus	3700000.00	3860000
Depreciation on Assets not having remaining life as on 31.03.2014 as per Companies Act 2013	0.00	0
<b>SURPLUS(B)</b>	<b>807653590</b>	<b>633050829</b>
<b>TOTAL (A+B)</b>	<b>820304825</b>	<b>642738731</b>
<b>Proposed Dividend per Equity Share</b>	<b>45.79</b>	<b>38.47</b>

i) An amount of Rs. 3700000 (Previous year Rs. 3860000) being 1% of the profit before tax (PBT) for FY 2015-16 has been contributed to the "Post Retirement Medical Corpus" during FY 2016-17. The medical benefit under "Post Retirement Medical Scheme" is allowed to the superannuated employees by utilizing the said medical corpus.

**Sd/-  
Naveen Gupta  
Executive Director (Finance)**

**Sd/-  
Sarvepalli Srinivas  
Managing Director**

**Sd/-  
Shantmanu  
Chairman**

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 at the end of current reporting period	
	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		13406735
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	12188719	
Provision for leave salary	33551297	
Provision for Deceased Employee Scheme	323230	
Other deferred tax asset giving rise to timing difference- (VRS)	66674	
<b>Total</b>	<b>46129920</b>	<b>19613574</b>
<b>Net Deferred Tax Liability/ (Asset) as at the end of current reporting period</b>		<b>-26516346</b>
<b>Net Deferred Tax Liability/ (Asset) as at the end of previous reporting period</b>		<b>-27116587</b>
<b>Net Liability / (Asset) charged to Statement of Profit and Loss during the current reporting period</b>		<b>600241</b>

4 NON CURRENT LIABILITIES – OTHER LONG TERM LIABILITIES

I) Other Long Term Liability ( Corpus)

	Figures as at the end of current reporting period (Rs.)	Figures as at the end of the previous reporting period (Rs.)
<b>(A) Corpus Fund ( Marketing Complex)</b>		
a) Receipt from Govt. of India upto date	82580850	82580850
b) Less: Amount adjusted/ refunded to Govt. upto date	48158949	48158949
c) Principle amount refundable to Govt. (a-b)	<u>34421901</u>	<u>34421901</u>
d) Amount realized from agencies including adjustments upto date	96773633	97789704
e) Less: Amount paid for acquisition of space/ other expenses etc. for complexes on behalf of agencies upto date	95351227	94097380
f) Refundable to agencies (d-e)	<u>1422406</u>	<u>3692324</u>
g) Balance (a-b+d-e) or (c+f)	35844307	38114225
h) Amount of Interest earned less miscellaneous expenditure upto date	152314036	138322216
<b>Total (g+h)</b>	<b>188158343</b>	<b>176436441</b>
<b>(B) Corpus Fund ( Mega Cluster )</b>		
a) Receipt from Govt. of India upto date	95000000	95000000
b) Amount of Interest earned upto date	<u>32175213</u>	<u>30164315</u>
c) Total (a+b)	127175213	125164315
d) Less: Amount transferred for utilization in Mega Cluster upto date	95000000	95000000
<b>Balance (c-d)</b>	<b>32175213</b>	<b>30164315</b>
<b>(C) Corpus Fund (Trade Facilitation Centre)</b>		
a) Receipt from Govt. of India upto date	2676737816	781012400
b) Amount of Interest earned upto date	<u>4921310</u>	<u>4352542</u>
c) Total (a+b)	2681659126	785364942
d) Less: Amount transferred to Project Management Agency upto date	2093108724	750788612
e) Less : Architect fee & other expenses upto date	57940451	27094471
<b>Balance (c-d-e)</b>	<b>530609951</b>	<b>7481859</b>

Sd/  
Naveen Gupta  
Executive Director (Finance)

Sd/  
Sarvepalli Srinivas  
Managing Director

Sd/  
Shantmanu  
Chairman

**(D) Pochampally for Handloom Park**

a) Receipt from Govt. of India	247502000	0
b) Amount of Interest earned	6939861	
c) Amount of Interest paid	<u>2212383</u>	<u>0</u>
d) Total (a+b-c)	252229478	0
e) Less: Amount transferred to Pochampally ( Advance paid)	10000000	0
f) Less: Amount transferred for Raw Metrial	7500000	
		0
<b>Balance (c-d-e)</b>	<b>234729478</b>	<b>0</b>
<hr/>		
<b>GRAND TOTAL ( A+B+C+D)</b>	<b>985672985</b>	<b>214082615</b>

**II) Other Long Term Liabilities**

	Figures as at the end of current reporting period (Rs.)	Figures as at the end of the previous reporting period ( Rs.)
<b>Security Deposit</b>	-	-
<b>Total</b>	<b>0</b>	<b>0</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. 96773633 (Previous Year Rs. 97789704) received from user agencies has been credited to the corpus fund and expenditure incurred on setting up of marketing complexes amounting to Rs. 95351227 (Previous Year Rs. 94097380) 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 (Previous Year Rs. 138322216) has been credited thereto.
- ii) 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 (Previous Year Rs. 30164315) has been credited thereto.

