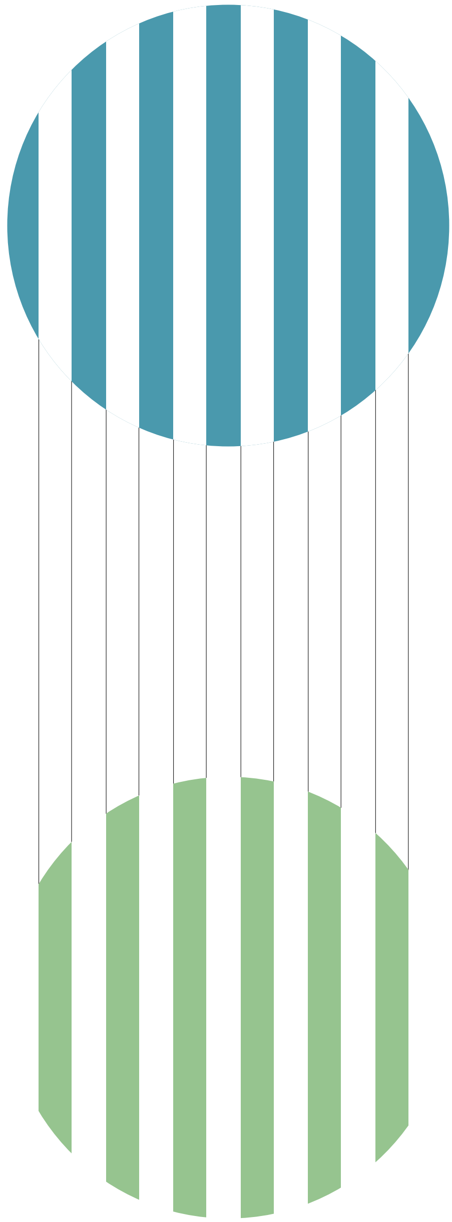
Vardhman Textiles Ltd.

ANNUAL REPORT **2019-20**

Vardhman

Delivering Excellence. Since 1965.



MOVING BEYOND UNCERTAINTY

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For more details visit
www.vardhman.com

or

While unprecedented challenges call for unique ways of mitigation, uncertain times call for stringent action, for crisis is often the foreword to success.

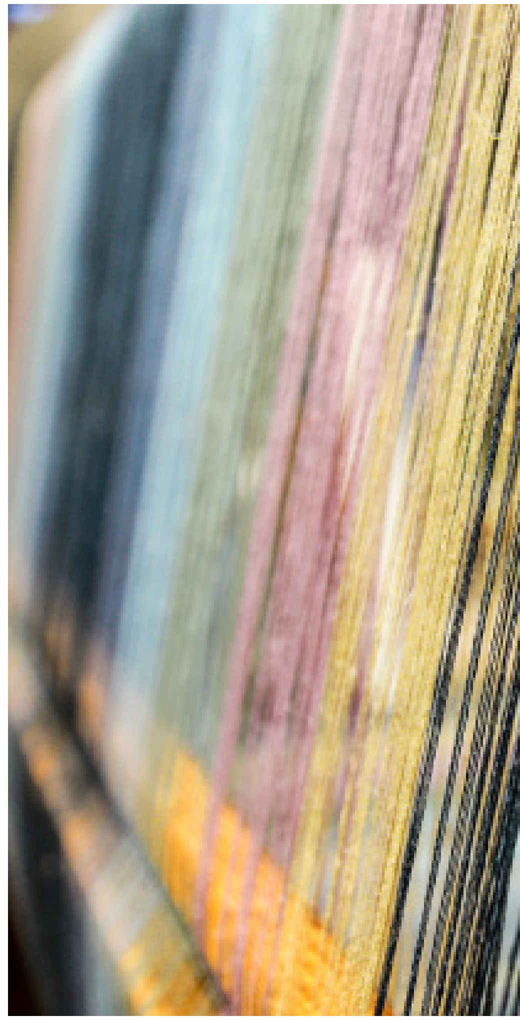
For years, we've witnessed change, adapted our methods and tweaked our vision to design a future-ready organization. Today, as we feel the pinch of an overwhelming challenge, we are prepared to overcome obstacles while remaining committed to our new reality. Our ability to identify pertinent tasks and develop a methodical approach allows us to remodel our business initiatives and uncover transformational opportunities amidst crisis.

We realize, now is the time to experiment, create and innovate!

We feel, it is important to keep an eye on the future and steadily pivot our business to not only survive but, thrive and explore promising prospects - moving beyond uncertainty.

KNOW MORE ABOUT VARDHMAN TEXTILES

One of India's leading integrated textile manufacturers, Vardhman Textiles Limited (Vardhman)is the flagship company of the Vardhman Group. Headquartered in Ludhiana, it is one of the leading textile conglomerates of India.



From its humble beginning in 1965, with a production capacity of 6000 spindles of cotton yarn, today it has emerged as a reputed textile powerhouse manufacturing yarns, fabrics, acrylic fibre, garments, sewing threads and alloy steel. With an aim to ensure long-term sustainability, we strive to invest in a progressive business and achieve exceptional operational efficiencies and better margins, while delivering excellent quality products.

Vardhman's Core Business

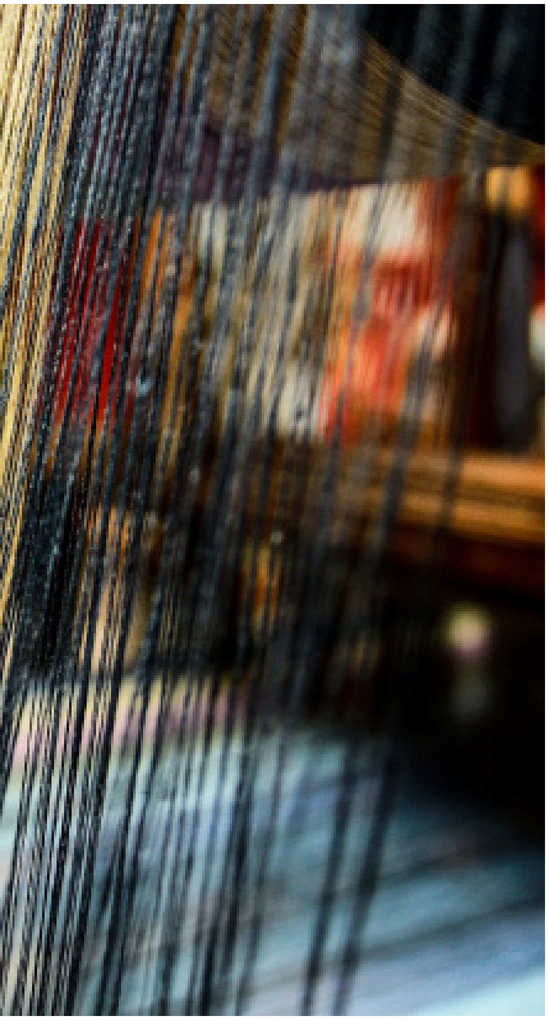
- Yarns
- Fabrics
- Acrylic Fibre
- Garments

Vardhman's Strategic Business

- Alloy Steel
- Sewing Thread

Vision

Rooted in Values, Creating World Class Textiles.



Mission

The Vardhman Group aims to be world class textile organisation producing diverse range of products for the global textiles market. We seek to achieve customer delight through excellence in manufacturing and customer service, based on creative combination of state-of-the-art technology and human resources. We are responsible corporate citizens.

Values

- Faith in the bright future of Indian textiles and hence continued expansion in areas that we know best
- Total customer focus in all operational areas
- Offer products of best available quality for premium market segments through TPM and Zero-Defect implementation in all functional areas
- Global orientation targeting sizeable percentage of production for exports
- Integrated diversification and product range expansion
- Faith in individual potential and respect for human values
- Encourage innovation for constant improvements to achieve excellence in all functional areas
- Accept change as a way of life
- Appreciate our role as a responsible corporate citizen

Key Statistics

₹6,325 CRORE
Revenue from operations

₹1,055 CRORE
EBITDA

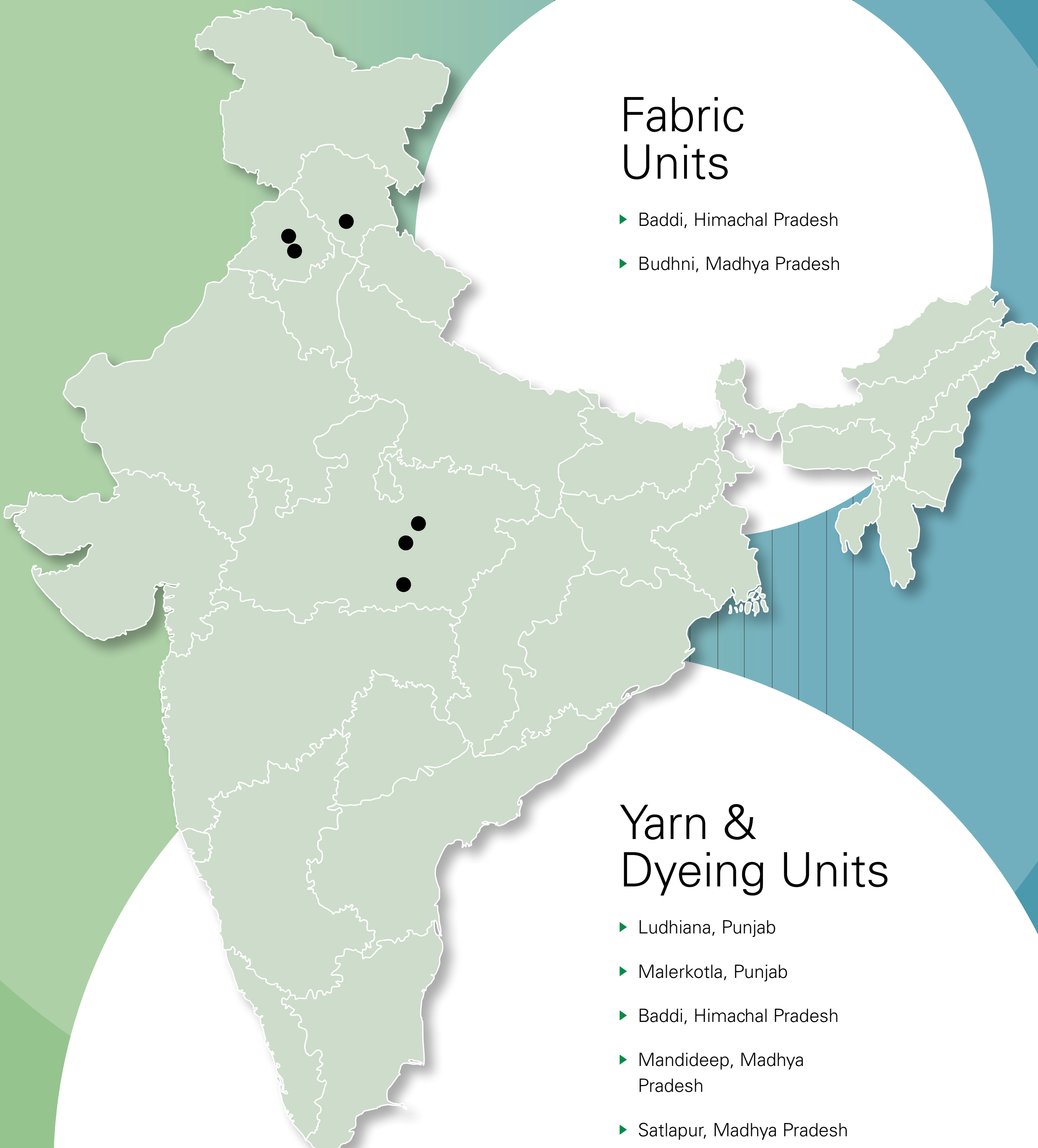
21,349
Permanent Employees

62.20%
Promoter stake

17
State-of-the art manufacturing facilities

58
Countries we are present across the globe

OUR FOOTPRINT



Fabric Units

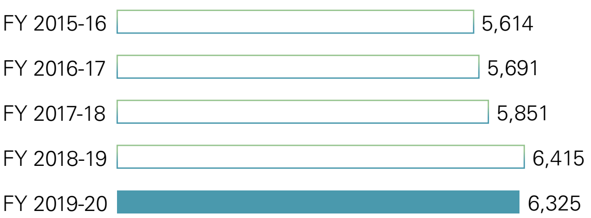
- Baddi, Himachal Pradesh
- Budhni, Madhya Pradesh

Yarn & Dyeing Units

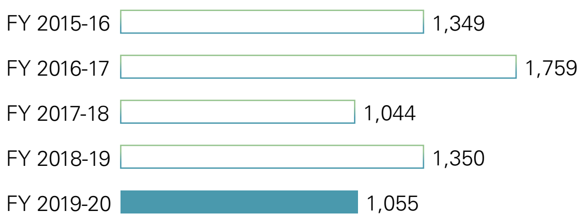
- Ludhiana, Punjab
- Malerkotla, Punjab
- Baddi, Himachal Pradesh
- Mandideep, Madhya Pradesh
- Satlapur, Madhya Pradesh

TRACKING PERFORMANCES

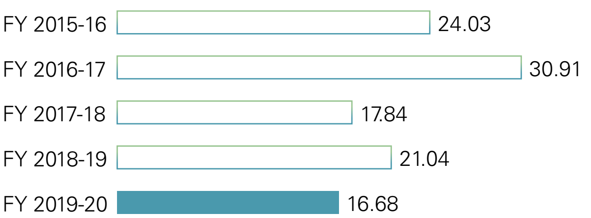
Revenue
(₹ in crores)



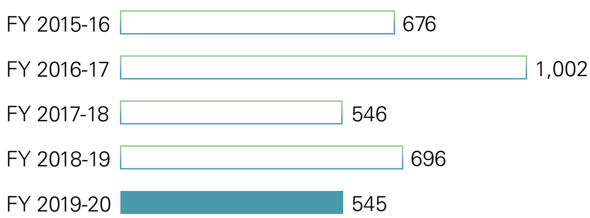
EBITDA
(₹ in crores)



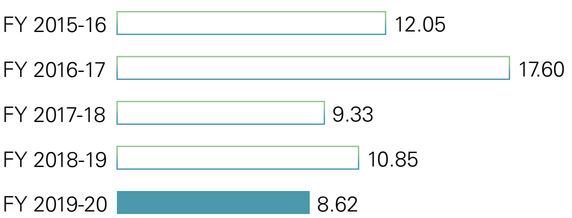
EBITDA Margin
(in %)



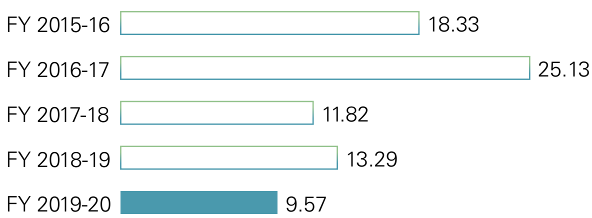
PAT
(₹ in crores)



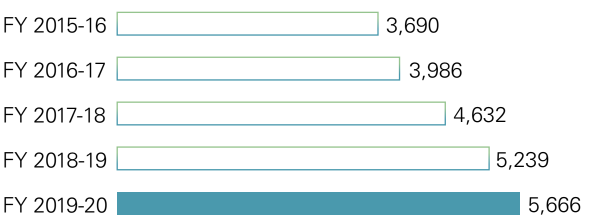
PAT Margin
(in %)



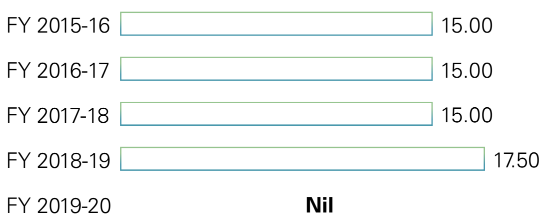
Return on Net Worth
(in %)



Net Worth
(₹ in crores)



Dividend Per Share
(₹)



VARDHMAN'S PRODUCT PORTFOLIO

Yarn

With a capacity to manufacture over 664 MT of yarn per day, Vardhman is one of the leading producers of premium quality yarns.

Our state-of-the-art manufacturing plants produce the widest variety of specialised greige and dyed yarns of cotton, polyester, acrylic and other blends. We also manufacture products like Organic Cotton, Melange, Core Spun Yarns, Ultra Yarns (Contamination controlled), Gassed Mercerised, Super Fine Yarns, Slub, Cellulose Yarns and Fancy Yarns for hand knitting.

With a laser-sharp focus on excellence, continuous innovation, original strategies and a series of technological collaborations, we have established ourselves as a premium producer of exceptional quality yarns globally. We are one of the largest exporters of cotton yarn to the most quality conscious markets of the EU, USA and the Far East.

Our Yarn Portfolio

Specialty Yarns

- Core Spun Yarn
- Slubs
- Cellulosic
- Vortex Yarn
- Special Blended Yarn
- Sustainable Yarn

Acrylic, Fancy & Hand Knitting Yarns

- Grey Acrylic
- Dyed Acrylic
- Fancy Spun Yarn
- Fancy Structured Yarn
- Hand Knitting Yarn

Dyed Yarns

- Packaged Dyed Yarn
- Mélange / Heather Yarn (Brand Rangoli)
- Gassed Mercerised

Grey Yarns

- Polyester Cotton
- Cotton Yarn
- Compact Yarn

UNWAVERING FOCUS

On automation and further diversification of customer base

FLEXIBILITY

In manufacturing of yarns, in terms of composition and quality

WIDE

Range of yarn manufactured as per client requirement

RS. 3,768 CRORE

Revenue (excluding internal transfer) from Yarn segment during FY 2019-20 (Standalone)

11.26 LAKHS

Spindle Capacity, as on 31st March 2020

605 MT

Yarn produced per day

35%

Of total yarn produced exported during the year

VARDHMAN'S PRODUCT PORTFOLIO

Fabric

With a weaving capacity of over 220 million meters and a processing capacity of over 175 million meters per annum, across a wide range of specialty fabrics, we are one of the leading vertically integrated fabric suppliers in India. We supply fabric for tops and bottoms in the apparel segment, catering to a large number of retailers in USA, Europe and Asia, amongst others.

Our sole aim is to fulfil our customers' expectations by developing products according to changing market trends. We continue to utilize the skills and capabilities of our design and development studio to deliver excellent products and continuously engage with reputed international designers across the globe to produce some of the finest collections.

Highlights of FY 2019-20

- Capacity of Fabric processing increased up to 146 lakh meters per month.
- Along with the addition of capacity, product mix has been enriched by building capacity of higher share of stretch, multi fibre blend like cotton-poly-stretch, cotton-nylon-stretch, cellulosic blends etc, value added finishes like antimicrobial, antiviral, oil, water repellent, soil and stain release etc, value added weaves like Dobby, Jacquard etc.
- We have established ourselves as a quality supplier in printing in the market by increasing the print capacity to 20 lakh meters per month from 12 lakh meters per month.
- Capacity of Yarn dyed fabric increased from 15 lakh meters per month to 25 lakh meters per month, establishing ourselves as a quality supplier in the market with state-of-the art finishing technology.
- We have taken several steps for energy conservation and optimum utilization of resources.
- Budhni capacity of ETP, STP, RO & MEE has been increased to enable it to become 100% ZLD plant.
- We focused on sustainability to become eligible as a member of ZDHC (zero discharge of hazardous chemicals).

Our Fabric Portfolio

- Tops, bottoms, outer wear for men and women.
- Fabrics suitable for casual, formal and regular wear.
- Solids, Yarn Dyed, Print, Dobbies and various performance finishes.

Proprietary finish brands

- Velegante
- Preprensa
- Worry Free
- Liquid Finish
- P4 Finish
- Stay White & Fresh
- Gr&De

5.7 LAKH METERS

Fabric weaved per day

141 MMPA

Production of Processed Fabric during FY 2019-20

LEADING

Producer of fabrics in India

7.67%

YoY growth in processed fabric volume during FY 2019-20

RS. 2,474 CRORE

Revenue from fabric segment during FY 2019-20

Our Marquee Clients

CHAIRMAN'S MESSAGE

"Your company continues to have a strong market foothold, both in India and abroad. During the year, we primarily focused on expanding our operations and increased the number of manufacturing units."

Dear Shareholders,

With great pride and privilege, I present to you the annual report of Vardhman Textiles for FY 2019-20. The year was indeed a challenging year in terms of business volatilities caused by geopolitical developments leading to lack of confidence about global trade, its direction and growing protectionism among leading importing countries. During the year, several macroeconomic factors such as an escalation of the trade war between the U.S. and China, uncertainties around BREXIT and natural disasters in some countries impacted business performance.

Though, we were able to come out without serious damage, the business's bottom line was adversely affected.

With increasing per capita income, which is presently at about USD 10000 in China, it was opined that cost competitiveness of China in textile and apparel manufacturing may go down and textile manufacturing may shift to India. Along with this, growing tension between China and USA is also likely to accelerate the process of moving out of China. However, no substantial shifting of textile manufacturing out of China is seen so far. Nevertheless, countries like Bangladesh and Vietnam have registered excellent growth in apparel exports and are exporting about USD 33-35 bn apparel exports driven by cost competitiveness and preferential treatment in leading importing markets. As a result of these factors, India's textile and clothing exports are not growing and are almost stagnant for last couple of years. Though, the domestic market has been growing organically but the textile and clothing imports have started leaving its adverse impact.

The recent COVID-19 pandemic has emerged as one of the biggest threat to the global economy and Indian Industry could also not remain immune to the adverse business conditions. Your Company being engaged in textile business has also observed the impact of this global slow down in terms of declining demand, both exports and domestic, coupled with lower prices of products. Some of the Orders were also cancelled/ deferred, resulting in inventory build-up and slower realization of receivables. In this scenario of low demand of yarn and fabric, the global demand of cotton also witnessed sluggishness leading to fall in its prices having adverse impact on the inventory of cotton carried by the company.

However, more recently, the Yarn Business has started showing signs of recovery in view of increased demand from the exports market. Accordingly, despite the sluggish demand in the domestic market, the company is able to utilize about 80% of the yarn capacity as of now. The fabric business is picking up gradually based on increase in the exports of fabric and garments and we hope to recover to a large extent before the end of current financial year. We are hopeful that the crisis will pass and economic activities will come to the normal over a period of time. The ongoing period is tough but your company has sufficient financial strength to sail through the period though business is definitely adversely affected due to present situation.

At Vardhman, we have always relied upon fundamental strengths of Indian textile industry and hopeful for its bright future. Nevertheless, the issue of global competitiveness need to be addressed at organisation and national level. At company level, we have believed in agile operations, building scales and upgrading technology followed by consolidation process, which have benefitted us over the years. At National level, there is need to restore global competitiveness of the complete textile value chain. Among others, refunding unadjusted taxes and levies across the value chain is one step, which need to be taken.

At Vardhman, we believe that giving back to the society is a prime responsibility. We recognize our role in shaping a sustainable future and therefore, continue to engage in socially productive endeavours. Our constant focus on empowering lives and making meaningful contributions to communities, drives us to responsibly fulfil organizational objectives. Our corporate social responsibility initiatives aim to ensure well-being of people while improving their quality of life. We continue to serve marginalized sections, allowing them to realise their true potential and opening up opportunities for better livelihood.

At the start of another new fiscal year, we are optimistic about our future endeavours and aim to deliver enhanced value to all our stakeholders, resting on our ability to fulfil customer requirements. I would like to express my gratitude towards the Board for their guidance and support, as well as to our Management and our people, for their hard work and dedication to take the Company to greater heights of success. Lastly, I am thankful to all our bankers and shareholders for their continued faith and trust in our abilities.

Regards,

Shri Paul Oswal

Chairman

MESSAGE FROM THE MANAGEMENT

"We have been delivering customer satisfaction in the previous years and the progress is certainly to continue."

"Owing to our strong presence in the international market, we have continued exporting goods and the export sale has reached almost normal levels."

Dear Shareholders,

In a dynamic and evolving environment, our enthusiasm and zeal to carve a distinctive identity differentiates us from competition and motivates us to aspire for better outcomes – every time. At Vardhman, we remain committed to sincerely create value for our stakeholders, resting on our innovative capacities.

Since the beginning of the COVID-19 outbreak towards the end of March, the industry has been hit hard. Today, textile manufacturers face grave challenges ranging from maintaining production levels to addressing the need for manufacturing protective clothing and coping with a significant labour deficit due to the movement of migrant labourers to their native places.

Yarn business

FY 19-20

China is world largest textile and clothing exporter in the world and the largest supplier of USA. Due to US China Trade War, the Chinese exports including textile and clothing were subjected to high tariff import duties, which created a sense of great uncertainty. As China is one of the largest customer of cotton yarn from India, the aforesaid situation led to direct and indirect pressure on business in terms of sales volume. The same led to over capacity in India, which in turn had an adverse impact on margins. In addition, some decline in sales was also registered due to lockdown in the last 8-10 days of FY19-20. This resulted into marginal increase in our closing stock as we were able to not only maintain our production level (580 mn tons) of FY 18-19 but also surpassed it in difficult times with producing 629 mn tons yarn in FY 19-20.

Despite of headwinds, there was no slowdown on product developments and innovation. We have developed 558 new products and launched Autumn Winter 2020 Specialty / Melange yarn collection along with product broucher of Vortex and Cocona. These initiatives have helped us to enlarge our customer base and give more choices to existing customers.

Consistent quality comes with alertness and nimbleness. Following this mantra, we continued with strengthening our production line by bringing latest technology of Autocoro machine (ACO-9), 100% ring spindles covered with online monitoring system and smart ring frame machines for better control and machine efficiency and 100% cotton lines covered with Magic eye (Contamination sorter by Uster).

Fabric Business

FY 2019-20

Fabric business, being closely related to the seasonal and fashion-driven garment industry has a higher degree of volatility. Owing to mercurial trends and rapidly evolving markets, it is rewarding as also challenging.

While fabrics business is sensitive to customer demands, we have been delivering customer satisfaction in the previous years and the progress is certainly to continue. However, with the advent of the corona virus pandemic, we also experienced economic slowdown.

Our performance for the financial year 2019-20 remained in perfect synchronization with our strategic plan for the year and the long-term objectives we had worked on for the last 5 years for major part of the year. The market expansion, enlargement of the product basket, absorption of new capacity, reduction in lead time, product innovation, was well factored into the plan to be implemented. Even the last phase of expansion undertaken in the fabric business had become operational and capacity utilization had also picked up since September 2019. The graph of growth indicated a forward trend and sale of processed fabric grew at a rate of 10% until February 2020 over FY 2018-19. However, the disruption in March 2020 caused a slowdown and the Company could achieve growth of about 5% in quantitative terms over the last year.

Vardhman, as an organization, believes in adapting with agility and is geared to embrace challenges. We aim at enhancing our operational efficiency and constantly developing strategies to successfully mitigate foreseeable risks. Amidst such tough times, it is our endeavour to increase the capacity utilization to the possible extent and to remain operationally efficient. Our emphasis is on strategically improving performance in the post-pandemic period. Owing to our strong presence in the international market, we have continued exporting goods and the sale has reached almost normal levels. Domestic sales are also reviving gradually as the lifting of lockdown continues in phases.

In FY 2019-20, we fared well and our company delivered a decent performance with revenue of Rs. 6,325.15 crores. We registered a net profit of Rs. 545.49 crores, while our EBITDA stood about 17%. The lockdown imposed due to the COVID-19 pandemic significantly impacted production and sales, resulting in subdued performances in the last quarter.

Resting on our sound strategies and our identity as a viable brand, we remain committed to overcoming hurdles and lay the foundations for prolonged growth and development in the years ahead.

Regards,

Suchita Jain
Vice-Chairperson and Joint Managing Director

Neeraj Jain
Joint Managing Director

CONSISTENTLY DELIVERING VALUE

Our capital inputs

Financial

We use revenue generated from our operations and debt-funds to run our business and augur growth

Capital Assets

We regularly invest in our plant and equipment to sustain demand and widen our product offerings

Intellectual

Our brand value, technical knowhow and research & development form an integral part of our business

Human

Our diverse set of people across our area of operations, with varied skill sets help us to grow our business

Social & Relationship

Our inclusive approach to address the needs of our stakeholders and fulfill our commitments

Natural

We work towards optimum utilization and minimal wastage of natural resources within our areas of operation

Our processes

Operations

We are the largest manufacturer of hand knitting yarn in India and a leading manufacturer and exporter of cotton yarn and fabric in India. Our exports are spread across more than 55 countries across the globe.

17
Manufacturing units

7
Offices

LARGEST
Spindles count in the country

Research & development

Our team of experts strive to develop solutions that are benchmarked globally

RS. 45.93 CRORE
Spent towards R&D in the past 5 years

Raw Materials

Our integrated business model as well as long-term contracts with vendors help us source the finest quality raw materials

RS. 3,332.63 CRORE
Cost of raw materials consumed

Our processes

Manufacturing

Our expansive geographic presence, with state-of-the-art manufacturing units in India, enable us to develop futuristic products for a diverse customer base.

RS. 2,544 CRORE

Capital expenditure incurred in last five years

Diverse product portfolio

Our diverse product portfolio not only meets diverse customer needs, but also strives to exceed expectations.

605 MT

Yarn produced per day

3.88 LAKH METERS

Processed Fabric produced per day

WIDE

Range of yarn & fabric produced as per clients' requirement

Customers

Our constant focus to deliver superior quality and innovative products has made us a preferred choice for customers across the globe. We constantly strive to maintain and improve the quality of our product, adapt to changing needs and requirements and offer a diversified portfolio under one roof.

58

Countries of presence

Outcomes in form of value creation

₹6,325.15 CRORE

Revenue from operations

RS. 545.49 CRORE

PAT

7.67%

YoY growth in processed fabric volume

3.18%

YoY growth in yarn volume

STRONG

Brand Equity

5+

Decades of experience

RS. 550.98 CRORE

Employee remuneration

7,254

Permanent Female Employees

RS. 19.26 CRORE

CSR spend

2,55,706

People benefitted

OPTIMAL

Utilization of natural resources

PROPER

Disposal and recycle of waste generated

25,000

Saplings planted

CSR AT VARDHMAN

Vardhman as a responsible corporate entity, emphasises on value addition and constructive contribution to the development of society.

With the intent to provide the marginalized sections of society with better living conditions, the right to education and access to quality healthcare facilities, we continuously strive to improve the infrastructure of schools, hospitals and communities that host us.

Our focus areas include -

- Education
- Healthcare
- Rural Development
- Environment

Education

Education is the means to true empowerment. Besides improving the socio-economic status and uplifting the living standards, it creates a plethora of employment opportunities and strengthens the prospects for a better life. Through quality education, one can not only rewrite his/her destiny but can also reshape society for better.

With the intent of facilitating the education of children belonging to underprivileged sections of society, we started Vardhman School Development Program (VSDP). Under the program, we emphasise on developing the infrastructure of government schools and facilitating an environment that fosters learning. We have constructed classrooms, toilet blocks and computer labs and provided schools with necessary furniture and water coolers with purifiers. To promote quality education, we are also providing scholarships to deserving students, particulary to young girls.

Vardhman Block at Govt. High School, Lohara, Ludhiana

Foundation Stone Laying Ceremony of Government Senior Seconday School, Ladhowal by DC Ludhiana Sh. Pradeep Aggarwal and CMD Sh. S.P. Oswal

School Building constructed under Vardhman School Development Program - Government Excellence Higher Secondary School, Obedullaganj, Mandideep, MP

In FY 2019-20, under Vardhman School Development Program, we constructed 10 Classrooms and Separate toilets block at Government Sr. Sec. School, Sekhewal, Ludhiana. Besides, 16 well equipped classrooms and 4 toilet blocks were constructed at Govt. Excellence Higher Secondary School, Obedullaganj, Mandideep, Himachal Pradesh.

Under the same program, the construction of a school block comprising of 10 classrooms, equipped with separate washrooms for girls and boys was initiated at Government Senior Secondary School, Ladhowal, Ludhiana, Punjab.

District Education Officer Ms. Swarjit Kaur welcoming Sh. S.P. Oswal, CMD Vardhman Group at Foundation Stone Laying Ceremony of Government Sr. Sec. School, Ladhowal

In Odisha, the construction of girls hostel is underway at Auro Vidya Mandir. The infrastructure of Sri Aurobindo College of Commerce & Management, Ludhiana, Punjab is also being upgraded. We also provided Computer systems to a school in Malerkotla, Punjab along with making provisions for student desks at Government schools of Mandideep, Madhya Pradesh and Ludhiana, Punjab.

Students availing classroom facilities provided under Vardhman School Development Program, Government Sr. Sec. School, Kasabad, Ludhiana

Furthermore, financial aid was provided to NGO DARPAN, working for autistic children, for the construction of a school building in Ludhiana and to NGO OELP (Organization for Early Literacy Promotion) to run five remedial learning centres at Ajmer, Rajasthan. Financinal aid was offered to another NGO named CHETNA for the construction of a Research and Rehabilitation centre in Bilaspur, Himachal Pradesh. The NGO is working for differently-abled children.

Key Highlights for FY 2019-20

4
States covered (Punjab, MP, HP and Odisha)

21
Schools covered under VSDP

31
Toilet Blocks constructed

15
Computer Systems provided

106
Classrooms constructed

7
Water coolers with purifiers installed

1120
Student's Desks provided

MORE THAN 18500
Students benefitted

HealthCare

Availability and accessibility to Healthcare facilities is vital to human life. Patients in small cities often rush to bigger cities for treatment owing to unavailability or inadequacy of medical facilities. To strengthen the healthcare infrastructure of hospitals situated in the vicinity of our manufacturing units, we provide them with advanced medical equipment from time to time, besides the financial contribution to the treatment of poor patients. The health institutions we support are primarily government and trust-run hospitals working for the marginalized sections of society.

Furthermore, we put great emphasis on generating awareness about health issues, personal hygiene, healthy living conditions etc. and for the same, regular health check-up and blood donation camps are organized to improve the health of people.

Health Check-up Camp- Budhni, Madhya Pradesh

Medical equipment including YAG Laser Machine, Auto Ref/Keratometer, Operation Microscope, Biochemistry Analyser, CBC Machine, and Non-Contact Tonometer etc. were provided to Bhagwan Mahavir Charitable Hospital, Lachaur, Jamui Bihar.

We also provided an Ultrasound machine and Labour Table to Community Health Centre Janjheli, Mandi Himachal Pradesh. No such facility was earlier available in a periphery of 100 kilometres of the region and it will benefit a population of 70000, residing in this far-flung area.

Community Volunteering Blood Donation Camp organized at Vardhman Textiles Limited, Ludhiana

In FY 2019-20, Grants were given to Christian Medical College & Hospital (CMCH) Ludhiana, Post Graduate Institute of Medical Education & Research (PGIMER) Chandigarh, Dayanand Medical College & Hospital (DMCH) Ludhiana and Indian Association of Muscular Dystrophy (IAMD) Solan, Himachal Pradesh.

Inauguration of Ultrasound facility at CHC Janjehli, Himachal Pradesh by Hon’ble Chief Minister Sh. Jai Ram Thakur

Hon’ble CM Sh. Jai Ram Thakur Inaugurating Ultrasound Machine, CHC Hospital, Janjehli, Mandi, Himachal Pradesh

Other hospitals supported with medical equipment this year are –

- Vijayanand Diagnostic Centre, Ludhiana, Punjab
- Government Hospital, Budhni, Madhya Pradesh
- District Hospital, Raisen, Madhya Pradesh
- Community Health Centre Baddi, Himachal Pradesh
- Christian Medical College & Hospital (CMCH) Ludhiana, Punjab

Project Nandini

To spread awareness about Menstrual Hygiene Management (MHM) and to break the taboo around periods, we launched Project Nandini in different government schools of Ludhiana. Awareness sessions and health awareness camps were held to help young girls understand the biological process and break the myths associated with menstruation. Sanitary napkin vending machines and incinerators for safe disposal of napkins were installed in schools, to make hygienic sanitary napkins accessible and affordable.

School girl utilizing the sanitary napkin vending machine facility at Government High School, Lohara, Ludhiana

In the first phase of this project, 3500 girls received awareness training on MHM & 6000 students & community members were educated through five educational events organized under Gayan Vigyan Mela.


Girls in an interactive training session on Menstrual health and hygiene management under Project Nandini.

Launch and Inauguration of Project Nanidni at Guru Nanak Dev Bhawan, Ludhiana

Contribution to combat COVID-19

To support central and state governments in their efforts to fight the COVID-19 pandemic, a contribution of ₹ 2 crores was made to the PM CARES FUND (Prime Minister Assistance and Relief in Emergency Situations Fund) along with contributions to government relief funds in the states of Punjab, Himachal Pradesh, Madhya Pradesh.

₹1 crore was also donated to the Punjab government, wherein ₹50 lakh was directly given to the Chief Minister's relief fund, another ₹50 lakh was used for supplying critical medical supplies to government hospitals. Another ₹1 crore was contributed to the Chief Minister's relief fund in Madhya Pradesh, and an amount of ₹50 lakh was given to the relief fund in Himachal Pradesh.

Post Graduate Institute of Medical Education & Research (PGIMER) Chandigarh was also provided with ₹25 lakh for the treatment of corona patients belonging to BPL/marginalized sections. We also provided COVID-19 testing equipment to MG Memorial Hospital, Indore and aided the expansion of Isolation & Ventilation facility in Christian Medical College & Hospital, Ludhiana.


मुख्यमंत्री शिवराज सिंह चौहान ने वर्धमान के इस उच्च कार्य के लिए दिया धन्यवाद

वर्धमान समूह ने दी मध्य प्रदेश सरकार को कोविड टेस्टिंग मशीन

जागरण बुधनी । वर्धमान समूह द्वारा मध्य प्रदेश सरकार को 1 करोड़ पहले सहायता करने करने के बाद फिर से 35 लाख रुपए की लागत की वायरल आर. एन.ए. एक्सट्रैक्शन कि फार कोविड टेस्टिंग मशीन एवं डीएनए-आरएनए एक्स्ट्रैक्टर उपलब्ध करवाए गए। यह मशीनों का एवं टेस्टिंग किट्स आई सी एम आर द्वारा मान्यता प्राप्त 04 शासकीय लेबोरेटरीज में उपयोग किया जाएगा। जैसा कि सभी जानते है काविड-19 का प्रकोप पूरे विश्व में फैला है। इस कड़ी में भारत में भी दिनों दिन करोना मरीजों के आंकड़े बढ़ते जा रहे है। मध्यप्रदेश में अब तक लगभग 2000 से ज्यादा लोग कोविड-19 से ग्रसित हो चुके है। इंदौर एवम् भोपाल में सबसे ज्यादा कारोना मरीज निकाल कर सामने आ रहे है। इससे निपटने के लिए सरकार के पास भी सीमित संसाधन उपलब्ध है। कोविड 19 के मरीजों की पहचान एवम् उसके उपचार के लिए विश्व स्वास्थ्य संगठन एवम् भारत सरकार द्वारा टेस्टिंग बढ़ाने पर जोर दिया है। वर्धमान समूह के चेयरमैन पद्मभूषण एसपी ओसवाल द्वारा मध्यप्रदेश के लिए उपरोक्त मशीन एवम् किट्स प्रदत्त करने का निर्णय लिया गया जिसे मध्य प्रदेश के मुखिया शिवराज सिह चौहान द्वारा सराहा गया एवम् मध्य प्रदेश लोकेशन के डायरेक्टर एस पाल को इस उच्च कार्य के लिए धन्यवाद किया। बुधनी वर्धमान ग्रुप के जीएम टीसी गुप्ता वरिष्ठ अधिकारी दिनेश केटी एवं अजय शर्मा ने बताया कि कोविड-19 लड़ाई में वर्धमान ग्रुप निरंतर सहयोग कर रहा है।

Besides the financial support, looking at the acute shortage of medical supplies, the Company supplied masks and PPE kits to the local government / other hospitals, local administration and NGOs.

Key Highlights for FY 2019-20

18
Health Check-up Camps organized

14
Villages Covered

2700
Villagers Examined

Medical Equipment & Other Supports

4
States (MP, HP & Punjab) & 1 Union Territory

16
Health Institutions benefitted

205506
Beneficiaries impacted

RS. 5.46 CR
Worth of medical equipment provided

RS. 4.75 CR
Contributed for COVID-19

RS. 1.52 CR
Contributed to Poor Patients Fund

Rural Development

We continuously strive to bridge the access gap and minimize the struggle rural communities face for fundamental needs like safe drinking water, sanitation, hygienic living conditions, healthcare facilities etc.

To ensure availability of safe drinking water, 5 Bore wells and 3 handpumps were installed in Devgaon, Pilikarar, Holipura and Maukala Villages of Budhni, Madhya Pradesh. We also constructed public toilets and 8 bus shelters in Malerkotla, Punjab along with 3 bus shelters in Budhni, Madhya Pradesh.

Women sowing cotton seeds under Project Pragati, Gujarat

Shelter and waiting area for bus passengers, Budhini- Rehti Highway, Budhni Madhya Pradesh.

To empower farmers, we run Project Pragati under the Better Cotton Initiative. In 2019-20, 80 villages and about 14000 farmers were benefitted under this project. A financial contribution of ₹10 lakh was provided to Cotton Development & Research Association (CITI-CDRA) for conducting research and promoting Extra Long Staple (ELS) cotton in Madhya Pradesh (M.P.)

BCI Experts meeting and training the local farmers under Project Pragati, Gujarat

Key Highlights for FY 2019-20

5
Borewells installed

3
Hand Pumps installed

11
Bus Shelters constructed

29000
Villagers Benefitted from CSR initiative

Rural Development

We understand our responsibility towards the planet and emphasise on judicious utilization of resources. We advocate environmental sustainability and are committed to re-cycle and re-use, wherever possible. One of our Sustainability Goals - draw as less as possible and replenish as much as possible, drives us to efficiently manage our sustainability endeavours.

Our initiatives for environment protection are focused on the development of biodiversity parks, protection of flora and fauna, conservation of natural resources, restoration of damaged green areas, development of new green belts and installation of solar street lights etc.

Snapshot of Street Play under Anti-Polythene Bags Campaign, Baddi Himachal Pradesh

In FY 2019-20, we organized rallies and awareness campaigns to address the issue of rampant usage of plastic and polythene bags. While spreading awareness about reducing pollution, we also planted 25000 saplings in Budhni, Mandideep and Ludhiana this year. For the plantation drive, we engaged students from different government schools, representatives of local communities, our employees and administration.

Rapid Action Force personnel participated in Vardhman Plantation Campaign, Bhopal, Madhya Pradesh

Key Highlights for FY 2019-20

25,000

Saplings planted

3

Awareness Campaigns organized

9

Villages and

59

Governments Schools participated in plantation drive

School students participated in Vardhman Plantation Campaign, Madhya Pradesh

BOARD OF DIRECTORS

Mr. Shri Paul Oswal, aged 78 years, is the Chairman and Managing Director of our Company. He holds a Masters degree in Commerce (Gold Medalist) from Panjab University, Chandigarh. He has an experience of more than 53 years in Textiles Industry. Under his leadership Vardhman Group has achieved manifold growth in its textile business. Keeping in view his contribution to the Trade and Industry, he has been conferred with Padma Bhushan award by the Govt. of India.

Mrs. Suchita Jain, aged 52 years is the Vice-Chairperson and Joint Managing Director of our Company. She holds a degree in Masters in Commerce from Panjab University, Chandigarh. She is having experience of more than 27 years in Textile Industry. She was instrumental in starting Fabric manufacturing (both grey and processed).

Mr. Neeraj Jain, aged 53 years, is the Joint Managing Director of our Company. He holds a Bachelor's Degree in Commerce and is a qualified Chartered Accountant as well. He has an experience of more than 28 years with the Group in finance and yarn business.

Mr. Prafull Anubhai, aged 82 years is an Independent Director of our Company. He holds a Bachelor's Degree in Commerce and is B.Sc. (Economics Honours) from London University. He is a Business Consultant having experience of more than 47 years. He is associated with educational and research institutions like Indian Institute of Management (IIM, Ahmedabad). He is the Chairman of the Board of Management of the Ahmedabad University.

Mr. Sachit Jain, aged 54 years, is the Non-Executive Director of our Company. He holds a Degree in B.Tech (Electrical) from IIT, New Delhi and MBA (Gold Medalist) from IIM (Ahmedabad). He has also studied Financial Management from Stanford, USA. He had started his professional career with Hindustan Lever in 1989 before he joined Vardhman Group. He has a rich Experience of over 30 years in Textile and Steel Industry.

Mr. Darshan Lal Sharma, aged 71 years, is the Non-Executive Non-Independent Director of our Company. He holds a Bachelor's Degree in Science (Engineering) and is an MBA from Punjab Agricultural University as well. He has an experience of more than 45 years as a Business executive in Textile Business.

Dr. Subash Khanchand Bijlani, aged 77 years, is an Independent Director of our Company. He holds a Degree in Bachelor's of Science in Technology (Mechanical Engineering) from University of Manchester Institute of Science and Technology, U.K., Post Graduate Diploma in Computer Management, Mumbai University, Post Graduate Diploma in Finance Panjab University and Doctorate in Management (D.M.) from Maryland, USA. He has industrial and business experience of more than 55 years.

Mr. Ashok Kumar Kundra, aged 77 years, is an Independent Director of our Company. He holds a Master's Degree in Economics from Panjab University, Chandigarh and PhD from School of International studies, Jawahar Lal Nehru University. He joined Indian Administrative Services (IAS) in 1966 and retired in 2003. He has over 46 years of experience in Central Govt. ministries and various departments in the State of Panjab.