Sd/-  
Naveen Gupta  
Executive Director (Finance)

Sd/-  
Sarvepalli Srinivas  
Managing Director

Sd/-  
Shantmanu  
Chairman

**5 NON - CURRENT LIABILITIES - LONG TERM PROVISION**

	Figures as at the end of current reporting period (Rs.)	Figures as at the end of the previous reporting period (Rs.)
	0	0

**6 CURRENT LIABILITIES - SHORT TERM BORROWINGS**

	Figures as at the end of current reporting period (Rs.)	Figures as at the end of the previous reporting period (Rs.)
<b>Secured Loans</b>		
From banks against hypothecation of book debts and movable assets	-	-
	0	0

**7 CURRENT LIABILITIES – TRADE PAYABLES**

	Figures as at the end of current reporting period (Rs.)	Figures as at the end of the previous reporting period (Rs.)
Sundry creditors (Includes Rs. 1056948877 payable to S.S.I units – Previous year Rs.1232614980)	3193836380	2505358221
Advance from customers/ others	131564351	88834107
<b>Total</b>	<b>3325400731</b>	<b>2594192328</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 at the end of current reporting period		% of Confirmation of balances as at the end of current reporting period	
	No. of agencies	Amount outstanding (Rs.)	No. of agencies	Amount outstanding (Rs.)	No. of agencies (%)	Amount outstanding (%)
Creditors	570	3193836380	339	1864025644	59.47	58.36
Advance from customers/ others.	1581	131564351	830	67432260	52.50	51.25

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. 354913447 (Previous year Rs. 414764022) 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 has been withheld based on the arrangement with them, wherein, the payment will be released to them only 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.

Sd/-  
Naveen Gupta  
Executive Director (Finance)

Sd/-  
Sarvepalli Srinivas  
Managing Director

Sd/-  
Shantmanu  
Chairman





## i) Grant Statement

## DETAILS OF GOVERNMENT GRANTS &amp; PARTICIPANTS MONEY FOR THE CURRENT REPORTING PERIOD

(In Rs.)