Mr. Devendra Bhushan Jain, aged 77 years, is one of the Independent Directors of our Company. He holds a Bachelor's degree in Sciences (B.Sc.) and has experience in the field of marketing.

Mr. Rajendra Mohan Malla, aged 67 years, is one of the Independent Directors of our Company. He holds Master's Degree in Commerce, Master's Degree in Business Administration (Finance) and CAIIB. He is an eminent Banker having rich experience in Banking and Finance field.

Dr. Parampal Singh, aged 47 years, is one of the Independent Directors of our Company. He holds Master's Degree in Science (Hons. – Microbiology), Master's Degree in Business Administration (Marketing) and Ph.D. in Marketing.

Mrs. Harpreet Kaur Kang, aged 46 years, is one of the Independent Directors of our Company. She holds Master's Degree in Journalism from College of Humanities, Punjab Agricultural University, Ludhiana. She has also done an Advance Business Program in International Business and International Marketing from Harvard University, USA.

Management Discussion & Analysis

Business Outlook

The global economy, which was facing headwinds due to structural barriers in international trade from last couple of years mainly due to USA-China trade tensions, got severe jolt of COVID-19 led crisis. This led to drastic reduction in all kind of economic activities of consumption and investment leading to damping of consumers', investors' and industry's sentiments. Even government of different countries are getting worried to build full gamut of economic and social crisis and finds ways to come out of it.

The global economy grew by 2.9% in CY 2019, recording its weakest pace since the global financial crisis of 2008. The global economy is projected to contract by 4.9% in CY 2020. This contraction is primarily led by the outbreak of Covid-19 and chiefly attributed to demand destruction. Indian economy, being fully integrated with the world economy, cannot escape from the economic crisis and may observe a significant contraction in GDP for FY 2020-21.

As a consequence of slow down, like other sectors, the overall textile consumption in world shrinked as reflected from the declining textiles and clothing imports in USA and other leading importing markets like EU and Japan also. Though, it is difficult to estimate likely drop in T&C Trade volume but recent data of USA T&C import trends shows decline of more than 18% of T&C imports from world (during Jan-April 2020). Import from China declined by 41% and imports from India declined by 8% during same period. Decline in US T&C imports will lead to overall disruption in Global supply chain.

As world textile industry is highly globalised and linked through supply chains, the exporting countries like China, India, Bangladesh, Vietnam etc. are likely to face serious shortfall of demand and would intensively compete with each other for market share. As a natural outcome of lower demand for textile products, production would be cut leading to lower utilization of existing capacities. In order to ensure adequate capacity utilization, the textile firms in exporting economies will compromise on margins and stress on financials will be further increased. Amidst this situation, special discounts are being offered by retailers to clear inventories, which shows the jittery among retailers. This situation will continue till a substantial reduction in capacity happens. Alternatively, situation may improve in near future pulling the demand for textile products. In the present situation, both events are likely to happen in sequence.

Indian textile industry exports about 50% of its output in various forms. For the recent trends, it is likely that India's textiles and clothing exports may decline by 15%-20% in FY

2020-21 over 2019-20. However, it is hearting to note that cotton yarn has shown remarkable recovery and reach to about 100 mn kg exports per month, which equal to previous levels of FY 2019-20. But this growth happens with reduction in margins to keep the capacity running, however, the similar recovery is not seen in other textile products.

Being part of global supply chain and exporting about 1/3rd of its total capacity, Vardhman's performance has also been affected due to COVID-19. Due to Central/State Government policy, lockdown led production stoppage then restarting the same with severe restrictions has affected the Company's production schedules. However, being financially sound, Vardhman has successfully escaped any financial stress due to COVID-19 situation but constrained by the slow down in demand for yarns and fabrics. During last year, the Company added about 1 lac spindles in its spinning capacity to increase the supply of cotton yarn to domestic and export market. Due to COVID-19, the demand for cotton yarn declined in both markets, however, the export market for cotton yarn revived significantly as compared to the domestic market. Taken together, we are able to utilize about 80% of our spinning capacity as of now. Similarly, the Company has also expanded the fabric production capacity in FY 2019-20. However, COVID-19 generated stress for fabric capacity utilization due to absence of matching demand. Now, the fabric business is picking - up gradually based on the increase in the export of fabric and garments and we hope to recover to a large extent before the end of the current financial year.

Global and Domestic Cotton Scenario

World cotton outlook :

- World cotton production is projected to be lower by about 3.4% at 25.85 million tons in the year 2020-21 against the 26.77 million tons produced in the year 2019-20. The lower production is projected mainly because of the lower area put under cotton sowing in the year 2020-21 as compared to the previous year.
- Amid the trade uncertainties and Outbreak of the COVID-19, World cotton consumption is projected to be at 24.91 million tons for the year 2020-21 against 22.35 million tons in the year 2019-20. However, it is quite lower as compared to normal cotton consumption which was 26.20 million tons in 2018-19. Cotton consumption in 2019-20 was significantly lower because of the closure of the economies worldwide, which has led to less demand of textile products world over.

Indian Cotton outlook

- India's textile industry is mainly cotton based, therefore, it plays a major role in the Indian Economy. Indian Govt. announced hike in the Minimum Support Price of the seed cotton by 5% from ₹ 5,500 per quintal to ₹ 5,775 per quintal for the cotton year 2020-21 which has encouraged the farmers to sow more area under cotton. The area under cotton cultivation in the year 2019-20 in India was about 12.5 million hectares which is likely to increase to 12.8 to 12.9 million hectares in the year 2020-21.
- Indian cotton prices in the year 2020-21 will also depend largely on the government policy of MSP implementation i. e. Procurement through CCI or directly transfer of the subsidy to the farmer.
- The cotton consumption in the year 2019-20 is projected to be at 280 lakh bales against the 312 lakh bales consumed in last year. The consumption is estimated to remain lower mainly because of the outbreak of the COVID-19 which resulted in to lock down of operations in the country for almost one and half month and lower under capacity utilization by the textile mills after getting permission from the Government for resumption of the operations.
- Export of cotton is estimated to be 47 lakh bales in 2019-20 against 42 lakh bales in 2018-19.
- The raw cotton imports are likely to be at 15 lakh bales.
- Production of Indian cotton for the year 2020-21 is projected to be increased mainly because cotton farmers expect higher yields in the current year as Indian metrology department has forecasted near normal monsoon for India this year.

Financial Review

(Figure in ₹ crores)	FY 2019-20	FY 2018-19	Change (%)
Revenue from Operation	6,325	6,416	-1.39
Operating Profit (EBITDA)	1,055	1,350	-21.85
Finance Cost	133	118	12.47
Depreciation Cost	319	242	32.19
Profit Before Tax	603	990	-39.11
Profit After Tax	545	696	-21.61

Financial Ratios

Particulars	FY 2019-20	FY 2018-19	Change (%)
Debtors Turnover (No. of Days)	46	43	5.67
Inventory Turnover (No. of Days)	145	139	4.07
Interest Coverage Ratio (Times)	6.98	9.39	-25.69
Current Ratio (Times)	7.17	7.27	-1.42
Debt Equity Ratio (Times)	0.39	0.43	-9.27
Operating Profit Margin (percent)	16.68	21.04	-20.75
Net Profit Margin (percent)	8.62	10.85	-20.50
Return on Net worth (percent)	9.63	13.28	-27.52

Return on Net worth decreased mainly on account of decrease in the net profits of the Company during the financial year 2019-20. Further, the decrease in the interest coverage ratio is also because of decrease in the EBITDA of the Company during the financial year 2019-20.

Capex Scheme

As reported earlier, the Company had planned a capex of ₹ 1,400 crore for yarn and fabric business, by 2020. The capex involved adding up of about 100000 spindles, on the yarn side and setting-up of 3rd processing line at Budhni and 275 looms, on the fabric side. During the financial year 2018-19, the Company incurred a capex of ₹ 800 crore. During previous financial year 2019-20, the Company has smoothly completed its abovesaid planned capex.

Business Responsibility Report

About Vardhman

Vardhman Textiles Limited (VTXL) is the flagship company of Vardhman Group with diverse operations across sectors. Vardhman's humble beginning dates back to 1965 when the Group started its first manufacturing unit at Ludhiana in the state of Punjab with 6000 spindles and is today one of the largest textile companies of India manufacturing Cotton Yarns & Fabrics.

Through its integrated operations across textile value chain from Cotton to Fabric and to Garments, it touches lives of millions of people and assures quality product and services to its customers.

About This Report

The Securities and Exchange Board of India (SEBI) as per its (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated the inclusion of a "Business Responsibility Report" (BRR) as part of Company's Annual Report for top 1000 listed entities based on market capitalization at the BSE LIMITED (BSE) and the National Stock Exchange of India Ltd. (NSE). The reporting framework is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' released by the Ministry of Corporate Affairs, Government of India, in July 2011 which contains 9 Principles and Core Elements for each of those 9 Principles. Following is the Business Responsibility Report of our Company based on the format suggested by SEBI. Detailed Business Responsibility Report for 2019-20 (available at: www.vardhman.com) is based on the 9 Principles enshrined in the NVGs.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	: L17111PB1973PLC003345
2.	Name of the Company	: Vardhman Textiles Limited
3.	Registered address	: Vardhman Premises, Chandigarh Road, Ludhiana- 141010.
4.	Website	: www.vardhman.com
5.	E-mail id	: secretarial.lud@vardhman.com
6.	Financial Year reported	: 2019-20
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	: Textiles, NIC Code 131
8.	List three key products/services that the Company manufactures/ provides (as in balance sheet)	: Yarn and Fabric
9.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	: The Company has 2 Liaison offices at Hong Kong and Bangladesh
	(b) Number of National Locations	: 17
10.	Markets served by the Company – Local/State/National/International	: National / International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR): ₹ 57.52 crore
2. Total Turnover (INR): ₹ 6,325.15 crore
3. Total profit after taxes (INR): ₹ 545.49 crore
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 3.53%
5. List of activities in which expenditure in 4 above has been incurred: Refer to Summary of CSR initiatives on page 55 - 59

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? Yes

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s): No

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]: No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR: The Board Business Responsibility Committee is responsible for the implementation of the BR policies.

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN Number: 00340459
2. Name: Mr. Neeraj Jain
3. Designation: Joint Managing Director

(b) Details of the BR head

S. No.	Particulars	Details
1	DIN number	00340459
2	Name	Neeraj Jain
3	Designation	Joint Managing Director
4	Telephone number	0161-2228943
5	Email id	neerajjain@vardhman.com

PRINCIPLE - 1
Corporate Governance for Ethics, Transparency and Accountability

PRINCIPLE - 2
Sustainability of Products & Services across Life-cycle

PRINCIPLE - 3
Employee Well-being

PRINCIPLE - 4
Stakeholder Engagement

PRINCIPLE - 5
Human Rights

PRINCIPLE - 6
Protection and Restoration of the Environment

PRINCIPLE - 7
Responsible Advocacy

PRINCIPLE - 8
Supporting Inclusive Growth and Equitable Development

PRINCIPLE - 9
Providing Value to Customers and Consumers

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify?	N	Y ISO 14001:2015 OHSAS 18001:2007	Y OHSAS 18001:2007	Y OHSAS 18001:2007	Y OHSAS 18001:2007	Y ISO 14001:2015 OHSAS 18001:2007	N	Y	N
4.	Is it a board approved policy? If yes, has it been signed by MD /owner /CEO /appropriate Board Director?	Y, BOD	Y, CEO	Y, BOD	Y, BOD	N	Y, CEO	N	Y, BOD	N
5.	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	N	Y	N
6.	Indicate the link for the policy to be viewed online	Refer Below								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have an in-house structure to implement the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy to address stakeholders' grievances related to the policy?	Y	Y	Y	Y	Y	Y	N	Y	Y
10.	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	N	Y	N

(b) If answer to the question at serial number 1 against any principal, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles					NA				
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within the next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

Annually

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes. The hyperlink for viewing the same is https://www.vardhman.com/user_files/investor/BRR_2019-20.pdf. It is published annually in the Annual Report.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Corporate Governance for Ethics, Transparency and Accountability

We are committed to adopting the best corporate governance practices as manifested in the Company's functioning to achieve business excellence by enhancing the long term shareholder's value. Efficient conduct of the business of the Company through commitment to transparency and business ethics in discharging its corporate responsibilities are hallmarks of the best practices being followed at Vardhman.

The composition of the Board of Directors of the Company is governed by the Companies Act, 2013 and SEBI Regulations 2015. As on March 31, 2020, the Company has 12 directors on its board (including the Chairman), of which 7 are independent, 3 are non-independent, 2 are non-executive non-independent directors.

To ensure accountability and monitoring, the Board has constituted various committees such as: Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility (CSR) Committee and Stakeholders' Relationship Committee. The committees meet periodically during the year to supervise, review performance and advice on the necessary direction to be taken.

Code of Conduct: Vardhman has its Code of Conduct which extends to all directors and senior employees of Vardhman which aims at maintaining highest standards of business conduct in line with the Ethics of the Company, provides guidance in difficult situations involving conflict of interest & moral dilemma and ensures compliance with all applicable laws. All senior employees have to read and understand this code and agree to abide by it.

The Code of Conduct is available at the company's website link https://www.vardhman.com/investor-desk#!company_information under the title **'Policies- Code of Conduct.'**

Vigil Mechanism/ Whistle Blower Policy: The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Uniform Listing Agreement aims to provide a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman/ Chairman of the Audit Committee in exceptional cases.

The vigil Mechanism/ whistle blower policy is available at the company's website link https://www.vardhman.com/investor-desk#!company_information under the title **'Policies- Vigil Mechanism.'**

Principle 2: Sustainability of Products & Services across Life-cycle

The Sustainable Business Model and the framework driving towards identifying and implementation of strategies that add value to the lives of numerous people linked, directly or indirectly, with the organization is a core strength of Vardhman. The image of Vardhman Group and its position in the society has been developed by proactively and effectively fulfilling our responsibility towards the world around us. The three facets of sustainability namely – social, environmental and economic play a pivotal role in formulating our plan of action. A blueprint developed in compliance with national and international standards for the industry, emphasising on initiatives towards Sustainable growth and development maps our journey.

This works with a long-term perspective, objectivity and apt understanding of the impact of choices made. Vardhman's Sustainability Drive, backed with innovation, is one of several initiatives to broaden the perspective towards Sustainable development.

Responsible Sourcing of Raw Material

Cotton is a natural fibre grown in the farms. Cultivating cotton involves skill as well as preparation. Testing soil for fertility, climatic conditions, geographic factors etc. is crucial to the production of this natural fibre. What is more challenging is to retain the fertility of the land where it is produced and ensure quality of the yield with every produce.

To combat these challenges, initiatives like Better Cotton Initiative, Organic Cotton, Fair-trade Cotton, Cotton made in Africa, Recycled Cotton, Artificial fibres etc. are on-going with the goal to improve the yield, introduce modified cultivating practices, reduce production cost, minimize the use of harmful pesticides and inorganic fertilizer, conserve natural resources like soil and water, provide decent working conditions and the right price of produce to the farmers.

Rural Development

The spirit of India lies in its villages and without the development of rural India, the growth of the country can only be partial. Project Pragati is one of the primary rural development programs run under Better Cotton Initiative under which several villages have been adopted and thousands of farmers trained to increase the yield. The project not only offers livelihood to people in these villages but also an opportunity to connect with mainstream economy. Women and child care is also an important aspect of this project and every year we aim at bringing further improvements under this initiative. We constantly strive to offer healthcare facilities, education, hygienic living conditions and ample opportunities to people living in villages.

For encouraging and promoting the cultivation of Extra Long Staple (ELS) cotton in Madhya Pradesh (M.P.) which in turn would empower farmers, financial contribution was made to the Cotton Collaborative Project of Confederation of Indian Textile Industry - Cotton Development & Research Association (CITI-CDRA) to conduct research and identify better practices to increase the yield of ELS.

As a part of several sustainable cotton programs, run by global stakeholders, Vardhman Textiles consciously ensures that more than 15% of cotton sourcing is done from the sustainable cotton programs.

Better Cotton Initiative

BCI is an approach to make cotton a sustainable commodity. The initiative aims are ensuring optimum use of resources, profitability for the producers and maintaining the soil's fertility. The quality of cotton fibre relies highly on the crop management practices as contamination at initial level can prove to be harmful. This initiative caters to the agricultural, social, environmental and economic aspects besides promising prosperity to the textile industry.

Global standards, practices adopted by BCI farmers help

- minimizing the harmful impact of crop protection practices
- promoting water stewardship
- caring for health of the soil
- enhancing biodiversity and using land responsibly
- caring for and preserving fibre quality
- promoting decent work
- operating an effective management system

Project Pragati

While BCI came into being in 2010, the adoption of villages by Vardhman started as early as 2003. Researchers and experts from Junagarh University and Krishi Vigyan Kendras were engaged to educate farmers about cultivating cotton crop long before BCI was formed. Punjab Agriculture University also came forward for the cause. In 2015, the initiative was given a proper framework and project Pragati was launched. The implementation of BCI's crop management practices was first done in Gujarat. Starting with one Producer Unit (PU), 9 villages, 1758 farmers and 3787 hectares of land, this project witnessed significant growth over the years.

Year	2016-17	2017-18	2018-19	2019-20
Producer Unit	3	3	3	5

Year	2016-17	2017-18	2018-19	2019-20
Villages	47	48	51	80
Farmers	8327	9456	10047	13949
Learning Groups	223	252	268	379
Land	14719 hectares	15973 hectares	18254 hectares	24173 hectares
Licence	3 year	Undergoing	Undergoing	3 PU get 3 year & 2 PU get 2 year
Production of BCI Bales	60,660	75,548	88,427	1,01,000

The activities implemented under this project are:

1. Creating awareness among the farmers and training them on various subjects like sowing techniques and optimum use of water etc.
2. Testing soil to understand the actual requirement of fertilizers/pesticides for the land.
3. Field demonstrations to show the difference between the yield from conventional methods and BCI methods.
4. Training the farmers to use personal protective equipment (PPE) to prevent any hazardous effect of pesticides.
5. Involving women in mainstream economy and spreading awareness about the importance of education, child labour etc.
6. Keeping the environment clean and green by planting trees and painting the walls with beautiful messages in villages.
7. Distributing cotton bags to farmers to reduce contamination while picking the crop in fields.

Organic Cotton

Other than BCI, we source organic cotton that is grown without using any chemical fertilizers or pesticides, on land where the use of chemicals is abandoned for at least three years and from plants which have not been genetically modified. We have Organic Yarn certifications such as

- GOTS (Global Organic Textile Standard)
- OCS (Organic content Standard)
- GRS (Global Recycle Standard)

Recycled and Manmade Fibres

Cotton, Polyester and other fibres are recycled to minimize the waste. In addition to the fibres purchased from outside, we have processed more than 1350 tons of waste in FY 2019-20 to create recycled products.

Quality	In Metric Tons	Basic Value (In Lac)
Organic	Approx. 11510	Approx. 12900
BCI	Approx. 44820	Approx. 49302
Recycled Cotton	Approx. 60	Approx. 55
Recycled Polyester	Approx. 2900	Approx. 2175

Artificial fibres like Lenzing Modal and Tencil are renewable fibres made with an efficient close-loop technology. These fibres have negligible impact on environment as compared to their alternatives. Committed to sustainable forestry, these fibres are made with green technology and mark themselves as the future of textile industry. Major benefits of these manmade fibres are:

1. These fibres are made with wood pulp from trees which have the potential to rejuvenate themselves.
2. No chemical fertilizers or artificial irrigation facility required.
3. The raw material is sourced from sustainably managed semi-natural forests which become home to bio-diversity.
4. Low Chemical and Carbon footprint.
5. Fully biodegradable and compostable fibre.
6. Enhanced durability and lifetime of product.
7. Minimal Waste.

Water

Water, being a resource without which life cannot survive on Earth, remains our major priority in terms of sustainability measures undertaken by us. To ensure proper treatment of waste water and its safe discharge, we monitor the effluent quantities and treat to keep them well-within the standards set by Central and State Pollution Control Boards.

Water Treatment

We have 3 Effluent Treatment Plants (ETPs) and 8 Sewage Treatment Plants (STPs) which utilize advanced technology to annually treat about 5.65 million KL and 1.35 million KL of waste water respectively. The treated water at Budhni is recycled and reused, saving about 3.25 Million KL of fresh water annually. At Baddi, about 3.0 million KL of effluent from three units - Auro Textiles, Auro Textiles- 2 and Auro Dyeing is sent to Common Effluent Treatment Plant (CETP) for treatment.

Water Recycle and Reuse

99% Water Recovery and Zero Chemical Treatment: At our largest integrated facility at Budhni, we have installed a Zero Liquid Discharge (ZLD) System with an Effluent treatment capacity of 11,000 KLD. This treatment plant at Vardhman

Fabrics, Budhni works solely on Bio-oxidation process. Despite the fact that there is no chemical treatment performed, the COD and BOD removal efficiency of the plant is 90-92% & 96-98% respectively. 8400 KLD of this biologically treated effluent is recycled through RO & MEE for reuse in the process. Rest of the ETP treated water is utilized for Green Belt Development. The recovery rate through RO & MEE is 99.0% and MEE recovered salt is disposed of at government authorized TSDF.

We have revamped and re-commissioned our in-house ETP at Baddi to significantly reduce the organic and inorganic pollutant load to the CETP achieving 85-90% COD and 91-95% BOD removal to treat around 1 million KL of effluent annually.

Along with meeting the prescribed standards of treated water, we have started using all of the STP treated water in plant operations, irrigation and horticulture. 25% of the processed water is reused in fabric processing and acrylic washing. It is our constant endeavor to improve this figure by continuously monitoring and researching on potential water saving opportunities.

Water Recharge

So as to contribute towards replenishment of ground water we have been continuously investing in water conservation initiatives. Since 2005, we are working on ground water recharge and have till now installed 52 Rain Water Harvesting Systems (RWH) within our premises. These rain water harvesting systems have the capacity to recharge 1.75 million KL water annually.

ENERGY CONSERVATION

We keep investing in energy-efficient technologies and renewable energy to improve energy security. With an emphasis on green energy and alternative sources of energy, we have successfully achieved a downward trend in energy consumption per unit of produce. Electricity is a major requirement for the industry and so is looking for measures to make optimum use of electric energy. With an approach for "Less input, more output", we constantly strive to minimize the energy consumption and maximize the output.

Sr.	Energy Saving Measures implemented during FY 2019-20
1	Installation of Variable Frequency Drives on Supply Air fans, Suction fans, Cooling Towers, in Blow Rooms & Ring Frames. Fans run on reduced speed during winter season for energy saving.
2	Replacement of Old conventional Fluorescent Tube lights & Sodium Vapour Lamps with Energy Efficient LED Lights. Use of time switches and motion sensors for switching the lights on/off.
3	Replacement of Old Ceiling Fans with new Energy Efficient Fans.
4	Replacement of Old Transformers with New Energy Efficient Transformers.
5	Reduction of voltage drop in power cables by laying additional / higher size cables.
6	Installation of Active Harmonic Filters.
7	Replacement of old Air compressors with new energy efficient Centrifugal air compressors. Saving of compressed air by arresting leakages.
8	Replacement of multiple rewound and old motors with IE3 energy efficient motors.
9	Replacement of old water pumps with new energy efficient pumps.
10	Optimization of suction pressure of Blow Room & Carding FDP's by reducing suction pressure.
11	Running of Transformers at lower tap getting the required voltage at consumption point.
12	Modification of 3 Hisaka Fibre Dyeing Machines - installed VFDs for energy saving.
13	Reduction in power consumption of cooling tower by controlling CT fan speed with temperature sensors.
14	Replaced SP-FPO with Condenser (28.56 kW) to Magic Eye with Dustex (11.09 kW).
15	Reduction of Power consumption in Blow Room during BDT waiting time.
16	Replacement of electronic auto drain valve by Forbes Marshall make (Model: FMLDT 31) air balance mechanical type auto drain valve.
17	Compressed air moisture drain water re-used for Compressor Cooling.
18	Replacement of Murata 7-II and 238 Autoconers with Energy efficient Autoconers X 6.
19	Replacement of cooling tower fans from GRP to e-poxy coated FRP blade.
20	Reduced Compressed Air consumption on Looms by revising the standard settings. High pressure Centrifugal air compressor of 8 bar changed with new Compressor of 6 bar.

Total Energy Saved (in kWH) – 1,62,80,553
Savings in Amount (₹ Lakh) – 1,043.62

Renewable Energy

Two major initiatives towards green energy undertaken by us are:

- **Biogas plants**

  For solid waste management and generation of energy from renewable sources, we have established Biogas plants with a total capacity of 7MT/day at two of our locations – Auro Textiles, Baddi and Vardhman Fabrics, Budhni. Altogether, both plants have a capacity to generate 120 kg/day of biogas from organic waste. This gas is put to use at canteens and mess facilities for cooking, while the residual is used as manure for horticulture.

- **Composting**

  The composting system set up for kitchen waste generates manure and is used for green areas at our premises.

Solar Power

The project of installation of 8.75 MW of solar energy is expected to generate around 170 million KWh of green power. The installation of 7.5 MW ground mounted and 1.25 MW roof mounted solar panels will enhance the share of green energy in our energy mix. Solar powered kitchen automation equipment has been installed in four of our units. We utilize solar energy in water heaters at several of our hostels and residential campuses.

Air

Climate change, emissions of greenhouse gases, depletion of ozone etc. are indicators of the deteriorating quality of air. We execute our responsibility towards restricting emissions by enhancing the energy efficiency of our processes as well as investing in low-carbon technologies. Over the years, a focused drive to improve the efficiencies of our operations has resulted in managing emissions to a significant extent. Some major initiatives taken are:

- Reduction in GHGs: Practices are adopted to reduce the emission of greenhouse gases such as Carbon Dioxide, Methane, Nitrous oxide etc.

- Sequestration: Trees, plants and other forms of vegetation play a great role in reducing the Carbon dioxide levels. For effective sequestration of Carbon dioxide, we promote afforestation, tree plantation and planting of various types of vegetation.

Plantation of trees and developing green belt remains our focus every year. Not only we maintain green areas within our premises, but also take the responsibility of generating awareness in masses about the need for planting more and more trees. Our employees enthusiastically participate in this drive and we have, till date, planted over 4.5 lakh trees to combat air pollution.

Principle 3: Employee Well-being

In a world where everything else is equal, human effort makes all the difference. We place immense value on our workforce and consider it our biggest, most valuable asset. At Vardhman, we have a culture of empowerment that values and respects individual potential and helps each one achieve it to the fullest. Our people own their jobs and not just perform them. We continuously strive to improve quality of work-life for total job satisfaction and social harmony for the employees.

1. Total number of employees. – 24,791 (including contractual manpower)
2. Total number of employees hired on temporary/ contractual/casual basis. – 3,442
3. Number of permanent women employees. – 7,254 (does not include contractor female employees)
4. Number of permanent employees with disabilities- 33
5. Do you have an employee association that is recognized by management. – No
6. What percentage of your permanent employees is members of this recognized employee association? – N.A.
7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

   (a) Permanent Employees- 88%

   (b) Permanent Women Employees- 90.20%

(c) Casual/Temporary/Contractual Employees- 80%

(d) Employees with Disabilities- 60%

The policies on the principle of Employee well-being are available on the Company's website at the following link:-

Child Labour - https://www.vardhman.com/user_files/investor/Policy%20on%20Prohibition%20of%20Child%20Labour.pdf

Anti-Sexual – https://www.vardhman.com/user_files/investor/Anti%20Sexual%20Harassment%20Policy.pdf

Bonded Labour - https://www.vardhman.com/user_files/investor/Forced%20Bonded%20Labour%20Prohibition.pdf

Principle 4: Stakeholder Engagement

Vardhman recognizes employees, local communities surrounding our operations, business associates (marginalized farmers, network of suppliers, agents and dealers), customers and shareholders/investors as our key stakeholders.

Vardhman identifies communities (with a focus on women and children from these communities) around our manufacturing facilities and small farmers in our inbound supply chain as disadvantaged, vulnerable & marginalized stakeholders.

Vardhman regularly undertakes initiatives to serve the interest of its disadvantaged, vulnerable and marginalized stakeholders. These are briefly described below:

Stakeholder group	Initiatives
Employees	Our Employee policies safeguard employees against any kind of discrimination based on caste, creed, religion, geography, educational or social background, gender, age, family status, citizenship, disability, etc. We believe in the continuous people development through investment in the training & development of our employees even in adverse business times. Women who form 25% of our workforce are given ample opportunities to accept greater roles at work and are treated with utmost respect. Ensuring the safety of women employees is a top priority for Vardhman.
Local Communities around our manufacturing Locations	Development and deployment of need-based community programs in the areas of health, education, skill development, sanitation, livelihood etc. as part of Corporate Social Responsibility (CSR) initiatives.
Business associates	Direct engagement with small and marginal farmers and providing free technical advice to them for improving yield of their cotton crop through deploying better farming methods. This provides an avenue for sustainable livelihood generation and capacity building for small farmers. We educate our agents about the new products and industry scenario and engage them in both formal and informal ways as they are the extended arms of Vardhman. Once in every two years we invite our dealers in customer meet and recognize their efforts in growing sales.
Customers	We provide a dedicated sales team to ensure pre to post sale services to our customer. Post sale service ensures smooth usage of our products and problem solving through a partnership approach has helped us forge long lasting relationships with our customers

Principle 5: Human Rights

We subscribe fully to the basic tenets of human rights as defined in our Constitution. We adhere to the human rights principle of dignity of workforce regardless of the nation, location, language, religion, ethnic origin or any other status of an individual.

We have placed grievance redressal mechanisms in every manufacturing unit and we try to ensure a harassment free work environment along with workplace health and safety. A Labour Welfare Officer is placed in every manufacturing unit who is available in the plant round the clock to take care of ensuring the basic amenities to workers. Communication meetings between workers and senior officials are regularly conducted to redress the grievance of workers and maintain harmonious relations between the management and workers.

Prime importance is given towards maintaining better working conditions in the plants to take care of the health & safety of employees. We are certified under OHSAS 18001 by NSAI.

No complaint was received pertaining to human rights violation during the past financial year.

Principle 6: Protection and Restoration of the Environment

1. Vardhman has implemented stringent standards and policies for Environment, Health and Safety in all its manufacturing units.

2. Changes in climatic conditions, issues like global warming and degradation of environment owing to over exploitation of resources are threats to existence of life on the planet. These challenges, however, are seen as opportunities to create sustainable products and manufacturing mechanisms at Vardhman. We invest heavily in developing future-ready technology and innovative solutions to minimize the strain textile industry puts on the environment. Alternative energy, optimum consumption and replenishment of natural resources are some of the initiatives undertaken to back our goal of sustainable development. A dedicated team has been deployed to devise and implement strategies to manage the environmental risks. In our endeavor to protect and restore environment, following steps have been initiated:

    a) Treatment of process effluent: We have established independent ETPs in major units and at other units, the effluent is treated at CETPs.

    b) Zero Liquid discharge (ETP, RO, MEE) system is installed at Budhni Unit to recycle entire waste water and make it fit for re-use in process.

    c) Sewage Treatment Plants have been installed for the treatment of domestic sewage at all the units.

    d) The treated STP water is consumed in process, gardening and flushing.

    e) Disposal of hazardous solid waste generated at the units is done only through CPCB/SPCB authorized disposal facilities.

    f) Ground water recharge is done through Rainwater Harvesting Systems.

    g) Boiler flue gases are passed through filter bags, ESP's or scrubber units.

These steps help in the reduction in raw water consumption, emission of greenhouse gases, generation of solid waste, effluent and other hazardous substances. Initiatives like these are effective in reducing the impact of industry on our natural resources and environment.

3. We accord highest priority to the safety of human lives. New recruits have to mandatorily pass through Safety training before they are posted on the shop floor. While there are regular refresher programs for employees at each level, visitors too are given security instructions before entering the premises so as to ensure workplace safety and minimize the probability of accidents.

4. All the hazardous waste generated is stored and disposed of as per the statutory norms. Each unit has requisite facilities for proper management of e-waste, spent oil and ETP sludge. The disposal of such waste is carried out through CPCB/SPCB authorized recyclers &TSDF.

5. We have not registered ourselves under any project for Clean Development mechanism but have undertaken several initiatives on our own for clean, eco-friendly and sustainable growth.

    Clean Technology: We utilize Aaga system, an organic composter to compost the food waste. By decomposing food waste generated from colonies, canteens, hostels etc., we have been meeting our cooking gas requirements through bio-gas plants at two of our locations – Auro Textiles, Baddi and Vardhman Fabrics, Budhni. These plants are capable of generating 120 kg/day of bio-gas. The remaining compost is used as manure in the green belt development inside the premises.

    Solar water heaters have been installed at our hostels and campuses while Solar Kitchen Automation equipment are being used for cooking in four of our units.

    Energy Conservation: Optimum utilization of resources as a principle is ingrained in all the processes at Vardhman. Energy conservation initiatives for reduction in power consumption and increasing efficiency are a regular feature.

    Reduction in water usage: Treatment of wastewater and its utilization in gardening, process activities, flushing etc. results in reduction in the amount of usage of fresh water. For a limited natural resource like fresh water, conservation is a primary responsibility of the human kind. We make our contribution by regular metering, monitoring and controlling its consumption at all our sites.

    Water Conservation: Our 52 Rainwater harvesting systems, ground water recharge initiatives and similar provisions allow us to conserve water. We have a capacity to recharge 1.75 million KL of water to the ground annually.

    Reduction in Office waste: Our initiative to reduce waste generation at our offices include using jet hand dryers in washrooms to minimize usage of tissue rolls, printing on both sides of paper and generating awareness in employees to shift to paperless office model.

    Awareness Programs: To spread awareness about environmental protection measures, every year we celebrate Earth Day, Environment Day, Environment Week and Water Saving Week. The activities held during such programs include Tree Plantation, Drawing Competition, Slogan Competition, Social Media Campaign etc.

Plantations: Plantation drives are carried out every year by us. To increase the green area around our factories, we have till date planted over 4.5 lakh saplings.

Environment and Safety Certifications: All units of the Company are ISO 14001:2015 and ISO 45001:2018 certified. The process of documentation and audit for upgrading OHSAS 18001:2007 to ISO 45001:2018 has been completed.

6. The emissions at our units are within the permissible limits of applicable State and Central Pollution Control Boards.

7. The EHS policy is available on the company's website at the link https://www.vardhman.com/user_files/investor/EHS%Policy.pdf

Principle 7: Responsible Advocacy

Vardhman is a member of several industrial and trade associations. These are listed as under:

a. Confederation of Indian Industries (CII);

b. Federation of Indian Chamber of Commerce and Industries (FICCI);

c. PHD Chamber of Commerce and Industries (PHDCCI);

d. Confederation of Indian Textile Industry (CITI);

e. Texprocil

Being an industrial house, our major areas of concern are those public policies which deal with industry/business. Therefore, most of the time, our submissions are related to economic policy changes and other issues, which affect the sustainability and competitiveness of the industry.

These platforms are utilized to update the industry concerns to the relevant government offices through seminars, delegations and memorandums. Through these forums, we also provide our inputs sought by the State & Central Governments related to the current problems faced by the industry, future prospects and policy imperatives required to overcome bottlenecks.

These forums are used to advance the cause of the industry and are not used to take up company specific issues.

Principle 8: Supporting Inclusive Growth and Equitable Development

Through CSR (Corporate Social Responsibility) initiatives as well as an ingrained mechanism for sustainable development in core business activities, Vardhman supports the principle of inclusive growth and equitable development. The Company has in effect, a detailed CSR policy monitored by a CSR committee appointed by the Board of Directors. CSR initiatives at Vardhman are developed with key emphasis on promoting education, offering advanced healthcare facilities, contributing to rural development, conservation of environment etc. The areas of emphasis are covered in Schedule VII of the Companies Act, 2013.

A number of CSR programs are pursued within the close proximity to our units to enable effective supervision and maximize the impact of these developmental activities. While we equally participate in offering services for national causes, an emphasis is laid on ensuring that the intended effect of the initiatives taken delivered to the target communities. Programs under this principle are developed and executed by:

a) In-house teams

Our in-house teams remain vigilant and actively enagaged with the marginalized farmers and local communities. These teams carry out need assessment and analyze the existing problems to formulate and implement suitable solutions benefitting the local population.

b) Trusts

Community development initiatives are performed by inducing trusts and organizations dedicated for the cause. Close monitoring for the optimum utilization of resources invested helps in ensuring positive outcome from such drives. In the state of Punjab, Himachal Pradesh and Madhya Pradesh, we have trusted entities that carry out developmental activities as per the directions of the Board.

c) Other organizations

For healthcare, education and such benefits to reach the masses, we collaborate with public and private organizations like hospitals, schools etc. These initiatives aim at presenting underprivileged sections of society with the right to quality healthcare facilities and opportunity to learn and grow.

Women Empowerment and the Right to Equal Opportunity

Offering an equal opportunity to women employees; allowing them to share the responsibility of development of the nation is critical to the working culture at Vardhman. We see women as a human resource that if utilized to its optimum potential can contribute a great deal to the development of nation and therefore, take initiatives to augment women's participation in our workforce. We reach out to them, counsel their families, offer favourable working conditions and healthy lifestyle in order to connect them to mainstream economy.

Impact Assessment

Vardhman, in order to ensure that the benefit of CSR initiatives reaches the people who need to be supported, internally performs an impact assessment at the end of each financial year. This assessment helps us in understanding the efficacy of the programs in terms of delivering the desired benefits to the community and gaining insights for improving the design and impact of future initiatives.

Contribution in CSR (2019-20)

Promoting Education:

1. Construction of Vardhman Block comprising of 10 Classrooms and separate toilets for girls & boys initiated at Government Senior Secondary School, Ladhowal, Ludhiana, Punjab. The project has an estimated cost of ₹ 1.75 crore.

2. Upgrading the infrastructure of Sri Aurobindo College of Commerce and Management, Ludhiana, Punjab. The project cost is ₹ 2 crore.

3. Construction of Mother Auditorium with a seating capacity of 800 being carried out at Sri Aurobindo College of Commerce and Management, Ludhiana, Punjab. The estimated Project cost is ₹ 14 crore.

4. Construction of a Girls Hostel at Auro Mira Vidhya Mandir – an institution providing education to tribal students at village Ketchla, Odisha, run by Auro Mira Service Society involving a cost of ₹ 40 lakh.

5. 400 Students' Desks worth ₹ 13.48 lakh provided to Govt. High School, Jamalpur, Ludhiana, Punjab and Government schools of Mandideep, Madhya Pradesh.

6. 15 Computers along with required furniture for computer lab provided to SA Jain Senior Secondary School, Malerkotla, Punjab at a cost of ₹ 8.80 lakh.

7. Financial aid of ₹ 32.40 lakhprovided for renovation of Multi-Purpose Hall at Sri Aurobindo Public School, Baddi, Himachal Pradesh.

8. 1500 school uniforms for winter worth ₹ 7.10 lakh provided to tribal students of Sehore district, Madhya Pradesh.

9. Financial aid of ₹ 20 lakh provided to NGO Chetna working for differently-abled children for the construction of Research and Rehabilitation centre at Bilaspur, Himachal Pradesh.

10. Financial grant of ₹ 6.50 lakh provided to NGO Darpan for the construction of school building in Ludhiana, Punjab. The organization is working for children suffering from Autism.

Promoting National Sports, Art & Culture:

1. Financial aid of ₹ 10 lakh given for Bhopal Literature & Art Festival – an event organized annually to promote local art and culture.

2. ₹ 1 lac contributed to Shoolni Mela Committee, Baddi, Himachal Pradesh for organizing district-level events to protect, promote and preserve local folk, tradition, customs, rituals and sports.

3. ₹ 1 lac provided to Nalagarh Heritage Society to establish a war memorial at National Heritage Building Nalagarh, Baddi, Himachal Pradesh.

4. Sponsored the training program for air rifle shooting of Ms. Malaika Goel - Silver Medallist, Commonwealth Games 2014, Glasgow. A sum of ₹ 10 lakh has been spent for the training.

Rural Development:

1. Construction of a rainwater harvesting system at Indian Association of Muscular Dystrophy (IAMD), Solan, Himachal Pradesh worth ₹ 17 lakh.

2. Technical assistance provided to Cotton farmers for better farming practices and integrated pest management through Better Cotton Initiatives (BCI) Project Pragati in Rajkot- Gujarat, covering 80 villages and about 14000 farmers. The allocated budget for the project is ₹ 1 crore.

3. Constructed Public Toilets in Malerkotla, Punjab at a project cost of ₹ 7.5 lakh.

4. 8 Bus Shelters constructed in Malerkotla, Punjab and Budhni, Madhya Pradesh at a total cost of ₹ 34 lakh.

5. To encourage and promote the cultivation of Extra Long Staple (ELS) cotton in Madhya Pradesh (MP), financial contribution of ₹ 10 lakh was made to Cotton Collaborative Project of Confederation of Indian Textile Industry - Cotton Development & Research Association (CITI-CDRA), to conduct research on practices to increase the yield of ELS.

Protecting Environment:

1. A sum of ₹ 12 lakh spent for developing green belts in Budhni & Mandideep (Madhya Pradesh) and Ludhiana (Punjab). 25,000 saplings were planted under this initiative.

2. Anti-Polythene Campaign organized to spread awareness about stopping the use of plastic at Baddi, Himachal Pradesh.

3. A similar campaign was organized in Bhopal with the slogan "Say No to Plastics" wherein a rally was carried out generating awareness about the harmful effects of plastic. The project cost was ₹ 1.00 lakh.

4. To spread awareness about safeguarding the environment and planting more trees, a rally was organized at Budhni, Madhya Pradesh. The project cost was ₹ 1.50 lakh.

Welfare initiatives for Armed Force Veterans:

1. Contribution of ₹ 30 lakh to "Bharat Ke Veer" Corpus Fund - A Government of India initiative to support the families of Brave hearts.

2. Financial support of ₹ 3 lakh to Bharat Ki Narri and widows of 4th Battalion - the Assam Rifles Battalion, Dagshai, Solan, Himachal Pradesh.

3. Blankets and woollen bed-sheets worth ₹ 2.50 lakh provided to Veer Nari & Ex-Servicemen.

Promoting Healthcare:

Medical Equipment:

1. Medical equipment worth ₹ 60 lakh including Auto Ref/Keratometer, Operation Microscope, YAG Laser Machine, Biochemistry Analyzer, CBC Machine and Non-Contact Tonometer provided to Bhagwan Mahavir Charitable Hospital, Lachaur, Jamui, Bihar.

2. YAG Laser Machine and other medical equipment worth ₹ 11.50 lakh provided to Vijayanand Diagnostics Centre, Ludhiana, Punjab.

3. Digital X-Ray & ECG Machine Equipment worth ₹ 9 lakh provided to Government Hospital, Budhni, Madhya Pradesh.

4. Pediatric Ventilators, Ventilators for ICCU, Digital X-Ray Machine, Electronic Hydraulic OT Table, C -ARM Machine and other medical equipment provided to District Hospital, Raisen, Madhya Pradesh at a cost of ₹ 66 lakh.

5. Ultrasound machine, Hydraulic labour table and other equipment worth ₹ 20 lakh provided to CHC Janjehli, Mandi, Himachal Pradesh.

6. Customized software & medical equipment provided for molecular laboratory at department of Clinical Haematology, Christian Medical College & Hospital, Ludhiana, Punjab to support cancer care and stem cell transplantation at a project cost of ₹ 92 lakh.

Medical Grants

1. Poor Patient Fund of ₹ 18 lakh provided to the Department of Neurology at Christian Medical College & Hospital, Ludhiana, Punjab for the treatment of stroke patients belonging to low-income group.

2. Financial support of ₹ 36 lakh provided to Eye Bank Society, Postgraduate Institute of Medical Education and Research (PGIMER), Chandigarh for corneal eye transplantation of patients belonging to BPL families.

3. Cancer Treatment Fund of ₹ 30 lakh provided to Christian Medical College & Hospital, Ludhiana, Punjab for diagnosis and treatment of patients of economically weaker sections.

4. Contributed ₹ 25 lakh to Poor Patients Fund in Dayanand Medical College & Hospital, Ludhiana, Punjab.

Health Check-up Camps:

1. Health Check-up Camps organized for 600 villagers in Mahukalan, Pilikarar, Talpura, Khandabad, Devgaon and Patalkho villages of Budhni, Madhya Pradesh. The project involved a cost of ₹ 2 lakh.

2. Similar health check-up camps were organized in villages of Baddi, Himachal Pradesh wherein 1200 villagers were examined. The budget for this project was ₹ 6.50 lakh.

3. Health check-up camps for 700 people organized in villages around the spinning unit VSGM at Ludhiana, Punjab.

Contribution towards COVID-19

1. A financial grant of ₹ 2 Crore provided to the State Governments of Madhya Pradesh, Punjab & Himachal Pradesh.

2. Masks, Personal Protective Equipment (PPEs), sanitizers, etc. worth ₹ 50 lakh provided to local government/ other hospitals, local administration and NGOs.

3. Food essentials distributed among needy people in Punjab, Himachal Pradesh and Madhya Pradesh.

4. Financial grant of ₹ 2 crore provided to PM CARES FUND (Prime Minister Assistance and Relief in Emergency Situations Fund).

5. COVID-19 testing equipment worth ₹ 35 lakh provided to MG Memorial Hospital, Indore.

6. Christian Medical College & Hospital, Ludhiana, Punjab provided with medical equipment & other essentials for the expansion of Isolation & Ventilation facility. The project cost was ₹ 1 crore.

7. A contribution of ₹ 25 lakh made in COVID-19 Fund of Postgraduate Institute of Medical Education and Research (PGIMER), Chandigarh for the treatment of BPL and marginalized sections.

At all our units, we strive to continuously engage with surrounding communities and offer support by understanding the problems being faced by them. Regular meetings and surveys are carried out to access the needs, priorities and expectations of the local community. Initiatives to be undertaken are designed and delivered in a transparent manner after evaluating the inputs from the residents of the locality.

The Company's CSR policy is available online on its website at the following link: https://www.vardhman.com/investor-desk#!company_information with the title 'Policies-CSR and Amended CSR Policy 11.03.2016'

Principle 9: Providing Value to Customers and Consumers

Adding value is not always about money or discounts. Understanding our customer is the key to add value. We try to understand what drives value for our customers and offer best quality products with a prime focus on developing memorable customer experience.

We take care of the expectations of our customers as well as other stakeholders. We implement practices to safeguard our environment and society. We consistently work to improve customer satisfaction and deliver value proactively by anticipating changes in customer's needs.

1. Pending customer complaints at the end of the financial year were of a routine nature and constituted 3-4%.

2. We disclose all the information on our labels in compliance with the legal requirements so as to enable customers to make an informed decision.

3. During the last five years, no cases have been filed by any stakeholders against the Company regarding unfair trade practices, irresponsible advertising and/ or anti–competitive behaviour.

4. As part of our stakeholder engagement strategy, Vardhman engages with its customers and carries consumer surveys for different products every year to know the customer satisfaction level so that necessary steps may be taken to enhance the same. There is a designated market research department which carries out these surveys and gives inputs to respective business teams for undertaking new developments besides remedial action, as may be required.

Directors' Report

Dear Members,

The Directors of your Company have pleasure in presenting their 47th Annual Report of the business and operations of the Company along with the Audited Financial Statements for the year ended 31st March, 2020.

1. FINANCIAL RESULTS:

The financial performance of your Company for the year ended 31st March, 2020 is as under:-

(₹ in crore)

Particulars	STANDALONE		CONSOLIDATED	
	2019-20	2018-19	2019-20	2018-19
Revenue from operations (Net)	6,325.15	6,414.58	6,735.00	6,877.92
Other Income	171.98	218.20	174.47	222.72
Profit before Depreciation, Interest & Tax (PBDIT)	1,054.76	1,349.72	1,123.96	1,432.41
Interest and Financial expenses	132.54	117.84	135.27	119.65
Profit before Depreciation and Tax (PBDT)	922.22	1,231.88	988.69	1,312.76
Depreciation	319.21	241.48	333.22	254.02
Profit before Tax (PBT)	603.01	990.40	655.47	1,058.74
Provision for Tax - Current	129.66	242.91	144.34	264.01
- Deferred Tax (Net of Adjustment)	(72.14)	51.61	(79.84)	54.18
Profit after tax (PAT)	545.49	695.88	590.97	740.55
Other Comprehensive Income	(3.26)	0.19	(3.63)	(0.56)
Total Comprehensive Income for the period	542.23	696.07	587.34	739.99
Earnings per share (₹)				
- Basic	94.86	121.13	102.22	129.45
- Diluted	94.16	119.97	101.45	128.19

2. FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

PRODUCTION & SALES REVIEW:

During the year under review, your Company has registered Revenue from Operations of ₹ 6,325.15 crore as compared to ₹ 6,414.58 crore in the previous year. The export of the Company (FOB value) reduced from ₹ 2,539.71 crore to ₹ 2,509.71 crore showing a decline of 1.18% over the previous year. The business wise performance is as under:-

a) Yarn:

The production of Yarn increased from 2,04,729 MT to 2,12,946 MT during the year 2019-20.

b) Fabric:

During the year, the production of grey fabric increased from 188.3 million meter to 206.7 million meter. The production of processed fabric increased from 130.96 million meter to 141 million meter.

STANDALONE:

Profitability:

The Company earned profit before depreciation, interest and tax of ₹ 1,054.76 crore as against ₹ 1,349.72 crore in the previous year. After providing for depreciation of ₹ 319.21 crore (Previous Year ₹ 241.48 crore), interest of ₹ 132.54 crore (Previous Year ₹ 117.84 crore), provision for current tax of ₹ 129.66 crore (Previous Year ₹ 242.91

crore), deferred tax (net of adjustments) of ₹ (72.14) crore (Previous Year ₹ 51.61 crore), the net profit from operations after comprehensive income worked out to ₹ 542.23 crore as compared to ₹ 696.07 crore in the previous year.

The balance available for appropriation after adding balance in surplus account is ₹ 4,265.36 crore. Out of this, a sum of ₹ 100.62 crore and ₹ 17.76 crore has been utilised towards dividend and corporate dividend tax thereon respectively and an amount ₹ 7.94 crore has been transferred to Debenture Redemption Reserve and a sum of ₹ 4,139.04 crore is proposed to be carried as surplus to the Balance sheet.

Resources Utilisation:

a) Fixed Assets:

The Net Block as at 31st March, 2020 was ₹ 3,481.12 crore as compared to ₹ 3,058.84 crore in the previous year.

b) Current Assets:

The current assets as on 31st March, 2020 were ₹ 4,478.16 crore as against ₹ 4,192.38 crore in the previous year. Inventory level was at ₹ 2,506.16 crore as compared to the previous year level of ₹ 2,442.13 crore.

CONSOLIDATED:

Profitability:

The Company earned profit before depreciation, interest and tax of ₹ 1,123.96 crore as against ₹ 1,432.41 crore in the previous year. After providing for depreciation of ₹ 333.22 crore (Previous Year ₹ 254.02 crore), interest of ₹ 135.27 crore (Previous Year ₹ 119.65 crore), provision for current tax of ₹ 144.34 crore (Previous Year ₹ 264.01 crore), deferred tax (net of adjustments) of ₹ (79.84) crore (Previous Year ₹ 54.18 crore), the net profit from operations after comprehensive income worked out to ₹ 587.34 crore as compared to ₹ 739.99 crore in the previous year.

The balance available for appropriation after adding balance in surplus account is ₹ 4,517.70 crore. Out of this, a sum of ₹ 98.88 crore and ₹ 21.89 crore has been utilised towards dividend and corporate dividend tax thereon respectively, an amount of ₹ 7.94 crore and ₹ 0.62 crore has been transferred to Debenture Redemption Reserve and Statutory Reserve respectively, a balance of ₹ 4,388.36 crore is proposed to be carried as surplus to the Balance sheet.

Resources Utilisation:

a) Fixed Assets:

The Net Block as at 31st March, 2020 was ₹ 3,615.93 crore as compared to ₹ 3,188.59 crore in the previous year.

b) Current Assets:

The current assets as on 31st March, 2020 were ₹ 4,882.54 crore as against ₹ 4,680.99 crore in the previous year. Inventory level was at ₹ 2,681.05 crore as compared to the previous year level of ₹ 2,610.25 crore.

FINANCIAL CONDITIONS & LIQUIDITY:

The Company enjoys a rating of “AA+/Stable” from Credit Rating Information Services of India (CRISIL) for long term borrowings and “A1+” for short term borrowings respectively. Management believes that the Company’s liquidity and capital resources should be sufficient to meet its expected working capital needs and other anticipated cash requirements. The position of liquidity and capital resources of the Company is given below:-

(₹ in crore)

Particulars	2019-20	2018-19
Cash and Cash equivalents:		
Beginning of the year	37.43	65.20
End of the year	148.46	37.43
Net cash provided (used) by:		
Operating Activities	851.18	446.65
Investing Activities	(461.95)	(226.93)
Financing Activities	(278.19)	(247.49)

3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of this Annual Report.

4. DIVIDEND:

The Board of Directors of your Company has not recommended any dividend for the Financial Year 2019-20.

5. INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013, read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government after the completion of seven years from the date of transfer to the Unpaid Dividend Account of the Company. The shareholders whose dividends have been transferred to the IEPF Authority can claim their dividend from the Authority. The unclaimed or unpaid dividend relating to the financial year 2012-13 is due for remittance in the month of October, 2020 to Investor Education and Protection Fund established by the Central Government.

Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by shareholders for seven consecutive years or more shall also be transferred to the IEPF Authority. The Company has sent notice to all shareholders whose shares are due to be transferred to the IEPF Authority and has also published requisite advertisement in the newspapers in this regard.

The details of these shares are also provided on the website of the Company at www.vardhman.com.

6. CONSOLIDATED FINANCIAL STATEMENT:

In accordance with Companies Act 2013 & Indian Accounting Standards (Ind AS) 110 on 'Consolidated Financial Statements' read with Ind AS 111 on 'Joint Arrangements' and Ind AS 112 on 'Disclosure of Interest in other entities', the Audited Consolidated Financial Statements are provided in the Annual Report.

7. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company does not have any material subsidiary. The details of the financials of the subsidiary and associate companies for the year 2019-20 are as follows:-

VMT Spinning Company Limited (VMT)

This 100% subsidiary of your Company is engaged in the business of manufacturing cotton and blended yarn. During the financial year 2019-20, VMT recorded Revenue from operations of ₹ 216.08 crore against ₹ 232.89 crore in the previous year. The Net Profit of the Company after comprehensive income worked out to ₹ 9.47 crore as compared to ₹ 18.52 crore in the previous year.

VTL Investments Limited (VTL)

This 100% subsidiary of your Company is engaged in the business of investment. The earnings of the Company mainly comes from the dividend/interest earned on its investments and profits made on sale of investments. During the financial year 2019-20, VTL recorded Revenue from operations of ₹ 4.28 crore against ₹ 5.88 crore in the previous year. The Net Profit of the Company worked out to ₹ 3.10 crore as compared to ₹ 4.49 crore during the previous year.

Vardhman Acrylics Limited (VAL)

This subsidiary of the Company is engaged in the business of manufacturing of Acrylic Fibre. Presently, the Company holds 70.74% shares in this subsidiary. During the Financial Year 2019-20, VAL recorded Revenue from operations of ₹ 334.37 crore against ₹ 391.97 crore in the previous year. The Net Profit of the Company after comprehensive income worked out to ₹ 45.99 crore as compared to ₹ 33.65 crore in the previous year.

Vardhman Nisshinbo Garments Company Limited (VNGL)

This 100% subsidiary of your Company is engaged in the business of manufacturing men's shirts. During the year, the Revenue from Operations of the Company was ₹ 57.63 crore as compared to ₹ 72.54 crore in the previous year. The Company incurred a net loss of ₹ (0.90) crore as against net profit of ₹ 1.29 crore in the previous year.

Vardhman Yarns and Threads Limited (VYTL)

Vardhman Yarns and Threads Limited, Joint Venture with American & Efird Global, LLC (A&E), is an Associate of the Company. It is engaged in the business of threads manufacturing and distribution. Presently, the Company holds 11% stake in VYTL. A&E is the second largest player in threads manufacturing and distribution across the world. During the year under review, the Revenue from operations was ₹ 842.00 crore as against ₹ 851.13 crore in the previous year showing a decrease of 1.07%. The net profit for the year after comprehensive income worked out to ₹ 104.67 crore as compared to ₹ 84.61 crore during last year registering an increase of 23.71%.

Vardhman Special Steels Limited (VSSL)

Vardhman Special Steels Limited is an Associate of the Company. The Company holds 24.03% shares of VSSL. During the year, Aichi Steels Corporation, Japan had purchased 11.46% stake in VSSL and will also provide technical assistance to the Company. The Revenue from Operations of the Company was ₹ 846.20 crore as compared to ₹ 1,120.76 crore in the previous year. The net profit for the year after comprehensive income worked out to ₹ 2.50 crore as compared to ₹ 22.02 crore in the previous year.

Vardhman Spinning & General Mills Limited (VSGM)

Vardhman Spinning & General Mills Limited is an Associate of the Company. The Company holds 50% shares of VSGM. It is a trading company dealing in the business of Cotton and Fibre. During the year, the Company has not traded any goods. The Company has a total income of ₹ 1.28 lakhs as against ₹ 1.70 lakhs in the previous year.

8. DIRECTORS:

Liable to retire by Rotation: In accordance with the provisions of the Articles of Association of the Company, Mrs. Suchita Jain, Director of the Company, retires by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offers herself for re-appointment. The Board recommended her re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

Independent Directors: Dr. Parampal Singh was appointed as an Independent Director of the Company for a term of 3 (three) consecutive years w.e.f. 27th November, 2017. Since, his term is going to expire on 26th November, 2020, the Board of Directors in its meeting held on 23rd June, 2020, recommended his re-appointment for the consideration of Members of the Company at the ensuing Annual General Meeting for a term of 3 (three) consecutive years w.e.f. 26th November, 2020.

Declaration by Independent Directors:

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules thereof.

Your Board confirms that in its opinion the Independent Directors possess the requisite integrity, experience, expertise, proficiency and qualifications. All the Independent Directors on the Board of the Company are registered with the Indian Institute of Corporate Affairs, Manesar, Gurgaon (IICA) as notified by the Central Government under Section 150(1) of the Companies Act, 2013 and, if applicable, shall undergo online proficiency self-assessment test within the time prescribed by the IICA.

Company's Policy relating to Directors appointment, payment of remuneration and discharge of their duties:

The Nomination & Remuneration Committee of the Company has formulated a 'Nomination & Remuneration Policy' on Directors appointment and remuneration which includes the criteria for determining qualifications, positive attributes, independence of a director and other matters as provided under Section 178(3) of the Companies Act, 2013.

The Nomination & Remuneration Policy is annexed hereto and forms part of this report as **Annexure I**.

Familiarization programmes for Board Members:

Your Company has formulated Familiarization Programme for all the Board members in accordance with Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Schedule IV of the Companies Act, 2013 which provides that the Company shall familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of Industry in which the Company operates, business model of the Company, etc. through various programmes.

The Familiarization Programme for Board members may be accessed on the Company's website at the link: https://www.vardhman.com/user_files/investor/familarisation.pdf

Annual Evaluation of the Board Performance:

The meeting of Independent Directors of the Company for the financial year 2019-20 was held on 13th February, 2020, to evaluate the performance of Non-Independent Directors, Chairperson of the Company and the Board as a whole.

The evaluation was done by way of discussions on the performance of the Non- Independent Directors, Chairperson and Board as a whole.

A policy on the performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of non-executive directors and executive directors has been formulated by the Company.

9. KEY MANAGERIAL PERSONNEL (KMP):

In compliance with the provisions of Section 203 of the Companies Act, 2013, following are the KMPs of the Company as on 31st March, 2020:

S. No.	Name	Designation
1.	S.P. Oswal	Chairman & Managing Director
2.	Rajeev Thapar	Chief Financial Officer
3.	Sanjay Gupta	Company Secretary

10. NUMBER OF BOARD MEETINGS:

During the year under review, the Board met four (4) times and the intervening gap between any two meetings was within the period prescribed under Companies Act, 2013. The details of Board Meetings are set out in Corporate Governance Report which form part of this Annual Report.

11. AUDITORS AND AUDITORS' REPORT:

Statutory Auditors:

At the Annual General Meeting held on 22nd September, 2017, Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm registration No. 117366W/W-100018) ('Deloitte') were appointed as Statutory Auditors of the Company to hold office till the conclusion of 49th Annual General Meeting of the Company.

Further, the Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the accounting year ended 31st March, 2020.

This Auditors' Report is self-explanatory and requires no comments.

Secretarial Auditor:

M/s. Ashok K Singla & Associates, Company Secretary in Practice, were appointed as Secretarial Auditors of the Company by the Board of Directors of the Company in its meeting held on 09th May, 2019 for the financial year 2019-20.

The Secretarial Auditors of the Company have submitted their Report in Form No. MR-3 as required under Section 204 of the Companies Act, 2013 for the financial year ended 31st March, 2020. This Report is self-explanatory and requires no comments. The Report forms part of this report as **Annexure II**.

Cost Auditor:

The Company is maintaining the Cost Records, as specified by the Central Government under section 148(1) of Companies Act, 2013.

The Board of Directors has appointed M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, as the Cost Auditors of the Company to conduct Cost Audit of the Accounts for the financial year ended 2020-21. However, as per provisions of Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014, the remuneration to be paid to the Cost Auditors is subject to ratification by Members at the Annual General Meeting. Accordingly, the remuneration to be paid to M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, for financial year 2020-21 is placed for ratification by the Members.

12. AUDIT COMMITTEE & VIGIL MECHANISM:

Composition of Audit Committee:

The Audit Committee consists of Mr. Prafull Anubhai, Dr. S.K. Bijlani, Mr. D.B. Jain, Mr. A.K. Kundra, Independent Directors and Mr. D.L. Sharma, Director. Mr. Prafull Anubhai is the Chairman of the Committee and Company Secretary of the Company is the Secretary of the Committee. All the recommendations made by the Audit Committee were accepted by the Board.

Vigil Mechanism:

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013, the Company has established a "Vigil Mechanism" incorporating whistle blower policy in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for employees and Directors of the Company, for expressing the genuine concerns of unethical behavior, actual or suspected fraud or violation of the codes of conduct by way of direct access to the Chairman/ Chairman of the Audit Committee.

The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns.

The Policy on Vigil Mechanism and Whistle Blower Policy as approved by the Board may be accessed on the Company's website at the link: https://www.vardhman.com/user_files/investor/20b9bcdbd2cc01fde3e8e7d392d93573769de1941436265078.pdf

13. CORPORATE GOVERNANCE:

The Company has in place a system of Corporate Governance. Corporate Governance is about maximizing shareholder value legally, ethically and sustainably. A separate report on Corporate Governance forming part of the Annual Report of the Company is annexed hereto. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the report on Corporate Governance.

14. CORPORATE SOCIAL RESPONSIBILITY (CSR):

Vision & Core areas of CSR: Your Company is committed to and fully aware of its CSR, the guidelines in respect of which were more clearly laid down in the Companies Act, 2013. The Company's vision on CSR is that the Company being a responsible Corporate Citizen would continue to make a serious endeavor for a quality value addition and constructive contribution in building a healthy and better society through its CSR related initiatives and focus on education, environment, health care and other social causes.

CSR Policy: The CSR Policy of the Company indicating the activities to be undertaken by the Company, as approved by the Board, may be accessed on the Company's website at the link: https://www.vardhman.com/user_files/investor/ b1c8d626fabfcecf09e145cb1b4e9f4884761436264563.pdf

During the year, the Company has spent ₹ 19.26 crore on CSR activities.

The disclosures related to CSR activities pursuant to Section 134(3) of the Companies Act, 2013 read with Rule 9 of Companies (Accounts) Rules, 2014 and Companies (Corporate Social Responsibility) Rules, 2014 is annexed hereto and form part of this report as **Annexure III**.

15. BUSINESS RESPONSIBILITY REPORT (BRR):

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandate the inclusion of the BRR as part of the Annual Report for top 1000 listed entities based on market capitalization. In compliance with the Listing Regulations, we have integrated BRR disclosure into our Annual Report.

16. DIVIDEND DISTRIBUTION POLICY (DDP):

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the top 500 listed companies are required to formulate a DDP. Accordingly, a DDP was adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. The policy is enclosed as **Annexure IV** to the Board's Report and is also available on the Company's website at the link: https://www.vardhman.com/user_files/investor/Dividend%20Policy.pdf

17. RISK MANAGEMENT:

The Risk Management Policy required to be formulated under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been duly formulated and approved by the Board of Directors of the Company. The aim of Risk Management Policy is to maximize opportunities in all activities and to minimize adversity. The policy includes identifying types of risks and its assessment, risk handling, monitoring and reporting, which in the opinion of the Board may threaten the existence of the Company.

The Risk Management Policy may be accessed on the Company's website at the link: http://www.vardhman.com/user_files/8b00e407cd507553ea7db7f06e89de1272a1436265025.pdf.

18. INTERNAL FINANCIAL CONTROLS:

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

A report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 as given by the Statutory Auditors of the Company, forms part of Independent Auditor's Report on Standalone Financial Statements and Consolidated Financial Statements as **Annexure A**.

19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

All contracts/arrangements/transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: https://www.vardhman.com/user_files/ab096d9bc682f8eebade0344f915151436264609.pdf.

Your Directors draw attention of the Members to Note 46 to the standalone financial statement which sets out related party disclosures.

20. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement (Please refer to Note 4, 5, 9 and 12 to the standalone financial statement).

21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Energy conservation continues to be an area of major emphasis in our Company. Efforts are made to optimize the energy cost while carrying out the manufacturing operations. Particulars with respect to conservation of energy and other areas as per Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, are annexed hereto and forms part of this report as **Annexure V**.

22. ANNUAL RETURN:

Pursuant to the provisions of Section 134(3)(a) of Companies Act, 2013, the web address of the Annual Return of the Company is https://www.vardhman.com/user_files/investor/MGT-9-%202019-20.pdf

23. HUMAN RESOURCES /INDUSTRIAL RELATIONS:

Human resource is considered as the most valuable of all resources available to the Company. The Company continues to lay emphasis on building and sustaining an excellent organization climate based on human performance. The Management has been continuously endeavoring to build high performance culture on one hand and amiable work environment on the other hand. As on 31st March, 2020, the Company employed around 21,349 employees on permanent rolls.

Pursuit of proactive policies for industrial relations has resulted in a peaceful and harmonious situation on the shop floors of various plants.

24. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

The disclosures in respect of managerial remuneration as required under section 197(12) read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is annexed hereto and form part of this report.

A statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in Rule 5(2) and 5(3) Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is annexed hereto and forms part of this report.

In terms of section 197(14) of the Companies Act, 2013, the Company does not have any Holding Company. However, the details regarding remuneration or commission received from any subsidiary company of the Company by any Managing or Whole Time Director is annexed hereto and forms part of this report.

All the above details are provided in **Annexure VI**.

25. MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this report.

26. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Board hereby submit its responsibility Statement:—

a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;

b. appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit of the Company for the year ended on 31st March, 2020;

c. proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the annual accounts have been prepared on a going concern basis;

e. the Internal financial controls has been laid down to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f. a proper system has been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

27. GENERAL DISCLOSURES:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.

2. Issue of equity shares with differential rights as to dividend, voting or otherwise.

3. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

4. Change in nature of Business of Company.

5. No fraud has been reported by the Auditors to the Audit Committee or the Board.

6. There is no Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016.

Further, your Directors state that the Company has complied with the provisions relating to constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and there was no complaint filed under the said Act.

28. VARDHMAN TEXTILES LIMITED EMPLOYEE STOCK OPTION PLAN, 2016:

The Company has granted options to its employees under Vardhman Textiles Limited Employee Stock Options Plan, 2016 (hereinafter referred as ESOP Plan). As per the terms of ESOP Plan, the Company can grant a maximum of 6,36,518 options to eligible employees from time to time. One option entitles the holder to apply for one equity share of the Company in terms of ESOP Plan. During the financial year 2019-20, 40,600 equity shares were allotted to the eligible employees. So, the paid-up equity share capital of the Company stood increased to ₹ 57,51,87,600 as on 31st March, 2020.

The ESOP Plan of the Company is being implemented in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 and the resolution passed by the shareholders approving the said plan. A certificate received from the Auditors of the Company in this regard would be available at the Annual General Meeting for the inspection by the Members.

The details as required to be disclosed are put on the Company's website and may be accessed at https://www.vardhman.com/user_files/investor/ESOP%20Disclosure_2019-20.pdf

29. ACKNOWLEDGEMENT:

Your Directors are pleased to place on record their sincere gratitude to the Government, Financial Institutions, Bankers, Business Constituents and Shareholders for their continued and valuable co-operation and support to the Company and look forward to their continued support and co-operation in future too.

They also take this opportunity to express their deep appreciation for the devoted and sincere services rendered by the employees at all levels of the operations of the Company during the year.

FOR AND ON BEHALF OF THE BOARD

Place : Ludhiana
Dated : 23rd June, 2020

(S.P. Oswal)
Chairman & Managing Director

Index of Annexures

(FORMING PART OF BOARD REPORT)

Annexure No.	Particulars
I	Nomination & Remuneration Policy approved by the Board.
II	Secretarial Audit Report in Form no. MR-3 for FY 2019-20.
III	CSR Activities – Annual Report FY 2019-20.
IV	Dividend Distribution Policy
V	Conservation of energy, technology absorption, foreign exchange earnings and outgo.
VI	Particulars of employees and related disclosures.

Annexure of the Directors' Report

ANNEXURE- I

Nomination & Remuneration Policy of the Company:

1. PREFACE:

In terms of the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, this policy on Nomination and Remuneration of Directors and Senior Management has been formulated by the Committee and approved by the Board of Directors in their meeting held on 7th August, 2014.

Upon the recommendation of Nomination and Remuneration Committee, the Board of Directors of VTXL in their meeting held on 8th May, 2015 made certain amendments in the existing policy and thereafter replaced the existing policy with the amended policy.

The amended policy is as under:-

2. ROLE OF THE COMMITTEE:

a) To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to Board their appointment and removal.

b) To formulate criteria for determining qualifications, positive attributes and independence of a Director.

c) To recommend to the Board remuneration policy related to remuneration of Directors (whole time Directors, Executive Directors etc), Key Managerial Personnel and other employees while ensuring the following:-

(i) That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.

(ii) That relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

(iii) That remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate of the working of the company and its goals.

d) To formulate criteria for evaluation of Directors and the Board.

e) To devise a policy on Board diversity.

3. MEMBERSHIP:

a) The Committee shall consist of a minimum three (3) non-executive directors, majority of them being independent.

b) Minimum two (2) members shall constitute a quorum for the Committee meeting.

c) Membership of the Committee shall be disclosed in the Annual Report.

d) Term of the Committee shall be continued unless terminated by the Board of Directors.

4. CHAIRMAN:

a) Chairman of the Committee shall be an Independent Director.

b) Chairman of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

5. FREQUENCY OF MEETINGS:

The meeting of the Committee shall be held at such regular intervals as may be required.

6. COMMITTEE MEMBERS' INTERESTS:

a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

7. SECRETARY:

The Company Secretary of the Company shall act as Secretary of the Committee.

8. VOTING:

a) Decisions of the Committee shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

9. MINUTES OF COMMITTEE MEETING:

The minutes of all the proceedings of all meetings must be signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board meetings.

10. EFFECTIVE DATE & AMENDMENTS:

This policy will be effective from 8th May, 2015 and may be amended subject to the approval of Board of Directors.

ANNEXURE- II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 & Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014]

To,
The Members,
Vardhman Textiles Limited,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Vardhman Textiles Limited, (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the Financial Year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015;

(b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 -Not applicable to the Company during the Audit period; and

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. -Not applicable to the Company during the Audit period.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited;

During the period under review, the Company has complied with the provisions of the abovementioned Acts, Rules, Regulations, Guidelines, Standards etc.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes if any.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has not any specific events / actions which have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

For **Ashok K Singla & Associates**
Company Secretaries

Sd/-
Ashok Singla
Proprietor
Membership No. 2004
Certificate of Practice No. 1942
UDIN: F002004B000366874

Date: 23rd June, 2020
Place: Ludhiana

List of Labour Laws and Environmental Laws which have been verified during Audit Period

List of Labour Laws

Factories Act, 1948
Industrial Disputes Act, 1947
The Payment of Wages Act, 1936
The Minimum Wages Act, 1948
Employee's State Insurance Act, 1948
The Payment of Bonus Act, 1972
The Contract Labour (Regulation and Abolition) Act, 1970
The Apprentices Act, 1961

List of Environmental Laws

Environmental (Protection) Act, 1986
The Public Liability Insurance Act, 1991
Water (Prevention and Control of Pollution) Act, 1974
Air (Prevention and Control of Pollution) Act, 1981
Hazardous Waste (Management, Handling and Trans boundary Movements) Rules, 2008

Annexure A

To
The Members
Vardhman Textiles Limited,

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure the correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of the events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Ashok K Singla & Associates**
Company Secretaries

Sd/-
Ashok Singla
Proprietor

Membership No. 2004
Certificate of Practice No. 1942

Place: Ludhiana
Date: 23rd June, 2020

ANNEXURE- III

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2019-20:

Sr. No.	Particulars	
1.	Brief outline of CSR Policy	The focus areas of the Company under its CSR programme are promotion of education, preventive health care, rural development, skill enhancement, environment protection and any other project as defined in Schedule VII of the Companies Act, 2013.
2.	Composition of CSR Committee	The CSR Committee of the Company consists of: 1. Mr. Prafull Anubhai- Chairman 2. Mr. Sachit Jain- Member 3. Mr. Neeraj Jain- Member 4. Mr. D.L. Sharma- Member
3.	Average net profit of the Company for last three financial years	₹ 949.81 crores
4.	Prescribed CSR Expenditure	₹ 18.99 crores
5.	**Details of CSR spent during the year:**	
	Total amount spent for the financial year	₹ 19.26 crores
	Amount unspent, if any	NIL
	Manner in which the amount spent during the financial year	ANNEXURE – A
6.	In case the Company has failed to spend two percent, reason thereof.	The Company has spent ₹ 19.26 crores in the Financial year 2019-20 on activities as provided in Annexure A.
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company	ANNEXURE- B

Annexure A

(Amount in ₹ lakhs)

Annual Report on Corporate Social Responsibility (CSR) activities for financial year 2019-20

Sr. No.	CSR Project or activity identified	Projects or programs 1. Local area or other 2. Specify the state and district where project or program was undertaken	Amount outlay (Budget) project or program wise	Amount spent on the projects or programs subheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing agency
				Direct Expenditure on Projects/ Programs (including overheads)		
	A) PROMOTING EDUCATION					
1	Financial assistance to OELP (Organisation for Early Literacy Program) for implementation of five model learning centres in Govt. primary schools for demonstrating high quality classroom practise to teachers, education workers and students.	Ajmer, Rajasthan	20.00	14.87	19.83	Direct
2	Financial grant to Auro Mira Vidhya Mandir for the construction of Girls Hostel at Ketchla, Odisha, run by Auro Mira Service Society.	Koraput, Odisha	40.00	40.00	40.00	Direct
3	Financial support to 'DARPAN', an NGO working for the children suffering from Autism, for the construction of school building at Ludhiana.	Ludhiana, Punjab	6.50	6.50	6.50	Direct
4	Financial assistance to BMI Foundation working for the children suffering from Autism.	Bangalore, Karnataka	2.00	2.00	2.00	Direct
5	Construction of Mother Auditorium and upgradation of Classroom facilities at Sri Aurobindo College of Commerce & Management, Ludhiana.	Ludhiana, Punjab	1600.00	28.24	478.24	through implementing agency
6	Infrastructure development including construction of school buildings, toilets and provided other teaching/learning material to various Government Schools of Ludhiana & Malerkotla, Punjab.	Ludhiana, Sangrur, Punjab	713.8	271.22	533.52	through implementing agency
7	Costruction of a basket ball court and a bus /vehicle parking area and renovated multipurpose hall at Sri Aurobindo Public School, Baddi.	Baddi, HP	71.78	45.94	45.94	through implementing agency
8	Provided grant to CHETNA NGO for the construction of research & rehabilitation centre for differently abled children and ARAVALI NGO for organisiging quiz competitions.	Baddi, HP	21.00	21.00	21.00	Direct
9	Construction of Classrooms and toilets and provided other infrastructure like drinking water facilities, student desks and also winter wears for students in Government schools of Budhni & Mandideep, MP.	Budhni & Mandideep, MP	305.55	215.96	263.13	through implementing agency
	B) PROMOTING HEALTHCARE INCLUDING PREVENTIVE HEALTHCARE & DISASTER MANAGEMENT- COVID-19					
10	Financial support to PGIMER - Eye Bank Society for the Corneal eye transplantation of poor and needy patients especially BPL families.	Chandigarh, Punjab	36.00	36.00	36.00	Direct
11	Financial grant to CMCH neurology Dept. for the treatment of Stroke & Cancer patients and to poor patients fund of DMCH Ludhiana. Also organised blood donation camps in Ludhiana.	Ludhiana, Punjab	77.00	75.88	75.88	Direct
12	Financial assistance to Indian Muscular Dystrophy Association, Solan for the construction of a water tank and to Red Cross Society, Nalagarh for providing relief to people affected from natural calamities.	Baddi, Solan, HP	17.50	17.50	17.50	Direct
13	Provided various medical equipment related to eye and laboratory to Bhagwan Mahavir Charitable Hospital, Lachaur, Jamui, Bihar.	Jamui, Bihar	60.00	43.63	43.63	through implementing agency

(Amount in ₹ lakhs)

Sr. No.	CSR Project or activity identified	Projects or programs 1. Local area or other 2. Specify the state and district where project or program was undertaken	Amount outlay (Budget) project or program wise	Amount spent on the projects or programs subheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing agency
			Direct Expenditure on Projects/ Programs (including overheads)			
14	Contribution to Digestive Diseases Care Foundation (DDCF), Ludhiana for identification & treatment of Haematinics B & C Patients in Punjab and organised health check-up camps for the needy people.	Ludhiana, Punjab	27.50	27.20	27.20	through implementing agency
15	Provided awareness training on Menstrual Hygiene Management (MHM) to adolescent girls & rural women and also installed sanitary napkin vending machine & incinerator at various Govt. Schools in Ludhiana under Project-NANDINI.	Ludhiana, Punjab	27.00	20.95	20.95	through implementing agency
16	Provided various medical equipment to CMC Hospital, Vijayanand Diagnostics Centre, Hasrat Haleema Charitable Hospital, Malerkotla and Shree Durga Mata Charitable Hospital, Ludhiana.	Sangrur & Ludhiana, Punjab	133.5	92.18	97.63	through implementing agency
17	Provided various medical equipment to Govt. Hospital Budhni, District Hospital Raisen, Govt. Ayurvedic Hospital, Mandideep, St. Joseph Hospital, Hoshangabad and constructed Canteen building, Kitchen Shed & provided Mechanized Kitchen Machine & Laundry System in Govt. Hospital Hoshangabad. Organised Health Check-up Camps in nearby areas in Budhni, MP.	Budhni & Mandideep, MP	237.5	135.94	170.94	through implementing agency
18	To provide medical equipment like Digital X-Ray Machine to CHC Bali Chowki, 3 Laparoscopes and an ECG Machine to Zonal Hospital Mandi and a fully automatic Bio-chemistry Analyzer & CBC Machine to Civil Hospital Dharampur, Dist. Mandi, HP.	Mandi, HP	25.00	0.00	0.00	through implementing agency
19	Strengthen Govt. Hospital Nalagrah by reconstruction of its old existing casualty ward into morden standardized casualty ward and provided necessary basic amenities.	Baddi, HP	66.00	0.65	0.65	through implementing agency
20	Provided Ultrasound machine & Hydraulic labour table to CHC Janjehli, Mandi and advance lab equipment to CHC Baddi.	Mandi & Baddi, HP	31.50	13.53	13.53	through implementing agency
21	Installation of sanitary napkin vending machine & incinerator in Girls Govt. Schools under Project NANDINI and also provided awareness session on MHM to girls and rural women, Baddi.	Baddi, HP	20.00	5.20	5.20	through implementing agency
22	Organised 8 medical health check-up camps in nearby villages of Baddi.	Baddi, HP	6.50	4.24	4.24	through implementing agency
23	Provided various medical equipment and other materials to Christian Medical College & Hospital (CMCH), Ludhiana for the expansion of Isolation & Ventilation facility for handling the COVID-19 crisis.	Ludhiana, Punjab	100	2.84	2.84	Direct
24	Provided grant to COVID CARE Fund of PGIMER, Chandigarh, for the treatment of BPL and marginal sections of society.	Chandigarh, Punjab	25.00	25.00	25.00	Direct
25	Distributed masks, PPE Kits, Sanitizers to Govt. Hospitals, local administration & NGOs and ration kits to the needy people.	Ludhiana, Punjab	50.00	50.00	50.00	Direct
26	Provided financial grant to PM CARES Fund Punjab CM Relief Fund and to State Govts. of Punjab, Madhya Pradesh and Himachal Pradesh to combat Covid-19 and other covid related activities.	New Delhi, Punjab, HP & MP	400.00	400.00	400.00	Direct

(Amount in ₹ lakhs)

Sr. No.	CSR Project or activity identified	Projects or programs 1. Local area or other 2. Specify the state and district where project or program was undertaken	Amount outlay (Budget) project or program wise	Amount spent on the projects or programs subheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing agency
				Direct Expenditure on Projects/ Programs (including overheads)		
	C) RURAL DEVELOPMENT					
27	Provided technical assistance to cotton growing farmers for better farming practices and integrated pest management through Better Cotton Initiatives (BCI) Project Pragati in Rajkot- Gujarat & Maharastra region.	Rajkot, Gujarat & Dharangaon, Maharashtra	125.75	70.15	70.15	through implementing agency
28	Provided safe drinking water facility through Bore wells, installed solar street lights & constructed bus stops in nearby villages of Budhni, MP	Budhni, MP	31.50	12.05	14.32	through implementing agency
29	Develop village pond, playground, village roads, consructed public toilets and installed solar light for the villagers in Baddi, HP and also started skill development program for rural women.	Baddi, HP	138.90	30.30	35.90	through implementing agency
	D) PROMOTING NATIONALLY RECOGNISED SPORTS					
30	Financial support for training of Ms. Malaika Goel, a Silver Medallist in shooting at the commonwealth games 2014 at Glasgow.	Ludhiana, Punjab	20.00	10.00	10.00	Direct
31	Constructed indoor Badminton Hall at police lines, Ludhiana, to promote sports among youths of Punjab	Ludhiana, Punjab	120.00	85.11	97.40	through implementing agency
	E) ENVIRONMENT & SUSTANIBILITY					
32	Organised plantation drive & anti polythene campaign to spread awareness about the hazards of plastic among neighbouring community in Baddi & Bhopal.	Bhopal (MP) & Baddi (HP)	2.95	2.95	2.95	Direct
33	Provided grant to CITI Cotton Development Research Association for the research and development of long staple cotton.	Bhopal, MP	10.00	10.00	10.00	Direct
34	To construct check dam / water tank in Dheem Kataru Panchayat Janjehli, Mandi HP.	Mandi, HP	50.00	0.00	0.00	through implementing agency
35	Organised Plantation drive and awareness rally regarding saving of environment, trees and plants in Hoshangabad District.	Hoshangabad, MP	11.50	9.42	9.42	through implementing agency
	F) PROMOTING ART & CULTURE					
36	Financial support to Bhopal Literature Festival - 2020 for promotion of local art and culture.	Bhopal, MP	10.00	10.00	10.00	Direct
37	Financial contribution to Shoolni Mela Committee to organise a district level event to protect, promote and preserve the local folk, tradition, customs, rituals, sports etc.	Baddi, HP	1.00	1.00	1.00	Direct
38	Construction & renovation of Guru Nanak Dev Bhawan- Main entrance gate, Ludhiana.	Ludhiana, Punjab	23.50	11.80	14.21	through implementing agency

(Amount in ₹ lakhs)

Sr. No.	CSR Project or activity identified	Projects or programs 1. Local area or other 2. Specify the state and district where project or program was undertaken	Amount outlay (Budget) project or program wise	Amount spent on the projects or programs subheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing agency
			Direct Expenditure on Projects/ Programs (including overheads)			
	G) WELFARE OF ARMED FORCE VETERANS					
39	Contribution to "Bharat Ke Veer" Corpus Fund and distributed blankets, bedsheets and other material to 'Veer Narri' & Ex-Serviceman for their welfare.	MP, HP & Punjab	35.50	35.50	35.50	through implementing agency
	H) CSR OVERHEAD EXPENSE- OTHERS					
40	CSR overhead expense (Includes project monitoring & evaluation, implementation cost, salary of CSR resources etc.)	HP, MP, PB	42.17	42.17	42.17	Direct
	Total		**4743.40**	**1926.92**	**2754.37**	

Annexure B

RESPONSIBILITY STATEMENT

It is hereby affirmed that the implementation and monitoring of CSR policy is in compliance with CSR objectives of the Company.

Date: 22nd June, 2020
Place: Ludhiana

S.P. Oswal
Chairman & Managing Director

Prafull Anubhai
Chairman of CSR Committee

ANNEXURE- IV

DIVIDEND DISTRIBUTION POLICY

The equity shares of Vardhman Textiles Limited ("VTXL" or "the Company") are listed on BSE Ltd. And NSE Ltd, Mumbai. As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company is required to formulate a Dividend Distribution Policy which shall be disclosed in its Annual Report and on its website.

The dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legislations governing dividends and the Articles of Association of the Company, as in force and as amended from time to time.

The Board of Directors of the Company ("the Board") has approved the Dividend Distribution Policy of the Company ('the Policy") which endeavours to enhance stakeholder value for its investors and at the same time tries to ensure the right balance between the quantum of dividend paid and the amount retained for various business purposes.

The Board will recommend dividend distribution based on various internal and external factors, while striving for fairness, consistency and sustainability.

A. Parameters for Declaration of Dividend

1. Internal / Financial Factors:

1.1. Expansion plans

The Company's growth oriented decision to conserve cash in the Company for future expansion plan impacts shareholders expectation for the long run which shall have to be considered by the Board before taking a dividend decision and to decide on the quantum of dividend.

1.2 Cost of borrowings

The Board will analyze the requirement of necessary funds considering the long term or short term projects proposed to be undertaken by the Company. The viability of the options in terms of cost of raising necessary funds from outsiders such as bankers, lending institutions or by issuance of debt securities or by ploughing back its own funds, will impact the dividend decision.

1.3 Operating cash flow of the Company

In case of inadequate operating cash flow, the Company may need to rely on outside funding to meet its financial obligations. Thus, the Board will consider the operating cash flows before its decision whether to declare dividend or retain its profits.

1.4 Return on invested capital

The efficiency with which the Company uses its capital will impact the decision of dividend declaration.

1.5 Corporate Actions

Any Corporate Actions resulting in a significant allocation of capital for the Company may also impact the dividend decision and quantum of dividend.

2. External Factors:

2.1 Macroeconomic conditions

Considering the state of economy in the country, the policy decisions that may be formulated by the Government and other conditions prevailing in the international market which may have a bearing on or affect the business of the Company, the Management may consider retaining an appropriate amount of profits to meet unforeseen circumstances. The first & foremost consideration of the business will be to maintain solvency even in times of adversity and to protect the Company from all threats that emanate from changes in the social and political order.

2.2 Statutory Compulsions

Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws.

B. Utilisation of Retained Earnings

The Company aims in ensuring sustainable wealth creation for its shareholders and with this objective, would utilise the retained earnings of the Company in a manner in which it is beneficial to Company as well as its stakeholders. The Company would aim at achieving the right balance between the distribution of retained earnings among the shareholders and utilisation of the same for meeting other requirements, including expansions. The Board will endeavour to maintain a reasonable dividend pay-out of the Company's profit after tax on standalone financials (other than extraordinary income).

C. Parameters for Various Classes of Shares

Currently, the Company does not have any other class of shares (including shares with differential voting rights) other than equity shares. In the absence of any other class of shares and/or shares with differential voting rights, the entire distributable profit for the purpose of declaration of dividend is considered for the equity shareholders.

D. Periodic Review

This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority, from time to time, on the subject matter. The Board reserves the right to review this policy on periodical basis, considering various external and internal factors.

E. Disclosure of Policy

The policy will be available on the Company's website and will also be disclosed in the Company's Annual Report.

ANNEXURE- V

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014.

CONSERVATION OF ENERGY

STEPS TAKEN FOR CONSERVATION OF ENERGY:

All the units have taken various measures in conservation of energy. The thrust is to measure the existing system parameters and then implement improvements. Emphasis is also given to optimise the operation of various equipments which also lead to energy conservation.

Consequent to the Energy Conservation measures taken, the Company was able to save ₹ 162.81 lac kWH units of the electricity thereby making a saving of ₹ 1,043.62 lacs during the financial year 2019-20.

STEPS TAKEN FOR UTILISING ALTERNATE SOURCES OF ENERGY

Green power is a subset of renewable energy and represents those renewable energy resources and technologies that provide the highest environmental benefit. The market defines green power as electricity produced from solar, wind, geothermal, biogas, eligible biomass, and low-impact small hydroelectric sources.

Vardhman Group is taking initiatives for implementation of renewable energy sources with the help of Solar energy which converts solar radiations into electrical energy.

Unit-wise initiatives details are mentioned below:-

Vardhman Fabrics, Budhni :-

> 7.5 MW ground mounted solar captive power plant has been installed and expected generation subject to irradiance availability - 1.50 Crore kWH / Annum.

> 1.6 MW rooftop mounted plant installed, which is likely to be commissioned in FY 2020-21. The expected generation subject to irradiance availability - 26.00 Lac kWH / Annum.

Vardhman Yarns, Satlapur :-

> Installation of 2.2 MW rooftop mounted solar captive power plant is under erection stage & schedule to be commissioned during FY 2020-21. The expected generation subject to irradiance availability - 42.00 Lac kWH / Annum.

> Installation of 1.6 MW rooftop mounted solar captive plant as renewable power is under erection stage & schedule to be commissioned during FY 2020-21. The expected generation subject to irradiance availability - 29.00 Lac kWH / Annum.

CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENTS

The Company has incurred ₹ 2,153.88 lacs on different energy and utilities saving projects.

TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption are furnished as under:

A) RESEARCH AND DEVELOPMENT (R&D):

1. **Specific areas in which Research & Development is carried out by the Company:**

   Research & Development is carried out for development of new products and for improvement in the production process and quality of products. The Company has been able to pioneer the launch of new products that have been successful in the market due to its R&D efforts.

2. **Benefits derived as a result of R&D:**

   The Company has been continuously improving the quality of its existing products and entered into new products and also been able to reduce the cost of production.

3. **Future Course of action:**

   Management is committed to strengthen R&D activities further to improve its competitiveness in times to come.