SL. NO.	PARTICULARS	OPENING BALANCE 1.4.2016	RECEIVED DURING THE YEAR FROM GOVT	FROM PARTICIPANTS	TOTAL	TRANSACTIONS DURING THE YEAR EXPENSES	REFUND/ADJUSTMENT/ TRANSFER	TOTAL	BALANCE AS ON 31.03.2017
1	2	3	4	5	6 (3+4+5)	7	8	9 (7+8)	10(6-9)
<b>1</b>	<b>MARKETING EXHIBITION EXPENSES</b>								
a	SILK FAB, CHANDIGARH	0	1000000	2360848	3360848	4338286	-977438	3360848	0
b	SILK FAB DELHI	0	1000000	5396694	6396694	7376673	-979979	6396694	0
c	SILK FAB, JABALPUR	0	1000000	1714848	2714848	3682034	-967186	2714848	0
d	SILK FAB MUMBAI	0	1000000	3669282	4669282	5650836	-981554	4669282	0
e	SILK FAB BHOPAL 2016-17	0	1000000	1524043	2524043	3524043	-1000000	2524043	0
f	SILK FAB, AHMEDABAD	0	1000000	2401912	3401912	4367279	-965367	3401912	0
g	SILK FAB, SURAT	0	1000000	983143	1983143	2960308	-977165	1983143	0
h	SILK FAB LUCKNOW	0	1000000	2538989	3538989	4507677	-968688	3538989	0
i	SILK FAB KOLKATA	0	1000000	4383555	5383555	6351137	-967582	5383555	0
j	SILK FAB INDORE	0	1000000	3057709	4057709	5056379	-998670	4057709	0
k	SILK FAB BHUBANESWAR 2016-2017	0	1000000	117500	1117500	1363616	-1246116	117500	1000000
l	SILK FAB BANGLORE	0	1000000	3124358	4124358	5111344	-986986	4124358	0
m	WOOL FAB BHOPAL	0	1000000	552080	1552080	2519656	-967576	1552080	0
n	WOOL FAB LUCKNOW	0	1000000	488679	1488679	2429602	-940923	1488679	0
o	WOOL FAB JABALPUR	0	1000000	402083	1402083	2369714	-967631	1402083	0
p	SILK FAB EARNAKULAM	0	1000000	1741720	2741720	3734488	-992768	2741720	0
q	SILK FAB JAMMU	0	1000000	729248	1729248	2705146	-975898	1729248	0
r	SILK FAB HYDRABAD 2016-2017	0	1000000	212492	1212492	3437545	-3225053	212492	1000000
s	SILK FAB COIMBATORE	0	1000000	919824	1919824	2904791	-984967	1919824	0
t	SILK FAB PATNA	0	1000000	2003643	3003643	3977066	-973423	3003643	0
u	SILK FAB VIJAYWADA	0	1000000	1014797	2014797	2991596	-976799	2014797	0
v	SILK FAB RAIPUR	0	1000000	472301	1472301	2181013	-708712	1472301	0
w	NATIONAL LEVEL EXPO AHMEDABAD 2015-16	0	0	11401357	11401357	15085180	-3683823	11401357	0
x	SILK FAB PATNA 2015-16	1566200	0	10450	1576650	3548218	-1971568	1576650	0
y	SILK FAB GUWAHATI 2015-16	0	0	1268379	1268379	3248297	-1979918	1268379	0
z	SILK FAB BHOPAL 2015-16	0	0	1678946	1678946	3652055	-1973109	1678946	0
za	SILK FAB PUNE 2015-16	2059525	0	140310	2199835	3171171	-971336	2199835	0
zb	2016-17	0	1900000	2023550	3923550	9252519	-7228969	2023550	1900000
zc	SILK FAB PUNE 2016-2017	0	1000000	1842500	2842500	2180536	-338036	1842500	1000000
ze	SILK FAB GUWAHATI 2016-2017	0	1000000	95000	1095000	553341	-458341	95000	1000000
Zf	SILK FAB VARANASI 2016-2017	0	0	0	0	2307578	-2307578	0	0
<b>2</b>	<b>(BURDWAN)</b>	<b>1579537</b>	<b>0</b>	<b>0</b>	<b>1579537</b>	<b>1450390</b>	<b>0</b>	<b>1450390</b>	<b>129147</b>
<b>3</b>	<b>TRAINING PROGRAMME</b>								
a	VARANASI H/L MEGA CLUSTER 04 EXTENSION COUNTER	287474		0	287474	0	0	0	287474
b	GRANT FOR INFORMATION EDUCATION & COMMUNICATION	4805406		0	4805406	0	0	0	4805406
c	GRANT FOR SUPPLY OF H/L PARTS	917251		0	917251		0	0	917251
d	GRANT FOR DISTRIBUTION OF 2000	4941252	1499108	0	6440360	807212	0	807212	5633148
e	GRANT FOR ADMN. COST FOR DIST.	256759	0	0	256759			0	256759
f	GRANT FOR BASELINE SURVEY OF BUYER SELLER MEET AT AGARTALA	1980	335000	0	336980	0		0	336980
g	BUYER SELLER MEET AT AGARTALA	83085		0	83085			0	83085
h	BUYER SELLER MEET AT IMPHAL	77166		0	77166			0	77166
j	BUYER SELLER MEET AT GUWAHATI 2014-15	88884		0	88884			0	88884
k	BUYER SELLER MEET AT VIJAYWADA 2014-15	6605		0	6605			0	6605
l	BUYER SELLER MEET AT HUBLI/ GADAG 14-15	14673		0	14673			0	14673
m	BUYER SELLER MEET - COIMBATORE 2014-15	26429		0	26429			0	26429
n	BUYER SELLER MEET AT KANCHIPURAM 14-15	83021		0	83021			0	83021
o	BUYER SELLER MEET AT KASHIPUR/BHADOHI 14-15	60950		0	60950			0	60950
p	BUYER SELLER MEET AT BHAGALPUR	16261		0	16261	0		0	16261
q	2016-2017	0	185000	0	185000	162745	0	162745	22255
r	TRIUNELVELI COIMBATORE 2016-17	0	249000	0	249000	249000	0	249000	0
s	BUYER SELLER MEET - EROD COIMBATORE 2016-17	0	249000	0	249000	266690	-17690	249000	0
t	ANDHRA PRADESH 2016-2017	0	145000	0	145000	159899	-14899	145000	0
u	BUYER SELLER MEET AT RAIPUR HYDERABAD 2016-17	0	145000	0	145000	149218	-4218	145000	0
v	BUYER SELLER MEET AT MAHESWAR VARANASI 2016-17	0	185000	0	185000	193067	-8067	185000	0