4. **Expenditure on R&D:**

(₹ in crore)

Particulars	2019-20	2018-19
Capital	9.61	5.04
Recurring	1.27	0.79
Total	10.88	5.83
Total R & D expenditure as a Percentage of Turnover	0.17%	0.09%

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. **Efforts made:**

   The Company is continuously making efforts for adaptation of latest technology in all its units. The Company has also created specific cells for studying and analyzing the existing processes for further improvement.

2. **Particulars of technology imported in last three years.**

a) Technology imported	NIL
b) Year of import	N.A.
c) Has technology been fully absorbed	N.A.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans are given hereunder:

- Export of yarns diversified into new Products & Markets with continuous growth.
- Focus on exports of Value Added Products continued and the contribution of Value Added Products in Total Exports of financial year 2019-20 is around 22%.
- Increased focus on sale of environment friendly yarns.

Total Foreign Exchange earned and used:

(₹ in crore)

Particulars	2019-20	2018-19
a) Earnings (FOB value of Exports, commission earned)	2,509.71	2,539.71
b) Outgo (CIF value of Imports and expenditure in foreign currency)	570.58	797.42

ANNEXURE- VI

Particulars of employees and related disclosures:

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019-20 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 are as under:

Sr. No.	Name of Director/ KMP and Designation	Remuneration for Directors/ KMP for the Financial Year 2019-20 (Amount in ₹)	% Increase in Remuneration in the Financial Year 2019-20	Ratio of Remuneration of Each Director/ Kmp to Median Remuneration of Employees
1.	S.P. Oswal Chairman & Managing Director	6,52,84,280	-65.33	184.93
2.	Suchita Jain Vice- Chairperson & Joint Managing Director	2,21,60,975	19.57	62.78
3.	Neeraj Jain Joint Managing Director	1,86,07,489	4.17	52.71
4.	Sachit Jain Non- Executive Non- Independent Director	-	-	-
5.	D.L. Sharma Non- Executive Non- Independent Director	-	-	-
6.	Prafull Anubhai Non- Executive Independent Director	3,80,000	-26.21	1.08
7.	A.K. Kundra Non-Executive Independent Director	4,70,000	-29.32	1.33
8.	D.B. Jain Non-Executive Independent Director	2,90,000	-26.58	0.82
9.	R.M. Malla Non-Executive Independent Director	1,70,000	-38.18	0.48
10.	S.K. Bijlani Non-Executive Independent Director	2,55,000	8.51	0.72
11.	Dr. Parampal Singh Non-Executive Independent Director	1,35,000	-43.75	0.38
12.	Harpreet Kaur Kang* Non-Executive Independent Director	1,00,000	185.71	0.28
13.	Rajeev Thapar Chief Financial Officer	66,46,900	8.10	18.83
14.	Sanjay Gupta Company Secretary	20,28,271	6.27	5.75

* Mrs. Harpreet Kaur Kang was appointed as an Independent Director of the Company w.e.f. 6th February, 2019.

Note:

2. The median remuneration of employees of the Company during the financial year was ₹ 3,53,022.
3. In the financial year, there was an increase of 0.72% in the median remuneration of employees.
4. There were 21,349 permanent employees on the rolls of Company as on March 31, 2020.

5. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2019-20 was 7.38% whereas the decrease in the managerial remuneration for the same financial year was 51.05%.
6. It is hereby affirmed that the remuneration paid is as per the as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF COMPANIES ACT, 2013 READ WITH RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

a. PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR, WHO WERE IN RECEIPT OF REMUNERATION WHICH, IN THE AGGREGATE, WAS NOT LESS THAN ₹ 1,02,00,000/- PER ANNUM

Sr. No.	Name of employee	Designation/ Nature of duties	Remun-eration (in ₹ lac)	Quali-Fication	Age (Years)	Experience (Years)	Date of Employment	Particulars of last employment
1.	Mr. S.P. Oswal	Chairman & Managing Director	652.84	M. Com	78	53	08.10.1973	Chairman & Managing Director (Vardhman Spinning and General Mills Limited)
2.	Mrs. Suchita Jain	Vice-Chairperson & Joint Managing Director	221.61	M. Com	52	27	29.01.2010	N.A.
3.	Mr. Neeraj Jain	Joint Managing Director	186.07	B. Com, CA	53	28	31.03.2010	N.A.

b. PERSONS EMPLOYED FOR A PART OF FINANCIAL YEAR, WHO WERE IN RECEIPT OF REMUNERATION FOR ANY PART OF THAT YEAR, AT A RATE WHICH IN AGGREGATE, WAS NOT LESS THAN ₹ 8,50,000/- PER MONTH

Nil

c. STATEMENT SHOWING DETAILS OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN:

S.No., Name, Age, Designation, Gross Remuneration (in ₹ Lakhs per annum), Nature of Employment, Qualifications, Experience (in years), Date of Joining, Previous Employment and No. of Equity Shares held by the employee as on 31.03.2020

1, S.P. Oswal, 78, Chairman & Managing Director, 652.84, Regular, M.Com, 53, 08.10.1973, 5,97,591. 2, Suchita Jain, 52, Vice-Chairperson & Joint Managing Director, 221.61, Regular, M.Com, 27, 29.01.2010, 2,44,424. 3, Neeraj Jain, 53, Joint Managing Director, 186.07, Regular, B.Com & CA, 28, 31.01.2010, 1,500. 4, B.K. Choudhary, 68, Director (Operations),101.83, Regular, B.Sc., M.Com & MBA, 47, 23.12.1985, Usha Alloys & Steels Limited, 4,250. 5, Parveen Dhingra, 54, General Manager (Operations), 96.43, Regular, B.Text., 31.05, 27.09.1993, Deepak Spinners Limited, 2,100. 6, TC Gupta, 59, Chief General Manager (Operations), 74.32, Regular, B. Tech (Textiles), 38, 24.05.1993, Modern Syntex Limited, 1,600. 7, IMJS Sidhu,71, President & Director-In-Charge, 72.92, Regular, B.Text., 49, 03.03.1981, Shree Bhawani Cotton Mills, 4,250. 8, Dinesh.K. Sindwani, 59, Director (Corporate Services), 70.26, Regular, B.Com & CA, 35, 01.04.2015, Hero Steels Limited. 9, Mukesh Bansal, 45, General Manager, 67.29, Regular, MBA & CS, 25.04, 21.08.1995, VMT Spinning Company Limited, 2,000. 10, Rajeev Thapar, 51, CFO, 66.47, Regular, B.Com (Hons.) & CA, 31, 01.06.1990, SC Vasudeva & Co., 410.

Note: Except Mr. S.P. Oswal and Mrs. Suchita Jain, none of the above employees is related to any Director of the Company.

DETAILS PERTAINING TO REMUNERATION OR COMMISSION RECEIVED FROM HOLDING OR SUBSIDIARY OF THE COMPANY AS REQUIRED UNDER SECTION 197(14) OF THE COMPANIES ACT,2013.

Sr. No.	Name of Director	Name of Subsidiary Company	Amount (In ₹ lacs)
1.	Neeraj Jain	VMT Spinning Co. Ltd.	30.90

Corporate Governance Report

This report on corporate governance forms part of the Annual Report. Corporate governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices that ensure that a Company meets its obligations to optimize shareholders' value and fulfill its responsibilities to the community, customers, employees, Government and other segments of society. Your Company is committed on adopting the best practices of Corporate Governance as manifested in the Company's functioning to achieve the business excellence by enhancing long-term shareholders' value. Efficient conduct of the business of the Company through commitment to transparency and business ethics in discharging its corporate responsibilities is hallmark of the best practices followed by the Company. This report on Corporate Governance, besides being in compliance of the mandatory SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, gives an insight into the functioning of the Company.

1. COMPANY'S PHILOSOPHY:

- Faith in bright future of Indian textiles and hence continued expansion in areas "which we know best".
- Total customer focus in all operational areas.
- Products to be of best available quality for premium market segments through TQM.
- Zero defect implementation.
- Global orientation targeting – at least 20% production for exports.
- Integrated diversification/ product range expansion.
- World class manufacturing facilities with most modern R & D and process technology.
- Faith in individual potential and respect for human values.
- Encouraging innovation for constant improvements to achieve excellence in all functional areas.
- Accepting change as a way of life.
- Appreciating our role as a responsible corporate citizen.

2. BOARD OF DIRECTORS/ BOARD MEETINGS:

i. Composition as on March 31st, 2020

The Composition of Board and category of Directors are as follows:-

Category	Name of Directors
Promoter Directors	# S.P. Oswal- Chairman & Managing Director # Suchita Jain- Vice-Chairperson & Joint Managing Director # Sachit Jain-Non-Executive Director
Executive Non-Independent Director	Neeraj Jain- Joint Managing Director
Independent Directors	Prafull Anubhai A.K. Kundra D.B. Jain S.K. Bijlani Parampal Singh R.M. Malla Harpreet Kaur Kang
Non- Executive Non- Independent Director	D.L. Sharma

Relationship Inter-se:

Except Mr. S.P. Oswal, Mr. Sachit Jain and Mrs. Suchita Jain, none of the Director of the Company is related to any other Director of the Company.

ii. Board Meetings:

During the financial year 2019-2020, the Board met 4 (Four) times on the following dates:

- 09th May, 2019
- 13th August, 2019
- 08th November, 2019
- 13th February, 2020

iii. **Attendance of the Directors at the Board Meetings during the year and at last Annual General Meeting of the Company and also the number of other Directorships / Chairmanships in Indian Public Limited Companies and names of other Listed Entities where the person is director and category of directorship therein are as follows:-**

Name of Director	No. of Board meetings attended	Attendance at last AGM	Total No. of Directorships in other Companies	Names of other Listed Entities where the person is Director	Category of Directorship in other listed entities	No. of Committee memberships in other Companies	Total No. of Board Chairmanships in other Companies	Total No. of Committee Chairmanships in other companies
S.P. Oswal	4	No	7	Vardhman Acrylics Limited Vardhman Holdings Limited	Non-Executive Director Executive Director	3	3	3
Sachit Jain	2	No	8	Vardhman Holdings Limited Vardhman Special Steels Limited Vardhman Acrylics Limited	Non-Executive Director Executive Director Non-Executive Director	1	-	-
Suchita Jain	4	Yes	7	Vardhman Holdings Limited Vardhman Special Steels Limited	Non-Executive Director Non-Executive Director	5	-	1
Neeraj Jain	4	Yes	5	-	-	-	-	-
D.L. Sharma	3	Yes	9	Vardhman Acrylics Limited	Non-Executive Director	2	1	1
Prafull Anubhai	4	Yes	2	Unichem Laboratories Limited	Non-Executive Director	2	-	2
A. K. Kundra	4	No	2	Punjab Alkalies & Chemicals Limited	Non-Executive Director	1	1	1
D.B. Jain	4	No	-	-	-	-	-	-
R.M. Malla	4	No	5	IOL Chemicals and Pharmaceuticals Limited Waaree Technologies Limited	Non-Executive Director Non-Executive Director	2	1	-
S.K. Bijlani	3	No	1	-	-	1	-	-
Parampal Singh	3	No	-	-	-	-	-	-
Harpreet Kaur Kang	2	No	-	-	-	-	-	-

Video conferencing facility was provided to facilitate Directors travelling abroad or present at other locations to participate in the Board meetings.

3. BOARD COMMITTEES:

i. Board Committees, their composition and terms of reference, as on 31st March, 2020, are provided as under:

Name of Committee	Composition	Terms of Reference
Audit Committee	Prafull Anubhai (Chairman) A.K. Kundra D.B. Jain D.L. Sharma S.K. Bijlani	• The role of the Audit Committee is as per Section 177 of the Companies Act, 2013 read with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
Nomination and Remuneration Committee	Prafull Anubhai (Chairman) S.P. Oswal A.K. Kundra D.L. Sharma	• The role of the Nomination and Remuneration Committee is as per Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. • Formulated and recommended Nomination and Remuneration Policy. • The Nomination & Remuneration Policy includes policy on Director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a Director and other matters as provided under Section 178(3) of the Companies Act, 2013. • Nomination and Remuneration Policy of the Company forms part of the Board Report as **Annexure I.**
Corporate Social Responsibility Committee	A.K. Kundra (Chairman) D.L. Sharma Neeraj Jain Sachit Jain	• Formulated and recommended CSR Policy of the Company indicating CSR activities proposed to be undertaken by the Company pursuant to provisions of Schedule VII of the Companies Act, 2013 read with CSR Rules, 2014. The CSR policy may be accessed on the Company's website at the link: https://www.vardhman.com/user_files/investor/d622b1c8d626fabfcecf09e145cb1b4e9f4884761436264563.pdf • Recommends expenditure to be incurred for CSR activities/project and ensures effective monitoring of CSR policy of the Company from time to time. • The Annual Report on CSR activities undertaken by the Company forms part of the Board Report as **Annexure III.**
Stakeholders' Relationship Committee	A.K. Kundra (Chairman) D.L. Sharma Sachit Jain	• The Committee reviews and ensures redressal of investor grievances. • The Committee noted that during the year the Company received 4 complaints from the investors and the same had been duly resolved by the Company.

Name of Committee	Composition	Terms of Reference
Risk Manangement Committee	Prafull Anubhai (Chairman) Neeraj Jain D. K. Sindwani Rajeev Thapar	• The Risk Manangement Policy of the Company aims to maximise opportunities in all activities and to minimise adversity. • The Risk Manangement framework includes identifying types of risks and its assessment, risk handling, monitoring and reporting, which in the opinion of the Board may threaten the existence of the Company. • The Risk Management policy may be accessed on the Company's website at the link: https://www.vardhman.com/user_files/investor/a4c0a8b00e407cd507553ea7db7f06e89de1272a1436265025.pdf

Mr. Sanjay Gupta, Company Secretary and Compliance Officer of the Company is the Secretary of all Board Committees constituted under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

ii. Meetings of Board Committees held during the year and Director's attendance:

Board Committees	Audit	CSR	Nomination & Remuneration	Stakeholders' Relationship
Meetings held	**4**	**2**	**3**	**1**
S.P. Oswal	N.A.	N.A.	3	N.A.
Sachit Jain	N.A.	1	N.A.	0
Suchita Jain	N.A.	N.A.	N.A.	N.A.
Neeraj Jain	N.A.	2	N.A.	N.A.
D.L. Sharma	3	2	2	1
Prafull Anubhai	4	N.A.	3	N.A.
A. K. Kundra	4	2	3	1
D.B. Jain	4	N.A.	N.A.	N.A.
R.M. Malla	N.A.	N.A.	N.A.	N.A.
S.K. Bijlani	4	N.A.	N.A.	N.A.
Parampal Singh	N.A.	N.A.	N.A.	N.A.
Harpreet Kaur Kang	N.A.	N.A.	N.A.	N.A.

N.A.- Not a member of the Committee.

iii. Meeting of Independent Directors:

A meeting of Independent Directors of the Company for the financial year 2019-20 was held on 13th February, 2020 to evaluate the performance of Non-Independent Directors of the Company, Chairman of the Company and the Board as a whole.

Performance Evaluation

The performance evaluation of Non-Independent Directors of the Company, Chairman of the Company and the Board as a whole, was done by Independent Directors by way of discussions on their performance.

A policy on the performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of non-executive directors and executive directors has been formulated by the Company.

Pursuant to the provisions of the Companies Act, 2013, Listing Regulations and as per the Nomination and Remuneration Policy, the Board of Directors/Independent Directors/Nomination & Remuneration Committee ("NRC") (as applicable) had undertaken an evaluation of the Board's own performance, the performance of its Committees and of all the individual Directors including the Chairman of the Board of Directors based on various parameters relating to roles, responsibilities and obligations of the Board, effectiveness of its functioning, contribution of Directors at meetings and the functioning of its Committees.

Familiarisation programme for Independent Directors

The details of the Familiarisation Programme conducted for the Independent Directors of the Company are available on the Company's website at the link: https://www.vardhman.com/user_files/investor/familarisation.pdf

iv. Core Skills/ Expertise / Competencies available with the Board

The Board comprises of highly qualified members who possess required skills, expertise and competence that allow them to make effective contributions to the Board and its Committees.

The table below summarizes the key attributes and skills matrix considered necessary for effective functioning of the Company and are currently available with Board.

Name of Director	Area of Expertise
S.P. Oswal	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience
Sachit Jain	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience
Suchita Jain	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience
Neeraj Jain	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience
D.L. Sharma	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience
Prafull Anubhai	Strategic Planning Leadership Industry Experience Financial Expertise
A.K. Kundra	Strategic Planning Leadership Financial Expertise Administrative Experience
D.B. Jain	Leadership Financial Expertise Administrative Experience
R.M. Malla	Strategic Planning Leadership Financial Expertise Administrative Experience
S.K. Bijlani	Strategic Planning Leadership Operational Experience Financial Expertise
Parampal Singh	Strategic Planning Leadership Administrative Experience
Harpreet Kaur Kang	Strategic Planning Leadership Administrative Experience

4. DIRECTORS' REMUNERATION:

i) Chairman and Managing Director / Executive Directors:

The Company pays remuneration to Chairman and Managing Director and Joint Managing Directors as approved by the Board of Directors and the Members of the Company in the General Meeting.

A detail of remuneration paid to the Directors during the year 2019-20 is as given below:

(in ₹ Lakhs)

Name	S.P. Oswal	Suchita Jain	Neeraj Jain
Designation	Chairman & Managing Director	Vice-Chairperson & Joint Managing Director	Joint Managing Director
Salary	57.95	73.80	60.60
Perquisites & Allowances	25.58	52.65	39.93
Retirement Benefit	6.95	8.85	12.45
Commission	562.36	-	-
Performance Linked Incentive and criteria thereof	-	86.30	73.10

Performance Linked Incentives are decided by the Nomination & Remuneration Committee based on the profits calculated at the end of Financial Year.

The tenure of office of Managing Director & Joint Managing Director(s) is 5 (five) years from their respective dates of appointment and can be terminated by either party by giving 3 months notice in writing. There is no separate provision for payment of severance fees.

None of the above mentioned Directors have been granted any stock options except Mr. Neeraj Jain, who has been granted 20,000 Options. He has exercised 9,000 options till date.

ii) Non-Executive Directors:

Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board & Committee Meetings.

The Non-Executive Directors were paid sitting fees @ ₹ 35,000/- per Board Meeting and @ ₹ 30,000/- per Committee Meeting during the Financial Year 2019-20, the details of which are given hereunder: -

Name of Director	Sitting Fee (₹)
1. Prafull Anubhai	3,80,000
2. A.K. Kundra	4,70,000
3. D.B. Jain	2,90,000
4. R.M. Malla	1,70,000
5. S.K. Bijlani	2,55,000
6. Parampal Singh	1,35,000
7. Harpreet Kaur Kang	1,00,000

5. SHAREHOLDING DETAILS OF DIRECTORS AS ON 31st MARCH, 2020:

The shareholding of the Directors in the Equity Share Capital of the Company is given as follows: -

S.No.	Name of Director	Number of Shares Held
1.	S.P. Oswal	5,97,591
2.	Suchita Jain	2,44,424
3.	Neeraj Jain	1,500
4.	D.L. Sharma	6,203

No other director holds any share in the Equity Share Capital of the Company.

6. GENERAL BODY MEETINGS:

i. The details of Annual General Meeting & no. of Special Resolutions passed during last three financial years are as follows:

Meeting	Day, Date and Time of the Meeting	Venue	No. of Special Resolutions
46th Annual General Meeting for the Financial Year ended 31st March, 2019.	Monday, 30th September, 2019 at 03:00 P.M.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	4
45th Annual General Meeting for the Financial Year ended 31st March, 2018.	Thursday, 27th September, 2018 at 11:00 A.M.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	5
44th Annual General Meeting for the Financial Year ended 31st March, 2017.	Friday, 22nd September, 2017 at 09:00 A.M.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	1

ii. Postal Ballot

During the year, no resolution was passed through postal ballot. There is no immediate proposal for passing any resolution through postal ballot in financial year 2020-21.

7. DISCLOSURES:

i. There was no materially significant related party transaction that may have any potential conflict with interest of the Company at large. Transactions with related parties are disclosed in Note No. 46 to the Financial Statements. The policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: https://www.vardhman.com/user_files/investor/96c45534e3ab096d9bc682f8eebade0344f915151436264609.pdf

ii. There has not been any non-compliance by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other Statutory Authority, relating to capital market, during the last three years.

iii. The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil Mechanism and Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The policy on "Vigil Mechanism and Whistle Blower" may be accessed on the Company's website at the link: https://www.vardhman.com/user_files/investor/20b9bcdbd2cc01fde3e8e7d392d93573769de1941436265078.pdf

iv. The Company has complied with all the applicable requirements specified in Regulation 17 to 27 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

v. The Board of Directors of the Company has adopted (i) the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and (ii) the Code of Conduct, as required under SEBI (Prohibition of Insider Trading) Regulations, 2015.

vi. During the year no complaint was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

vii. Risk Management Policy as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been duly formulated and approved by Board of Directors of the Company. The aim of Risk Management Policy is to maximize the opportunities in all activities and to minimize adversity.

viii. Further, the Company has complied with all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. The Company may also take up the non-mandatory requirements of the Regulations in due course of time.

ix. As on March 31, 2020, there was no outstanding GDRs/ADRs/Warrants or any convertible instruments.

x. During the year 2019-20, the Company had managed the foreign exchange risk and commodity price risk and hedged to the extent considered necessary. The Company enters into forward contracts and options contracts for hedging foreign exchange exposures against exports and imports. Further, the Company also enters in commodity forward contracts for hedging commodity price risk exposures on cotton purchase. The details of foreign currency exposure are disclosed in the Note No. 37 to the Financial Statements.

Exposure of the Company to commodity risk as on 31st March, 2020 is as follows:

Commodity Name	Exposure in INR towards the particular commodity	Exposure in quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives				
			Domestic market		International market		Total
			OTC	Exchange	OTC	Exchange	
Cotton	1,631 crore	149 million kgs. approx	-	0%	-	0%	0%

xi. The Company has no material subsidiary. The policy for determining 'Material' subsidiary is available at Company's website at the link: https://www.vardhman.com/user_files/investor/Policy%20for%20determing%20Material%20Subsidiaries.pdf

xii. During the year, the Company has not raised any funds through preferential allotment or qualified institutional placement.

xiii. A certificate from a Company Secretary in Practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority forms part of this Report.

xiv. There is no such instance where the Board has not accepted any recommendation of any Committee of the Board which is mandatorily required.

xv. Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/ company of which statutory auditor is part is ₹ 66.52 lakhs.

8. MEANS OF COMMUNICATION:

The Company communicates with the shareholders at large through its Annual Reports, publication of financial results, press releases in leading newspapers, conducting investor calls and by filing of various reports and returns with the Statutory Bodies like Stock Exchanges and the Registrar of Companies. The Quarterly Financial Results are published in prominent daily newspapers viz., "Business Standard" and "Desh Sewak". The Financial Results of the Company are also made available at the Company's web-site www.vardhman.com.

General Information for Shareholders

i) 47th Annual General Meeting:		
Date	:	28th September, 2020
Time	:	10.30 a.m.
Venue	:	Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")
ii) Financial Calendar 2020-21 (Tentative)		
First Quarter Results	:	July, 2020
Second Quarter Results	:	November, 2020
Third Quarter Results	:	February, 2021
Annual Results	:	May, 2021
iii) Dates of Book Closure	:	18th September, 2020 to 28th September, 2020 (both days inclusive)
iv) Dividend payment date	:	The Board of Directors has not recommended Dividend for the Financial Year 2019-20.
v) Listing	:	The securities of the Company are listed on the following Stock Exchanges: - 1. BSE Limited, Mumbai (BSE), 1st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Fort, Mumbai-400 001. 2. National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai.

Listing fee, as applicable, has been duly paid to both the aforesaid Stock Exchanges.

vi) Stock Code:

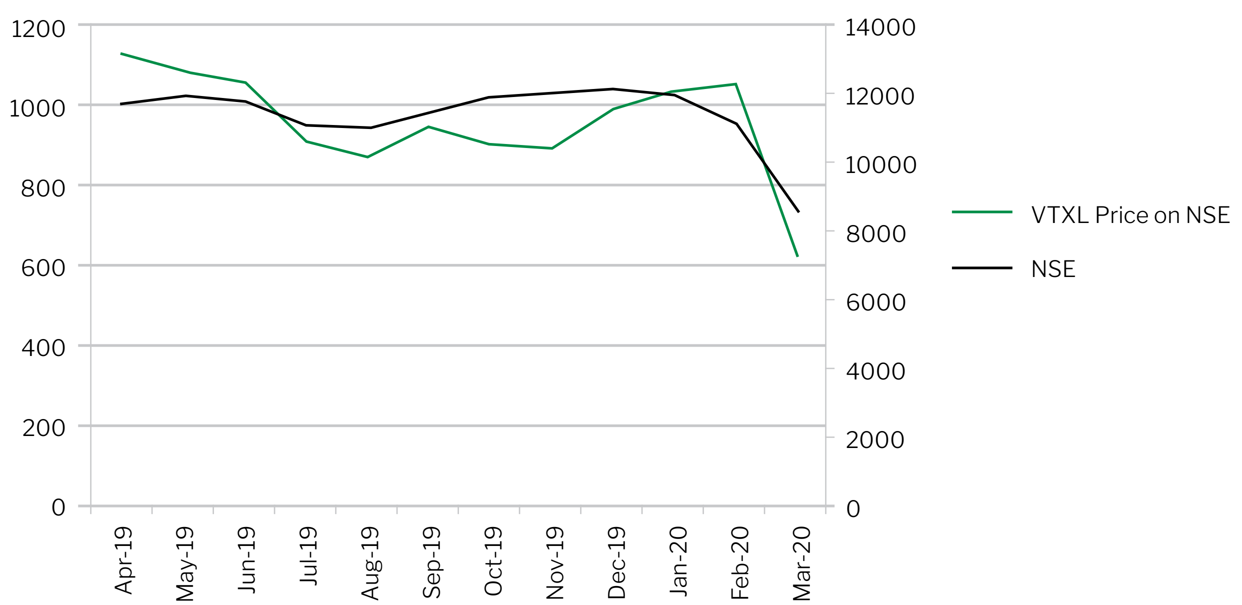
- BSE Limited : 502986
- National Stock Exchange of India Limited : VTL

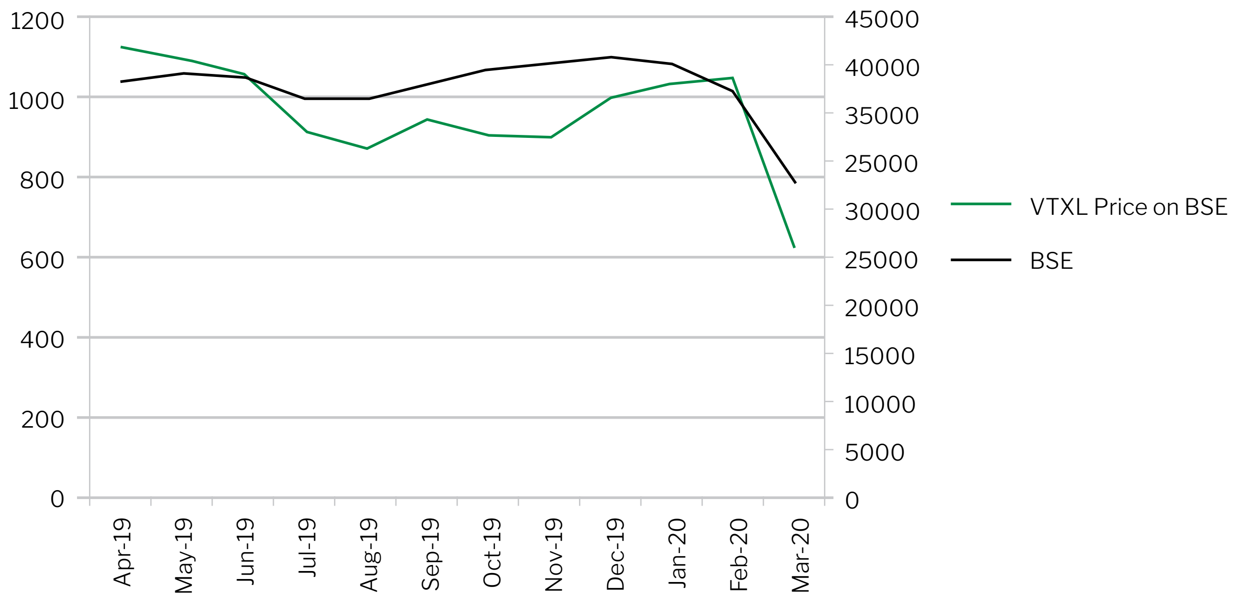
vii) Stock Market Data:

The month-wise highest and lowest and closing stock prices of NSE vis-a-vis BSE during the financial year 2019-20 is given below: -

Financial Year 2019-20	Share Prices of Vardhman Textiles Limited on NSE				Share Prices of Vardhman Textiles Limited on BSE			
	Highest (₹)	Lowest (₹)	Closing (₹)	%age change over last month's closing	Highest (₹)	Lowest (₹)	Closing (₹)	%age change over last month's closing
April	1,155.00	1,057.25	1,126.65	3.54	1,154.00	1,066.25	1,122.00	4.00
May	1,155.00	1,068.20	1,089.35	-3.31	1,145.00	1,072.00	1,094.10	-2.49
June	1,130.00	1,035.10	1,060.35	-2.66	1,124.00	1,042.00	1,060.65	-3.06
July	1,080.00	878.00	910.60	-14.12	1,081.40	883.00	911.95	-14.02
August	968.95	860.00	872.20	-4.22	941.85	865.00	873.40	-4.23
September	980.00	851.05	944.90	8.34	963.90	849.20	945.60	8.27
October	949.95	890.00	903.75	-4.35	947.20	866.00	905.50	-4.24
November	978.80	855.50	895.15	-0.95	916.00	855.60	897.35	-0.90
December	999.00	890.00	992.45	10.87	996.25	893.95	995.15	10.90
January	1,060.00	953.00	1,036.80	4.47	1,055.50	965.50	1,033.50	3.85
February	1,105.35	971.00	1,055.20	1.77	1,104.95	975.00	1,047.40	1.34
March	1,100.00	601.05	625.05	-40.76	1,100.00	600.15	625.65	-40.27

viii) Performance of the Company in comparison to broad-based indices:





ix) Information regarding Dividend Payment:

Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') dividends not encashed/ claimed within seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF")

Dividends remaining unpaid/unclaimed up to the financial year 2011-12 has been transferred to the Investors Education and Protection Fund (IEPF). The unclaimed or unpaid dividend relating to the Financial Year 2012-13 is due for remittance by the end of September, 2020 to IEPF.

The IEPF Rules mandate companies to transfer shares of Members whose dividends remain unpaid/unclaimed for a continuous period of seven years to the demat account of IEPF Authority. In accordance with the said IEPF Rules, the Company had sent notices to all the Members whose shares were due to be transferred to the IEPF Authority and simultaneously published newspaper advertisement. Thereafter, the shares of these Members were transferred to the IEPF and necessary e-form(s) in this regard were filed with MCA.

The Members whose dividend/shares are transferred to the IEPF Authority can claim their shares/dividend from the Authority by following the required procedure. Members are requested to get in touch with the Nodal Officer/Compliance Officer for further details on the subject at secretarial.lud@vardhman.com

x) Registrar & Transfer Agent:

The work related to Share Transfer Registry in terms of both physical and electronic mode is being dealt with by M/s. Alankit Assignments Limited at the address given below: -

M/s. Alankit Assignments Limited,
(Unit: Vardhman Textiles Limited)
205-208, Anarkali Complex, Jhandewalan Extension, New Delhi - 110 055.
Phone: (011) 41540060-63, Fax: (011) 41540064,
E-mail: rta@alankit.com

xi) Share Transfer System:

With effect from April 1, 2019, SEBI has mandated that no share can be transferred by the Company in physical mode. Accordingly, the Company has stopped accepting any fresh lodgement for transfer of shares in physical form. The Company had sent communication to the shareholders encouraging them to dematerialise their holding in the Company. The procedure for dematerialisation of shares is available on the website of the Company.

The shares of the Company are traded on the Stock Exchanges compulsorily in demat form. The Company has participated as an issuer both with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shareholders may operate through any of the depositories, based on tariffs, quality and range of services being offered by them. The International Securities Identification Number (ISIN) of the Company is INE 825 A01012.

xii) Distribution of Shareholding as on 31st March, 2020:

RANGE	Shareholders		Shares	
No. of Shares	Numbers of total Holders	% to Total Holders	Numbers of shares Held	% to Total Shares
Upto-500	18,206	91.84	15,74,462	2.74
501-1000	826	4.17	5,88,749	1.02
1001-2000	378	1.91	5,25,030	0.91
2001-3000	127	0.64	3,18,897	0.55
3001-4000	61	0.31	2,14,642	0.37
4001-5000	29	0.15	1,33,911	0.23
5001-10000	88	0.44	6,42,457	1.12
10001- above	108	0.55	5,35,20,612	93.05
Total	**19,823**	**100.00**	**5,75,18,760**	**100.00**

xiii) Dematerialisation of shares:

As on 31st March, 2020, 98.81% of the capital comprising 5,68,35,449 shares, out of total of 5,75,18,760 shares, was dematerialized.

xiv) Stock Options:

The Company has granted options to its employees under Vardhman Textiles Limited Employee Stock Options Plan, 2016 (hereinafter referred as ESOP Plan). As per the terms of the plan, the Company can grant a maximum of 6,36,518 options to eligible employees from time to time. One option entitles the holder to apply for one equity share of the Company in terms of ESOP Plan. During the financial year 2019-20, 40,600 equity shares were alloted to the eligible employees. So, the paid-up equity share capital of the Company stood increased to ₹ 57,51,87,600 as on 31st March, 2020.

xv) Plant Location:

- Arihant Spinning Mill
  Industrial Area,
  Malerkotla-148 023.
- Anant Spinning Mills,
  New Industrial Area,
  Mandideep-462 046.
- Arisht Spinning Mills,
  Sai Road, Baddi,
  Distt. Solan (H.P.)- 173 205.
- Auro Spinning Mills,
  Sai Road, Baddi,
  Distt. Solan (H.P.)- 173 205.
- Auro Dyeing (Unit –I & II)
  Sai Road, Baddi,
  Distt. Solan (H.P.)- 173 205.
- Auro Weaving Mills,
  Sai Road, Baddi,
  Distt. Solan (H.P.) - 173 205.
- Auro Textiles (Unit-I & II)
  Sai Road, Baddi,
  Distt. Solan (H.P.)- 173 205.
- Mahavir Spinning Mills (Textile Division) (Unit- I & II)
  Sai Road, Baddi,
  Distt. Solan (H.P.)- 173 205.
- Vardhman Spinning Mills,
  Sai Road, Baddi,
  Distt. Solan (H.P.)- 173 205.
- Vardhman Spinning and General Mills,
  Chandigarh Road,
  Ludhiana-141 010.

- Vardhman Fabrics
  Budhni, Distt. Sehore (M.P.) - 466 445.
- Vardhman Fabrics (Power Division)
  Budhni, Distt. Sehore (M.P.) – 466 445.
- Vardhman Yarns
  Satlapur, Distt. Raisen (M.P.) – 462 046.
- Vardhman Yarns (Power Division)
  Satlapur, Distt. Raisen (M.P.) – 462 046.

xvi) Address for correspondence:

Registered office : Chandigarh Road, Ludhiana-141 010
Tel : 0161-2228943-48
Fax : 0161-2601048, 2602710, 2222616
E-mail : secretarial.lud@vardhman.com
(Exclusively for redressal of investors' grievances)

xvii) List of credit ratings:

The Company has obtained rating from CRISIL Limited during the financial year 2019-20. There has been no revision in the credit ratings during the financial year 2019-20. List of all credit ratings obtained by the Company during the year are as follows:

Particulars	Rating during FY 2019-20
Long Term Bank Facilities	CRISIL AA+/Stable
Short Term Bank Facilities	CRISIL A1+
Non-Convertible Debentures	CRISIL AA+/Stable
Commercial Papers	CRISIL A1+

xviii) Debenture Trustee :

SBICAP Trustee Company Limited, Apeejay House, 6th floor 3, Dinshaw Wachha Road, Churchgate, Mumbai 400 020 Tel: 022-4302 5555; Fax : 022- 22040465 E-Mail: corporate@sbicaptrustee.com ; Website: www.sbicaptrustee.com

Chairman & Managing Director's Declaration

A. I, S.P. Oswal, Chairman & Managing Director of Vardhman Textiles Limited declare that all Board Members and Senior Management Personnel have affirmed compliance with 'Code of Conduct for Board & Senior Management Personnel' for the year ended 31st March, 2020.

Place: Ludhiana
Dated: 23rd June, 2020

S.P. Oswal
Chairman & Managing Director

B. I, S.P. Oswal, Chairman & Managing Director of Vardhman Textiles Limited, on behalf of the Board of Directors of the Company, hereby confirm that the Independent Directors of the Company fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the Management.

Place: Ludhiana
Dated: 23rd June, 2020

S.P. Oswal
Chairman & Managing Director

Certificate from Practising Company Secretaries

This is to certify that on the basis of documents verified by us and explanations given to us by the Company, we hereby certify that none of the following directors on the Board of Vardhman Textiles Limited ('the Company') have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any other Statutory Authority:

S.No.	Director Identification Number	Name of Director
1.	00121737	Mr. S.P. Oswal
2.	00746409	Mr. Sachit Jain
3.	00746471	Mrs. Suchita Jain
4.	00340459	Mr. Neeraj Jain
5.	00727581	Mr. D.L. Sharma
6.	00040837	Mr. Prafull Anubhai
7.	00154024	Mr. A.K. Kundra
8.	06911676	Mr. D.B. Jain
9.	00136657	Mr. R.M. Malla
10.	01040271	Dr. S.K. Bijlani
11.	07995388	Dr. Parampal Singh
12.	03049487	Mrs. Harpreet Kaur Kang

This certificate is issued pursuant to Clause 10 (i) of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For **Ashok K Singla & Associates**
Company Secretaries,

Ashok Singla
Proprietor
Membership No. 2004
Certificate of Practice No. 1942

Place: Ludhiana
Dated: 23rd June, 2020

Corporate Governance Certificate

To the Members of
Vardhman Textiles Limited

Independent Auditor's Certificate On Corporate Governance

1. This certificate is issued in accordance with the terms of our engagement letter dated June 19, 2019.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Vardhman Textiles Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2020.

9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Rajesh Kumar Agarwal
Partner
(Membership No. 105546)
(UDIN: 20105546AAAABQ8225)

Place: New Delhi
Date: June 23, 2020

Independent Auditor's Report

To The Members of **Vardhman Textiles Limited**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Vardhman Textiles Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 48.5 of the standalone financial statements, which describes the uncertainties and the impact of COVID-19 pandemic on the Company's operations and results as assessed by the management.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	**Uncertain income-tax positions - Refer to Notes 2.15, 2.19.1.4, 38 and 39 to the standalone financial statement** The Company has material uncertain income-tax positions including matters under dispute relating to Income Taxes. These matters involve significant management judgement to determine the possible outcome of these disputes.	**Principal audit procedures** • Performed testing of design and operating effectiveness of the control established by the Company with regard to uncertain income tax positions. • We obtained details of complete income tax matters during the year ended March 31, 2020 from the management. We involved our internal direct tax experts to challenge the management's underlying assumptions in estimating the tax provisions and possible outcome

Sr. No.	Key Audit Matter	Auditor's Response
		of the disputes. Our internal direct tax experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions relating to Income Taxes. Additionally we considered the effect of new information in respect of uncertain tax positions and matters under dispute as at April 1, 2019 to evaluate whether any change was required to management's position on these uncertainties.
2.	**Valuation of Inventory - Refer to Notes 2.14, 2.19.1.6 and 8 to the standalone financial statement** The Company's inventory primarily comprises cotton, yarn and fabric. Inventories are valued at lower of cost or net realizable value. There is a risk that inventories may be stated at values that are more than their net realizable value ('NRV'). We identified the valuation of inventories as a key audit matter because the Company held significant inventories at the reporting date and significant degree of management judgement and estimation was involved in valuing the inventories.	**Principal audit procedures** • Obtained an understanding of and performed the test of design and operating effectiveness of the Company's key internal controls over the process for valuation of inventories. • Compared the cost of raw materials with supplier invoices for selected samples. For work-in-progress and finished goods, we challenged the key assumptions concerning overhead allocation by assessing the cost of the items included in overhead absorption for selected samples. • In connection with NRV testing, we have compared carrying value to subsequent selling price of selected samples as indicated in sales invoices subsequent to the reporting date.

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

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

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

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

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

Management's Responsibility for the Standalone Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

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

Other Matters

Due to the COVID-19 related lockdown, we were not able to attend the physical verification of inventory carried out by the management subsequent to the year end. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Standalone Financial Statements. Our report is not modified in respect of this matter

Report on Other Legal and Regulatory Requirements

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

    a) 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.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting

    g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

       In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

       i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer to Note 38(a) to the standalone Ind AS financial statements;

       ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer to Note 38 (f) to the standalone Ind AS financial statements

       iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company - Refer to Note 48.4 to the standalone Ind AS financial statements

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

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh Kumar Agarwal
Partner
(Membership No.105546)
(UDIN: 20105546AAAABO7517)

Place: New Delhi
Date: June 23, 2020

Annexure "A" to the Independent Auditor's Report of Vardhman Textiles Limited

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Vardhman Textiles Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company 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, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh Kumar Agarwal
Partner
(Membership No.105546)
(UDIN: 20105546AAAABO7517)

Place: New Delhi
Date: June 23, 2020

Annexure B to the Independent Auditor's Report of Vardhman Textiles Limited

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date)

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds / transfer deeds / conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land whose title deeds have been pledged for obtaining the credit facility extended to the Company as security are held in the name of Company based on the confirmation received by us from "ICICI Bank Limited" (custodian) on behalf of term and consortium lenders.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than for stock lying with third parties and/or goods in transit for which confirmation have been obtained/subsequent receipts have been verified in most of the cases. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has granted unsecured loans to two bodies corporate, covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, customs duty, goods and services tax, cess and other material statutory dues applicable to it with the appropriate authorities. Also refer to the note 38 (e) in the financial statement regarding management assessment on certain matters relating to the provident fund.

(b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, customs duty, goods and services tax, cess and other material statutory dues applicable in arrears as at March 31, 2020 for a period of more than six months from the date they became payable

(c) Details of dues of excise duty, sales tax, value added tax, service tax and income-tax which have not been deposited as on March 31, 2020 on account of disputes are given below and there are no dues of customs duty as on March 31, 2020 on account of disputes.

Nature of Statute	Nature of Dues	Forum where dispute is pending	Period	Amount*	Amount paid under protest	Amount unpaid
					(₹ In Crores)	
Central Excise Laws	Excise Duty	Supreme Court	2005	0.04	-	0.04
		CESTAT	2009-2013	0.01	-	0.01
		Upto Commissioner (Appeals)	2001–2017	1.14	-	1.14
Service Tax Laws	Service Tax	CESTAT	2005-2011	0.08	0.01	0.07
Sales Tax Laws	Central Sales Tax	Upto Commissioner (Appeals)	2009-2010	0.06	-	0.06
	State Sales Tax	High Court	2006-2007	1.21	-	1.21
		Appellate Board	2006-2007	0.51	0.20	0.31
		Upto Commissioner (Appeals)	2005-2006	0.02	-	0.02
Income-tax Laws	Income-tax	ITAT	2001-2012	59.00	59.00	-
		Upto Commissioner (Appeals)	2014-2017	78.41	0.71	77.70

*Amount as per demand orders including interest and penalty wherever quantified in the Order.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders. The Company has not taken any loans from Government.

(ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised. During the year, the Company has not raised any money by way of initial public offer/further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the CARO 2016 is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under clause 3 (xvi) of CARO 2016 is not applicable to the Company.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh Kumar Agarwal
Partner
(Membership No.105546)
(UDIN: 20105546AAAABO7517)

Place: New Delhi
Date: June 23, 2020

Balance Sheet as at March 31, 2020

(All amounts in crores, unless otherwise stated)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3A	3,470.54	3,057.24
(b) Right-of-Use Asset	44	8.76	-
(c) Capital work-in-progress	3A	139.42	273.63
(d) Intangible assets	3B	1.82	1.60
(e) Financial assets			
(i) Investments	4	558.20	749.57
(ii) Loans	5	1.48	0.72
(iii) Others financial assets	6	5.19	8.98
(f) Other non-current assets	7	63.11	85.00
Total Non-current assets		**4,248.52**	**4,176.74**
Current assets			
(a) Inventories	8	2,506.16	2,442.13
(b) Financial assets			
(i) Investments	9	473.29	337.56
(ii) Trade receivables	10	794.81	762.82
(iii) Cash and cash equivalents	11	148.46	37.43
(iv) Bank balances other than above	11A	3.25	3.43
(v) Loans	12	29.72	34.59
(vi) Other financial assets	13	11.03	58.39
(c) Current tax assets(net)	14	65.82	100.10
(d) Other current assets	15	445.47	415.93
(e) Assets held-for-sale	15A	0.15	-
Total Current assets		**4,478.16**	**4,192.38**
TOTAL ASSETS		**8,726.68**	**8,369.12**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	57.52	57.48
(b) Other equity	17	5,608.69	5,181.62
Total Equity		**5,666.21**	**5,239.10**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	1,266.14	1,071.35
(ii) Lease Liability	19A	0.15	-
(iii) Other financial liabilities	19	3.98	4.48
(b) Provisions	20	14.45	10.86
(c) Deferred tax liabilities (Net)	21	225.32	297.47
(d) Other non-current liabilities	22	19.32	20.40
Total Non-current liabilities		**1,529.36**	**1,404.56**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	723.02	868.68
(ii) Trade payables	24		
(a) total outstanding dues of micro enterprises and small enterprises		27.23	4.08
(b) total outstanding dues of trade payable other than micro enterprises and small enterprises		264.69	236.28
(iii) Other financial liabilities	25	441.19	535.63
(b) Provisions	27	2.46	2.79
(c) Current tax liabilities (net)	14	-	6.55
(d) Other current liabilities	26	72.52	71.45
Total Current liabilities		**1,531.11**	**1,725.46**
TOTAL EQUITY AND LIABILITIES		**8,726.68**	**8,369.12**
See accompanying notes to the standalone financial statements	1 - 48		

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Rajesh Kumar Agarwal
Partner

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

Suchita Jain
Vice Chairman and Joint Managing Director
DIN:00746471

S.P. Oswal
Chairman and Managing Director
DIN: 00121737

Place : New Delhi
Date: June 23,2020

Place : Ludhiana
Date: June 23,2020

Statement of Profit and Loss for year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I	Revenue from operations	28	6,325.15	6,414.58
II	Other income	29	171.98	218.20
III	**Total Income (I+II)**		**6,497.13**	**6,632.78**
IV	**Expenses :**			
	Cost of materials consumed	30	3,332.63	3,264.50
	Purchases of stock-in-trade	31	52.05	50.08
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	32	(50.30)	1.73
	Employee benefits expense	33	550.98	519.86
	Finance costs	34	132.54	117.84
	Depreciation and amortization	3A, 3B & 44	319.21	241.48
	Other expenses	35	1,557.01	1,446.89
	Total Expenses		**5,894.12**	**5,642.38**
V	**Profit before tax (III-IV)**		**603.01**	**990.40**
VI	**Tax expense:**	36		
	Current tax		129.66	242.91
	Deferred tax		(72.14)	51.61
VII	**Profit for the year (V-VI)**		**545.49**	**695.88**
VIII	**Other Comprehensive Income**	17		
	A Items that will not be reclassified to profit or loss			
	(a) (i) Remeasurements of the defined benefits plans		(4.32)	0.17
	(ii) Income tax relating to items that will not be reclassified to profit or loss		1.09	(0.06)
	(b) (i) Equity instruments through other comprehensive income		(0.04)	0.13
	(ii) Income tax relating to items that will not be reclassified to profit or loss		0.01	(0.05)
IX	**Total other comprehensive income /(expense)**		**(3.26)**	**0.19**
X	**Total comprehensive income for the year (VII+IX)**		**542.23**	**696.07**
	Earnings per equity share (amount in ₹)	42		
	(1) Basic		94.86	121.13
	(2) Diluted		94.16	119.97
	See accompanying notes to the standalone financial statements	1 - 48		

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Rajesh Kumar Agarwal
Partner

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

Suchita Jain
Vice Chairman and Joint Managing Director
DIN:00746471

S.P. Oswal
Chairman and Managing Director
DIN: 00121737

Place : New Delhi
Date: June 23,2020

Place : Ludhiana
Date: June 23,2020

Cash Flow Statement for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	603.01	990.40
Adjustments for:		
Finance costs	121.21	107.81
Fair valuation gain on investment	(38.13)	(46.56)
Capital Subsidy	(16.27)	(2.36)
Amortisation of Prepaid Leases	-	0.08
Interest income	(27.29)	(11.66)
Dividend on investments	(31.39)	(40.91)
Net gain on sale / discarding of property, plant and equipment	(4.50)	(17.42)
(Profit)/Loss on sale of Investments (Net)	(19.82)	(23.23)
Provision no longer required written back (net)	(1.66)	(19.31)
Assets written off	2.37	0.49
Bad debt written off	6.18	0.73
Allowances for doubtful trade receivables and advances written back (net)	(2.85)	-
Depreciation and amortisation	319.21	241.48
Share options outstanding account	0.97	6.32
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets :-		
Trade receivables	(41.28)	(41.77)
Inventories	(64.03)	(325.63)
Loans (Current)	4.87	10.62
Loans (Non-current)	(0.76)	(0.13)
Other assets (Current)	(29.61)	(99.04)
Others financial assets (Current)	47.76	(34.13)
Others financial assets (Non Current)	3.46	0.11
Other assets (Non-current)	9.15	(2.15)
Adjustments for increase / (decrease) in operating liabilities :-		
Trade payables	53.22	12.75
Provisions (Non Current)	3.59	3.82
Provisions (Current)	(0.33)	(2.03)
Others financial liabilities (Current)	43.89	11.95
Others financial liabilities (Non-Current)	(0.35)	3.83
Other liabilities (Non-current)	0.76	0.09
Other liabilities (Current)	10.64	(40.81)
Cash generated from operations	**952.02**	**683.34**
Income taxes paid	(100.84)	(236.69)
Net cash generated by operating activities	**851.18**	**446.65**

Cash Flow Statement for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	(392.34)	(103.24)
Proceeds from sale Investments	505.96	677.83
Interest received	27.22	11.27
Payment for purchase of property, plant and equipment, capital work in progress and other intangible assets	(640.96)	(877.84)
Bank balances not considered as cash and cash equivalents	0.18	(0.32)
Proceeds from disposal of property, plant and equipment	6.60	24.46
Dividend on subsidiaries, associates and other investments	31.39	40.91
Net cash used in investing activities	**(461.95)**	**(226.93)**
C CASH FLOW FROM FINANCING ACTIVITIES*		
Proceeds from equity share capital/share application	3.43	4.78
Proceeds from borrowings (non-current)	357.00	173.00
Repayment of borrowings (non-current)	(253.34)	(280.51)
Repayment of borrowings (current) (net)	(145.66)	-
Proceeds from borrowings (current) (net)	-	63.17
Corporate dividend tax paid	(17.76)	(13.32)
Dividends on equity share capital paid	(100.80)	(85.77)
Capital Subsidy received	-	0.47
Lease Payments made	(1.52)	-
Finance costs paid	(119.53)	(109.31)
Net cash used in financing activities	**(278.19)**	**(247.49)**
Net increase / (decrease) in cash and cash equivalents	**111.03**	**(27.77)**
Cash and cash equivalents at the beginning of the year	37.43	65.20
Cash and cash equivalents at the end of the year	**148.46**	**37.43**

*There are no non cash changes arising from financing activities

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Rajesh Kumar Agarwal
Partner

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

Suchita Jain
Vice Chairman and Joint Managing Director
DIN:00746471

S.P. Oswal
Chairman and Managing Director
DIN: 00121737

Place : New Delhi
Date: June 23,2020

Place : Ludhiana
Date: June 23,2020

Statement of Changes in Equity for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

a. Equity share capital

Particulars	Amount
Balance as at April 1, 2018	**57.43**
Issue of equity shares under employee stock option plan (Refer note 45)	0.05
Balance as at March 31, 2019	**57.48**
Balance as at April 1, 2019	**57.48**
Issue of equity shares under employee stock option plan (Refer note 45)	0.04
Balance as at March 31, 2020	**57.52**

b. Other equity

Particulars	Share application money pending allotment	Reserves and Surplus							Item of other comprehensive income	Total
		Capital reserve	Capital redemption reserve	Security premium	Debenture redemption reserve	Share options outstanding account	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Balance as at April 1, 2018	**0.55**	**1.24**	**6.26**	**4.91**	**17.81**	**10.57**	**1,373.60**	**3,158.48**	**1.11**	**4,574.53**
Profit for the year	-	-	-	-	-	-	-	695.88	-	695.88
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	0.11	0.08	0.19
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**695.99**	**0.08**	**696.07**
Final Equity Dividend for the financial year 2017-18 (Amount ₹ 15 per share)	-	-	-	-	-	-	-	(86.17)	-	(86.17)
Tax on Dividend	-	-	-	-	-	-	-	(13.32)	-	(13.32)
Employee stock options accrued during the year (Refer note 45)	-	-	-	-	-	6.32	-	-	-	6.32
Transfer to equity shares due to issue of employee stock options (Refer note 45)	(3.64)	-	-	-	-	(1.66)	-	-	-	(5.30)
Securities premium on shares under Employee stock options	-	-	-	5.27	-	-	-	-	-	5.27
Transfer to debenture redemption reserve on account of issue of debentures	-	-	-	-	31.87	-	-	(31.87)	-	-
Share Application Money received under employee stock options.	4.22	-	-	-	-	-	-	-	-	4.22
Balance as at March 31, 2019	**1.13**	**1.24**	**6.26**	**10.18**	**49.68**	**15.23**	**1,373.60**	**3,723.11**	**1.19**	**5,181.62**

Statement of Changes in Equity for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

b. Other equity

Particulars	Share application money pending allotment	Reserves and Surplus							Item of other comprehensive income	Total
		Capital reserve	Capital redemption reserve	Security premium	Debenture redemption reserve	Share options outstanding account	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Profit for the year	-	-	-	-	-	-	-	545.49	-	545.49
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	(3.23)	(0.03)	(3.26)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**542.26**	**(0.03)**	**542.23**
Final Equity Dividend for the financial year 2018-19 (Amount ₹ 17.50 per share)	-	-	-	-	-	-	-	(100.62)	-	(100.62)
Tax on Dividend	-	-	-	-	-	-	-	(17.76)	-	(17.76)
Employee stock options accrued/(Lapsed) during April-March 2020 (Refer note 45)	-	-	-	-	-	0.97	-	-	-	0.97
Transfer to equity shares due to issue of employee stock options (Refer note 45)	(1.13)	-	-	-	-	-	-	-	-	(1.13)
Securities premium on shares under Employee stock options	-	-	-	3.39	-	-	-	-	-	3.39
Transfer from Employee Stock Options accounts to General Reserve	-	-	-	-	-	(1.49)	1.49	-	-	-
Transfer to debenture redemption reserve on account of issue of debentures	-	-	-	-	7.94	-	-	(7.94)	-	-
Balance as at March 31,2020	**-**	**1.24**	**6.26**	**13.57**	**57.62**	**14.71**	**1,375.09**	**4,139.04**	**1.16**	**5,608.69**

In terms of our report attached

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

For and on behalf of the Board of Directors

Rajesh Kumar Agarwal
Partner

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

Suchita Jain
Vice Chairman and Joint Managing Director
DIN:00746471

S.P. Oswal
Chairman and Managing Director
DIN: 00121737

Place : New Delhi
Date: June 23,2020

Place : Ludhiana
Date: June 23,2020

Notes to Standalone Financial Statement

for the year ended March 31, 2020
(All amounts in crores, unless otherwise stated)

1 General Information

Vardhman Textiles Limited (the Company) is a public Company, which was incorporated under the provisions of the Companies Act, 1956 on October 8, 1973 and has its registered office at Chandigarh Road, Ludhiana. The name of the Company at its incorporation was Mahavir Spinning Mills Limited and subsequently changed to Vardhman Textiles Limited on September 5, 2006. The Company is engaged in manufacturing of cotton yarn, synthetic yarn and woven fabric. The Company is listed on two stock exchanges i.e. at National Stock Exchange and at Bombay Stock Exchange.

The financial statements were approved for issue in accordance with a resolution of the directors on June 23, 2020.

2 Significant Accounting Policies, Significant Accounting Judgements, Estimates and Assumptions and Applicablity of new and revsied Ind AS

2.1 Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), and the provisions of the Companies Act ,2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule-3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

2.2 Basis of preparation and presentation

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 is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

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

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

2.3 Revenue recognition

Effective April 1, 2018, the Company adopted Ind AS 115 'Revenue from Contracts with Customers'. First time adoption has been conducted retrospectively with cumulative effect of initially applying this standard as on the transition date. The effect on the transition to Ind AS 115 is insignificant.

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are net of returns, rebates, goods & services tax and value added taxes.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity

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and specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue recognised from major business activities:

2.3.1 Sale of goods:

Revenue from sale of goods is recognised as and when the Company satisfies performance obligations by transferring control of the promised goods to its customers.

2.3.2 Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

2.3.3 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

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 interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.3.4 Rental income

The Company's policy for recognition of revenue from operating leases is described below in point no.2.13

2.4 Government grants

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 recoverable upto financial year 2017-18 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.

As per the amendment in Ind-AS 20 "Government Grants" w.e.f April 1, 2018, the Company had opted to present the grant received/receivable after April 01,2018 related to assets as deduction from the carrying value of such specific assets.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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.

2.6 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.7 Employee benefits

2.7.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit

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method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, 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. Re-measurement 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:

a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

b. net interest expense or income; and

c. re-measurement

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

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.

2.7.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.8 Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note no. 45.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee option outstanding account.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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Current income tax assets/liabilities for current year is recognized at the amount expected to be paid to and/or recoverable from the tax authorities.

2.9.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income-tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income-tax. Accordingly, MAT Credit is recognised as asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.4 Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments.

2.10 Property, plant and equipment (PPE)

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

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The Cost of an item of Property, plant and equipment comprises:

a. its purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates

b. any attributable expenditure directly attributable for bringing an asset to the location and the working condition for its intended use and

c. the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

The Company has elected to continue with the carrying value of all its PPE recognised as on April 1, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost as on transition date.

Depreciation is provided on Straight Line Method on the basis of useful lives of such assets specified in Schedule II to the Companies Act, 2013 except the assets costing ₹ 5000/- or below on which depreciation is charged @ 100%. Depreciation is calculated on pro-rata basis.

The estimated useful life of the assets have been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support etc and are as under:

Buildings	3 - 60 years
Plant and Equipment	5 - 40 years
Furniture and Fixtures & Office Equipment	3- 10 years
Vehicles	8 - 10 years

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

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.

2.11 Intangible assets

2.11.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The Company has elected to continue with the carrying value of all its intangible assets recognised as on April 1, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost as on transition date.

2.11.2 De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between

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the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.11.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Computer softwares	6 years
Contribution to Effluent Treatment Plant	5 years
Right to use power lines	5 Years

2.12 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.13 Leases

The Company as Lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability

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adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets 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 independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method.In respect of leases previously classified as an operating lease applying Ind AS 17, the company adopts the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of ‘Right of Use’ asset of ₹ 1.67 crore and a lease liability of ₹ 1.67 crore. Further, in respect of leases which were classified as operating leases, applying Ind AS 17, ₹ 7.22 crores has been reclassified from “”Other Assets”” to “”Right of Use Asset””. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

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3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 disclosed under Note 44 of the 2019 Annual Report and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 9%.

2.14 Inventories

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

In case of raw materials at weighted average cost plus direct expenses. The cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

In case of stores and spares at weighted average cost plus direct expenses. The cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

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

In case of finished goods at raw material cost plus conversion costs, packing cost, non recoverable indirect taxes (if applicable) and other overheads incurred to bring the goods to their present location and condition.

In case of by-products at estimated realizable value

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

2.15 Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as on asset if it is virtually certain that reimbursements will be received and amount of the receivable can be measured reliably.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.16 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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2.16.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.16.1.1 Classification of financial assets

Financial instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

a. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

b. the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

a. the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

b. the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for instruments measured at Fair value through other comprehensive income (FVTOCI). All other financial assets are subsequently measured at fair value.

2.16.1.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.16.1.3 Investments in equity instruments measured at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

a. it has been acquired principally for the purpose of selling it in the near term; or

b. on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

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c. it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

2.16.1.4 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL/ FVTOCI.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.16.1.5 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

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Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. The Company follows simplified approach for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL's at each reporting date, right from its initial recognition.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.16.1.6 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.16.1.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss.

2.16.2 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

2.16.2.1 Financial liabilities at fair value through profit and loss (FVTPL)

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

a. it has been incurred principally for the purpose of repurchasing it in the near term; or

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b. on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

c. it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

a. such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

b. the financial liability forms part of group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

c. it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the statement of profit and loss.

2.16.2.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.16.2.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.16.3 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks and to manage its exposure to imported raw material price risk including foreign exchange forward contracts and commodities future contracts. Further details of derivative financial instruments are disclosed in note 37.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging

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instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

2.16.4 Equity instrument

Equity instrument are any contract that evidences a residual interest in the assets of an equity after deducting all of its liabilities.

Debt or equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

The equity shares of the Company held by it through a trust are presented as deduction from total equity, until they are cancelled or sold.

2.17 Earnings per share

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

2.18 Assets held for sale

The Company classifies non current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

2.19 Significant accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, which are described as stated above, the Board of Directors of the Company are required to make judgements, estimates and assumptions about the

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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 recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

2.19.1 Key sources of uncertainty

In the application of the Company accounting policies, the management of the Company is 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.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

2.19.1.1 Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future, salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

2.19.1.2 Useful lives of depreciable tangible assets and intangible assets

Management reviews the useful lives of depreciable/ amortisable assets at each reporting date.

As at March 31, 2020 management assessed that the useful lives represent the expected utility of the assets to the Company.

2.19.1.3 Fair Value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company approves the fair values determined by the Chief Financial Officer of the Company including determining the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The Chief Financial Officer works closely with the qualified external valuers to establish appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in notes 37.

2.19.1.4 Contingent Liability

In ordinary course of business, the Company faces claims by various parties. The Company annually assesses such claims and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial

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statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosures in the financial statements but does not record a liability in its financial statements unless the loss becomes probable.

2.19.1.5 Income Tax

The Company's tax jurisdiction is India. Significant judgements are involved in determining the provision for income taxes including judgement on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

2.19.1.6 Inventory

Management has carefully estimated the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market driven changes.

2.20 Applicability of new and revised IND AS

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 notifies new standard or amendments to the standards. There is no such new notification which would be applicable from April 1, 2020

Notes to Standalone Financial Statement

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(All amounts in crores, unless otherwise stated)

3A Property, plant and equipment and capital work-in-progress

Particulars	As at March 31, 2020	As at March 31, 2019
Carrying amount of		
Freehold land	100.48	93.45
Buildings	932.91	811.64
Plant and equipment	2,404.29	2,119.76
Furniture and fixtures	8.58	7.48
Vehicles	7.86	7.44
Office equipment	16.42	17.47
Total Property, plant and equipment	**3,470.54**	**3,057.24**
Capital work-in-progress	139.42	273.63
	3,609.96	**3,330.87**

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Cost or Deemed Cost							
Balance at April 1, 2018	**91.55**	**791.85**	**2,412.13**	**10.40**	**11.09**	**40.55**	**3,357.57**
Addition	2.74	134.19	656.83	1.23	1.55	4.32	800.86
Disposal/Adjustments	(0.84)	(1.93)	(8.48)	(0.10)	(0.16)	(0.24)	(11.74)
Balance at March 31, 2019	**93.45**	**924.11**	**3,060.48**	**11.53**	**12.49**	**44.63**	**4,146.69**
Addition	7.44	155.97	562.82	2.54	2.09	5.32	736.18
Disposal/Adjustments	(0.41)	(0.12)	(18.66)	(0.18)	(0.62)	(0.07)	(20.05)
Balance at March 31, 2020	**100.48**	**1,079.96**	**3,604.64**	**13.89**	**13.96**	**49.88**	**4,862.81**
Accumulated depreciation							
Balance at April 1, 2018	**-**	**82.75**	**744.16**	**2.90**	**3.63**	**21.08**	**854.51**
Depreciation	-	29.87	200.40	1.22	1.50	6.15	239.14
Disposal/Adjustments	-	(0.15)	(3.84)	(0.07)	(0.07)	(0.08)	(4.21)
Balance at March 31, 2019	**-**	**112.47**	**940.72**	**4.05**	**5.05**	**27.15**	**1,089.44**
Depreciation	-	34.58	274.51	1.43	1.57	6.31	318.40
Disposal/Adjustments	-	-	(14.87)	(0.17)	(0.53)	(0.01)	(15.57)
Balance at March 31, 2020	**-**	**147.05**	**1,200.35**	**5.31**	**6.09**	**33.44**	**1,392.27**
Carrying amount							
Balance at April 1, 2018	**91.55**	**709.10**	**1,667.97**	**7.50**	**7.46**	**19.46**	**2,503.04**
Addition	2.74	134.19	656.83	1.23	1.55	4.32	800.86
Disposal/Adjustments	(0.84)	(1.78)	(4.64)	(0.03)	(0.08)	(0.16)	(7.52)
Depreciation	-	(29.87)	(200.40)	(1.22)	(1.50)	(6.15)	(239.14)
Balance at March 31, 2019	**93.45**	**811.64**	**2,119.76**	**7.48**	**7.44**	**17.47**	**3,057.24**
Addition	7.44	155.97	562.82	2.54	2.09	5.32	736.18
Disposal/Adjustments	(0.41)	(0.12)	(3.80)	(0.01)	(0.09)	(0.06)	(4.48)
Depreciation	-	(34.58)	(274.51)	(1.43)	(1.57)	(6.31)	(318.40)
Balance at March 31, 2020	**100.48**	**932.91**	**2,404.29**	**8.58**	**7.86**	**16.42**	**3,470.54**

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3A Property, plant and equipment and capital work-in-progress (Contd..)

Notes on property, plant and equipment

1 Freehold land as at March 31, 2019 includes ₹ 4.38 crores for which title deeds were pending to be executed in favour of the Company, even though the Company had taken the possession thereof. This has been executed in favour of the Company during the year ended March 31, 2020.

2 Refer to note 18 (a) for information on property, plant and equipment pledged as security by the Company.

3 Buildings includes ₹ 2.48 Crores (March 31, 2019: ₹ 2.48 Crores) cost of residential flats at Mandideep, the land cost of which has not been excluded from this cost. The depreciation for the year has been taken on the entire cost.

4 As per the amendment in Ind-AS 20 "Government Grants" w.e.f April 1, 2018, the Company has opted to present the grant related to assets as deduction from the carrying value of such specific assets. For financial year 2019-20 such amount deducted from Property, Plant and Equipment is ₹ 0.25 Crores (FY 18-19 ₹ 14.00 Crores).

5 The Company has availed benefit under Export Promotion Capital Goods (EPCG) scheme amounting to ₹ 8.08 Crores (FY 18-19 ₹ 22.00 Cr) (related to non cenvatable portion of total duty saved) for financial year 2019-20, such benefit is related to Property, Plant and Equipment and Capital work in progress.

6 Borrowing cost capitalised during the year ₹ 0.93 Crores (March 31, 2019 2.42 Crores)

7 Also refer Note 2.10 for option used by the Company to use carrying value of previous GAAP as deemed cost as on April 1, 2015.

3B Intangible assets

Particulars	As at March 31, 2020	As at March 31, 2019
Carrying amount of		
Computer Softwares	1.82	1.60
Contribution to CETP	-	-
Right to use power lines	-	-
	1.82	**1.60**

Particulars	Computer Software	Contribution to CETP	Right to use power lines	Total
Cost or Deemed Cost				
Balance as at April 1, 2018	**11.74**	**0.64**	**4.50**	**16.88**
Addition	0.21	-	-	0.21
Disposal	-	-	-	-
Balance as at March 31, 2019	**11.95**	**0.64**	**4.50**	**17.09**
Addition	0.90	-	-	0.90
Disposal	-	-	-	-
Balance as at March 31, 2020	**12.85**	**0.64**	**4.50**	**17.99**
Accumulated amortisation				
Balance as at April 1, 2018	**8.01**	**0.64**	**4.50**	**13.15**
Amortisation expenses	2.34	-	-	2.34
Disposal	-	-	-	-
Balance as at March 31, 2019	**10.35**	**0.64**	**4.50**	**15.49**

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3B Intangible assets (Contd..)

Particulars	Computer Software	Contribution to CETP	Right to use power lines	Total
Amortisation expenses	0.68	-	-	0.68
Disposal	-	-	-	-
Balance as at March 31, 2020	**11.03**	**0.64**	**4.50**	**16.17**
Carrying amount				
Balance as at April 1, 2018	**3.73**	**-**	**-**	**3.73**
Addition	0.21	-	-	0.21
Disposal	-	-	-	-
Amortisation expenses	(2.34)	-	-	(2.34)
Balance as at March 31, 2019	**1.60**	**-**	**-**	**1.60**
Addition	0.90			0.90
Disposal	-	-	-	-
Amortisation expenses	(0.68)	-	-	(0.68)
Balance as at March 31, 2020	**1.82**	**-**	**-**	**1.82**

Note: These intangible assets are not internally generated

Also refer Note 2.11 for option used by the Company to use carrying value of previous GAAP as deemed cost as on April 1, 2015.

4 **Investments (Non Current)

	Particulars	As at March 31, 2020	As at March 31, 2019
	Break up of investments in subsidiaries, associates		
I	**TRADE INVESTMENTS (at cost/carrying value)**		
	Financial assets carried at cost		
a.	**Investment in equity instruments**		
(i)	**Investment in Subsidiaries (quoted)**		
	5,68,51,144 (March 31, 2019: 5,68,51,144) Equity shares of ₹ 10/- each fully paid up of Vardhman Acrylics Limited	53.15	53.15
(ii)	**Investment in Subsidiaries (unquoted)**		
	2,07,00,248 (March 31, 2019: 2,07,00,248) Equity shares of ₹ 10/- each fully paid up of VMT Spinning Company Limited	39.62	39.62
	40,00,000 (March 31, 2019: 40,00,000) Equity shares of ₹ 10/- each fully paid up of VTL Investments Limited	4.04	4.04
	^^1,40,00,000 (March 31, 2019: 1,40,00,000) Equity shares of ₹ 10/- each fully paid up of Vardhman Nisshinbo Garments Company Limited	8.51	8.51
(iii)	**Investment in Associates**		
	Quoted		
	97,08,333 (March 31, 2019: 97,08,333) Equity shares of ₹ 10/- each fully paid up of Vardhman Special Steels Limited	25.24	25.24

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(All amounts in crores, unless otherwise stated)

4 **Investments (Non Current) (Contd..)

	Particulars	As at March 31, 2020	As at March 31, 2019
	Unquoted		
	62,69,699(March 31, 2019: 62,69,699) Equity shares of ₹ 10/- each fully paid up of Vardhman Yarns & Threads Limited	27.50	27.50
	25,000 (March 31, 2019 : 25,000) Equity shares of ₹ 10/- each fully paid-up of Vardhman Spinning and General Mills Limited	0.03	0.03
b.	**Investment in preference instruments (unquoted)**		
(i)	**Investment in subsidiary**		
	1,00,00,000 (March 31, 2019: 1,00,00,000) 10% non-cumulative convertible preference shares of ₹ 10/- each fully paid up of Vardhman Nisshinbo Garments Company Limited	10.00	10.00
	Financial assets measured at fair value through other comprehensive income		
(i)	**Investment in equity instruments (unquoted)**		
	41,000 (March 31, 2019: 41,000) Equity-Shares of ₹ 10/- each fully paid-up of Shivalik Solid Waste Management Limited (Section 25 Company)	0.09	0.08
	1,40,625 (March 31, 2019: 1,40,625) Equity shares of ₹ 10/- each fully paid-up of Nimbua Greenfield (Punjab) Limited	1.66	1.72
	2,225 (March 31, 2019: 2,225) Equity shares of ₹ 10/- each fully paid-up of Devakar Investment & Trading Company Private Limited	0.23	0.21
	Other Investments:-		
	Financial assets measured at fair value through Profit and loss		
(i)	**Investment in Bonds/ Preference shares/ Debentures (quoted)**		
***	6,660 (March 31, 2019 :6,660) 17.38% Non-convertible redeemable cumulative preference shares of ₹ 7,500/- each fully paid of IL&FS Financial Services Limited	-	5.00
***	10,000 (March 31, 2019:10,000) 16.46% Non-convertible redeemable cumulative preference shares of ₹ 7,500/- each fully paid of Infrastructure Leasing & Financial Services Limited	-	7.50
	Unquoted		
*	NIL (March 31, 2019: 12,50,000) 8.20% cumulative compulsorily convertible preference shares of ₹ 100 each of Tata motor Finance Limited (formerly known as Sheeba Properties Limited)	-	27.55
(ii)	**Investment in mutual funds (Quoted)**		
	5,00,00,000 (March 31, 2019 :5,00,00,000) units of ₹ 10/- each of Kotak FMP Series 216 Direct Growth	59.70	54.45
	4,00,00,000 (March 31, 2019:4,00,00,000) units of ₹ 10/- each of Aditya Birla Sunlife Fixed Term Plan Series-PI (1140 Days)	47.28	43.32

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4 **Investments (Non Current) (Contd..)

	Particulars	As at March 31, 2020	As at March 31, 2019
*	NIL (March 31, 2019:2,50,00,000) units of ₹ 10/- each of Aditya Birla Sunlife Fixed Term Plan Series OK -Growth-Direct (1135 Days)	-	28.82
	2,50,00,000 (March 31, 2019: 2,50,00,000) units of ₹ 10/- each of HDFC FMP 1158 Days Direct Growth	29.72	27.23
*	NIL (March 31, 2019:2,50,00,000) units of ₹ 10/- each of SBI Debt Fund Series -B-49 - (1170 Day)Direct Growth	-	28.85
	1,50,00,000 (March 31, 2019: 1,50,00,000) units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXIV-XIV (1831 Days) Direct Growth Plan	20.54	18.83
*	NIL (March 31, 2019: 3,50,00,000) units of ₹ 10/- each of Kotak FMP Series 202 Direct - Growth	-	40.28
	5,00,00,000 (March 31, 2019: 5,00,00,000)units of ₹ 10/- each of SBI Debt Fund Series C10 (1150 DAYS) Direct Growth	59.22	54.31
*	NIL (March 31, 2019: 2,50,00,000) units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan Series 80-1233 Days Plan O Direct Plan Cumulative	-	28.98
*	NIL (March 31, 2019: 2,50,00,000) units of ₹ 10/- each of Nippon India Fixed Horizon Fund- XXXIII- Series 3- Direct Plan Growth Plan	-	28.96
*	NIL (March 31, 2019: 2,50,00,000) units of ₹ 10/- each of Nippon India Fixed Horizon Fund- XXXIII- Series 4- Direct Plan Growth Plan	-	28.96
	5,00,00,000 (March 31, 2019 : 5,00,00,000) units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan Series 82-1203 days Plan K-Direct Plan Cumulative	59.48	54.56
	3,24,12,364 (March 31, 2019: 3,24,12,364) units of ₹ 10/- each of Kotak FMP Series 254 - 1250 Days -Direct Plan - Growth	37.05	33.63
	6,50,00,000 (March 31, 2019: 6,50,00,000) units of ₹ 10/- each of Kotak FMP Series 251 - 1265 Days -Direct Plan - Growth	75.14	68.24
		558.20	**749.57**
	1. Aggregate book value of quoted investments	466.55	630.31
	2. Aggregate Market Value of quoted investments	580.37	872.45
	3. Aggregate carrying value of unquoted investments	91.65	119.26

* Investments having maturity period of less than 12 months from March 31, 2020 i.e. the balance sheet date have been reclassified as ' Current Investment' during the year.

**Refer Note 37

^^ For change in Company's ownership interest in Vardhman Nisshinbo Garments Company Limited

During the financial year 2018-19, the Company has acquired 68,60,000 shares representing 49% of equity share capital of Vardhman Nisshinbo Garments Company Limited (VNGL) from its joint venture partner namely M/s. Nisshinbo Textile Inc. on January 23, 2019 for a consideration of ₹ 1.37 crores . Accordingly VNGL has become a wholly owned subsidiary of the Company w.e.f. January 23, 2019.Earlier VNGL was a joint venture investment.

*** Investment in preference shares of IL&FS group companies aggregating to ₹ 24.90 crores. In view of the uncertainty prevailing with respect to recovery of the investment value from the IL&FS group, the Management has measured such investments at ₹ NIL (March 31,2020 ₹ 12.50 Cr) and recorded adjustment as FVTPL . This FVTPL adjustment reflects the exposure that may arise given the uncertainty involved.

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5 Loans (Non Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortized cost		
(unsecured considered good unless otherwise stated)		
Loan to employees	1.48	0.72
	1.48	**0.72**

6 *Other Financial Assets (Non Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortized cost		
(unsecured considered good unless otherwise stated)		
Fixed Deposits with banks more than twelve months maturity	0.02	1.54
Interest Receivable	0.02	0.35
Other Recoverable	5.15	7.09
	5.19	**8.98**

*Refer Note 37

7 Other Non Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Non Financial Assets at amortized cost		
(unsecured considered good unless otherwise stated)		
Capital advances	22.00	34.74
Balance with government authorities	6.40	9.11
Unamortised Lease hold land prepayment	-	7.14
Prepaid (Deferred) Expense for employee benefit	0.20	0.06
Security deposits	33.78	33.46
Prepaid expenses-others	0.73	0.49
	63.11	**85.00**

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

8 Inventories

Particulars	As at March 31, 2020	As at March 31, 2019
(at cost or net realisable value, whichever is lower)		
Raw materials*	1,647.35	1,648.17
Work-in-progress	159.34	157.64
Finished Goods	522.44	471.62
Stores and Spares*	177.03	164.70
	2,506.16	**2,442.13**
*above items include goods in transit as per below		
Raw materials	40.91	12.59
Stores and Spares	13.77	12.17
	54.68	**24.76**

(i) The cost of inventories recognised as an expense during the year in respect of continuing operations was ₹ 3,332.63 Crores (March 31, 2019: ₹ 3,264.50 Crores)

(ii) Refer to Note 18(a) and 23 for information on inventories pledged as security by the Company.

(iii) The method of valuation of inventories has been stated in note 2.14.

9 **Other Investments (Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets measured at fair value through Profit and loss		
Investment in Liquid Funds (Quoted)		
5,59,391 (March 31, 2019: NIL) units of ₹ 1000/- each of SBI Overnight Fund	182.01	-
30,561.81(March 31,2019: NIL) units of ₹ 1000/-each of Kotak Liquid Fund	12.27	-
Investment in Debt Funds/ Monthly Income Plans/Debentures/Bonds (Quoted)		
#2,50,00,000 (March 31, 2019:NIL) units of ₹ 10/- each of Aditya Birla Sunlife Fixed Term Plan Series OK -Growth-Direct (1135 Days)	31.04	-
#2,50,00,000 (March 31, 2019: NIL) units of ₹ 10/- each of ICICI Prudential FMP Series 80-1233 Days Plan O Direct Plan Cumulative	31.22	-
#3,50,00,000 (March 31, 2019: NIL) units of ₹ 10/- each of Kotak FMP Series 202 Direct - Growth	43.31	-
#2,50,00,000 (March 31, 2019: NIL) units of ₹ 10/- each of Nippon India Fixed Horizon Fund- XXXIII- Series 3- Direct Plan Growth Plan	31.29	-
#2,50,00,000 (March 31, 2019: NIL) units of ₹ 10/- each of Nippon India Fixed Horizon Fund- XXXIII- Series 4- Direct Plan Growth Plan	31.29	-
#2,50,00,000 (March 31, 2019:NIL) units of ₹ 10/- each of SBI Debt Fund Series -B 49 - (1170 Day) Direct Growth	31.00	-
NIL (March 31, 2019:3,00,00,000) units of ₹ 10/- each of Kotak FMP Series 191 Direct Growth	-	37.92

Notes to Standalone Financial Statement

for the year ended March 31, 2020
(All amounts in crores, unless otherwise stated)

9 **Other Investments (Current)

Particulars	As at March 31, 2020	As at March 31, 2019
NIL (March 31, 2019:1,00,00,000) units of ₹ 10/- each of ICICI Prudential FMP Series 78-1115 Days Plan X Direct Plan Cumulative	-	12.64
NIL (March 31, 2019:2,50,00,000) units of ₹ 10/- each of HDFC FMP 1114D March 2016(1) Direct Growth Series-35	-	31.63
NIL (March 31, 2019:2,50,00,000) units of ₹ 10/- each of SBI Debt Fund Series- B -36(1131 Days)- Direct Growth	-	31.39
NIL (March 31, 2019: 2,50,00,000) units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXV-11 (1097 Days)Direct Growth Plan	-	30.58
NIL (March 31, 2019: 100) Principal protected market linked redeemable non convertible debentures of ₹ 1,000,000/- each of Aspire Home Finance Limited	-	12.98
4,00,00,000 (March 31, 2019: 4,00,00,000) units of ₹ 10/- each of Kotak FMP Series 200 Direct - Growth	49.68	46.21
NIL (March 31, 2019: 83,58,828) units of ₹ 10/- each of Kotak Bond (Short Term) -Direct Plan Growth	-	30.49
NIL (March 31, 2019:12,49,786) units of ₹ 10/- each of Aditya Birla Sun Life Treasury Optimizer Plan-Growth-Direct Plan	-	30.25
NIL (March 31, 2019: 2,43,36,822) units of ₹ 10/- each of IDFC Corporate Bond Fund -Direct Plan -Growth Option	-	31.30
Investment in preference shares (unquoted)		
NIL (March 31, 2019: 10,00,000) 3% cumulative compulsorily convertible Preference Shares of ₹ 100/- each of TATA Motors Finance Limited	-	12.03
12,50,000 (March 31, 2019: NIL) 8.20% cumulative compulsorily convertible preference shares of ₹ 100 each of Tata motor Finance Limited (formerly known as Sheeba Properties Limited)	28.93	-
Investment in equity Share (Quoted)		
NIL (March 31, 2019 :75,400) Equity Shares of ₹ 10 /-each fully paid up of Hindustan Petroleum Corporation Limited	-	2.14
5,80,000 (March 31, 2019 :13,04,645) Equity shares of ₹ 1 /- each fully paid up of Welspun India Limited	1.25	7.91
NIL (March 31, 2019 :26,000) Equity shares of ₹ 10 /-each fully paid up of Trident Limited	-	0.19
NIL (March 31, 2019: 1,46,000) equity shares of ₹ 10 each of Reliance Industries Limited	-	19.90
	473.29	**337.56**
1. Aggregate amount of quoted investments	444.36	325.53
2. Aggregate market value of quoted investments	444.36	325.53
3. Aggregate carrying value of unquoted investments	28.93	12.03

Investments having maturity period of less than 12 months from March 31, 2020 i.e. the balance sheet date have been reclassified as 'Current investment' during the year.

** Refer note 37

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

10 *Trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Receivable from related parties (Refer Note 46)		
- Unsecured, considered good	8.72	5.00
Receivable from others		
- Secured, considered good	-	-
- Unsecured considered good	786.09	757.14
- Significant increase in Credit risk	2.12	5.65
- Credit impaired	-	-
Less:- Allowances for doubtful trade receivables	(2.12)	(4.97)
	794.81	**762.82**

(i) The credit period allowed on sales generally vary, on case to case basis, business to business, based on market conditions, maximum credit period allowed is 45 days (2018-19 - 45 days) in case of domestic yarn and 90 days (2018-19 - 90 days) in case of domestic fabric. In case of exports, maximum credit period of 120 days (2018-19 - 120 days) against letter of credit is provided.

(ii) There are no major customers that represent more than 10% of total balances of trade receivables.

(iii) Ageing of provision of doubtful trade receivables	Expected Credit Loss	
	As at March 31, 2020	As at March 31, 2019
Less than 180 days	1.93	-
More than 180 days	0.19	4.97
	2.12	**4.97**

(iv) Age of Receivables:	Expected Credit Loss	
	As at March 31, 2020	As at March 31, 2019
Less than 180 days	792.13	756.22
More than 180 days	4.80	11.57
	796.93	**767.79**

Notes to Standalone Financial Statement

for the year ended March 31, 2020
(All amounts in crores, unless otherwise stated)

10 *Trade receivables (Contd..)

(v) Movement in expected credit loss allowance	Expected Credit Loss As at March 31, 2020	Expected Credit Loss As at March 31, 2019
Balance at the beginning of the year	4.97	4.97
Reversal of provision during year	(4.78)	-
Provision provided during the year	1.93	-
Balance at the end of the year.	**2.12**	**4.97**

(vi) The concentration of credit risk is limited due to the fact that customer base is large and unrelated.

* Refer note 37

11 Cash and cash equivalents#

For the purpose of financial statements cash and cash equivalents include cash on hand and bank balances. Cash and cash equivalent at the end of reporting period can be reconciled to the related items in balance sheet as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
a) Balances with banks		
- In current accounts	133.05	37.26
- In deposit accounts with maturity upto three months	14.39	-
b) Cheques on hand	0.84	-
c) Cash on hand	0.18	0.17
	148.46	**37.43**

#Refer note 37

11A Bank Balances other than Cash and cash equivalents#

Particulars	As at March 31, 2020	As at March 31, 2019
a) Other bank balances		
- Earmarked balances with banks*	2.99	3.17
- Deposits with more than twelve months maturity	0.02	1.54
- Deposits with more than three months but less than twelve months maturity	0.26	0.26
	3.27	**4.97**
Less: Amounts disclosed as other financial non current assets (Refer note 6)	0.02	1.54
	3.25	**3.43**

*Earmarked balances with banks includes ₹ 2.98 crores (March 31, 2019: ₹ 3.16 crores) pertaining to dividend accounts with banks and ₹ 0.01 crores (March 31, 2019: ₹ 0.01 crores) pledged with government authorities and others.

#Refer note 37

Notes to Standalone Financial Statement

for the year ended March 31, 2020
(All amounts in crores, unless otherwise stated)

12 Loans (Current)#

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortized cost		
(Unsecured and considered good), unless otherwise stated		
Loans to related parties (Refer note 46)		
- Subsidiary companies	26.99	16.99
- Others	-	15.00
Loan to employees	2.73	2.60
	29.72	**34.59**

#Refer note 37

13 Other financial assets (Current)**

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortized cost		
(Unsecured and considered good), unless otherwise stated		
Recoverable from related parties (Refer Note 46)	0.03	0.03
Interest receivable (including from related parties) (Refer Note 46)	1.70	1.30
Claims receivable	1.36	-
Other Recoverable	7.94	16.15
Financial assets at Fair value through Profit and loss		
Derivative Financial Instruments*	-	40.91
	11.03	**58.39**

*The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risk including foreign exchange forward contracts. For further details of derivative financial instruments refer note 37.

**Refer note 37

14 Current tax

Particulars	As at March 31, 2020	As at March 31, 2019
Current tax assets (net)		
Taxes paid (net)	65.82	100.10
Current tax liabilities (net)		
Income-tax payable (net)	-	6.55

Notes to Standalone Financial Statement

for the year ended March 31, 2020
(All amounts in crores, unless otherwise stated)

15 Other current assets

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured and considered good), unless otherwise stated		
Amount recoverable from Mahavir Share Trust in respect of shares		
Held in Trust (Refer note 40)	4.65	4.65
Advances to suppliers	85.01	100.61
Unamortised Lease hold land prepayments	-	0.08
Balance with government authorities	233.67	248.44
Prepaid (Deferred) Expense for employee benefit	0.32	0.12
Prepaid expenses others	6.61	4.31
Other recoverable :		
- Considered good	115.21	57.72
- Considered Doubtful	0.02	0.03
Less: Allowances for doubtful other recoverable	(0.02)	(0.03)
	115.21	**57.72**
	445.47	**415.93**

15A Assets Held for sale

Particulars	As at March 31, 2020	As at March 31, 2019
Land held for Sale	0.15	-
	0.15	**-**

The company intends to dispose off a parcel of freehold land it no longer utilises in the next 12 months. No impairment loss was recognised on reclassification of the land as held for sale as at March 31, 2020 as the company had received advance of ₹ 1.00 Crore shown in other current liabilities (Refer Note.26).

16 Equity share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised share capital:		
9,00,00,000 equity shares of ₹ 10 each (March 31, 2019: 9,00,00,000 equity shares of ₹ 10 each)	90.00	90.00
1,00,00,000 redeemable cumulative preference shares of ₹ 10 each (March 31, 2019: 1,00,00,000 redeemable cumulative preference shares of ₹ 10 each)	10.00	10.00
	100.00	**100.00**
Issued, subscribed and fully paid up share capital comprises:		
5,75,18,760 equity shares of ₹ 10 each (March 31, 2019: 5,74,78,160 equity shares of ₹ 10 each)	57.52	57.48
	57.52	**57.48**

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

16.1 Rights, preference and restriction attached to equity shares

The Company has one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

16.2 Rights, preference and restriction attached to preference shares

The rate of dividend on preference shares will be decided by the Board of Directors as and when issued. Preferential shares as and when issued shall have the cumulative right to receive dividend as and when declared and shall have preferential right of repayment on amount of capital.

16.3 As per Employee Stock Options Scheme 2016, senior employees of the Company were offered 6,14,000 options (for details refer note 45). The vesting for due options began from financial year 2016-17 and 1,06,200 options/shares (1,22,800 options/shares 2018-19) vested during the year 2019-20. Out of these, 40,600 shares/options (FY 2018-19 44,700 shares/ options) have been issued. Share options granted under Company's employee share option plan carry right to dividend and voting rights at par with other equity holders.

16.4 Reconciliation of number of shares

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	5,74,78,160	57.48	5,74,33,460	57.43
	5,74,78,160	**57.48**	**5,74,33,460**	**57.43**
Issue of equity shares under employee stock option plan (Refer note 45)	40,600	0.04	44,700	0.05
Balance as at the end of the year	**5,75,18,760**	**57.52**	**5,74,78,160**	**57.48**

16.5 Details of shares held by the holding Company

There is no Holding / Ultimate Holding Company of the Company.