SL. NO.	PARTICULARS	OPENING BALANCE 1.4.2016	RECEIVED DURING THE YEAR FROM GOVT	FROM PARTICIPANTS	TOTAL	TRANSACTIONS DURING THE YEAR EXPENSES	REFUND/ADJUSTMENT/TRANSFER	TOTAL	BALANCE AS ON 31.03.2017
1	2	3	4	5	6 (3+4+5)	7	8	9 (7+8)	10(6-9)
w	BUYER SELLER MEET AT LUCKNOW	0	185000	0	185000	199290	-14290	185000	0
x	BUYER SELLER MEET AT KANNUR	0	0	0	0	203877	-203877	0	0
y	BUYER SELLER MEET AT KULLU 2016-17	0	0	0	0	101182	-101182	0	0
z	BUYER SELLER MEET AT HYDERABAD 2016-17	0	0	0	0	152881	-152881	0	0
za	BUYER SELLER MEET AT NAGPUR 2016-17	0	0	0	0	124739	-124739	0	0
zb	17	0	0	0	0	408667	-408667	0	0
zc	BUYER SELLER MEET AT AGARTALA 2016-17	0	0	0	0	346475	-346475	0	0
zd	BUYER SELLER MEET AT GUWAHATI 2016-17	0	0	0	0	469259	-469259	0	0
ze	BHUBHNEHWAR 2016-17	0	0	0	0	151441	-151441	0	0
zf	BUYER SELLER MEET AT KOLKATA 2016-17	0	0	0	0	148595	-148595	0	0
zg	GRANT FOR 6 FASHION SHOWS AT MUMBAI	1000000	0	0	1000000	0	0	0	1000000
zh	GRANT FOR AWARD/ PRIZE DISTRIBUTION TO 6 IIHTS	565000	0	0	565000	-113000		-113000	678000
zi	GRANT FOR EXP. INTRODUCTION OF MULTIPLE BUTI MACHINE	5138	0	0	5138	0		0	5138
zj	GRANT FOR HIRING FOUR WHEELER AND MISC EXP. WSC VARANASI	96400	330000	0	426400	165000		165000	261400
zk	GRANT FOR SUPPLY OF DESKTOP FOR 6 WSCs	367500	0	0	367500	1350000	-1012500	337500	30000
zl	GRANT FOR TRAINING & AWARENESS PROGRAMME IN 7 CFCs	590725	0	0	590725	590725		590725	0
4	<b>WEAVERS AWARENESS CAMP</b>	<b>760175</b>	<b>0</b>	<b>0</b>	<b>760175</b>		<b>0</b>	<b>0</b>	<b>760175</b>
5	GRANT FOR CONSTRUCTION OF 7 CFCs	13606487	1151480	0	14757967	12910947	-68513	12842434	1915533
6	GRANT FOR COMMON SERVICE CENTRES (CSC), VARANASI	1861982	0	0	1861982	779989	0	779989	1081993
7	<b>NATIONAL HANDLOOM CAMPAIGN ( I H B BRAND)</b>	<b>8063379</b>	<b>68000000</b>	<b>0</b>	<b>76063379</b>	<b>76063379</b>	<b>0</b>	<b>76063379</b>	<b>0</b>
8	<b>BUNKAR MITRA HANDLOOM HELP LINE CENTRE</b>	<b>0</b>	<b>2200000</b>	<b>0</b>	<b>2200000</b>	<b>2125282</b>	<b>0</b>	<b>2125282</b>	<b>74718</b>
9	<b>DESIGNS DEVELOPMENT &amp; PATTERN MAKING VARANASI</b>	<b>0</b>	<b>361600</b>	<b>0</b>	<b>361600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>361600</b>
11	<b>HATKARGHA SAMVARDHAN SAHAYATA GUJRAT</b>	<b>0</b>	<b>5580000</b>	<b>0</b>	<b>5580000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5580000</b>
12	<b>HATKARGHA SAMVARDHAN SAHAYATA 22.12.2016 VNS</b>	<b>0</b>	<b>280000</b>	<b>0</b>	<b>280000</b>	<b>137419</b>	<b>0</b>	<b>137419</b>	<b>142581</b>
13	<b>HATKARGHA SAMVARDHAN SAHAYATA ( J &amp; K)</b>	<b>0</b>	<b>1083000</b>	<b>0</b>	<b>1083000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1083000</b>
14	<b>GRANT FOR HIRING CONTRACTUAL STAFF UNDER BLILU</b>	<b>0</b>	<b>522071</b>	<b>0</b>	<b>522071</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>522071</b>
15	<b>GRANT FOR SKILL UPGRATION (W S C )</b>	<b>0</b>	<b>945250</b>	<b>0</b>	<b>945250</b>	<b>158005</b>	<b>0</b>	<b>158005</b>	<b>787245</b>
16	<b>INTERNATIONAL HANDLOOM FAIR</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-250000</b>	<b>-250000</b>	<b>250000</b>
17	<b>MAINTAINING CENTRAL DATA REPOSITORY SYSTEM (NSDL)</b>	<b>0</b>	<b>31400000</b>	<b>0</b>	<b>31400000</b>	<b>31400000</b>	<b>0</b>	<b>31400000</b>	<b>0</b>
18	<b>COMPONENT OF NHDP FOR IHB CERTIFICATION</b>	<b>0</b>	<b>289500</b>	<b>0</b>	<b>289500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>289500</b>
19	<b>NATIONAL HANDLOOM DAY VNS 7TH AUG. 2016</b>	<b>0</b>	<b>18499015</b>	<b>0</b>	<b>18499015</b>	<b>18499015</b>	<b>0</b>	<b>18499015</b>	<b>0</b>
20	<b>T F C VARANASI</b>								
a	<b>TFC IIT PROFESSIONAL CHARGES</b>	<b>0</b>	<b>1140000</b>	<b>0</b>	<b>1140000</b>	<b>1140000</b>	<b>0</b>	<b>1140000</b>	<b>0</b>
b	<b>TFC NBCC FILM PRODUCTION</b>	<b>0</b>	<b>763809</b>	<b>0</b>	<b>763809</b>	<b>763809</b>	<b>0</b>	<b>763809</b>	<b>0</b>
c	<b>TFC JLL</b>	<b>0</b>	<b>4677628</b>	<b>0</b>	<b>4677628</b>	<b>4677628</b>	<b>0</b>	<b>4677628</b>	<b>0</b>
d	<b>TFC AIRPORT AUTHORITY &amp; GOLD MINE</b>	<b>0</b>	<b>1475525</b>	<b>0</b>	<b>1475525</b>	<b>1475525</b>	<b>0</b>	<b>1475525</b>	<b>0</b>
e	<b>TFC EXHIBITION</b>	<b>0</b>	<b>331500</b>	<b>0</b>	<b>331500</b>	<b>331500</b>	<b>0</b>	<b>331500</b>	<b>0</b>
f	<b>TFC TRAVELLING EXP.</b>	<b>0</b>	<b>1000000</b>	<b>0</b>	<b>1000000</b>	<b>1000000</b>	<b>0</b>	<b>1000000</b>	<b>0</b>
g	<b>TFC FIXED ASSETS</b>	<b>0</b>	<b>1154582</b>	<b>0</b>	<b>1154582</b>	<b>1154582</b>	<b>0</b>	<b>1154582</b>	<b>0</b>
h	<b>TFC INAUGRAL FUNCTION ON 22.12.2016</b>	<b>0</b>	<b>2691666</b>	<b>0</b>	<b>2691666</b>	<b>2691666</b>	<b>0</b>	<b>2691666</b>	<b>0</b>
	<b>TOTAL</b>	<b>43789244</b>	<b>172953734</b>	<b>58270240</b>	<b>275013218</b>	<b>289585222</b>	<b>-48140452</b>	<b>241444770</b>	<b>33568448</b>

Sd/-  
Naveen Gupta  
Executive Director (Finance)

Sd/-  
Sarvepalli Srinivas  
Managing Director

Sd/-  
Shantmanu  
Chairman





















**22 PURCHASES OF STOCK IN TRADE**

	Figures for the current reporting period (Rs.)	Figures for the previous reporting period (Rs.)
<b>Purchases less returns</b>		
-Yarn	30891185319	24540694566
-Dyes & chemicals	433337724	416945513
-Fabrics	0	41791
<b>TOTAL</b>	<b>31324523043</b>	<b>24957681870</b>

The value of Yarn procured from Micro and Small Enterprises (MSEs) (including MSEs owned by SC/ ST entrepreneurs) during the year 2016-17 is Rs19843248850 (64.23% of total yarn procured) as against Rs. 15240259581 (62.10% of total yarn procured) during the previous year 2015-16.

**23 TRANSPORTATION/ DEPOT CHARGES**

	Figures for the current reporting period (Rs.)	Figures for the previous reporting period (Rs.)
Transportation Charges	416314945	364620951
Depot Charges	514150191	400694372
<b>TOTAL</b>	<b>930465136</b>	<b>765315323</b>

Transportation and depot charges under Yarn Supply Scheme amounting to Rs. 930465135 (Previous year Rs. 765315323) on account of supply of yarn has been accounted for on accrual basis. Out of which, claims for expenses totaling Rs.169367078 (Previous year Rs.129474822) 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.

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

	( In Rs.)		
	OPENING STOCK as at the end of previous reporting period	CLOSING STOCK as at the end of current reporting period	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>
	OPENING STOCK ON 1.4.2015	CLOSING STOCK ON 31.3.2016	INCREASE (-)/ DECREASE (+)
YARN	6959585	9255135	-2295550
DYES & CHEMICALS	6278518	5442411	836107
FABRICS	0	0	0
<b>TOTAL</b>	<b>13238103</b>	<b>14697546</b>	<b>-1459443</b>

Sd/-  
Naveen Gupta  
Executive Director (Finance)

Sd/-  
Sarvepalli Srinivas  
Managing Director

Sd/-  
Shantmanu  
Chairman



b) Remuneration paid to Key Managerial Personnels (KMP) during the year 2016-17 is as below:- (In Rs.)