16.6 Details of shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	% holding	Number of shares	% holding
Devakar Investment and Trading Company Private Limited	62,36,506	10.84%	62,18,019	10.81%
Adishwar Enterprises LLP	1,03,18,863	17.94%	1,03,18,863	17.95%
Vardhman Holdings Limited	1,53,53,628	26.69%	1,53,14,517	26.63%
HDFC Trustee Company Ltd - A/C HDFC Mid - cap opportunities fund	29,50,460	5.13%	26,50,668	4.61%

Notes to Standalone Financial Statement

for the year ended March 31, 2020
(All amounts in crores, unless otherwise stated)

17 Other equity

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Share application money pending allotment	-	1.13
Capital reserve	1.24	1.24
Capital redemption reserve	6.26	6.26
Security premium	13.57	10.18
Debenture redemption reserve	57.62	49.68
Share options outstanding account	14.71	15.23
General reserve	1,375.09	1,373.60
Retained earnings	4,139.04	3,723.11
Equity instrument through other comprehensive income	1.16	1.19
	5,608.69	**5,181.62**

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

17 Other equity (Contd..)

Particulars	Share application money pending allotment	Reserves and Surplus							Item of other comprehensive income	Total
		Capital reserve	Capital redemption reserve	Security premium	Debenture redemption reserve	Share options outstanding account	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Balance at April 1, 2018	**0.55**	**1.24**	**6.26**	**4.91**	**17.81**	**10.57**	**1,373.60**	**3,158.48**	**1.11**	**4,574.53**
Profit for the year	-	-	-	-	-	-	-	695.88	-	695.88
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	0.11	0.08	0.19
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**695.99**	**0.08**	**696.07**
Final Equity Dividend for the financial year 2017-18 (Amount ₹ 15 per share)	-	-	-	-	-	-	-	(86.17)	-	(86.17)
Tax on Dividend	-	-	-	-	-	-	-	(13.32)	-	(13.32)
Employee stock options accrued during April-March 2019 (Refer note 45)	-	-	-	-	-	6.32	-	-	-	6.32
Transfer to equity shares due to issue of employee stock options (Refer note 45)	(3.64)					(1.66)				(5.30)
Securities premium on shares under Employee stock options		-	-	5.27	-	-	-	-	-	5.27
Transfer to debenture redemption reserve on account of issue of debentures	-	-	-	-	31.87	-	-	(31.87)	-	-
Share Application Money received under employee stock options.	4.22	-	-	-	-	-	-	-	-	4.22
Balance at March 31, 2019	**1.13**	**1.24**	**6.26**	**10.18**	**49.68**	**15.23**	**1,373.60**	**3,723.11**	**1.19**	**5,181.62**
Profit for the year	-	-	-	-	-	-	-	545.49	-	545.49
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	(3.23)	(0.03)	(3.26)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**542.26**	**(0.03)**	**542.23**

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

17 Other equity (Contd..)

Particulars	Share application money pending allotment	Reserves and Surplus							Item of other comprehensive income	Total
		Capital reserve	Capital redemption reserve	Security premium	Debenture redemption reserve	Share options outstanding account	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Final Equity Dividend for the financial year 2018-19 (Amount ₹ 17.50 per share)		-	-	-	-	-	-	(100.62)	-	(100.62)
Tax on Dividend	-	-	-	-	-	-	-	(17.76)	-	(17.76)
Employee stock options accrued/(Lapsed) during April-March 2020 (Refer note 45)	-	-	-	-	-	0.97	-	-	-	0.97
Transfer to equity shares due to issue of employee stock options (Refer note 45)	(1.13)	-	-	-	-	-	-	-	-	(1.13)
Securities premium on shares under Employee stock options	-	-	-	3.39	-	-	-	-	-	3.39
Transfer from Employee Stock Options accounts to General Reserve	-	-	-	-	-	(1.49)	1.49	-	-	-
Transfer to debenture redemption reserve on account of issue of debentures	-	-	-	-	7.94	-	-	(7.94)	-	-
Balance at March 31, 2020	**-**	**1.24**	**6.26**	**13.57**	**57.62**	**14.71**	**1,375.09**	**4,139.04**	**1.16**	**5,608.69**

a. **Share application money pending allotment and share option outstanding account**

It represents money received from senior employees under the Company's employee share option scheme.

b. **Capital reserve**

Capital reserve represents reserve recognised on amalgamation being the difference between consideration amount and net assets of the transferor Company.

c. **Capital redemption reserve**

Capital Redemption reserve is a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of a Company's own shares.

d. **Securities premium**

Securities premium represents amount of premium recognised on issue of shares to shareholders at a price more than its face value.

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

17 Other equity (Contd..)

e. Debenture redemption reserve

The Company has issued non convertible debentures in Financial Year 2017-18 and as per the provisions of the Companies Act, 2013 , it is required to create debenture redemption reserve out of the profits available for payment of dividend.

f. General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

g. Retained earnings

Retained earnings represents amount that can be distributed by the Company to its equity shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act 2013.

h. Equity instrument through other comprehensive income

Reserve for equity instruments through other comprehensive income represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amount reclassified to retained earnings when those assets have been disposed off.

18 Borrowings (Non Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured - at amortised cost		
Term loans		
From banks*	973.75	870.00
Less: Current maturities (refer note-25)	207.41	298.45
	766.34	571.55
Debentures		
Series A 7.59% 1500 Debentures of ₹ 10,00,000/-each	150.00	150.00
Series B 7.69% 1500 Debentures of ₹ 10,00,000/-each	150.00	150.00
Series C 7.75% 1998 Debentures of ₹ 10,00,000/-each	199.80	199.80
Total	**1,266.14**	**1,071.35**

*Net of unamortized processing charges: March 31, 2020: ₹ 1.77 crores (March 31, 2019 ₹ 1.56 crores)

(a) Term loans from banks are secured as follows:-

(1). 1st pari passu charge :-Hypothecation of entire fixed assets of the Company (both present and future) including equitable mortgage.

(2). 2nd pari passu charge:-Hypothecation of stocks of raw material, stock in process and finished goods, receivables/ book debts and other current assets (both present and future).

Notes to Standalone Financial Statement

for the year ended March 31, 2020
(All amounts in crores, unless otherwise stated)

18 Borrowings (Non Current) (Contd..)

(b) The Company issued secured, rated listed Redeemable Non-convertible Debentures (NCDs) aggregating to ₹ 499.80 crores for cash at par on private placement basis on September 8, 2017. The NCDs are listed at the Bombay Stock Exchange of India (BSE) and comprise of three series repayable in third, fourth and fifth years and have an overall yield of 7.69% per annum. CRISIL has assigned a rating of AA+ with Stable outlook to the said NCDs of the Company on December 11, 2019. The NCDs are secured by way of a first pari passu charge over the immovable and movable fixed assets of the Company and it should have fixed asset cover of more than 105% of outstanding amount of NCDs.The Fixed Asset coverage ratio as on March 31, 2020 is 2.36 times.

(c) There have been no breach of covenants mentioned in the loan agreements during the reporting years.

18 (d) Terms of repayment of loan/debentures

Loan Category	Frequency of principal repayments	Interest rate	Repayments during				Total
			FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-26	
Term loans	Quarterly Payments	8.45% to 9.20%	57.41	108.75	233.95	-	400.11
Term loans	Bullet Payments	8.10% to 9.00%	-	-	2.00	528.00	530.00
*ECB Loan	Bullet Payments	2.1130%	-	-	-	45.42	45.42
7.59% Series A Non-convertible debentures	Yearly	7.59%	150.00	-	-	-	150.00
7.69% Series A Non-convertible debentures	Yearly	7.69%	-	150.00	-	-	150.00
7.75% Series A Non-convertible debentures	Yearly	7.75%	-	-	199.80	-	199.80
			207.41	**258.75**	**435.75**	**573.42**	**1,475.33**

18 (e) Also refer note 37 for fair value disclosures.

*External commercial borrowing from Citi bank for capital expenditure is repayable in 3 equal installments beginning from end of 54 months, 57 months and 60 months carries an interest rate of 3 Month Libor plus spread of 0.65%.

19 Other financial liabilities (Non Current)*

Particulars	As at March 31, 2020	As at March 31, 2019
Financial liabilities at amortized cost		
Retention Money	3.98	4.48
	3.98	**4.48**

*Refer note 37

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

19A Lease liabilities (Non Current)*

Particulars	As at March 31, 2020	As at March 31, 2019
Financial liabilities at amortized cost		
Lease Liability	0.15	-
	0.15	**-**

*Refer Note:-44

20 Provisions (Non Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits :		
- Leave (Refer note 47)	14.45	10.86
	14.45	**10.86**

The provision for employee benefit include annual leave and vested long service leave entitlement accrued of employees.

21 Deferred tax liabilities (net)*

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities	242.24	307.86
Deferred tax assets	16.92	10.39
	225.32	**297.47**

*Refer note 36

22 Other non-current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Income for Capital subsidy	18.43	20.27
Due to employees	0.08	0.05
Other	0.81	0.08
Total	**19.32**	**20.40**

The deferred revenue arises as a result of the benefits received from state government on account of installation of specified project assets whereby such grant is treated as deferred income and is recognized as income over the useful life of the assets for which such grant is received. W.e.f April 1, 2018 the Company has opted to deduct such grant from the carrying value of the specific asset (Also refer Notes 4 to Note 3A)

Notes to Standalone Financial Statement

for the year ended March 31, 2020
(All amounts in crores, unless otherwise stated)

23 Borrowings (Current)*

Particulars	As at March 31, 2020	As at March 31, 2019
Loans repayment on demand		
- From banks (secured at amortised cost)	666.00	831.37
- From banks (unsecured at amortised cost)	57.02	37.31
Total	**723.02**	**868.68**

Details of security for working capital borrowings

Working capital borrowings from banks are secured as follows:-

(1) 1st pari passu charge :-Hypothecation of stocks of raw material, stock in process and finished goods, receivables/ book debts and other current assets (both present and future).

(2) 2nd pari passu charge:-Hypothecation of entire fixed assets of the company (both present and future) including equitable mortgage.

Includes NIL (March 31, 2019: Nil) for commercial paper issued by the Company. The maximum amount outstanding during the year is ₹ 550 crores (including interest) (FY 2018-19: ₹ 600.00 crores (including interest)).

*Refer note 37

24 Trade payables*

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables (refer note 43)		
- Total outstanding dues of micro enterprises and small enterprises	27.23	4.08
- Total outstanding dues of other than micro enterprises and small enterprises	264.69	236.09
Due to related parties (Refer Note 46)	0.00	0.19
Total	**291.92**	**240.36**

*Refer note 37

Notes to Standalone Financial Statement

for the year ended March 31, 2020

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25 Other financial liabilities (Current)**

Particulars	As at March 31, 2020	As at March 31, 2019
Financial liabilities at amortized cost		
Current maturities of non current debt	207.41	298.45
Interest accrued but not due on borrowings	25.35	23.38
Other payables		
- Retention money	11.89	5.71
- Security deposits	2.22	6.10
- Expense payable	46.03	37.81
- Payables for purchase of fixed assets		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of other than micro enterprises and small enterprises	46.88	89.66
- Due to employees	66.45	73.63
Financial liabilities at Fair value through Profit and loss		
Derivative Financial Instruments*	34.96	0.89
Total	**441.19**	**535.63**

*This includes net mark to market loss of ₹ Nil crores (March 31,2019 : ₹ 0.89 Crores) on commodities traded through commodities exchange. The Company has taken future contracts to hedge against fluctuation of cotton prices and has booked mark to market loss on these contracts in head Other expenses (Refer note 35).

**Refer note 37

26 Other current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory remittances*	14.76	16.70
Deferred Income for Capital subsidy	1.89	1.98
Unpaid dividends**	2.98	3.16
Gratuity	9.00	2.54
Advances from customers (Contract Liabilities) #	36.42	42.38
Other Liabilities	6.47	4.69
Advance against Sale of Property Plant and Equipment	1.00	-
Total	**72.52**	**71.45**

*Statutory remittances includes contribution to provident fund and employee state insurance corporation, tax deducted/collected at source, goods and service tax etc.

**Unpaid dividends do not include any amount due and outstanding required to be credited to the Investors' Education and Protection Fund.

#Advance from customers is recognised when payment is received before the related performance is satisfied

Notes to Standalone Financial Statement

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26 Other current liabilities (Contd..)

Particulars	As at March 31, 2020	As at March 31, 2019
As at beginning of the year	42.38	47.92
Less:-Recognised as revenue	(42.38)	(47.92)
Add:- Advances received during the year related to closing balance	36.42	42.38
As at end of the year	**36.42**	**42.38**

27 Provisions (Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits : (Refer note 47)		
Leave	2.46	2.79
	2.46	**2.79**

28 Revenue from operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of products (Net of Rebate & Discount)**	6,246.57	6,345.92
Sale of services	3.71	2.57
Other operating revenues :		
- Export benefits*	60.27	52.36
- Others	14.60	13.73
	6,325.15	**6,414.58**

Ministry of Corporate affairs had notified Ind AS 115 'Revenue from Contracts with customers' which is effective from April 1, 2018. The new standard outlines a single comprehensive control based model for revenue recognition and supersedes current revenue recognition guidance based on risk and rewards. The company had assessed the impact on the financial statement of adopting IND-AS 115 and it is not expected to have a impact on the company's profitability, liquidity and capital resources as financial position. The Company had not applied any significant judgements in applying the revenue recognition criteria. The introduction of the standard have extended the disclosure requirements and is given below:-

#The following is an analysis of the companies revenue from its products and services

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of Yarn	3,768.27	3,946.66
Sale of Fabric	2,474.45	2,396.20
Service income	3.71	2.57
Others (Sale of scrap, waste etc)	18.45	16.79
	6,264.88	**6,362.22**

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

28 Revenue from operations # (Contd..)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
The following is analysis on the Companies revenue disaggregates on the basis of timing of revenue recognition.		
- At point of time	6,264.88	6,362.22
- Over the period	-	-
The contract price of sale of products co-incide with the revenue from operations.		
* Export benefits are in the nature of government grants covering following benefits		
(a) Merchandise Exports from India Scheme(MEIS)	18.95	18.61
(b) Duty drawback benefits	41.32	33.75
	60.27	**52.36**

**Revenue from operations does not include ₹ 0.01 Crores (March 31, 2019 ₹ 5.39 Crores) for sales during the trial run which has been capitalised during the year.

29 Other income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Interest income		
Interest income	27.29	11.66
Interest income on employee loans	0.10	0.10
(b) Dividend income		
Dividend Income from investment carried at cost	19.85	27.01
Dividend income from investments- carried at fair value through Profit or Loss	11.54	13.90
(c) Other Non Operating Income (Net of Expenses directly attributable to such income)		
Net gain on sale of investments-carried at fair value through Profit or Loss (net of fair valuation gains/loss upto previous year)	19.82	23.23
Gain on fair valuation of Investments	38.13	46.56
(d) Other gain		
Claims received (net of expenses)	2.33	0.86
Provisions no longer required written back	1.66	19.31
Capital subsidy	16.27	2.36
Net gain on disposal of property, plant and equipment	4.50	17.42
Allowances for doubtful trade receivables and advances written back	2.85	-
Foreign exchange fluctuation gain (net)	-	30.78
Others	27.64	25.01
	171.98	**218.20**

Notes to Standalone Financial Statement

for the year ended March 31, 2020
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30 Cost of materials consumed

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cotton	2,675.36	2,530.75
Manmade fibre	595.19	663.02
Yarn	34.00	29.96
Fabric	25.25	38.22
Others	2.83	2.55
	3,332.63	**3,264.50**

This expense does not include amounting ₹ 1.85 Crore (March 31, 2019 ₹ Nil) incurred in trial run which is capitalised during the year.

31 Purchases of Stock-in-trade:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Yarn	50.00	42.00
Fabric	1.78	7.73
Others	0.27	0.35
	52.05	**50.08**

32 Changes in inventories of Finished goods, Work-in-progress and Stock-in-trade

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the beginning of the year		
Work-in-progress	157.64	142.43
Finished goods	471.62	489.98
	629.26	**632.41**
Less:-Material transferred to trial run	-	(11.97)
Add:-Material Received from Trial Run	2.22	10.55
	631.48	**630.99**
Inventories at the end of the year		
Work-in-progress	159.34	157.64
Finished goods	522.44	471.62
	681.78	**629.26**
	(50.30)	**1.73**

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

33 Employee benefits expense *#

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages	507.30	479.04
Contribution to provident and other funds	37.99	34.97
Staff welfare expenses	5.69	5.85
	550.98	**519.86**

*Also refer note 47

#These expenses does not include amounting ₹ 0.06 Crore (March 31, 2019 ₹ 0.14 Crore) incurred in trial run which is capitalised during the year.

34 Finance costs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense*	121.21	107.81
Other borrowing costs	11.33	10.03
	132.54	**117.84**

*Interest expense is net of interest reimbursement of ₹ 21.08 crores (March 31, 2019 - ₹ 30.98 crores) under Technology upgradation fund scheme (TUF) and ₹ 16.73 crores (March 31, 2019 - ₹ 2.36 crores) under Madhya Pradesh state interest reimbursement on term loan.

*Borrowing cost capitalised during the year ₹ 0.93 Crores (March 31, 2019 ₹ 2.42 Crores).

35 Other expenses*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Power and fuel	710.28	665.90
Consumption of stores and spare parts	34.62	31.14
Packing materials and charges	76.69	68.52
Dyes and Chemical consumed	217.84	191.30
Rent	2.74	2.55
Repairs and maintenance to buildings	28.71	25.31
Repairs and maintenance to machinery	175.88	178.58
Insurance	16.25	5.52
Rates and taxes	2.17	1.84
Auditors remuneration:		
- Audit fee	0.55	0.55
- Tax audit fee	0.08	0.08
- Reimbursement of expenses	0.05	0.10
- In other capacity (Certification Charges)	0.09	-

Notes to Standalone Financial Statement

for the year ended March 31, 2020
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35 Other expenses* (Contd..)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Bad debts written off	6.18	0.73
Forwarding charges and octroi	107.84	110.01
Commission to selling agents	39.87	44.28
Assets written off	2.37	0.49
Forex Fluctuation Loss (Net)	8.11	-
Other miscellaneous expenses (Refer note 48.3)#**	126.69	119.99
	1,557.01	**1,446.89**

*Other expenses does not include amounting ₹ 0.06 Crores (March 31, 2019 ₹ 3.92 Crore) incurred in trial run which is capitalised during the year.

**Does not include any item of expenditure with a value of more than 1% of the revenue from operations.

#During the year, the company paid ₹ 4.35 Crores (March 31, 2019 ₹ 0.70 crores) political contribution via Electoral Bond Scheme.

36 Tax balances

The following is the analysis of deferred tax assets / (liabilities) presented in the standalone balance sheet

36.1 Deferred tax liabilities (Net)

Deferred tax liabilities (Net)	Opening Balance	Mat Credit Adjustment	Recognised in profit or loss	Recognised in OCI	Closing Balance
2019-20					
Deferred tax assets					
Expenses deductible in future years	8.46	-	3.47	-	11.93
Provision for doubtful debts / advances	1.75	-	(1.21)	-	0.54
Others	0.18	-	4.27	-	4.45
	10.39	**-**	**6.53**	**-**	**16.92**
Deferred tax liabilities					
Property, plant and equipment and Intangible assets	(293.60)	-	62.07	-	(231.53)
Investment in bonds, mutual funds and equity instruments	(14.26)	-	3.54	0.01	(10.71)
	(307.86)	**-**	**65.61**	**0.01**	**(242.24)**
Net deferred tax liabilities	**(297.47)**	**-**	**72.14**	**0.01**	**(225.32)**

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

36 Tax balances (Contd..)

Deferred tax liabilities (Net)	Opening Balance	Mat Credit Adjustment	Recognised in profit or loss	Recognised in OCI	Closing Balance
2018-19					
Deferred tax assets					
Expenses deductible in future years	22.55	-	(14.09)	-	8.46
Provision for doubtful debts / advances	1.75	-	-	-	1.75
MAT credit recoverable	10.21	(10.21)	-	-	-
Others	0.01	-	0.17	-	0.18
	34.52	**(10.21)**	**(13.92)**	**-**	**10.39**
Deferred tax liabilities					
Property, plant and equipment and Intangible assets	(244.18)	-	(49.42)	-	(293.60)
Investment in bonds, mutual funds and equity instruments	(26.11)	-	11.90	(0.05)	(14.26)
Others	0.17	-	(0.17)	-	-
	(270.12)	**-**	**(37.69)**	**(0.05)**	**(307.86)**
Net deferred tax liabilities	**(235.60)**	**(10.21)**	**(51.61)**	**(0.05)**	**(297.47)**

Note: Deferred tax assets and deferred tax liabilities have been offset as they are governed by the same taxation laws.

36.2 Income tax recognised in profit or loss

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax		
In respect of the current year	129.66	242.91
Deferred tax		
In respect of the current year	(72.14)	51.61
Total income tax expense recognised	**57.52**	**294.52**

Notes to Standalone Financial Statement

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The income tax expense for the year can be reconciled to the accounting profit as follows

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	603.01	990.40
Tax at the Indian Tax Rate of 25.168% (2018-19 : 34.944 %)	151.77	346.09
Differential tax rate on capital gain on sale of investments/mark to market gain on investment	(0.61)	(3.52)
Effect of exempted dividend income	(7.82)	(14.33)
Effect of indexation benefit on value of investment	(5.93)	(15.59)
Effect of deduction under section 80-IA and 80-IC of the Income-tax Act, 1961	-	(24.87)
Effect of expenses that are not deductible in determining taxable profit	1.97	2.35
Effect of change in tax rate	(81.46)	-
Others	(0.40)	4.39
	57.52	**294.52**

36.3 Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Arising on income and expenses recognised in other comprehensive income		
Net fair value gain on investment in equity shares at FVTOCI	(0.01)	0.05
Remeasurement of defined benefit obligation	(1.09)	0.06
Total income tax recognised in other comprehensive income	**(1.10)**	**0.11**

36.4 The Company has elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for taxation and re-measured its deferred tax liabilities basis the rate prescribed in the said section and the impact of tax expense of current year and re-measurement of deferred tax liabilities is recognised in these financial statements.

37 Financial Instruments and Risk Management

37.1 Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through optimization of debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in note no.18 and offset by cash and bank balances) and total equity of the Company. The Company is not subject to any externally exposed capital requirements.

The capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maintain optimum capital structure to reduce cost of capital and to maximize the shareholder value.

Notes to Standalone Financial Statement

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37 Financial Instruments and Risk Management (Contd..)

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants which otherwise would permit the banks to immediately call loans and borrowings. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company's gearing ratio was as follows:

The following table provides detail of the debt and equity at the end of the reporting year:

Particulars	As at March 31, 2020	As at March 31, 2019
Debt	2,196.57	2,238.48
Cash & cash equivalents	148.46	37.43
Net Debt	2,048.11	2,201.05
Total Equity	5,666.21	5,239.10
Net debt to equity ratio	**0.36**	**0.42**

37.2 Financial instruments by category

Particulars	As at March 31, 2020				As at March 31, 2019			
	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#	FVTOCI	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#	FVTOCI
Financial Assets								
Investments*	861.45	-	-	1.97	917.03	-	-	2.01
Trade Receivables	-	-	794.81	-	-	-	762.82	-
Cash and cash equivalents	-	-	148.46	-	-	-	37.43	-
Bank balances other than above	-	-	3.25	-	-	-	3.43	-
Loans	-	-	31.20	-	-	-	35.31	-
Other financial assets	-	-	16.22	-	-	40.91	26.46	-
	861.45	**-**	**993.94**	**1.97**	**917.03**	**40.91**	**865.45**	**2.01**

Notes to Standalone Financial Statement

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37.2 Financial instruments by category (Contd..)

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#
Financial Liabilities						
Borrowings (including current maturity of term loan)	-	-	2,196.57	-	-	2,238.48
Trade Payables	-	-	291.92	-	-	240.36
Other financial liabilities	-	34.96	202.80	-	0.89	240.77
	-	**34.96**	**2691.29**	**-**	**0.89**	**2,719.61**

#Carrying value of the financial assets and financial liabilities designated at amortised cost approximates its fair value.

*Investment value excludes investment in subsidiaries/Associates of ₹ 168.09 crores (March 31, 2019: ₹ 168.09 crores) which are shown at cost in balance sheet as per Ind AS 27 "Separate Financial Statements".

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured at fair value and have been grouped into Level 1, Level 2 and Level 3 below:

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in mutual funds/bonds/preference shares	194.28	665.90	-	860.18
Investments in quoted equity instruments	1.25	-	-	1.25
Investments in unquoted equity instruments	-	-	1.97	1.97
Foreign currency / commodity forward contracts	-	-	-	-
	195.53	**665.90**	**1.97**	**863.40**
Financial Liabilities				
Foreign currency / commodity forward contracts	-	34.96	-	34.96
	-	**34.96**	**-**	**34.96**

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in mutual funds/bonds/preference shares	92.04	794.85	-	886.89
Investments in quoted equity instruments	30.14	-	-	30.14
Investments in unquoted equity instruments	-	-	2.01	2.01
Foreign currency / commodity forward contracts	-	40.91	-	40.91
	122.18	**835.76**	**2.01**	**959.95**
Financial Liabilities				
Foreign currency / commodity forward contracts	-	0.89	-	0.89
	-	**0.89**	**-**	**0.89**

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37.2 Financial instruments by category (Contd..)

Level 1:

Quoted prices in the active market. This level of hierarchy includes financial assets that are measured by reference to quoted prices in the active market.

Level 2:

Valuation techniques with observable inputs. This level of hierarchy includes items measured using inputs other than quoted prices included within Level 1 that are observable for such items, either directly or indirectly.

Level 3:

Valuation techniques with unobservable inputs. This level of hierarchy includes items measured using inputs that are not based on observable market data (unobservable inputs). Fair value determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instruments nor based on available market data.

Sensitivity of Level 3 financial instruments are insignificant

The fair value of the financial instruments are determined at the amount that would be received to sell an asset in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

Investments in mutual funds: Fair value is determined by reference to quotes from the financial institutions, i.e. net asset value (NAV) for investments in mutual funds declared by mutual fund house.

Investment in preference shares/debentures: Fair value is determined by reference to quotes from fund houses/portfolio management services companies i.e value of investments.

Derivative contracts: The Company has entered into various foreign currency contracts to manage its exposure to fluctuations in foreign exchange rates . These financial exposures are managed in accordance with the Company's risk management policies and procedures. Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data, i.e., mark to market values determined by the Authorised Dealers Banks.

Quoted equity investments: Fair value is derived from quoted market prices in active markets.

Unquoted equity investments: Fair value is derived on the basis of net asset value approach, in this approach the net asset value is used to capture the fair value of these investments.

Particulars	Unlisted equity instruments
As at April 1, 2018	1.88
Purchases	-
Gain / (loss) recognised in OCI/Profit/Loss	0.13
As at March 31, 2019	2.01
Purchases	-
Gain / (loss) recognised in OCI/Profit/Loss	(0.04)
As at March 31, 2020	**1.97**

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37.3 Financial Risk Management

The Company's corporate treasury functions provides services to the business, coordinates access to the financial markets, monitors and manages the financial risks relating to operations of the Company through internal risk reports which analyse exposure by degree and magnitude of risk. These risks include market risk (including currency risk, interest rate risk and other price risks, credit risk and liquidity risk).

The Company seeks to minimize the effects of these risk by using derivate financial instruments to hedge risk exposure. The issue of financial derivatives is governed by the Company's policy approved by the board of directors.

The principal financial assets of the Company include loans, trade and other receivables, and cash and bank balances that derive directly from its operations. The principal financial liabilities of the Company, include loans and borrowings, trade and other payables and the main purpose of these financial liabilities is to finance the day to day operations of the Company.

This note explains the risks which the Company is exposed to and policies and framework adopted by the Company to manage these risks.

37.3.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: foreign currency risk, interest rate risk, investment risk.

A. Foreign Currency Risk Management

The Company operates internationally and business is transacted in several currencies. The export sales of Company comprise around 40%(2018-19 - 40%) of the total sales of the Company, Further the Company also imports certain assets and material from outside India. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the Company is exposed to foreign currency risk and the results of the Company may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than Company's functional currency.

The Company measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency risk by appropriately hedging the transactions. The Company uses a combination of derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

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(All amounts in crores, unless otherwise stated)

37.3 Financial Risk Management (Contd..)

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting periods expressed in foreign currency are as follows:

As at March 31, 2020	USD	EUR	CHF	JPY
Financial assets				
Trade receivables	5.28	0.41	-	-
Foreign exchange derivative contracts*	(13.60)	(0.75)	-	-
Net exposure to foreign currency risk (assets)	**-**	**-**	**-**	**-**
Financial liabilities				
Trade payables	0.01	0.13	0.03	5.96
Borrowings	0.60	-	-	-
Foreign exchange derivative contracts*	(1.74)	(0.05)	-	-
Net exposure to foreign currency risk (liabilities)	**-**	**0.08**	**0.03**	**5.96**
Net exposure to foreign currency risk (net)	**-**	**0.08**	**0.03**	**5.96**

As at March 31, 2019	USD	EUR	CHF	JPY
Financial assets				
Trade receivables	5.24	0.35	-	-
Foreign exchange derivative contracts*	(14.60)	(0.35)	-	-
Net exposure to foreign currency risk (assets)	**-**	**-**	**-**	**-**
Financial liabilities				
Trade payables and other financial liabilities	0.20	0.19	-	5.20
Borrowings	-	-	-	
Foreign exchange derivative contracts*	(0.77)	(0.23)	-	(3.20)
Net exposure to foreign currency risk (assets)	**-**	**-**	**-**	**2.01**
Net exposure to foreign currency risk (net)	**-**	**-**	**-**	**2.01**

*Excess forwards sold against pending purchase order/sales order shipment

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37.3 Financial Risk Management (Contd..)

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 10 % increase and decrease in the ₹ against the relevant foreign currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for 10% change in foreign currency rates. A positive number below indicates an increase in profit before tax or vice-versa.

Particulars	As at March 31, 2020		As at March 31, 2019	
	₹ strengthens by 10%	₹ weakens by 10%	₹ strengthens by 10%	₹ weakens by 10%
Impact on (profit) /loss for the year				
USD	-	-	-	-
EUR	0.63	(0.63)	-	-
CHF	0.24	(0.24)	-	-
JPY	0.42	(0.42)	0.12	(0.12)

Foreign exchange derivative contracts

The Company uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or financing activities. The Company's Corporate Treasury team measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency cash flows by appropriately hedging the transactions. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. All identified exposures are managed as per the policy duly approved by the Board of Directors.

The following table details the foreign currency derivative contracts outstanding at the end of the reporting period:

Particulars	No of Deals		Foreign Currency (FCY Crores)		Nominal Amount (₹ Crores)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
USD / INR Buy forward	18	22	1.14	0.77	84.50	54.65
USD / INR Buy Option	2	-	0.60	-	48.99	-
USD / INR Sell forward	202	250	11.82	11.70	877.22	851.99
USD / INR Sell Option	31	28	1.78	2.90	131.32	213.59
EUR / USD Buy forward	-	2	-	0.02	-	1.89
EUR / INR Buy forward	2	6	0.05	0.21	4.37	17.14
EUR / INR Sell forward	26	16	0.75	0.35	61.54	29.06
JPY/INR Buy forward	-	-	-	-	-	-
USD/JPY buy forward	-	1	-	3.20	-	1.99

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

37.3 Financial Risk Management (Contd..)

Particulars	No of Deals		Foreign Currency (FCY Crores)		Nominal Amount (₹ Crores)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Fair value assets	-	-	-	-	-	40.91
Fair value liabilities	-	-	-	-	34.96	-

*Sensitivity on the above derivative contracts in respect of foreign currency exposure is insignificant

B. Interest Rate Risk Management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

As the Company has no significant interest-bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates, which are included in interest bearing loans and borrowings in these financial statements. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
	₹ If loans interest rate decreases by 1 %	₹ If loans interest rate decreases by 1 %
Increase in profit before tax by	21.97	22.38

In case of increase in interest rate by above mentioned percentage, there would be a comparable impact on the profit before tax as mentioned above would be negative.

C. Security Price Risk Management

Exposure in equity

The Company is exposed to equity price risks arising from equity investments held by the Company and classified in the balance sheet as fair value through OCI.

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

37.3 Financial Risk Management (Contd..)

Equity price sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the year.

If the equity prices had been 5% higher / lower:

Other comprehensive income for March 31, 2020 would increase / decrease by ₹ 0.10 crores (March 31, 2019: increase / decrease by ₹ 0.10 crores) as a result of the change in fair value of equity investment measured at FVTOCI.

Exposure in mutual funds

The Company manages the surplus funds majorly through investments in debt based mutual fund schemes. The price of investment in these mutual fund schemes is reflected though Net Asset Value (NAV) declared by the Asset Management Company on daily basis as reflected by the movement in the NAV of invested schemes. The Company is exposed to price risk on such Investments.

Mutual fund/debentures/Equity shares/bonds price sensitivity analysis

The sensitivity analysis below have been determined based on Mutual Fund Investment at the end of the year. If NAV has been 1% higher / lower:

Profit for the year ended March 31, 2020 would increase / decrease by ₹ 8.31 crores (March 31, 2019 by ₹ 8.22 crores) as a result of the changes in fair value of mutual fund investments.

37.3.2 Credit Risk Management

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables which are typically unsecured. Credit risk on cash and bank balances is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies. Investments primarily include investment in liquid mutual fund units, bonds, fixed maturity plan etc. issued by institutions having proven track record. The Company's credit risk in case of all other financial instruments is negligible.

The Company assesses the credit risk based on external credit ratings assigned by credit rating agencies. The Company also assesses the creditworthiness of the customers internally to whom goods are sold on credit terms in the normal course of business. The credit limit of each customer is defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to overseas customers are generally covered by letters of credit.

The impairment analysis is performed on client to client basis for the debtors that are past due at the end of each reporting date. The Company has not considered an allowance for doubtful debts in case of trade receivables that are past due but there has not been a significant change in the credit quality and the amounts are still considered recoverable.

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

37.3 Financial Risk Management (Contd..)

The following is the detail of revenues generated from top five customers of the Company:

Particulars	As at March 31, 2020	As at March 31, 2019
Revenue from top five customers	485.33	540.00
% of total sales of products	7.67%	8.42%

Financial assets for which loss allowance is measured:

Particulars	As at March 31, 2020	As at March 31, 2019
Loans - Non-current	1.48	0.72
Loans - Current	29.72	34.59
Other financial assets - Non-current	5.19	8.98
Other financial assets - Current	11.03	58.39
Trade receivables	794.81	762.82
	842.23	**865.50**

Loss allowance is as follows:

Particulars	Amount
As at April 1, 2018	**4.97**
Provided during the year	-
Reversed during the year	-
As at March 31, 2019	**4.97**
Provided during the year	1.93
Reversed during the year	(4.78)
As at March 31, 2020	**2.12**

Other than financial assets mentioned above, none of the Company's financial assets are either impaired, and there were no indications that defaults in payment obligations would occur.

37.3.3 Liquidity Risk Management

The financial liabilities of the Company, other than derivatives, include loans and borrowings, trade and other payables. The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company monitors its risk of shortage of funds to meet the financial liabilities using a liquidity planning tool. The Company plans to maintain sufficient cash and marketable securities to meet the obligations as and when fall due. The below is the detail of contractual maturities of the financial liabilities of the Company at the end of each reporting period:

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for the year ended March 31, 2020
(All amounts in crores, unless otherwise stated)

37.3.3 Liquidity Risk Management (Contd..)

The table below analyses the Company's financial liabilities and financial assets into relevant maturity groupings based on their contractual maturities:

As at March 31, 2020	Less than 1 year	More than 1 year and upto 3 years	More than 3 year and upto 5 years	More than 5 years	Total
Financial Assets					
Investments*	473.30	388.15	-	1.96	863.41
Trade Receivables	794.81	-	-	-	794.81
Cash and cash equivalents	148.46	-	-	-	148.46
Bank balances other than above	3.25	-	-	-	3.25
Loans	31.20	-	-	-	31.20
Other financial assets	16.22	-	-	-	16.22
	1,467.24	**388.15**	**-**	**1.96**	**1,857.35**
Financial liabilities					
Borrowings**	930.43	694.50	509.64	62.00	2,196.57
Trade payables	291.92	-	-	-	291.92
Other financial liabilities	233.78	-	-	-	233.78
	1456.13	**694.50**	**509.64**	**62.00**	**2722.27**

As at March 31, 2019	Less than 1 year	More than 1 year and upto 3 years	More than 3 year and upto 5 years	More than 5 years	Total
Financial Assets					
Investments*	291.35	516.31	109.37	2.01	919.04
Trade Receivables	762.82	-	-	-	762.82
Cash and cash equivalents	37.43	-	-	-	37.43
Bank balances other than above	3.43	-	-	-	3.43
Loans	35.31	-	-	-	35.31
Other financial assets	67.37	-	-	-	67.37
	1,197.71	**516.31**	**109.37**	**2.01**	**1,825.40**
Financial liabilities					
Borrowings**	1,167.13	466.16	463.77	141.42	2,238.48
Trade payables	240.36	-	-	-	240.36
Other financial liabilities	237.18	-	-	-	237.18
	1,644.67	**466.16**	**463.77**	**141.42**	**2,716.02**

* Investment value excludes investment in subsidiaries/Associates of ₹ 168.09 crores (March 31, 2019: ₹ 168.09 crores)

** including Current Maturity of non-current borrowings

Notes to Standalone Financial Statement

for the year ended March 31, 2020
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38 Contingent Liabilities and Commitments

Particulars	As at March 31, 2020	As at March 31, 2019
a. Claims against the Company not acknowledged as debts:		
Sales tax, excise duty, etc*	6.36	11.06
Income-tax**	270.53	273.39
Others	5.62	5.62

*Amount deposited ₹ 0.53 crore (March 31, 2019 : ₹ 0.77 crore)

**Amount deposited ₹ 60.06 crore (March 31, 2019 : ₹ 139.01 crore)

b. Liability on account of bank guarantees and letter of credit of ₹ 151.94 crores (March 31, 2019: ₹ 272.23 crores)

c. The amounts shown above represents the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately or relate to a present obligations that arise from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate cannot be made. The Company has been advised that it has strong legal positions against such disputes.

d. The Payment of Bonus (Amendment) Act 2015, notified on December 31, 2015, had revised the thresholds for coverage of employee eligible for Bonus and also enhanced the ceiling limits for computation of bonus retrospectively from April 1, 2014. Based on legal opinion, the Company has filed a writ petition in Hon'ble High Court of Punjab & Haryana contesting its retrospective applicability and the said jurisdictional High Court has granted stay on its retrospective operation. In view thereof, the Company has not provided differential bonus pertaining to the period from April 1, 2014 to March 31, 2015 amounting to ₹ 8.21 crores. However, the Company has provided/paid bonus w.e.f. April 1, 2015 according to the amended provisions of the Payment of Bonus (Amendment) Act 2015.

e. The Hon'ble Supreme Court in a recent ruling last year had passed a judgement on the definition and scope of 'Basic Wages' under the Employees' Provident Funds and Miscellaneous Provision Act, 1952. Pending issuance of guidelines by the regulatory authorities on the application of this ruling, the impact on the Company, if any, cannot be ascertained. The Company will update its provision, on receiving further clarity on this subject matter.

f. Capital and other commitments

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Estimated Amount of contracts remaining to be executed on capital account & not provided for (net of advance)	93.21	294.31
(ii) Exports obligations under Export Promotion Capital Goods (EPCG) scheme*	733.96	822.35

* Company is availing benefit under EPCG Scheme for import of capital goods and spare parts against obligation to export six times of the duty saved. Total Duty to be saved/saved against licences outstanding as at March 31, 2020 is ₹ 342.99 crores (March 31, 2019 ₹ 311.69 crores). Export obligation on such licences outstanding as at year end is disclosed above.

(iii) The Company has other commitments, for purchases / sales orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee benefits in normal course of business. The Company does not have any long term contracts including derivative contracts for which there will be any material foreseeable losses.

Notes to Standalone Financial Statement

for the year ended March 31, 2020
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39 The details of dues of excise duty, sales tax, value added tax, service tax and income-tax which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Forum where Dispute is pending	Period to which the amount relates (various years covering the period)	Amount* (₹ Crores)	Amount unpaid (₹ in Crores)
Central Excise Laws	Excise Duty	Supreme Court	2005	0.04	0.04
		CESTAT	2009-2013	0.01	0.01
		Upto Commissioner (Appeals)	2001 - 2017	1.14	1.03
Service Tax Laws	Service Tax	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2005-2011	0.07	0.07
Sales Tax Laws	Central Sales Tax	Upto Commissioner (Appeals)	2009-2010	0.06	0.06
	State Sales Taxes	High Court	2006-2007	1.21	1.21
		Appellate Board	2006-2007	0.51	0.31
		Upto Commissioner (Appeals)	2005-2006	0.02	0.02
Income-tax Laws	Income-tax	Income-tax Appellate Tribunal (ITAT)	2014-2015	59.35	-
		Upto Commissioner (Appeals)	2016-17, 2017-18 & 2018-19	78.41	77.70

*amount as per demand orders including interest and penalty wherever quantified in the Order.

40(a) The Company was holding its own 15,98,741 equity shares of ₹ 10 each through a Trust, which were received by it in its capacity as a shareholder of Vardhman Holdings Limited, in accordance with the 'Scheme of Arrangement and Demerger'. Out of above, 1,36,359 shares were tendered during 2016-17 year in terms of buy back announced by the Company and remaining 14,62,202 shares were sold in 2017-18 in market.

40(b) The Trust is also holding 5,32,911 equity shares (March 31, 2019: 5,32,911 nos.) of ₹ 10 each of Vardhman Special Steels Limited which were allotted to it in the capacity of a shareholder of the Company by virtue of 'Scheme of Arrangement & Demerger' entered into by the Company, Vardhman Special Steels Limited and their respective shareholders and creditors.

As the aforesaid shares are held by a trust (Mahavir Share trust) on behalf of the Company and Company not being registered owner of shares, the cost of these shares is not reflected in investments but same has been valued at cost as reflected in other current asset.

40(c) The detail of the amount recoverable from Mahavir Share Trust as at the close of the year is as under:

Particulars	As at March 31, 2020	As at March 31, 2019
Cost of shares of Vardhman Special Steels Limited	4.64	4.64
Other recoverable	0.01	0.01
	4.65	**4.65**

Notes to Standalone Financial Statement

for the year ended March 31, 2020

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41 Segment Information

The Company is primarily in the business of manufacturing, purchase and sale of textiles. The Chairman and Managing Director of the Company, which has been identified as being the Chief Operating Decision Maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore, there is only one reportable segment for the Company.

Entity Wide Disclosure

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Domestic	3,791.78	3,846.23
Overseas	2,533.37	2,568.35
	6,325.15	**6,414.58**
Non Current Segment Assets		
- Within India	4,248.52	4,176.74
- Outside India	-	-
	4,248.52	**4,176.74**

Domestic information includes sales and services to customers located in India.

Overseas information includes sales and services rendered to customers located outside India.

Non-current segment assets includes property, plant and equipments, capital work in progress, intangible assets and other non current assets.

No single customer contributed 10% or more to the company's revenue for both the financial years 2019-20 and 2018-19.

42 Earnings Per Share

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic earnings per share (INR)	94.86	121.13
Diluted earnings per share (INR)	94.16	119.97
Profit attributable to the equity holders of the Company used in calculating basic earning per share	545.49	695.88
Weighted average number of equity shares for the purpose of basic earning per share (numbers)	57,501,936	57,450,946
Profit attributable to the equity holders of the Company used in calculating dilutive earning per share	545.49	695.88
Weighted average number of equity shares for the purpose of dilutive earning per share (numbers)	57,929,636	58,005,010

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43 Trade Payables include the following dues to micro and small enterprises covered under "The Micro, Small and Medium Enterprises Development Act, 2006" (MSMED) to the extent such parties have been identified from the available information.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of year		
- Principal amount	27.23	4.08
- Interest due thereon	-	-
Amount of payments made to suppliers beyond the appointed day during the year		
- Principal amount	-	-
- Interest actually paid under section 16 of MSMED	-	-
Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding interest under MSMED	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
- Interest accrued during the year	-	-
- Interest remaining unpaid as at the end of the year	-	-
Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961	-	-

44 Leases

The Company has lease contracts for various Lands, Godowns, Guest Houses, Office premises. Leases of Office Premises,guest Houses,Godowns have lease term ranging from 11 months to 30 years and leases of land have leave terms of 99 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options. The Company also has certain leases of office premises and guest houses with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 1.67 crore and a lease liability of ₹ 1.67 crore. Further, in respect of leases which were classified as operating leases, applying Ind AS 17, ₹ 7.22 crores has been reclassified from "Other Assets" to "Right of Use Asset". The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

Particulars	Land	Building	Total
Balance as on April 01, 2019	1.66	0.01	1.67
Reclassified on account of adoption of Ind AS 116	7.22	-	7.22
Addition	-	-	-
Deletion	-	-	-
Depreciation	(0.13)	-	(0.13)
Balance as on March 31, 2020	**8.75**	**0.01**	**8.76**

Notes to Standalone Financial Statement

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The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the break up of current and non current lease liabilities as at March 31, 2020:

Particulars	As at March 31, 2020
Current Lease Liabilities	-
Non-Current Lease Liabilities	0.15
Total	**0.15**

Following is the movement in lease liabilities during year ended March 31, 2020

Particulars	As at March 31, 2020
Balance at the beginning	1.67
Finance cost accrued during the period	-
Payment of Lease Liabilities	(1.52)
Balance at the end	**0.15**

The table below provide details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	As at March 31, 2020
Less than one year	-
One to five years	-
More than five years	8.42
Total	**8.42**

The following are the amounts recognised in statement of profit and loss:

Particulars	As at March 31, 2020
Depreciation Expenses on Right to use Assets	0.13
Interest expense on lease liabilities	-
Expense relating to short-term leases (included in other expenses)	1.18
Total Amount Recognised in Profit and Loss	**1.31**

Notes to Standalone Financial Statement

for the year ended March 31, 2020
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45 Share based payments - Employee Share option plan of the Company

(i) Detail of employee share option of the Company: The Company has a share option scheme for senior employees of the Company. In accordance with the terms of the plan as approved by shareholders, eligible employees may be granted options to purchase equity shares. Each employee share option convert into one equity share of the Company on exercise. Exercise price payable by the recipient is determined as per scheme. The options when allotted carry rights to dividend and voting power at par with other equity shares. Options may be exercised at the time of vesting to the date of their expiry.