Sl No.	Particulars of Remuneration	Key Managerial Personnel			TOTAL
		MD	ED (FINANCE)	DGM (F&A) and Company Secretary	
01.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2504614	1819617	1920351	6244582
	(b) Value of Perquisites u/s 17(2) of Income Tax Act, 1961	228650	0	0	228650
	(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>2733264</b>	<b>1819617</b>	<b>1920351</b>	<b>6473232</b>

DGM (F&A) and Company Secretary has resigned and relieved on w.e.f 14.03.2017.

## 26 FINANCE COSTS

	Figures for the current reporting period (Rs.)	Figures for the previous reporting period (Rs.)
Interest to bank/ others	0	0
Other Borrowing cost	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## 27 OTHER EXPENSES

	Figures for the current reporting period (Rs.)	Figures for the previous reporting period (Rs.)
<b>(a) ADMINISTRATIVE EXPENSES</b>		
Travelling expenses (Including Rs. 3342204 for MD (Including Foreign tour for INR 430569)- Previous year Rs.4050147)	16837834	15820933
Payment to auditors	561825	300070
Board meeting expenses	0	0
Books & periodicals	118674	130691
Conveyance expenses	8715440	5578519
Electricity/water charges	3656649	2799003
Insurance	303403	141373
Legal & professional charges	3302565	2818202
Membership fees & subscription	24259	265291
Office upkeep	2263264	1741493
Printing & stationery	3137268	2712654
Postage/telegram/telephone & telex	6696290	4565962
Rent, rates & taxes (net of recoveries) (includes lease rent for residential accommodation of MD Rs. 540000 - Previous year Rs. 21000)	10814126	4807092
Repair & maintenance	2449834	1477300
Service vehicle expenses	934499	785608
Security expenses	6328573	3968454
Miscellaneous expenses	88909	1266
<b>TOTAL (a)</b>	<b>66233413</b>	<b>47913911</b>

Sd/-  
Naveen Gupta  
Executive Director (Finance)

Sd/-  
Sarvepalli Srinivas  
Managing Director

Sd/-  
Shantmanu  
Chairman





30 TAX EXPENSES- Current Tax (Provision)

	Figures for the current reporting period (Rs.)	Figures for the previous reporting period (Rs.)
Income Tax for Current year	176000000	134515000
Income Tax for earlier year	0	0
<b>Total</b>	<b>176000000</b>	<b>134515000</b>

During the year provision for income tax of Rs. 176000000 (Previous year Rs. 134515000) has been made in the accounts.

31 Details of Specified Bank Notes (SBN) held and transacted during the period 8th Nov, 2016 to 30th Dec, 2016 (pursuant to MCA notification GSR 308 (E) dated March 30, 2017)

Details	SBN (OLD)	Other denominations on notes	Total
Closing cash in hand as on 8th Nov, 2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amounts deposited in banks	-	-	-
Closing cash in hand as on 30th Dec, 2016	-	-	-

The Corporation does not handle cash. The cash has been deposited by our Customers i.e. Individual Weavers / Co-operative Societies against the cost of Yarn as prevailing practice. The total amount deposited during demonetization period i.e. from 8th November 2016 to 30th December 2016 was INR 36,15,573, against the Total Sale of Yarn INR 418.85 Crores during November - December 2016.

32 OTHER NOTES

1 CONTINGENT LIABILITIES & COMMITMENTS :-

(A) Contingent Liabilities:-

(a) Sales tax- Rs. 17331290 (Previous year Rs.29231099).

(i) The Trade Tax Department, Maharashtra has passed an Assessment Order in respect of Dyes and Chemicals Office Mumbai, raising a demand of Rs. 2007-08 and Rs. 2422296 (including interest of Rs. 1180093) for the Financial Year 2007-08 by disallowing the exemption of transit sale u/s 6(2) of CST Act. The corporation has filed an appeal against these financial years which has been admitted for final hearing on part payment of Rs. 375000 against the financial year 2007-08. 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 2017

(B) Commitment:-

1 Estimated amount of contract remaining to be executed on capital account is Rs. NIL (Previous year Rs.12331720).

2 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 fabrics.

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

4 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:-

(Unit in Lac Kgs)  
(Value in Rs.)

Sl. No.	PARTICULARS	YARN		DYES & CHEMICAL		FABRIC	
		Unit	Value	Unit	Value	Unit	Value
1	Opening Stock - Current Year	0.263	9255135	0.239	5442411		
	- Previous Year	0.208	6959585	0.304	6278519		
2	Purchase - Current Year	1802.121	30891185319	46.216	433337724	-	0
	- Previous Year	1727.869	24540694566	37.395	416945513	-	41791
3	Sale - Current Year	1802.193	29475514052	46.224	459665250	-	0
	- Previous Year	1727.814	23611971547	37.461	448429646	-	41791
4	Closing Stock - Current Year	0.191	8908770	0.231	3827801		
	- Previous Year	0.263	9255135	0.239	5442411		

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).

Sd/-  
Naveen Gupta  
Executive Director (Finance)

Sd/-  
Sarvepalli Srinivas  
Managing Director

Sd/-  
Shantmanu  
Chairman

- 5 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.)				
	<u>Yarn</u>	<u>Dyes &amp; Chemicals</u>	<u>Fabrics</u>	<u>Total</u>
<b>A) Primary information</b>				
1 Segment wise Revenue	29475514052	459665250	0	29935179302
2 Segment wise Results	579535062	11607337	0	591142399
3 Unallocated overheads	-	-	-	-192177501
4 Interest from Bank & others	-	-	-	73409730
5 Other Income	-	-	-	3063357
6 Prior period adjustments	-	-	-	0
7 CSR Expenditure	-	-	-	-10021783
8 Profit before tax	-	-	-	465416202
9 Provision for Tax including earlier year adjustments	-	-	-	-176000000
10 Deferred tax	-	-	-	-600241
11 Profit after tax	-	-	-	288815961
12 Segment-wise assets	2885513783	155369962	18923994	3059807739
13 Unallocable Corporate Assets (Including Financial Assets).	-	-	-	3402794494
14 Total Assets	-	-	-	6462602233
15 Segment wise liabilities includes Bank Borrowing	3880718834	58498704	21011474	3960229012
16 Unallocable Corporate liabilities (Including Bank Borrowings)	-	-	-	1492068395
17 Total liabilities	-	-	-	5452297407
18 Depreciation segment-wise	2652821	477424	0	3130245

- 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.971264/-.  
iii. Segment-wise result includes liabilities/ provisions written back for Rs. 7634008 (credit) , and provisions & write off etc made for Rs. 4961892 (Debit).

(Amount in Rs.)			
<b>B) Secondary Information</b>	<b>Name of the Region</b>	<b>Segment Revenue</b>	
1 Segment Revenue by geographical area for the segment whose revenue is 10% or more of total revenue of all geographical segments.	RO Panipat	7824063493	
	RO Coimbatore	10374182124	
	RO Varanasi	6507127459	
	<b>Name of the Region</b>	<b>Assets</b>	
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	1175168669	
	RO Coimbatore	793337639	
	RO Varanasi	341458057	
	<b>Name of the Region</b>	<b>Addition to Fixed Assets</b>	
3 Additions to fixed assets for the segment where assets are 10% or more of the total assets of all geographical segments.	RO Panipat	4624583	
	RO Vijaywada	812417	

- 6 Note 1 to 32 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.
- 7 The figures of previous year have been re-casted/ re-grouped wherever necessary to render them comparable with the figures of current year.
- 8 Figures have been rounded off to the nearest rupee.

Sd/-  
Naveen Gupta  
Executive Director (Finance)

Sd/-  
Sarvepalli Srinivas  
Managing Director

Sd/-  
Shantmanu  
Chairman

As per our Report of even date  
For A Srivastava & Co.  
Chartered Accountants

Sd/-  
CA Ashok Kumar Agarwal  
Partner  
M.No. 015091  
F.R.No. 511001C

Place: New Delhi  
Date:

**NATIONAL HANDLOOM DEVELOPMENT CORPORATION LTD, LUCKNOW**

**STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31st MARCH 2017**

**(A) Equity Share Capital**

(Amount in Rs.)

Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
190000000	-	190000000

**(B) Other Equity**

(Amount in Rs.)

	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus				Debt instruments through other Comprehensive income	Effective portion on Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of other comprehensive Income (specify nature)	Money received against share warrants	Total
			Capital Reserve	Securities Premium Reserve	Other Reserves (specify nature) Reserve for Development Activity and Medical	Retained earnings							
Balance at the beginning of the reporting period					9687902	633050829							
Changes in accounting policy of prior period errors					-	-							
Restated balance at the beginning of the reporting period					-	-							
Total Comprehensive Income for the					-	-							
Dividends						87000000							
Transfer to retained earnings					9750350	288815961							
Any other change (to be specified)					6787016	27213200							
Balance at the end of the reporting					12651236	807653590							

**Sd/-  
Naveen Gupta  
Executive Director (Finance)**

**Sd/-  
Sarvepalli Srinivas  
Managing Director**

**Sd/-  
Shantmanu  
Chairman**

**As per our Report of even date  
For A Srivastava & Co.  
Chartered Accountants**

**Place: New Delhi  
Date:**

**Sd/-  
CA Ashok Kumar Agarwal  
Partner  
M.No. 015091  
F.R.No. 511001C**

**NATIONAL HANDLOOM DEVELOPMENT CORPORATION LTD, LUCKNOW**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2017**

(Amount In Rs.)