(ii) The number of options granted is in accordance with employee stock option scheme approved by the shareholders and is subject to approval by the remuneration committee. The scheme rewards senior employees to the extent of Company's and the individual's achievement judged against both qualitative and quantitative criteria.

(iii) The following share payments arrangement is in existence during the period.

Option Detail	Number	Grant Date	Expiry Date	Exercise Price	Fair value of option at grant date
Vardhman Employee Stock Option 2016	604,500	15th Nov-16	2 years from the date of respective vesting	815/-	352
	3,000	9th Feb-17		815/-	352
	6,500	10th May-17		815/-	352
	614,000				

Details of vesting

Vesting period from grant date	Vesting schedule
On completion of 12 months	10%
On completion of 24 months	20%
On completion of 36 months	20%
On completion of 48 months	20%
On completion of 60 months	30%

(iv) During the current year, the grant of 1,06,200 equity shares (FY 2018-19 - 1,22,800 equity shares) was due but only 26,700 shares (FY 2018-19 - 51,800 shares) have been exercised during the year.

(v) Fair value of options/shares granted in the year

Call option value per option unit using Black Scholes Method is ₹ 427.63. The following inputs have been used for computing the fair value:

Inputs into the model	Particulars
Grant date share price (₹)	1,056.60
Exercise price (₹)	815.00
Expected volatility	33.78%
Option life	2 years
Dividend yield	1.92%
Risk free Interest Rate	6.31%

Notes to Standalone Financial Statement

for the year ended March 31, 2020
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45 Share based payments - Employee Share option plan of the Company (Contd..)

(vi) Movement of share options

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of options	Weighted Average Exercise price	Number of options	Weighted Average Exercise price
Balance at beginning of year	512,950	-	564,750	-
Granted during the year	-	-	-	
Forfeited during the year	-	-	-	-
Exercised during the year	(26,700)	815	(51,800)	815
Lapsed during the year	(83,850)	-	-	-
Balance at end of year	**402,400**	**-**	**512,950**	**-**

(vii) Share options exercised during the year

Particulars	Exercised	Exercise date	Share price at exercise date
Granted as per para (iii) above			
	500	8-Apr-19	815
	5,600	2-Jul-19	815
	2,700	7-Oct-19	815
	17,900	4-Jan-20	815
	26,700		

(viii) Amount accounted for in profit and loss for Employee stock options is ₹0.97 crores (FY 2018-19 6.32 crores).

*For 13900 share options application money was received during March 31, 2019 but allotment was made on April 9, 2019.

46 Related Party Transactions

46.1 Description of related parties

Subsidiaries	Key management personnel (KMP)
VMT Spinning Company Limited	Mr. S.P. Oswal, Chairman and Managing Director
Vardhman Acrylics Limited	Mrs. Suchita Jain, Vice Chairman & Joint Managing Director
VTL Investments Limited	Mr. Neeraj Jain, Joint Managing Director
Vardhman Nisshinbo Garments Company Limited (w.e.f January 23, 2019)	Mr. Rajeev Thapar, Chief Financial Officer
	Mr. Sanjay Gupta, Company Secretary
	Mr. Sachit Jain (Non-Executive Director)

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46 Related Party Transactions (Contd..)

Subsidiaries	**Key management personnel (KMP)**
Joint venture	Mr. D.L. Sharma (Non-Executive Director)
Vardhman Nisshinbo Garments Company Limited (upto January 22, 2019)	Mr. Prafull Anubhai (Independent Director)
	Mr. Ashok Kumar Kundra (Independent Director)
	Dr. Subash Khanchand Bijlani (Independent Director)
Associates	Mr. Devendra Bhushan Jain (Independent Director)
Vardhman Yarns and Threads Limited	Mr. Rajender Mohan Malla (Independent Director)
Vardhman Spinning and General Mills Limited	Dr. Parampal Singh (Independent Director)
Vardhman Special Steels Limited	Mrs. Harpreet Kaur Kang (Independent Director) (w.e.f February 06, 2019)
Relatives of KMP	**Enterprises over which KMP have significant influence**
Ms. Soumya Jain	Vardhman Holdings Limited
Ms. Sagrika Jain	Vardhman Apparels Limited
	Smt. Banarso Devi Oswal Public Charitable Trust
Post Employment Benefit Plans Trust	Sri Aurobindo Socio Economic and Management Research Institute
Mahavir Employee Gratuity Fund Trust	Adhiswar Enterprises LLP
Mahavir Superannuation Scheme	Devakar Investment and Trading Company Private Limited
	Santon Finance and Investment Company Limited
	Ramaniya Finance and Investment Company Limited
	Mahavir Spinning Mills Private Limited
	Northern Trading Company
	Amber Syndicate
	Paras Syndicate
	Eastern Trading Company
	Mahavir Traders

46.2 Transactions with related parties

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale /processing of goods to:#		
Subsidiaries	40.35	33.63
Associates	1.59	7.51
Enterprises over which KMP have significant influence	66.46	46.97
	108.40	**88.11**
Purchase/processing of goods from:#		
Subsidiaries	179.98	184.04
Associates	12.65	16.04
	192.63	**200.08**

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

46.2 Transactions with related parties (Contd..)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Purchase of MEIS License		
Subsidiaries	-	0.01
	-	**0.01**
Sale of MEIS License		
Subsidiaries	3.00	0.18
Associates	2.03	0.25
	5.03	**0.43**
Investment Made		
Subsidiaries	-	1.37
	-	**1.37**
Purchase of property, plant & equipment from:		
Subsidiaries	0.58	-
	0.58	**-**
Sales of property, plant & equipment to:		
Subsidiaries	0.06	0.78
	0.06	**0.78**
Rent paid**		
Enterprises over which KMP have significant influence	0.13	0.12
	0.13	**0.12**
Rent received **		
Associates	0.25	0.24
	0.25	**0.24**
Dividend paid		
Subsidiaries	1.76	1.51
	1.76	**1.51**
Dividend received		
Subsidiaries	14.21	21.37
Associates	5.64	5.64
	19.86	**27.01**
Interest paid		
Subsidiaries		0.01
	-	**0.01**
Interest received		
Subsidiaries	1.26	1.76
Associates	0.97	1.24
	2.23	**3.00**

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

46.2 Transactions with related parties (Contd..)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Reimbursement of expenses received from		
Subsidiaries	0.12	0.25
Associates	0.10	0.12
	0.22	**0.37**
Reimbursement of expenses paid		
Subsidiaries	0.08	0.40
Associates	0.09	0.33
	0.17	**0.73**
**Recovery of Common Expenses incurred ** **		
Subsidiaries	1.52	1.52
Associates	4.31	4.31
	5.83	**5.83**
Payment against licence agreement		
Enterprises over which KMP have significant influence	1.10	1.08
	1.10	**1.08**
Donations to		
Enterprises over which KMP have significant influence	9.99	7.69
	9.99	**7.69**
Salary paid to		
Relatives of KMP	0.20	0.16
	0.20	**0.16**
Loan given to		
Subsidiaries	10.00	7.00
Associates	15.00	-
	25.00	**7.00**
Loan received back from		
Subsidiaries	-	17.50
Associates	30.00	-
	30.00	**17.50**
Contribution to post employment benefit plans		
Post Employment Benefit Plans Trust	9.00	2.54
(also refer note 47)	**9.00**	**2.54**

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

46.3 Outstanding Balances:

Particulars	As at March 31, 2020	As at March 31, 2019
Receivables		
Subsidiaries	9.72	6.14
Associates	0.16	0.03
Enterprises over which KMP have significant influence	0.01	0.01
	9.89	**6.18**
Payables		
Associates	-	0.19
	-	**0.19**
Loan given outstanding		
Subsidiaries	26.99	16.99
Associates	-	15.00
	26.99	**31.99**
Equity Investment outstanding		
Subsidiaries	105.32	105.32
Associates	52.77	52.77
	158.09	**158.09**
Preference Investment outstanding		
Subsidiaries	10.00	10.00
	10.00	**10.00**

46.4 Key management personnel compensation

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Compensation*	11.58	22.90
	11.58	**22.90**

* excluding provision for employee benefits, employee stock options but includes sitting fees paid / payable to non executive directors. Perquisites values are considered as per the provisions of Income tax act, 1961.

** Transaction are exclusive of Taxes

Gross of Indirect Taxes

Notes to Standalone Financial Statement

for the year ended March 31, 2020
(All amounts in crores, unless otherwise stated)

47 Employee Benefits

47.1 Defined contribution plans:

Amounts recognized in the statement of profit and loss are as under:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Superannuation fund	0.01	0.90
National Pension Fund	1.72	-
Provident fund administered through Regional Provident Fund Commissioner	28.12	24.31
Employees' State Insurance Corporation	6.94	8.71
Other funds	1.20	1.05
	37.99	**34.97**

The expenses incurred on account of the above defined contribution plans have been included in Note 33 "Employee Benefits Expenses" under the head "Contribution to provident and other funds"

47.2 Defined benefit plans

The Company sponsors funded defined benefit plan for qualifying employees. This defined benefit plan of gratuity is administered by a separate trust that is legally separate from the entity. The trustees are required by the law to act in the interest of the trust and all the relevant stakeholders i.e. active employees, inactive employees, retired employees and employers, etc. The trust is responsible for investment policy with regard to the assets of the trust. The Company has a gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972 or as per the Company's plan, whichever is more beneficial.

(i) These plans typically expose the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Salary Risk

The present value of defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Interest Risk

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in value of the liability.

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

47 Employee Benefits (Contd..)

Longevity Risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after employment. An increase in the life expectancy of the plan participants will increase the plans liability.

(ii) The principal assumption used for the purpose of the actuarial valuation were as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Discount Rate	6.80%	7.65%
Salary increase	6.00%	6.00%
Expected average remaining working life	27.61 years	27.26 years
Mortality Rates	IALM (2012-14)	IALM (2006-08)
Method used	Project unit credit method	Project unit credit method

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. An actuarial valuations involves making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

(iii) Amounts recognised in statement of profit and loss in respect of these benefit plans are as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Service cost	9.65	8.06
Net interest expenses	0.20	0.14
	9.85	**8.20**

The current service cost, past service cost and the net interest expenses for the year are included in Note 33 "Employee Benefits Expenses" under the head "Salaries and Wages".

(iv) Amounts recognised in Other Comprehensive Income:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial gain/(losses) arising for the year on asset	(2.48)	0.70
Actuarial gain/(losses) arising from changes in financial assumptions	(5.09)	(0.31)
Actuarial gain/(losses) arising from changes in demographic assumptions	0.04	-
Actuarial gain/(losses) arising from changes in experience adjustments	3.21	(0.22)
	(4.32)	**0.17**

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

(v) The amount included in balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of funded defined benefit obligation	72.73	61.93
Fair Value of Plan Assets	63.73	59.39
Net assets / (liability)	**(9.00)**	**(2.54)**

(vi) Movements in the present value of defined benefit obligation are as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening defined benefit obligation	61.93	54.61
Transferred during the year		
Current Service Cost	9.65	8.06
Interest Cost	4.76	4.19
Actuarial (gain)/losses arising from changes in financial assumptions	5.09	0.31
Actuarial gain/(losses) arising from changes in demographic assumptions	(0.04)	(0.04)
Actuarial (gain)/losses arising from changes in experience adjustments	(3.21)	0.22
Benefits paid	(5.45)	(5.46)
Closing defined benefit obligation	**72.73**	**61.93**

(vii) Movements in the fair value of plan assets are as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening fair value of plan assets	59.39	52.74
Return on plan assets (excluding amounts included in net interest expenses)	2.07	4.75
Contributions from employer	2.27	1.90
Benefits paid	-	-
Closing fair value of plan assets	**63.73**	**59.39**

Plan assets comprises of mutual fund, Government of India securities and bank balances. The average duration of the defined benefit obligation is 13.91 years (2019: 13.98 years). The Company expects to make a contribution of ₹ 12.19 crores (March 31, 2019: ₹ 9.77 crores) to the defined benefit plans during the next financial year.

Notes to Standalone Financial Statement

for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

(viii) Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of reporting period, while holding all other assumptions constant.

Particulars	As at March 31, 2020	As at March 31, 2019
Discount Rate		
0.50% Increase	(3.15)	(2.53)
0.50% decrease	3.42	2.74
Future Salary increase		
0.50% Increase	3.31	2.69
0.50% decrease	(3.09)	2.52

(ix) Maturity Profile of Defined Benefit Obligation

Particulars	Year	Amount
a)	0 to 1 Year	9.18
b)	1 to 2 Year	4.47
c)	2 to 3 Year	4.22
d)	3 to 4 Year	3.93
e)	4 to 5 Year	3.41
f)	5 to 6 Year	3.97
g)	6 Year onwards	43.55

47.3 Other long term employee benefit

(i) Amount recognised in profit and loss in note no. 33 “Employee benefit expense” under the head “Salaries and Wages” towards leave liability is ₹ 7.19 crore (March 31, 2019 : ₹ 7.13 crore)

(ii) Amount taken to balance sheet

Particulars	2019-20	2018-19
Current	2.46	2.79
Non Current	14.45	10.86

Notes to Standalone Financial Statement

for the year ended March 31, 2020
(All amounts in crores, unless otherwise stated)

48 Additional disclosures

48.1 Disclosure required by Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015:-

(i) The Company has given inter corporate deposits aggregating to ₹ Nil (March 31, 2019: ₹ 2.00 crore) to VMT Spinning Company Limited during the year. The maximum amount outstanding during the year was ₹ NIL (March 31, 2019: ₹ 17.50 crores). The Balance outstanding as on March 31, 2020 is ₹ NIL (March 31, 2019: ₹ NIL).

(ii) The Company has given inter corporate deposits aggregating to ₹ 15.00 crore (March 31, 2019: ₹ Nil) to Vardhman Special Steels Limited during the year. The maximum amount outstanding during the year was ₹ 30.00 crores (March 31, 2019: ₹ 15.00 crore). The balance outstanding as on March 31, 2020 is ₹ Nil (March 31, 2019: ₹ 15.00 crores).

(iii) The Company has given inter corporate deposits aggregating to ₹ 10.00 crore (March 31, 2019: ₹ 5.00 crore) to Vardhman Nisshinbo Garments Company Limited during the year. The maximum amount outstanding during the year was ₹ 26.99 crores (March 31, 2019: ₹ 16.99 crores). The balance outstanding as on March 31, 2020 is ₹ 26.99 crores (March 31, 2019: ₹ 16.99 crores).

48.2 Assets pledged as security:

Particulars	As at March 31, 2020	As at March 31, 2019
Current assets		
Financial assets		
Trade receivables	794.81	762.82
Non-financial assets		
Inventory	2,506.16	2,442.13
Total current assets pledged as security	**3,300.97**	**3,204.95**
Non-current assets		
Property, plant & equipment	3,470.54	3,057.24
Total non-current assets pledged as security	**3,470.54**	**3,057.24**
Total assets pledged as security	**6,771.51**	**6,262.19**

48.3 Amount required to be spent as per section 135 of the Companies Act 2013.

Details of expenditure towards Corporate Social Responsibility (CSR) activities:

a) Gross amount required to be spent by the Company during the year was ₹ 18.99 crore (March 31, 2019 ₹ 18.83 crore).

b) Amount spent during the year :₹ 19.26 crore (March 31, 2019 12.46 crore)

c) Amount unspent during the year was ₹ NIL (March 31, 2019 ₹ 6.37 crore).

Notes to Standalone Financial Statement

for the year ended March 31, 2020
(All amounts in crores, unless otherwise stated)

48 Additional disclosures (Contd..)

(d) Activity

Particulars	Amount
Promotion of Education	6.53
Preventive Health Care	9.44
Rural Development	1.13
Environment & Sustainability	0.22
Promotion of Nationally Recognised Sports	0.95
Welfare of Armed force veterans	0.35
Promoting Art & Culture	0.23
Others	0.41
Total	**19.26**

48.4 There has been no delay in transferring amount, required to be transferred, to the investor education and investor fund (IEPF) by the Company during the year.

48.5 On account of COVID-19 pandemic the Company has made assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventories and trade receivables as at the date of the balance sheet. The Company has considered internal and external sources of information for making said assessment. Basis the evaluation of the current estimates, the Company expects to recover the carrying amount of these assets and no material adjustments is required in the financial statements. Given the uncertainties associated with nature, condition and duration of COVID-19, the Company will closely monitor any material changes arising of the future economic conditions and any significant impact of these changes would be recognized in the financial statements as and when these material changes to economic condition arise.

48.6 The Board of Directors, in its meeting held on May 27, 2020 has approved a Scheme of Amalgamation (the "Scheme") under Sections 230 to 232 of the Companies Act, 2013 ('the 2013 Act') and other applicable provisions of the 2013 Act, as per pooling of interest method, between the Company and its subsidiaries, by the name of VMT Spinning Company Limited and Vardhman Nisshinbo Garments Company Limited. The amalgamation will be from April 1, 2020 being the appointed date and is subject to other approvals as may be required in this case.

For and on behalf of the Board of Directors

	Sanjay Gupta	Rajeev Thapar	Suchita Jain	S.P. Oswal
	Company Secretary	Chief Financial	Vice Chairman and	Chairman and
Place : Ludhiana	Membership No:-4935	Officer	Joint Managing Director	Managing Director
Date: June 23,2020			DIN:00746471	DIN: 00121737

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report

To The Members of **Vardhman Textiles Limited**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Vardhman Textiles Limited ("the Parent"/"the Holding Company") and its subsidiaries, (the Parent /the Holding Company and its subsidiaries together referred to as "the Group") which includes the Group's share of profit in its associates, which comprise the Consolidated Balance Sheet as at 31st March 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of subsidiaries and associates referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to Note 47.6 of the consolidated financial statements, which describes the uncertainties and the impact of COVID-19 pandemic on the Group's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report

Sr. No.	Key Audit Matter	Auditor's Response
1.	**Uncertain income-tax positions - Refer to Notes 2.18, 2.24.6 and 38 to the consolidated financial statements** The Parent has material uncertain income-tax positions including matters under dispute relating to Income Taxes. These matters involve significant management judgement to determine the possible outcome of these disputes.	**Principal audit procedures:** • Performed testing of design and operating effectiveness of the control established by the Parent with regard to uncertain income tax positions. • We obtained details of complete income tax matters during the year ended March 31, 2020 from the management. We involved our internal direct tax experts to challenge the management's underlying assumptions in estimating the tax provisions and possible outcome of the disputes. Our internal direct tax experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions relating to Income Taxes. Additionally we considered the effect of new information in respect of uncertain tax positions and matters under dispute as at April 1, 2019 to evaluate whether any change was required to management's position on these uncertainties.
2.	**Valuation of Inventory - Refer to Notes 2.17, 2.24.8 and 8 to the consolidated financial statement** The Parent's inventory primarily comprises cotton, yarn and fabric. Inventories are valued at lower of cost or net realizable value. There is a risk that inventories may be stated at values that are more than their net realizable value ('NRV'). We identified the valuation of inventories as a key audit matter because the Parent held significant inventories at the reporting date and significant degree of management judgement and estimation was involved in valuing the inventories.	**Principal audit procedures** • Obtained an understanding of and performed the test of design and operating effectiveness of the Parent's key internal controls over the process for valuation of inventories. • Compared the cost of raw materials with supplier invoices for selected samples. For work-in-progress and finished goods, we challenged the key assumptions concerning overhead allocation by assessing the cost of the items included in overhead absorption for selected samples. • In connection with NRV testing, we have compared carrying value to subsequent selling price of selected samples as indicated in sales invoices subsequent to the reporting date

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries and associates audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries and associates, is traced from their financial statements audited by the other auditors.

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

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its Associates in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent/ Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

(a) We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of Rs. 741.77 crores as at March 31, 2020, total revenues of Rs. 641.59 crores and net cash inflows amounting to Rs. 63.58 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 12.48 crores for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of three associates, whose financial statements/information have not been audited by us. These financial statements/ information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates is based solely on the reports of the other auditors.

    Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

(b) Due to the COVID-19 related lockdown, we were not able to attend the physical verification of inventory carried out by the management at the locations of the Parent subsequent to year end. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Consolidated Financial Statements. Our report is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries and associates referred to in the Other Matters section above we report, to the extent applicable that:

    a) 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 of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies and associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates - Refer to Note 38(a) to the consolidated Ind AS financial statements;

ii) The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts – Refer to Note 38(f) to the consolidated Ind AS financial statements.

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies and associate companies incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh Kumar Agarwal
Partner
(Membership No.105546)
(UDIN: 20105546AAAABP6443)

Place: New Delhi
Date: June 23, 2020

Annexure “A” to the Independent Auditor’s Report of Vardhman Textiles Limited

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Vardhman Textiles Limited (hereinafter referred to as “Parent”), its subsidiary companies and its associate companies which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 (ICAI)”. 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 the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, 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 and other auditors of the subsidiary companies and its associate companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies and its associate companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies and its associate companies, which are companies incorporated in India, have, 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, 2020, based on the criteria for internal financial control over financial reporting established by the respective companies 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.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to four subsidiary companies and three associate companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

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

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh Kumar Agarwal
Partner
(Membership No.105546)
(UDIN: 20105546AAAABP6443)

Place: New Delhi
Date: June 23, 2020

Consolidated Balance Sheet as at March 31, 2020

(All amounts in crores, unless otherwise stated)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3A	3,593.24	3,186.24
(b) Right-of-Use Asset	43	20.24	-
(c) Capital work-in-progress	3A	141.64	273.68
(d) Other intangible assets	3B	2.45	2.35
(e) Goodwill	4	12.50	12.50
(f) Financial assets			
(i) Investment in associates	5A	114.33	107.84
(ii) Other Investments	5B	458.20	645.52
(iii) Loans	6A	1.48	0.73
(iv) Others financial assets	6B	63.03	9.39
(g) Other non-current assets	7	63.87	96.98
Total Non-current assets		**4,470.98**	**4,335.23**
Current assets			
(a) Inventories	8	2,681.05	2,610.25
(b) Financial assets			
(i) Investments	9	572.38	592.37
(ii) Trade receivables	10	821.00	803.08
(iii) Cash and cash equivalents	11	214.85	40.05
(iv) Bank balances other than above	11A	65.04	3.80
(v) Loans	12	2.82	17.69
(vi) Other financial assets	13	13.36	68.90
(c) Current tax assets(net)	14	42.33	102.25
(d) Other current assets	15	469.56	442.60
(e) Assets held-for-sale	15A	0.15	-
Total Current assets		**4,882.54**	**4,680.99**
TOTAL ASSETS		**9,353.52**	**9,016.22**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	56.52	56.48
(b) Other equity	17	5,991.35	5,535.00
Equity attributable to the owners of the Company		**6,047.87**	**5,591.48**
(c) Non-controlling interests		120.64	113.07
Total Equity		**6,168.51**	**5,704.55**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	1,266.14	1,088.79
(ii) Lease Liability	19A	0.15	-
(iii) Other financial liabilities	19	3.98	4.48
(b) Provisions	20	16.17	12.36
(c) Deferred tax liabilities (Net)	21	243.49	323.31
(d) Other non-current liabilities	22	19.58	20.67
Total Non-current liabilities		**1,549.51**	**1,449.61**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	736.92	886.42
(ii) Trade payables	24		
(a) total outstanding dues of micro enterprises and small enterprise		27.76	4.38
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		329.45	311.19
(iii) Other financial liabilities	25	460.86	550.15
(b) Provisions	26	2.62	2.95
(c) Current tax liabilities (net)	14	0.62	30.66
(d) Other current liabilities	27	77.27	76.31
Total Current liabilities		**1,635.50**	**1,862.06**
TOTAL EQUITY AND LIABILITIES		**9,353.52**	**9,016.22**
See accompanying notes to the consolidated financial statements	1 - 49		

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Rajesh Kumar Agarwal
Partner

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

Suchita Jain
Vice Chairman and Joint Managing Director
DIN:00746471

S.P. Oswal
Chairman and Managing Director
DIN: 00121737

Place : New Delhi
Date: June 23,2020

Place : Ludhiana
Date: June 23,2020

Consolidated Statement of Profit and Loss for year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I	Revenue from operations	28	6,735.00	6,877.92
II	Other income	29	174.47	222.72
III	**Total Income (I+II)**		**6,909.47**	**7,100.64**
IV	**Expenses :**			
	Cost of materials consumed	30	3,604.19	3,573.75
	Purchases of stock-in-trade	31	9.01	12.92
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	32	(58.25)	9.06
	Employee benefits expense	33	595.93	550.23
	Finance costs	34	135.27	119.65
	Depreciation and amortization	3A, 3B & 43	333.22	254.02
	Other expenses	35	1,646.77	1,538.20
	Total Expenses		**6,266.14**	**6,057.83**
V	**Profit before tax (III-IV)**		**643.33**	**1,042.81**
VI	Share of profit of associates/ joint ventures		12.14	15.93
VII	**Profit before tax (V+VI)**		**655.47**	**1,058.74**
VIII	**Tax expense:**	36		
	Current tax		144.34	264.01
	Deferred tax		(79.84)	54.18
IX	**Profit for the year (VII-VIII)**		**590.97**	**740.55**
X	**Other Comprehensive Income**	17		
	Items that will not be reclassified to profit or loss			
(a)	(i) Remeasurements of the defined benefits plans		(4.49)	0.31
	(ii) Income tax relating to items that will not be reclassified to profit or loss		1.13	(0.09)
(b)	(i) Equity instruments through other comprehensive income		(0.28)	(1.17)
	(ii) Deferred taxes relating to items that will not be reclassified to profit or loss		0.01	0.39
	Share of other comprehensive income from associates		-	-
XI	**Total other comprehensive income**		**(3.63)**	**(0.56)**
XII	Total comprehensive income for the year (IX+XI)		587.34	739.99
	Profit attributable to:			
	- Owners of the Company		577.52	730.72
	- Non-controlling interests		13.45	9.84
			590.97	740.56
	Other Comprehensive Income attributable to:			
	- Owners of the Company		(3.54)	(0.56)
	- Non-controlling interests		(0.08)	0.00
			(3.63)	(0.56)
	Total Comprehensive Income attributable to:			
	- Owners of the Company		573.97	730.15
	- Non-controlling interests		13.37	9.84
			587.34	**739.99**
	Earnings per equity share (amount in Rs.)	41		
	(1) Basic		102.22	129.45
	(2) Diluted		101.45	128.19
	See accompanying notes to the consolidated financial statements	1 - 49		

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Rajesh Kumar Agarwal
Partner

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

Suchita Jain
Vice Chairman and Joint Managing Director
DIN:00746471

S.P. Oswal
Chairman and Managing Director
DIN: 00121737

Place : New Delhi
Date: June 23,2020

Place : Ludhiana
Date: June 23,2020

Consolidated Cash Flow Statement for the year ended March 31, 2020

(All amounts in Rs. Crores, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	655.47	1,058.74
Adjustments for:		
Share of profit of associates	(12.14)	(15.93)
Finance costs	123.13	108.77
Fair valuation gain on investment	(43.17)	(60.75)
Subsidy income	(16.31)	(2.43)
Prepayments of Leasehold land	-	0.24
Interest income	(26.51)	(11.18)
Dividend on current investments	(16.19)	(16.47)
Net gain on sale / discarding of property, plant and equipment	(4.76)	(17.49)
(Profit)/Loss on sale of Investments (Net)	(33.38)	(29.32)
Provision no longer required written back(Net)	(1.86)	(20.90)
Amortisation of processing charges	0.09	0.38
Asset written off	2.44	0.52
Bad debt written off	6.20	1.14
Allowances for doubtful trade receivables and advances written back (net)	(2.71)	(0.29)
Depreciation and amortisation expense	333.22	254.02
Share options outstanding account	0.97	6.32
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets :-		
Trade receivables	(21.41)	(46.40)
Inventories	(70.80)	(353.61)
Loans (Current)	14.87	12.11
Loans (Non-current)	(0.75)	(0.14)
Other assets (Current)	(27.03)	(90.59)
Other assets (Non-current)	20.19	(2.21)
Others financial assets (Current)	56.02	(51.22)
Others financial assets (Non Current)	(53.97)	0.13
Adjustments for increase / (decrease) in operating liabilities :-		
Trade payables and other liabilities	43.50	45.87
Provisions (Non Current)	3.81	4.67
Provisions (Current)	(0.33)	5.47
Others financial liabilities (Current)	37.20	19.08
Others financial liabilities (Non-Current)	(0.35)	3.83
Other liabilities (Non-current)	0.83	0.10
Other liabilities (Current)	(3.53)	(46.20)
Cash generated from operations	**962.75**	**756.26**
Income taxes paid	(113.33)	(257.28)
Net cash generated by operating activities	**849.41**	**498.98**

Consolidated Cash Flow Statement for the year ended March 31, 2020

(All amounts in Rs. Crores, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	(473.72)	(334.55)
Proceeds from sale of investments	763.23	911.77
Interest received	26.36	12.66
Payment for purchase of property, plant and equipment, capital work in progress and other intangible assets	(657.01)	(908.18)
Bank balances not considered as cash and cash equivalents	(61.24)	(0.42)
Proceeds from disposal of property, plant and equipment	7.17	24.74
Dividend on associates, other investments	16.19	16.47
Net cash used in investing activities	**(379.02)**	**(277.51)**
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/ (Repayment) from Equity Share capital	3.42	4.79
Proceeds from borrowings (non-current)	357.00	173.00
Repayment from borrowings (non-current)	(264.53)	(282.43)
Repayment of borrowings (current) (net)	(149.50)	-
Proceed from borrowings (current) (net)	-	65.23
Corporate dividend tax paid	(21.89)	(18.67)
Dividends on equity share capital paid	(98.97)	(84.16)
Capital Subsidy received	-	0.71
Finance costs paid	(121.12)	(110.26)
Net cash generated/(used) in financing activities	**(295.59)**	**(251.79)**
Net increase / (decrease) in cash and cash equivalents	**174.80**	**(30.32)**
Cash and cash equivalents at the beginning of the year	40.05	70.37
Cash and cash equivalents at the end of the year	**214.85**	**40.05**

* There are no non cash changes arising from financing activities

See accompanying notes to the consolidated financial statements 1 - 49

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Rajesh Kumar Agarwal
Partner

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

Suchita Jain
Vice Chairman and Joint Managing Director
DIN:00746471

S.P. Oswal
Chairman and Managing Director
DIN: 00121737

Place : New Delhi
Date: June 23,2020

Place : Ludhiana
Date: June 23,2020

Consolidated Statement of Changes in Equity for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

a. Equity share capital

Particulars	Amount
Balance as at April 1, 2018	**56.43**
Issue of equity shares under employee stock option plan (Refer note 44)	0.05
Balance as at March 31, 2019	**56.48**
Issue of equity shares under employee stock option plan (Refer note 44)	0.04
Balance as at March 31, 2020	**56.52**

b. Other equity

Particulars	Share application money pending allotment	Reserves and Surplus								Item of other comprehensive income	Total
		Capital reserve	Statutory Reserve u/s 45 IC of RBI	Capital redemption reserve	Security premium	Debenture redemption reserve	Share options outstanding account	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Balance as at April 1, 2018	**0.55**	**-**	**7.68**	**40.43**	**4.91**	**17.81**	**10.57**	**1,463.84**	**3,348.69**	**2.79**	**4,897.27**
Profit for the year	-	-	-	-	-	-	-	-	730.72	-	730.72
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	0.23	(0.78)	(0.56)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**730.94**	**(0.78)**	**730.15**
Final Equity Dividend for the financial year 2017-18 (Amount Rs. 15 per share)	-	-	-	-	-	-	-	-	(84.67)	-	(84.67)
Tax on Dividend	-	-	-	-	-	-	-	-	(18.67)	-	(18.67)
Employee stock options accrued upto March 2019 (Refer note 44)	-	-	-	-	-	-	6.32	-	-	-	6.32
Transfer to equity shares due to issue of employee stock options (Refer note 44)	(3.64)	-	-	-	-	-	(1.66)	-	-	-	(5.31)
Securities premium on shares under Employee stock options	-	-	-	-	5.27	-	-	-	-	-	5.27
Transfer to debenture redemption reserve on account of issue of debentures	-	-	-	-	-	31.87	-	-	(31.87)	-	-
Capital Reserve on VNGL Acquisition	-	0.40	-	-	-	-	-	-	-	-	0.40
Transfer to Statutory Reserve under 45-IC of RBI Act	-	-	0.90	-	-	-	-	-	(0.90)	-	-
Share Application Money received pending allotment under employee stock options.	4.22	-	-	-	-	-	-	-	-	-	4.22
Balance as at March 31, 2019	**1.13**	**0.40**	**8.58**	**40.43**	**10.18**	**49.68**	**15.23**	**1,463.84**	**3,943.53**	**2.01**	**5,535.00**

Consolidated Statement of Changes in Equity for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

b. Other equity (Contd..)

Particulars	Share application money pending allotment	Reserves and Surplus								Item of other comprehensive income	Total
		Capital reserve	Statutory Reserve u/s 45 IC of RBI	Capital redemption reserve	Security premium	Debenture redemption reserve	Share options outstanding account	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Profit for the year	-	-	-	-	-	-	-	-	577.52	-	577.52
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	(3.35)	(0.27)	(3.63)
Total comprehensive income for the year									**574.17**	**(0.27)**	**573.89**
Final Equity Dividend for the financial year 2018-19 (Amount Rs. 15 per share)	-	-	-	-	-	-	-	-	(98.88)	-	(98.88)
Tax on Dividend	-	-	-	-	-	-	-	-	(21.89)	-	(21.89)
Employee stock options accrued upto March 2020 (Refer note 44)	-	-	-	-	-	-	0.97	-	-	-	0.97
Transfer to equity shares due to issue of employee stock options (Refer note 44)	(1.13)	-	-	-	-	-	-	-	-	-	(1.13)
Securities premium on shares under Employee stock options	-	-	-	-	3.39	-	-	-	-	-	3.39
Transfer from Employee Stock Options accounts to General Reserve	-	-	-	-	-	-	(1.49)	1.49	-	-	-
Transfer to debenture redemption reserve on account of issue of debentures	-	-	-	-	-	7.94	-	-	(7.94)	-	-
Transfer to Statutory Reserve under 45-IC of RBI Act	-	-	0.62	-	-	-	-	-	(0.62)	-	-
Balance as at March 31, 2020	**-**	**0.40**	**9.20**	**40.43**	**13.57**	**57.62**	**14.71**	**1,465.33**	**4,388.36**	**1.74**	**5,991.35**

In terms of our report attached

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

For and on behalf of the Board of Directors

Rajesh Kumar Agarwal
Partner

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

Suchita Jain
Vice Chairman and
Joint Managing Director
DIN:00746471

S.P. Oswal
Chairman and
Managing Director
DIN: 00121737

Place : New Delhi
Date: June 23,2020

Place : Ludhiana
Date: June 23,2020

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

1 GENERAL INFORMATION

Vardhman Textiles Limited (""the Parent Company"") is a public Company, which was incorporated under the provisions of the Companies Act, 1956 on October 8, 1973 and has its registered office at Chandigarh Road, Ludhiana. The name of the Company at its incorporation was Mahavir Spinning Mills Limited and subsequently changed to Vardhman Textiles Limited on September 5, 2006. The Company is engaged in manufacturing of cotton yarn, synthetic yarn and woven fabric. The Company is listed on two stock exchanges i.e. at National Stock Exchange and at Bombay Stock Exchange

The consolidated financial statements were approved for issue in accordance with a resolution of the directors on 23rd June 2020."

2 SIGNIFICANT ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS AND APPLICABLITY OF NEW AND REVSIED IND AS

2.1 Statement of compliance

These consolidated financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), and the provisions of the Companies Act ,2013 ('the Act') (to the extent notified) The Ind AS are prescribed under Section 133 of the Act read with Rule3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

2.2 Basis of preparation and presentation

The consolidated financial statements of the company, its subsidiaries and its associates (together ""the Group"") 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 is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

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

• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

• Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

• Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies

All intra Company's assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.4 Changes in the Company's ownership interests in existing subsidiaries

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

In case any goodwill impairment is identified the same is approved by the board of directors and recorded in the books of accounts and disclosed appropriately.

2.6 Investment in associates and joint ventures An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate or joint venture. Distributions received from an associate or a joint venture reduce the carrying amount of the investment. When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate or joint venture), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Company determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Company's investment in an associate or a joint venture

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Company retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Company accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associate or a joint venture of the Company, profits and losses resulting

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from the transactions with the associate or joint venture are recognised in the Company's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Company

2.7 Revenue recognition

Effective April 1, 2018, the Group adopted Ind AS 115 'Revenue from Contracts with Customers'. First time adoption has been conducted retrospectively with cumulative effect of initially applying this standard as on the transition date. The effect on the transition to Ind AS 115 is insignificant.

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are net of returns, rebates, goods & services tax and value added taxes.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue recognised from major business activities:

2.7.1 Sale of goods:

Revenue from sale of goods is recognised as and when the Group satisfies performance obligations by transferring control of the promised goods to its customers.

2.7.2 Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

2.7.3 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.7.4 Rental income

The Group's policy for recognition of revenue from operating leases is point 2.22.

2.8 Government grants

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

Government grants recoverable upto financial year 2017-18 are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

As per the amendment in Ind-AS 20 ""Government Grants"" w.e.f April 1, 2018, the Group has opted to present the grant received/receivable after April 01,2018 related to assets as deduction from the carrying value of such specific assets.

2.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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.

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2.10 Foreign currencies

In preparing the financial statements of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.11 Employee benefits

2.11.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

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. Re-measurement, 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. Re-measurement 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:

a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
b. net interest expense or income; and
c. re-measurement

The Group 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 balance sheet represents the actual deficit or surplus in the Group'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.

2.11.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

2.12 Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note no. 44.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share options outstanding account.

2.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.13.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current income tax assets/liabilities for current year is recognized at the amount expected to be paid to and/or recoverable from the tax authorities, using the tax rates that have been enacted or substantively enacted by the Balance Sheet.

2.13.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income-tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income-tax. Accordingly, MAT Credit is recognised as asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

2.13.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.13.4 Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

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- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Group applies significant judgement in identifying uncertainties over income tax treatments

2.14 Property, plant and equipment (PPE)

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

The Cost of an item of Property, plant and equipment comprises:

a. its purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates

b. any attributable expenditure directly attributable for bringing an asset to the location and the working condition for its intended use and

c. the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

The Group has elected to continue with the carrying value of all its PPE recognised as on April 1, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost as on transition date.

Depreciation is provided on Straight Line Method on the basis of useful lives of such assets specified in Schedule II to the Companies Act, 2013 except the assets costing Rs. 5000/- or below on which depreciation is charged @ 100%. Depreciation is calculated on pro-rata basis.

The estimated useful life of the assets have been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support etc and are as under:

Buildings	3 - 60 years
Plant and Equipment	5 - 40 years
Furniture and Fixtures & Office Equipment	3- 10 years
Vehicles	8 - 10 years

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

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.

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2.15 Intangible assets

2.15.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The Group has elected to continue with the carrying value of all its PPE recognised as on April 1, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost as on transition date.

2.15.2 De-recognition of intangible assets

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

2.15.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Computer softwares	6 years
Contribution to Common effluent treatment plant (CETP)	5 years
Right to use power lines	5 Years

2.16 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.17 Inventories

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

In case of raw materials at weighted average cost plus direct expenses. The cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

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In case of stores and spares at weighted average cost plus direct expenses. The cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

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

In case of finished goods at raw material cost plus conversion costs, packing cost, non recoverable indirect taxes (if applicable) and other overheads incurred to bring the goods to their present location and condition.

In case of by-products at estimated realizable value

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

2.18 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as on asset if it is virtually certain that reimbursements will be received and amount of the receivable can be measured reliably.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.19 Financial instruments

Financial assets and financial liabilities are recognised when Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.19.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.19.1.1 Classification of financial assets

Financial instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

a. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

b. the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income

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(except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

a. the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

b. the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for instruments measured at Fair value through other comprehensive income (FVTOCI). All other financial assets are subsequently measured at fair value.

2.19.1.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.19.1.3 Investments in equity instruments measured at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

a. it has been acquired principally for the purpose of selling it in the near term; or

b. on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

c. it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

2.19.1.4 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

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A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL/FVTOCI.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.19.1.5 Impairment of financial assets

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. The Group follows simplified approach for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL's at each reporting date, right from its initial recognition.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.19.1.6 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.19.1.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss.

2.19.2 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

2.19.2.1 Financial liabilities at fair value through profit and loss (FVTPL)

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

a. it has been incurred principally for the purpose of repurchasing it in the near term; or

b. on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

c. it is a derivative that is not designated and effective as a hedging instrument.

2.19.2.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined

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(All amounts in crores, unless otherwise stated)

based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.19.2.3 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.19.3 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks and to manage its exposure to imported raw material price risk including foreign exchange forward contracts and commodities future contracts. Further details of derivative financial instruments are disclosed in note 37.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

2.19.4 Equity instrument

Equity instrument are any contract that evidences a residual interest in the assets of an equity after deducting all of its liabilities.

Debt or equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument"

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

The equity shares of the Company held by it through a trust are presented as deduction from total equity, until they are cancelled or sold.

2.20 Earnings per share

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

2.21 Segment Reporting

Based on the guiding principles laid down in Indian Accounting Standards (Ind-AS)-108 "Segment Reporting" the Managing Director of the Company is the Chief Operating Decision maker (CODM) and the purposes of resource allocation and assessment of segment performance of the business is a segregated in the segment below:-

-Textiles

-Fibre

2.22 Leases

The Group as Lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

"The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets 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 independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

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(All amounts in crores, unless otherwise stated)

Transition

Effective April 1, 2019, the Group adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. In respect of leases previously classified as an operating lease applying Ind AS 17, the Group adopts the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of ‘Right of Use’ asset of ₹ 1.67 crore and a lease liability of ₹1.67 crore. Further, in respect of leases which were classified as operating leases, applying Ind AS 17, Rs. 18.85 crores has been reclassified from “”Other Assets”” to “”Right of Use Asset””. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments. The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

   The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 disclosed under Note 44 of the 2019 Annual Report and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116. The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 9%.

2.23 Assets held for sale

The Company classifies non current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

2.24 Significant accounting judgements, estimates and assumptions

In the application of the Group's accounting policies, which are described as stated above, 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 recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods."

2.24.1 Significant influence over associates

Note 45 describe the entities as associates of the Company as the Company owns:-

a. in Vardhman Special Steels Limited (VSSL):- 24.97 percent ownership interest

b. in Vardhman Spinning and General Mills Limited(VSGM):- 50.00 percent ownership interest

c. in Vardhman Yarns and Threads Limited(VYTL):- 11.00 percent ownership interest"

The group has significant influence in over VSSL and VSGM associates above by the virtue of ownership interest. However in case of VYTL significant influence is not only by the virtue of ownership interest but also due to contractual right to appoint managing director and no significant business decisions relating to debts restructuring and business restructuring in the above said associate can be implemented without prior approval of the Company.

2.24.2 Key sources of uncertainty

In the application of the Group accounting policies, the management of the Group is 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.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

2.24.3 Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future, salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

2.24.4 Useful lives of depreciable tangible assets and intangible assets

Management reviews the useful lives of depreciable/amortisable assets at each reporting date.

As at March 31, 2020 management assessed that the useful lives represent the expected utility of the assets to the Group.

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

2.24.5 Fair Value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Board of Directors of the respective Company approves the fair values determined by the Chief Financial Officer of the respective Company including determining the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or liability, the Group uses market-observable data to the extent is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Chief financial officer works closely with the qualified external valuers to establish appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in notes 37.

2.24.6 Contingent Liability

In ordinary course of business, the Group faces claims by various parties. The Group annually assesses such claims and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Group records a liability for any claims where a potential loss probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Group provides disclosures in the financial statements but does not record a liability in its financial statements unless the loss becomes probable.

2.24.7 Income Tax

The Group's tax jurisdiction is India. Significant judgements are involved in determining the provision for income taxes including judgement on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

2.24.8 Inventory

Management has carefully estimated the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market driven changes.

2.25 Applicability of new and revised IND AS

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 notifies new standard or amendments to the standards. There is no such new notification which would be applicable from April 1, 2020.