PARTICULARS	2016-17	2015-16
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	465416202	369741448
Adjustments :		
i Depreciation	6021704	4047596
ii Expenditure on developmental activities/medical corpus charged to relevant fund	-6536666	-5279842
iii Income tax provision written back during the year	-120483	-3465759
iv Loss on Sale of Assets	27756	32414
v Profit on Sale of Assets	-637	-1147
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>464807876</b>	<b>365074710</b>
<b>CHANGES IN WORKING CAPITAL (Excluding Cash &amp; Bank Balances)</b>		
Increase/Decrease in:		
i Inventories	2186875	-1685343
ii Book-debts	26199116	-480762594
iii Loans & Advances	-7681021	-40710976
iv Receivables	-455627461	993247140
v Trade & other Payables	972792188	161567497
<b>Cash Generated from Operations</b>	<b>1002677573</b>	<b>996730434</b>
Less : Income Tax paid *	-162901544	-124272778
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>839776029</b>	<b>872457656</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
i Sale of Fixed Assets	6000	3600
ii Addition to Fixed Assets/W.I.P	-28001634	-5726752
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-27995634</b>	<b>-5723152</b>
<b>(C) CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
i Payment of Dividend	-87981698	-61502938
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>-87981698</b>	<b>-61502938</b>
<b>(D) NET CHANGES IN CASH AND CASH EQUIVALENT (A+B+C)</b>	<b>723798697</b>	<b>805231566</b>
<b>(E) CASH AND CASH EQUIVALENT- OPENING BALNACE</b>	<b>1210015502</b>	<b>404783936</b>
<b>(F) TOTAL</b>	<b>1933814199</b>	<b>1210015502</b>
<b>(G) CASH AND CASH EQUIVALENT- CLOSING BALANCE</b>	<b>1933814196</b>	<b>1210015502</b>
<b>Cash &amp; Cash Equivalent represent :</b>		
1 Cash in Hand	0	0
2 Balance with Banks in Current & Fixed deposit Account	1933814196	1210015502
Total	1933814196	1210015502

**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.

Sd/-  
Naveen Gupta  
Executive Director (Finance)

Sd/-  
Sarvepalli Srinivas  
Managing Director

Sd/-  
Shantmanu  
Chairman

As per our Report of even date  
For A Srivastava & Co.  
Chartered Accountants

Place: New Delhi  
Date:

Sd/-  
CA Ashok Kumar Agarwal  
Partner  
M.No. 015091  
F.R.No. 511001C

<b>INFORMATION PURSUANT TO SCHEDULE III TO THE COMPANIES ACT, 2013, BALANCE SHEET AND COMPANY'S GENERAL BUSINESS PROFILE.</b>			
<b>i) Registration details:</b>			
CIN No.			U17299UP1983GOI0059
Registration No.			5974/ 83
State Code			20
Date of Balance sheet			31-03-2017
<b>ii) Capital raised during the year (Amount in Rs.) subscribed by Government of India.</b>			
-			
<b>iii) Position of Mobilization and Deployment of Funds (Amount in Rs.)</b>			
<b>Total Liabilities</b>		<b>Total Assets</b>	
6462602233		6462602233	
<b>Sources of Funds</b>			
Paid up Capital		190000000	
Reserve & Surplus		820304825	
Deferred tax liability (net)		-26516346	
Corpus Fund (Marketing Complex & Mega Cluster)		985672985	
Other Non Current liabilities		0	
Current liabilities		4493140768	
<b>Application of Funds</b>			
Net Fixed Assets - Tangible		127475118	
- Intangible		17742591	
Capital work in progress		0	
Deployment of Corpus Fund (Marketing Complex & Mega Cluster)		985672985	
Other Non Current Assets		398778	
Current Assets		5331312761	
<b>iv) Performance of the company</b>			
Turnover		29935179302	
Total Expenditure		29469763100	
Profit before Tax		465416202	
Profit after Tax		288815961	
Earning per share in Rupees		152.01	
Dividend (% age of Share Capital)		45.79%	
<b>v) Generic name of the principal product of the company</b>			
Product description		Item Code No. (ITC Code)	
Yarn		5208(Cotton)	
Dyes & Chemicals		3204(Dyes)	
Fabric		N.A.	
<b>Sd/-</b>		<b>Sd/-</b>	
<b>Naveen Gupta</b>		<b>Sarvepalli Srinivas</b>	
<b>Executive Director (Finance)</b>		<b>Managing Director</b>	
<b>Sd/-</b>		<b>Sd/-</b>	
<b>Shantmanu</b>		<b>Shantmanu</b>	
<b>Chairman</b>		<b>Chairman</b>	
<b>As per our Report of even date</b>			
<b>For A Srivastava &amp; Co.</b>			
<b>Chartered Accountants</b>			
<b>Sd/-</b>			
<b>CA Ashok Kumar Agarwal</b>			
<b>Partner</b>			
<b>M.No. 015091</b>			
<b>F.R.No. 511001C</b>			
<b>Place: New Delhi</b>			
<b>Date:</b>			