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

3A Property, plant and equipment and capital work-in-progress

Particulars	As at March 31, 2020	As at March 31, 2019
Carrying amount of		
Freehold land	102.96	95.95
Buildings	967.12	846.22
Plant and equipment	2,487.85	2,208.97
Furniture and fixtures	8.99	7.86
Vehicles	8.58	8.33
Office equipment	17.75	18.91
Total Property, plant and equipment	**3,593.24**	**3,186.24**
Capital work-in-progress	141.64	273.68
	3,734.88	**3,459.92**

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Cost or Deemed Cost							
Balance as at 1, April 2018	92.16	821.54	2,524.37	10.66	12.28	42.65	3,503.66
Addition	2.74	134.22	662.44	1.24	1.66	4.55	806.85
Disposal	(0.84)	(1.93)	(8.80)	(0.10)	(0.23)	(0.25)	(12.15)
Step-up acquisition of VNGL	1.89	11.31	16.06	0.60	0.11	0.66	30.62
Balance at March 31, 2019	**95.95**	**965.14**	**3,194.07**	**12.40**	**13.82**	**47.61**	**4,328.98**
Addition	7.44	157.35	568.87	2.65	2.09	5.62	744.02
Disposal	(0.43)	(0.12)	(19.25)	(0.18)	(0.62)	(0.08)	(20.67)
Balance at March 31, 2020	**102.96**	**1,122.37**	**3,743.68**	**14.87**	**15.29**	**53.15**	**5,052.33**
Accumulated depreciation							
Balance as at 1, April 2018	-	86.39	774.08	3.02	3.89	21.69	889.07
Depreciation	-	31.32	210.53	1.29	1.68	6.84	251.66
Disposal	-	(0.15)	(3.97)	(0.07)	(0.11)	(0.08)	(4.38)
Step-up acquisition of VNGL	-	1.36	4.47	0.30	0.03	0.25	6.41
Balance at March 31, 2019	**-**	**118.92**	**985.11**	**4.54**	**5.49**	**28.70**	**1,142.76**
Depreciation	-	36.35	285.86	1.52	1.75	6.70	332.17
Disposal	-	(0.01)	(15.12)	(0.17)	(0.53)	(0.01)	(15.84)
Balance at March 31, 2020	**-**	**155.25**	**1,255.85**	**5.89**	**6.71**	**35.40**	**1,459.09**

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

3A Property, plant and equipment and capital work-in-progress (Contd..)

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Carrying amount							
Balance at 1, 2018	92.16	735.15	1,750.29	7.64	8.39	20.96	2,614.59
Addition	2.74	134.22	662.44	1.24	1.66	4.55	806.85
Disposal	(0.84)	(1.78)	(4.83)	(0.03)	(0.12)	(0.17)	(7.77)
Step-up acquisition of VNGL	1.89	9.95	11.60	0.30	0.08	0.41	24.23
Depreciation	-	(31.32)	(210.53)	(1.29)	(1.68)	(6.84)	(251.66)
Balance at March 31, 2019	**95.95**	**846.22**	**2,208.97**	**7.86**	**8.33**	**18.91**	**3,186.24**
Addition	7.44	157.35	568.87	2.65	2.09	5.62	744.02
Disposal	(0.43)	(0.11)	(4.14)	(0.01)	(0.09)	(0.07)	(4.85)
Depreciation	-	(36.35)	(285.86)	(1.52)	(1.75)	(6.70)	(332.17)
Balance at March 31, 2020	**102.96**	**967.12**	**2,487.85**	**8.99**	**8.58**	**17.75**	**3,593.24**

Notes on property, plant and equipment

1 Freehold land as at March 31, 2019 includes Rs 4.38 crores for which title deeds were pending to be executed in favour of the Company, even though the Company had taken the possession thereof. This has been executed in favour of the Company during the year ended March 31, 2020.

2 Refer to note 18 for information on property, plant and equipment pledged as security by the Group.

3 The Company has availed benefit under Export Promotion Capital Goods (EPCG) scheme amounting to Rs.8.08 Crore (FY 2018-19 22.00 Crores) (related to non cenvatable portion of total duty saved) for financial year 2019-20, such benefit is related to Property, Plant and Equipment and Capital work in progress.

4 Buildings includes Rs. 2.48 crores (March 31, 2019: Rs. 2.48 crores) cost of residential flats at Mandideep, the land cost of which has not been excluded from this cost. The depreciation for the year has been taken on the entire cost.

5 As per the amendment in Ind-AS 20 "Government Grants" w.e.f April 1, 2018, the Company has opted to present the grant related to assets as deduction from the carrying value of such specific assets. For financial year 2019-20 such amount deducted from Property, Plant and Equipment is Rs.0.25 Crores (March 31, 2019 Rs.14.00 Crores).

6 Borrowing cost capitalised during the year Rs.0.93 Crores (March 31, 2019 2.42 Crores)

7 Also refer Note 2.14 for option used by the Group to use carrying value of previous GAAP as deemed cost as on April 1, 2015.

3B Other intangible assets

Particulars	As at March 31, 2020	As at March 31, 2019
Carrying amount of		
Computer softwares	2.42	2.30
Contribution to CETP	-	-
Right to use power lines	0.03	0.05
	2.45	**2.35**

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(All amounts in crores, unless otherwise stated)

3B Other intangible assets (Contd..)

Particulars	Computer softwares	Contribution to CETP	Right to use power lines	Total
Cost or Deemed Cost				
Balance as at April 1, 2018	11.75	0.63	4.56	16.94
Addition	0.20	-	-	0.20
Disposal	-	-	-	
Step-up acquisition of VNGL	0.44	-	-	0.44
Balance as at March 31, 2019	**12.39**	**0.63**	**4.56**	**17.58**
Addition	0.90	-	-	0.90
Disposal	-	-	-	-
Balance as at March 31, 2020	**13.28**	**0.63**	**4.56**	**18.47**
Accumulated amortisation				
Balance as at April 1, 2018	8.00	0.63	4.50	13.13
Amortization expenses	2.34	-	0.01	2.36
Step-up acquisition of VNGL	0.26	-	-	0.26
Balance as at March 31, 2019	**10.61**	**0.63**	**4.50**	**15.75**
Amortization expenses	0.78	-	0.01	0.79
Balance as at March 31, 2020	**11.39**	**0.63**	**4.51**	**16.54**
Carrying amount				
Balance as at April 1, 2018	3.75	-	0.06	3.81
Addition	0.20	-	-	0.20
Amortisation expenses	(2.34)	-	(0.01)	(2.36)
Step-up acquisition of VNGL	0.70	-	-	0.70
Balance as at March 31, 2019	**2.30**	**-**	**0.05**	**2.35**
Addition	0.90	-	-	0.90
Amortisation expenses	(0.78)	-	(0.01)	(0.79)
Balance as at March 31, 2020	**2.42**	**-**	**0.03**	**2.45**

Note: These intangible assets are not internally generated

Also refer Note 2.15 for option used by the Group to use carrying value of previous GAAP as deemed cost as on April 1, 2015.

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

4 Goodwill*

Particulars	As at March 31, 2020	As at March 31, 2019
Deemed Cost	12.50	12.50
Carrying Value at the end	**12.50**	**12.50**
* Refer note 2.5		
Allocation of goodwill to cash generating units (CGU):		
Goodwill has been allocated for impairment testing purposes to the following cash generating units.		
Vardhman Acrylics Limited	2.46	2.46
VMT Spinning Company Limited	10.04	10.04
	12.50	**12.50**

Vardhman Acrylics Limited

No indications for impairment. No impairment losses have been recognised.

VMT Spinning Company Limited

No indications for impairment. No impairment losses have been recognised.

5A Investments in Associates**

Particulars	As at March 31, 2020	As at March 31, 2019
I TRADE INVESTMENTS (at cost/carrying value)		
Financial assets carried at cost		
a. Break up of equity investments in associates (carrying amount determined using equity method of accounting)		
Quoted		
1,00,86,333 (March 31, 2019: 1,00,86,333) Equity shares of Rs. 10/- each fully paid up of Vardhman Special Steels Limited	51.11	50.49
Unquoted		
62,69,699 (March 31, 2019: 62,69,699) Equity shares of Rs. 10/- each fully paid up of Vardhman Yarns & Threads Limited	63.14	57.27
25,000 (March 31, 2019 : 25,000) Equity shares of Rs.10/- each fully paid-up of Vardhman Spinning and General Mills Limited	0.08	0.08
Total 5A	**114.33**	**107.84**

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

5B Other Investments (Non-Current)

Particulars	As at March 31, 2020	As at March 31, 2019
II Financial assets measured at fair value through other comprehensive income		
(i) Investment in equity instruments (unquoted)		
41,000 (March 31, 2019: 41,000) Equity-Shares of Rs. 10/- each fully paid-up of Shivalik Solid Waste Management Limited (Section 25 Company)	0.09	0.08
1,40,625 (March 31, 2019: 1,40,625) Equity shares of Rs. 10/- each fully paid-up of Nimbua Greenfield (Punjab) Limited	1.66	1.72
2,225 (March 31, 2019: 2,225) Equity shares of Rs. 10/- each fully paid-up of Devakar Investment & Trading Company Private Limited	0.23	0.21
16,47,525 (March 31, 2019: 16,47,525) Equity Shares of Narmada Clean Tech Limited. of Rs 10/- each fully paid up	2.79	3.04
Other Investments:-		
III Financial assets measured at fair value through Profit and loss		
(i) Investment in Bonds/ Preference shares/ Debentures/Fixed Maturity Plans (quoted)		
(i) Investment in Bonds/ Preference shares/ Debentures/Fixed Maturity Plans (quoted)		
*** 6,660 (March 31, 2019 :6,660) 17.38% Non-convertible redeemable cumulative preference shares of Rs. 7,500/- each fully paid of IL&FS Financial Services Limited	-	5.00
*** 820 (March 31, 2019 820) 16.46% Non Convertible Redeemable cumulative Preference Shares of Rs. 7,500/- each fully paid of IL & FS Financial Services Limited.	-	0.62
*** 10,000 (March 31, 2019:10,000) 16.46% Non-convertible redeemable cumulative preference shares of Rs. 7,500/- each fully paid of IL&FS Financial Services Limited	-	7.50
Unquoted		
NIL (March 31, 2019: 12,50,000) 8.20% cumulative compulsorily convertible preference shares of Rs.100 each of Tata motor Finance Limited (formerly known as Sheeba Properties Limited)	-	27.55
(ii) Investment in mutual funds (Quoted)		
5,00,00,000 (March 31, 2019 :5,00,00,000) units of Rs.10/- each of Kotak Fixed Maturity Plans Series 216 Direct Growth	59.70	54.45
4,00,00,000 (March 31, 2019:4,00,00,000) units of Rs.10/- each of Aditya Birla Sunlife Fixed Term Plan Series-PI (1140 Days)	47.28	43.32
* NIL (March 31, 2019:2,50,00,000) units of Rs.10/- each of Aditya Birla Sunlife Fixed Term Plan Series OK -Growth-Direct (1135 Days)	-	28.82
2,50,00,000 (March 31, 2019: 2,50,00,000) units of Rs.10/- each of HDFC FMP 1158 Days Direct Growth	29.72	27.23
* NIL (March 31, 2019:2,50,00,000) units of Rs.10/- each of SBI Debt Fund Series -B-49 - (1170 Day)Direct Growth	-	28.85
1,50,00,000 (March 31, 2019: 1,50,00,000) units of Rs.10/- each of UTI Fixed Term Income Fund Series XXIV-XIV (1831 Days)Direct Growth Plan	20.54	18.83

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

5B Other Investments (Non-Current)

Particulars	As at March 31, 2020	As at March 31, 2019
* NIL (March 31, 2019: 3,50,00,000) units of Rs.10/- each of Kotak FMP Series 202 Direct - Growth	-	40.28
5,00,00,000 (March 31, 2019: 5,00,00,000)units of Rs.10/- each of SBI Debt Fund Series C10 (1150 DAYS) Direct Growth	59.23	54.31
* NIL (March 31, 2019: 2,50,00,000) units of Rs.10/- each of ICICI Prudential Fixed Maturity Plan Series 80-1233 Days Plan O Direct Plan Cumulative	-	28.98
* NIL (March 31, 2019: 2,50,00,000) units of Rs. 10/- each of Nippon India Fixed Horizon Fund- XXXIII- Series 3- Direct Plan Growth Plan	-	28.96
* NIL (March 31, 2019: 2,50,00,000) units of Rs.10/- each of Nippon India Fixed Horizon Fund- XXXIII- Series 4- Direct Plan Growth Plan	-	28.96
5,00,00,000 (March 31, 2019 : 5,00,00,000) units of Rs.10/- each of ICICI Prudential Fixed Maturity Plan Series 82-1203 days Plan K-Direct Plan Cumulative	59.49	54.56
3,24,12,364 (March 31, 2019: 3,24,12,364) units of Rs.10/- each of Kotak FMP Series 254 - 1250 Days -Direct Plan - Growth	37.05	33.63
6,50,00,000 (March 31, 2019: 6,50,00,000) units of Rs.10/- each of Kotak FMP Series 251 - 1265 Days -Direct Plan - Growth	75.15	68.24
26,000,000 (31 March 2019: 26,000,000) Units of Rs. 10/- each of HDFC FMP1150D March 2018 (1) Direct Growth Series -39	30.80	28.24
50,00,000 (March 31,2019: 50,00,000) Units of Rs. 10- each of DSP Blackrock ACE DIR G MAT	4.98	5.08
25,000,000 (31 March 2019: 25,000,000) Units of Rs. 10/- each of SBI SDFC C - 16 (1100 Days) Direct Growth	29.51	27.06
Total 5B	**458.20**	**645.52**
1. Aggregate book value of quoted investments	504.56	663.41
2. Aggregate Market Value of quoted investments	494.39	710.85
3. Aggregate carrying value of unquoted investments	67.98	89.95

* Investments having maturity period of less than 12 months from March 31, 2020 i.e. the balance sheet date have been reclassified as ' Current Investment' during the year.

** Refer note 37

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

5B Other Investments (Non-Current)

For change in Company's ownership interest in Vardhman Nisshinbo Garments Company Limited

During the financial year 2018-19, the Company has acquired 68,60,000 shares representing 49% of equity share capital of Vardhman Nisshinbo Garments Company Limited (VNGL) from its joint venture partner namely M/s. Nisshinbo Textile Inc. on January 23, 2019 for a consideration of Rs.1.37 crores . Accordingly VNGL has become a wholly owned subsidiary of the Company w.e.f. January 23, 2019.Earlier VNGL was a joint venture investment.

*** Investment in preference shares of IL&FS group companies aggregating to Rs. 26.13 crores. In view of the uncertainty prevailing with respect to recovery of the investment value from the IL&FS group, the Management has measured such investments at Rs. NIL (FY 18-19 Rs.13.11 Cr) as FVTPL adjustment. This FVTPL adjustment reflects the exposure that may arise given the uncertainty involved.

6A Loans (Non Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortized cost		
(unsecured considered good unless otherwise stated)		
Loan to employees	1.48	0.73
	1.48	**0.73**

6B Other Financial Assets (Non Current)*

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortized cost		
(unsecured considered good unless otherwise stated)		
Fixed Deposits with banks more than twelve months maturity	57.86	1.95
Interest Receivable	0.02	0.35
Other Recoverable	5.15	7.09
	63.03	**9.39**

* Refer note 37

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

7 Other Non Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Non Financial Assets at amortized cost		
(unsecured considered good unless otherwise stated)		
Capital advances	22.00	34.92
Balance with government authorities	6.40	9.11
Unamortised Lease hold land prepayment	-	18.61
Prepaid (Deferred) Expense for employee benefit	0.20	0.06
Prepaid expenses-others	0.79	0.57
Security deposits	34.48	33.71
	63.87	**96.98**

8 Inventories

Particulars	As at March 31, 2020	As at March 31, 2019
(at cost or net realisable value, whichever is lower)		
Raw materials*	1,778.37	1,778.19
Work-in-progress	171.72	166.89
Finished Goods	545.58	489.94
Stores and Spares*	187.68	177.37
Less: Unrealised profit on consolidation	(2.30)	(2.14)
	2,681.05	**2,610.25**
*above items include goods in transit as per below		
Raw materials	69.19	47.87
Stores and Spares	13.77	12.32
	82.96	**60.19**

(i) The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs.3,604.19 Crores (March 31, 2019: Rs. 3,573.75 Crores)

(ii) Refer to Note 18(a) and 23 for information on inventories pledged as security by the Group.

(iii) The method of valuation of inventories has been stated in note 2.17.

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

9 Other Investments (Current)**

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets measured at fair value through Profit and loss		
(i) Investment in Liquid Funds (Quoted)		
5,72,610 (March 31, 2019: NIL) units of Rs.1000/- each of SBI Overnight Fund	186.31	-
30,561.81(March 31,2019: NIL) units of Rs.1000/-each of Kotak Liquid Fund	12.27	-
8,975,084 (31 March 2019: Nil) Units of Rs. 10/- each of IDFC Arbitrage Fund - Growth (Direct Plan)	23.10	-
68,748.61 (31 March 2019: 71,314.24) Units of Rs. 1000/- each of SBI Liquid Fund Direct Growth	21.37	20.89
(ii) Investment in Debt Funds/ Monthly Income Plans/ Debentures/ Bonds/ Preference shares/Mutual Funds/Fixed Maturity Plans (Quoted)		
# 2,50,00,000 (March 31, 2019:NIL) units of Rs.10/- each of Aditya Birla Sunlife Fixed Term Plan Series OK -Growth-Direct (1135 Days)	31.04	-
# 2,50,00,000 (March 31, 2019:NIL) units of Rs.10/- each of SBI Debt Fund Series - B-49 Direct - (1170 Day)Growth	31.00	-
# 3,50,00,000 (March 31, 2019: NIL) units of Rs.10/- each of Kotak FMP Series 202 Direct - Growth	43.31	-
# 2,50,00,000 (March 31, 2019: NIL) units of Rs.10/- each of ICICI Prudential FMP Series 80-1233 Days Plan O Direct Plan Cumulative	31.22	-
# 2,50,00,000 (March 31, 2019: NIL) units of Rs. 10/- each of Nippon India Fixed Horizon Fund- XXXIII- Series 3- Direct Plan Growth Plan	31.29	-
# 2,50,00,000 (March 31, 2019: NIL) units of Rs.10/- each of Nippon India Fixed Horizon Fund- XXXIII- Series 4- Direct Plan Growth Plan	31.29	-
NIL (March 31, 2019 : 19,974,912) units of Rs. 10 / each of L & T Resurgent India Corporate Bond Fund Direct Growth	-	28.17
18,647,984 (31 March 2019: 13,860,137) Units of Rs. 10/- each of ICICI Equity Arbitrage Fund - Direct Dividend	50.32	20.09
NIL (31 March 2019: 20,839) Units of Rs. 1000/- each of SBI Magnum Low Duration Fund Direct Growth	-	5.07
NIL (31 March 2019: 14,545,667) Units of Rs. 10/- each of SBI Arbitrage Opportunities-Direct Dividend	-	20.64
NIL (March 31, 2019:3,00,00,000) units of Rs.10/- each of Kotak FMP Series 191 Direct Growth	-	37.92
NIL (March 31, 2019:1,00,00,000) units of Rs.10- each of ICICI Prudential FMP Series 78-1115 Days Plan X Direct Plan Cumulative	-	12.64
NIL (March 31, 2019:2,50,00,000) units of Rs.10/- each of HDFC FMP 1114D Direct Growth	-	31.63
NIL (March 31, 2019:2,50,00,000 units of Rs.10/- each of SBI Debt Fund Series- B -36(1131 Days)- Direct Growth	-	31.39

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

9 Other Investments (Current)** (Contd..)

Particulars	As at March 31, 2020	As at March 31, 2019
NIL (March 31, 2019: 2,50,00,000) units of Rs.10/- each of UTI Fixed Term Income Fund Series XXV-11 (1097 Days)Direct Growth Plan	-	30.58
NIL (March 31, 2019: 100) Principal protected Market linked redeemable non convertible debentures of Rs.1,000,000/- each of Aspire home Finance Limited	-	12.98
NIL (March 31,2019: 113.92) Units of Rs. 10/- each of Nippon India Liquid Fund	-	0.05
NIL (March 31, 2019:- 2594.18) Units of Rs. 10/- each of Aditya Birla Sun Life equity fund growth	-	0.20
NIL (March 31,2019: 27,91,773.97) Units of Rs. 10/- each of SBI Arbitrage Opportunities Direct Dividend	-	3.96
NIL (March 31, 2019: 2,21,016.42) Units of Rs. 10/- each of Kotak Standard Multicap Direct Plan Growth	-	0.83
NIL (March 31, 2019: 1,01,586.97) Units of Rs. 10/- each of Axis Focused 25 Fund - Direct Plan	-	0.30
NIL (March 31, 2019: 50) Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each of JM Financial Products Limited	-	5.20
NIL (March 31, 2019: 5,00,000) Redeemable Preference Shares of Rs. 100/- each of L& T Finance Holdings Limited	-	4.98
4,00,00,000 (March 31, 2019: 4,00,00,000) units of Rs.10/- each of Kotak FMP Series 200 Direct - Growth	49.68	46.21
NIL (March 31, 2019: 83,58,828) units of Rs.10/- each of Kotak Bond (short Term) -Direct Plan Growth	-	30.49
NIL (March 31, 2019:12,49,786) units of Rs.10/- each of Birla Sun life Treasury Optimizer Plan-Growth-Direct Plan	-	30.25
NIL (March 31, 2019: 2,43,36,822) units of Rs.10/- each of Idfc Corporate Bond Fund -Direct Plan -Growth Option	-	31.30
NIL (March 31, 2019: 9,52,766.89) Units of Rs. 10/- each of Birla Enhanced Arbitrage Fund Direct Dividend Reinvestment	-	1.05
NIL (March 31, 2019: 32,047.16) Units of Rs. 10/- each of Aditya Birla Sun life Advantage fund div direct growth	-	1.37
NIL (March 31, 2019: 4,48,765.14) Units of Rs. 10/- each of Kotak Equity Arbitrage Fund Direct Plan Fortnight dividend	-	1.06
NIL (March 31, 2019: 3,47,871.51) Units of Rs. 10/- each of L&T India Value Fund	-	1.32
NIL (March 31, 2019: 68,357.88) Units of Rs. 10/- each of HDFC Arbitrage fund	-	0.07
NIL (March 31, 2019: 42,00,000) Units of Rs. 10/- each of UTI Fixed term income fund direct plan growth	-	5.21
NIL (March 31, 2019: 6,70,732.03) Units of Rs. 10/- each of Mirae Asset India Equity Fund	-	3.62
NIL (31 March 2019 : 3,000) Units of Rs. 1,00,000 / each of IIFL Wealth Finance Limited	-	32.98

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

9 Other Investments (Current)** (Contd..)

Particulars	As at March 31, 2020	As at March 31, 2019
NIL (31 March 2019 : 100) Units of Rs. 1,000,000 / each of JM Financial Products Limited TR-BE-XX Opt IA &IB BR NCD 29NV19 FVRS10LAC	-	11.00
NIL (31 March 2019 : 150) Units of Rs. 1,000,000 / each of JM Financial Products Limited TR-BL-IV OPT III BR NCD 16DC19 FVRS10LAC	-	16.34
NIL (31 March 2019 : 6,000) Units of Rs. 100,000 / each of ECAP Equities Limited SR-J9J701A NCD 24MR20 FVRS1LAC	-	66.52
(iii) Investment in preference shares (unquoted)		
NIL (March 31, 2019: 10,00,000) 3% cumulative compulsorily convertible Preference Shares of Rs. 100/- each of TATA Motors Finance Limited	-	12.03
# 12,50,000 (March 31, 2019: NIL) 8.20% cumulative compulsorily convertible preference shares of Rs.100 each of Tata motor Finance Limited (formerly known as Sheeba Properties Limited)	28.93	-
(iv) Investment in equity share (quoted)		
NIL (March 31,2019: 5,400) shares of Rs 5 each of Axiscades Engineering Technologies Limited	-	0.03
NIL (March 31, 2019: 15,801) Shares of Rs 1 each of Balrampur Chini Mills Limited	-	0.22
NIL(March 31, 2019: 5,700) Shares of Rs 10 each of Central Depository Services (India) Limited	-	0.14
NIL (March 31, 2019: 8,299) Shares of Rs 10 each of Deepak Fertilisers & Petrochemicals Corporation Limited	-	0.11
NIL(March 31, 2019: 3,210) Shares of Rs 2 each of Gujarat Ambuja Exports Limited	-	0.07
NIL (March 31, 2019: 10,150) Shares of Rs 10 each of Heidelberg Cement India Limited	-	0.18
NIL(March 31, 2019: 23,591) Shares of Rs 2 each of Jindal Saw Limited	-	0.20
NIL (March 31, 2019: 6,169) Shares of Rs 1 each of K R B L Limited	-	0.21
NIL(March 31, 2019: 3,900) Shares of Rs 2 each of KEC International Limited	-	0.12
NIL (March 31, 2019: 13,000) Shares of Rs 10 each of Lumax Auto Technologies Limited	-	0.18
NIL(March 31, 2019: 1,330) Shares of Rs 2 each of Ratnamani Metals & Tubes Limited	-	0.12
NIL (March 31, 2019: 3,746) Shares of Rs 1 each of Shilpa Medicare Limited	-	0.13
NIL (March 31, 2019: 1,045) Shares of Rs 10 each of SRF Limited	-	0.25
NIL (March 31, 2019: 6,668) Shares of Rs 10 each of Surya Roshni Limited	-	0.17
NIL (March 31, 2019: 1,255) Shares of Rs 10 each of Tata Elxsi Limited	-	0.12
NIL (March 31, 2019: 10,833) Shares of Rs 2 each of Titagarh Wagons Limited	-	0.08
NIL (March 31, 2019: 4,192) Shares of Rs 10 each of Cadila Healthcare Limited	-	0.15
NIL (March 31, 2019: 1,394) Shares of Rs 10 each of Colgate Palmolive (I) Limited	-	0.18
NIL (March 31, 2019: 13,143) Shares of Rs 10 each of Equitas Holdings Limited	-	0.18
NIL (March 31, 2019: 6,031) Shares of Rs 10 each of Exide Industries Limited	-	0.13

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

9 Other Investments (Current)** (Contd..)

Particulars	As at March 31, 2020	As at March 31, 2019
NIL (March 31, 2019: 2,772) Shares of Rs 10 each of General Insurance Corporation Limited	-	0.07
NIL (March 31, 2019: 6,226) Shares of Rs 10 each of ICICI Bank Limited	-	0.25
NIL (March 31, 2019: 3,529) Shares of Rs 10 each of Muthoot Finance Limited	-	0.22
NIL (March 31, 2019: 1,533) Shares of Rs 10 each of Sbi Life Insurance Company Limited	-	0.08
NIL (March 31, 2019: 6,724) Shares of Rs 10 each of State Bank of India	-	0.21
NIL (March 31, 2019: 2,579) Shares of Rs 10 each of Trent Limited	-	0.09
NIL (March 31, 2019 :75,400) Equity Shares of Rs. 10 /-each fully paid up of Hindustan Petroleum Corporation Limited.	-	2.14
5,80,000 (March 31, 2019 :13,04,645) Equity shares of Rs. 1 /- each fully paid up of Welspun India Limited	1.25	7.91
NIL (March 31, 2019 :26,000) Equity shares of Rs 10 /-each fully paid up of Trident Limited	-	0.19
NIL(March 31, 2019: 1,46,000) equity shares of Rs.10 each fully paid of Reliance Industries Limited	-	19.90
	572.38	**592.37**
1. Aggregate amount of quoted investments	543.45	580.34
2. Aggregate market value of quoted investments	543.45	580.34
3. Aggregate amount of unquoted investment	28.93	12.03

Investments having maturity period of less than 12 months from March 31, 2020 i.e. the balance sheet date have been reclassified as ' Current Investment' during the year.

** Refer note 37

10 Trade receivables*

Particulars	As at March 31, 2020	As at March 31, 2019
Receivable from related parties (Refer Note 45)		
- Unsecured, considered good	0.00	-
Receivable from others		
- Secured, considered good	-	-
- Unsecured Secured good	821.00	802.40
- Significant increase in Credit risk	2.45	5.85
- Credit impaired	-	-
Less: Allowances for doubtful trade receivables	(2.45)	(5.17)
	821.00	**803.08**

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

10 Trade receivables* (Contd..)

(i) The credit period allowed on sales generally vary, on case to case basis, business to business, based on market conditions, maximum credit period allowed is 45 days (2018-19 :45 days) in case of domestic yarn and 90 days (2018-19: 90 days) in case of domestic fabric. In case of exports maximum credit period of 120 days (2018-19 120 days) against letter of credit is provided.

(ii) There are no major customers that represent more than 10% of total balances of trade receivables.

(iii) Ageing of provision of doubtful trade receivables

Particulars	Expected Credit Loss	
	As at March 31, 2020	**As at March 31, 2019**
Less than 180 days	1.93	-
More than 180 days	0.52	5.17
	2.45	**5.17**

(iv) Age of Receivables:

Particulars	As at March 31, 2020	As at March 31, 2019
Less than 180 days	818.19	796.68
More than 180 days	5.26	11.57
	823.45	**808.25**

(v) Movement in expected credit loss allowance

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	5.17	5.02
Reversal of provision during year	(4.78)	-
Provision provided during the year	2.06	0.15
Balance at the end of the year	**2.45**	**5.17**

(vi) The concentration of credit risk is limited due to the fact that customer base is large and unrelated.

* Refer note 37

11 Cash and cash equivalents#

For the purpose of financial statements cash and cash equivalents include cash on hand and bank balances. Cash and cash equivalent at the end of reporting period can be reconciled to the related items in balance sheet as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
a) Balances with banks		
- In current accounts	138.43	39.87
- In deposit accounts with maturity upto three months	75.39	-
b) Cheques on hand	0.84	-
c) Cash on hand	0.19	0.18
	214.85	**40.05**

#Refer note 37

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

11A Bank Balances other than Cash and cash equivalents#

Particulars	As at March 31, 2020	As at March 31, 2019
a) Other bank balances		
- Earmarked balances with banks*	3.84	3.54
- Deposits with more than twelve months maturity	57.86	1.95
- Deposits with more than three months but less than twelve months maturity	61.20	0.26
	122.90	**5.75**
Less: Amounts disclosed as other financial non current assets (Refer note 6)	57.86	1.95
	65.04	**3.80**

* Earmarked balances with banks includes Rs.3.45 crores (March 31, 2019: Rs. 3.53 crores) pertaining to dividend accounts with banks and Rs.0.39 crore (March 31, 2019:Rs 0.01 crore) pledged with government authorities and others.

Refer note 37

12 Loans (Current)#

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortized cost		
(Unsecured and considered good), unless otherwise stated		
Loans to related parties (Refer note 45)		
- Associates	-	15.00
Loan to employees	2.82	2.69
	2.82	**17.69**

Refer note 37

13 Other financial assets (Current)**

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortized cost		
(Unsecured and considered good), unless otherwise stated		
Recoverable from related parties (Refer Note 45)	0.03	0.03
Interest receivables (Refer note 45) (including from related parties)	0.84	0.36
Claims receivable	1.39	0.02
Other Recoverable	8.74	29.11
Financial assets at Fair value through Profit and loss		
Derivative Financial Instruments*	2.36	39.38
	13.36	**68.90**

* The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk including foreign exchange forward contracts. For further details of derivative financial instruments. For further details of derivative financial instruments refer note 37.

**Refer note 37

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

14 Current tax

Particulars	As at March 31, 2020	As at March 31, 2019
Current tax assets (net)		
Taxes paid (net)	42.33	102.25
Current tax liabilities (net)		
Income-tax payable (net)	0.62	30.66

15 Other current assets

Particulars	As at March 31, 2020	As at March 31, 2019
(unsecured considered good, unless otherwise stated)		
Amount recoverable from Mahavir Share Trust in respect of shares held in Trust (Refer note 39)	4.65	4.65
Advances to suppliers		
- Considered good	88.95	110.00
- Doubtful	0.04	-
Less: Doubtful advances	(0.04)	-
	88.95	**110.00**
Unamortised Lease hold land prepayments	-	0.08
Balance with government authorities	245.98	257.09
Prepaid (Deferred) Expense for employee benefit	0.33	0.12
Prepaid expenses others	7.55	5.61
Other recoverables :		
- Considered good	122.10	65.05
- Doubtful	0.02	0.03
Less: Allowances for Doubtful other recoverables	(0.02)	(0.03)
	122.10	**65.05**
	469.56	**442.60**

15A Assets Held for sale

Particulars	As at March 31, 2020	As at March 31, 2019
Land held for Sale	0.15	-
	0.15	**-**

The company intends to dispose off a parcel of freehold land it no longer utilises in the next 12 months. No impairment loss was recognised on reclassification of the land as held for sale as at March 31, 2020 as the company had received advance of Rs.1.00 Crore shown in other current liabilities (Refer Note.27).

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

16 Equity share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised share capital:		
9,00,00,000 equity shares of Rs. 10 each (March 31, 2019: 9,00,00,000 equity shares of Rs. 10 each)	90.00	90.00
1,00,00,000 redeemable cumulative preference shares of Rs. 10 each (March 31, 2019: 1,00,00,000 redeemable cumulative preference shares of Rs. 10 each)	10.00	10.00
	100.00	**100.00**
Issued, subscribed and fully paid up share capital comprises:		
5,65,15,287 equity shares of Rs. 10 each (March 31, 2019: 5,64,74,687 equity shares of Rs. 10 each)	56.52	56.48
	56.52	**56.48**

16.1 Rights, preference and restriction attached to equity shares

The Parent Company has one class of equity shares having a par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting. In the event of liquidation of the Parent Company the holders of equity shares will be entitled to receive any of the remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

16.2 Rights, preference and restriction attached to preference shares

The rate of dividend on preference shares will be decided by the Board of Directors as and when issued. Preferential shares as and when issued shall have the cumulative right to receive dividend as and when declared and shall have preferential right of repayment on amount of capital.

16.3 As per Employee Stock Options Scheme 2016, senior employees of the Parent Company were offered 6,14,000 options (for details refer note 44). The vesting for due options began from financial year 2016-17 and 1,06,200 options/shares (1,22,800 options/shares 2018-19) vested during the year 2019-20. Out of these, 40,600 shares/options (FY 2018-19 44,700 shares/options) have been exercised. Share options granted under Company's employee share option plan carry right to dividend and voting rights at par with other equity holders.

16.4 Reconciliation of number of shares

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	5,64,74,687	56.48	5,64,29,987	56.43
Add:- Issue of equity shares under employee stock option plan (Refer note 44)	40,600	0.04	44,700	0.05
Balance as at the end of the year	**5,65,15,287**	**56.52**	**5,64,74,687**	**56.48**

16.5 Details of shares held by the holding Company

There is no holding / ultimate Company of the Company

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

16.6 Details of shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	"% holding"	Number of shares	"% holding"
Vardhman Holdings Limited	1,53,53,628	26.69%	1,53,14,517	26.63%
Adishwar Enterprises LLP	1,03,18,863	17.94%	1,03,18,863	17.95%
Devakar Investment and Trading Company Private Limited	62,36,506	10.84%	62,18,019	10.81%
Hdfc Trustee Company Ltd - a/c HDFC Mid - Cap Opportunities Fund	29,50,460	5.13%	26,50,668	4.61%

17 Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
Share application money pending allotment	-	1.13
Capital reserve	0.40	0.40
Statutory Reserve	9.20	8.58
Capital redemption reserve	40.43	40.43
Security premium	13.57	10.18
Debenture redemption reserve	57.62	49.68
Share options outstanding account	14.71	15.23
General reserve	1,465.33	1,463.84
Retained earnings	4,388.36	3,943.53
Equity instrument through other comprehensive income	1.74	2.01
	5,991.35	**5,535.00**

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

17 Other equity (Contd..)

Particulars	Share application money pending allotment	Reserves and Surplus								Item of other comprehensive income	Total
		Capital reserve	Statutory Reserve u/s 45 IC of RBI	Capital redemption reserve	Security premium	Debenture redemption reserve	Share options outstanding account	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Balance as at April 1, 2018	**0.55**	**-**	**7.68**	**40.43**	**4.91**	**17.81**	**10.57**	**1,463.84**	**3,348.69**	**2.79**	**4,897.27**
Profit for the year	-	-	-	-	-	-	-	-	730.72	-	730.72
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	0.23	(0.78)	(0.56)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**730.94**	**(0.78)**	**730.15**
Final Equity Dividend for the financial year 2017-18 (Amount Rs. 15 per share)	-	-	-	-	-	-	-	-	(84.67)	-	(84.67)
Tax on Dividend	-	-	-	-	-	-	-	-	(18.67)	-	(18.67)
Employee stock options accrued upto March 2019 (Refer note 44)	-	-	-	-	-	-	6.32	-	-	-	6.32
Transfer to equity shares due to issue of employee stock options (Refer note 44)	(3.64)	-	-	-	-	-	(1.66)	-	-	-	(5.31)
Securities premium on shares under Employee stock options	-	-	-	-	5.27	-	-	-	-	-	5.27
Transfer to debenture redemption reserve on account of issue of debentures	-	-	-	-	-	31.87	-	-	(31.87)	-	-
Capital Reserve on Step up acquisition of VNGL.	-	0.40	-	-	-	-	-	-	-	-	0.40
Transfer to Statutory Reserve under 45-IC of RBI Act	-	-	0.90	-	-	-	-	-	(0.90)	-	-
Share Application Money received pending allotment under employee stock options.	4.22	-	-	-	-	-	-	-	-	-	4.22
Balance at March 31, 2019	**1.13**	**0.40**	**8.58**	**40.43**	**10.18**	**49.68**	**15.23**	**1,463.84**	**3,943.53**	**2.01**	**5,535.00**
Profit for the year	-	-	-	-	-	-	-	-	577.52	-	577.52
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	(3.35)	(0.27)	(3.63)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**574.17**	**(0.27)**	**573.89**
Final Equity Dividend for the financial year 2018-19 (Amount Rs. 17.50 per share)	-	-	-	-	-	-	-	-	(98.88)	-	(98.88)

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

17 Other equity (Contd..)

Particulars	Share application money pending allotment	Reserves and Surplus								Item of other comprehensive income	Total
		Capital reserve	Statutory Reserve u/s 45 IC of RBI	Capital redemption reserve	Security premium	Debenture redemption reserve	Share options outstanding account	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Tax on Dividend	-	-	-	-	-	-	-	-	(21.89)	-	(21.89)
Employee stock options accrued upto March 2020 (Refer note 44)	-	-	-	-	-	-	0.97	-	-	-	0.97
Transfer to equity shares due to issue of employee stock options (Refer note 44)	(1.13)	-	-	-	-	-	-	-	-	-	(1.13)
Securities premium on shares under Employee stock options	-	-	-	-	3.39	-	-	-	-	-	3.39
Transfer from Employee Stock Options accounts to General Reserve	-	-	-	-	-	-	(1.49)	1.49	-	-	-
Transfer to debenture redemption reserve on account of issue of debentures	-	-	-	-	-	7.94	-	-	(7.94)	-	-
Transfer to Statutory Reserve under 45-IC of RBI Act	-	-	0.62	-	-	-	-	-	(0.62)	-	-
Balance at March 31, 2020	**-**	**0.40**	**9.20**	**40.43**	**13.57**	**57.63**	**14.71**	**1,465.33**	**4,388.36**	**1.74**	**5,991.35**

a. Share application money pending allotment and share option outstanding account

It represents money received from senior employees under the Company's employee share option scheme.

b. Capital reserve

Capital reserve represents reserve recognised on amalgamation being the difference between consideration amount and net assets of the transferor Companies.

c. Capital redemption reserve

Capital Redemption reserve is a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of a Group's own shares.

d. Securities premium

Securities premium represents amount of premium recognised on issue of shares to shareholders at a price more than its face value.

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

17 Other equity (Contd..)

e. Debenture redemption reserve

The Group has issued non convertible debentures in Financial Year 2017-18 and as per the provisions of the Companies Act, 2013, it is required to create debenture redemption reserve out of the profits available for payment of dividend.

f. General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

g. Retained earnings

Retained earnings represents amount that can be distributed by the Group to its equity shareholders is determined based on the financial statements of the Group and also considering the requirements of the Companies Act 2013.

h. Equity instrument through other comprehensive income

Reserve for equity instruments through other comprehensive income represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amount reclassified to retained earnings when those assets have been disposed off.

18 Borrowings (Non Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured - at amortised cost		
Term loans		
From banks*	984.00	891.44
Less: Current maturities (refer note-25)	217.66	302.45
	766.34	**588.99**
Debentures		
Series A 7.59% 1500 Debentures of Rs.10,00,000/-each	150.00	150.00
Series B 7.69% 1500 Debentures of Rs.10,00,000/-each	150.00	150.00
Series C 7.75% 1998 Debentures of Rs.10,00,000/-each	199.80	199.80
Total	**1,266.14**	**1,088.79**

* Net of unamortized processing charges: March 31, 2020: Rs. 1.78 crores (March 31, 2019 : Rs.1.56 crores)

(a) Term loans from banks are secured as follows:-

(1). 1st pari passu charge :-Hypothecation of entire fixed assets of the Company (both present and future) including equitable mortgage.

(2). 2nd pari passu charge:-Hypothecation of stocks of raw material, stock in process and finished goods, receivables/ book debts and other current assets (both present and future).

(b) The Company during the financial year 2017-18 has issued secured, rated listed Redeemable Non-convertible Debentures (NCDs) aggregating to Rs. 499.80 Crores for cash at par on private placement basis on September 8, 2017. The NCDs are listed at the Bombay Stock Exchange of India (BSE) and comprise of three series repayable in third, fourth and fifth years and have an overall yield of 7.69% per annum.

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

18 Borrowings (Non Current) (Contd..)

CRISIL has assigned a rating of AA+ with Stable outlook to the said NCDs of the Company on December 11, 2019. The NCDs are secured by way of a first pari passu charge over the immovable and movable fixed assets of the Company and it should have fixed asset cover of more than 105% of outstanding amount of NCDs. The Fixed Asset coverage ratio as on March 31, 2020 is 2.36 times

(c) There have been no breach of covenants mentioned in the loan agreements during the reporting years.

18 (d) Terms of repayment of loan/debentures

Particulars	Frequency of principal repayments	Interest rate	Repayments during FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-26	Total
Term loans	Quarterly Payments	8.45% to 9.20%	67.66	108.75	233.95	528.00	410.36
Term loans	Bullet Payment	8.10% to 9.00%	-	-	2.00	45.42	530.00
*ECB Loan	Bullet Payment	2.1130%	-	-	-	-	45.42
7.59% Series A Non-convertible debentures	Yearly	7.59%	150.00		-	-	150.00
7.69% Series A Non-convertible debentures	Yearly	7.69%	-	150.00	-	-	150.00
7.75% Series A Non-convertible debentures	Yearly	7.75%	-	-	199.80	-	199.80
			217.66	**258.75**	**435.75**	**573.42**	**1,485.58**

18 (e) Also refer note 37 for fair value disclosures.

* External commercial borrowing from Citi bank for capital expenditure is repayable in 3 equal instalments beginning from end of 54 months, 57 months and 60 months carries an interest rate of 3 Month Libor plus spread of 0.65%.

19 Other financial liabilities (Non Current)*

Particulars	As at March 31, 2020	As at March 31, 2019
Financial liabilities at amortized cost		
Retention money	3.98	4.48
	3.98	**4.48**

*Refer note 37

19A Lease liabilities (Non Current)*

Particulars	As at March 31, 2020	As at March 31, 2019
Financial liabilities at amortized cost		
Lease Liability	0.15	-
	0.15	**-**

* Refer Note:-43

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

20 Provisions (Non Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits :		
- Leave (Refer note 46)	15.47	11.78
- Gratuity	0.70	0.58
	16.17	**12.36**

The provision for employee benefit include annual leave and vested long service leave entitlement accrued of employees.

21 Deferred tax liabilities (net)*

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities	266.87	340.21
Deferred tax assets	23.38	16.90
	243.49	**323.31**

* Refer Note:-36

22 Other non-current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Income for Capital subsidy	18.62	20.54
Due to employees	0.06	0.05
Other	0.90	0.08
Total	**19.58**	**20.67**

The deferred revenue arises as a result of the benefits received from state government on account of installation of specified project assets whereby such grant is treated as deferred income and is recognized as income over the useful life of the assets for which such grant is received. W.e.f April 1,2018 the Group has opted to deduct such grant from the carrying value of the specific asset (Also refer Note 5 to Note 3A)

23 Borrowings (Current)*

Particulars	As at March 31, 2020	As at March 31, 2019
Loans repayment on demand		
- From banks (secured at amortised cost)	678.48	849.11
- From banks (unsecured at amortised cost)	58.44	37.31
Total	**736.92**	**886.42**

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

23 Borrowings (Current)* (Contd..)

a. Details of security for working capital borrowings

Working capital borrowings from banks are secured as follows:-

(1) 1st pari passu charge :-Hypothecation of stocks of raw material, stock in process and finished goods, receivables/ book debts and other current assets (both present and future).

(2) 2nd pari passu charge:-Hypothecation of entire fixed assets of the company (both present and future) including equitable mortgage.

b. Includes NIL (March 31, 2019: Nil) for commercial paper issued by the Group. The maximum amount outstanding during the year is Rs.550 crores (including interest) (FY 2018-19: Rs. 600 crores (Including interest)).

*Refer Note 37

24 Trade payables*

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables (refer note 42)		
-Total outstanding dues of micro enterprises and small enterprises	27.76	4.38
-Total outstanding dues of other than micro enterprises and small enterprises	329.41	311.00
Due to related parties (Refer Note 45)	0.04	0.19
Total	**357.21**	**315.57**

25 Other financial liabilities (Current)**

Particulars	As at March 31, 2020	As at March 31, 2019
Financial liabilities at amortized cost		
Current maturities of non current debt	217.66	302.45
Interest accrued but not due on borrowings	25.44	23.44
Other payables		
- Retention money	12.31	6.39
- Security deposits	2.33	6.13
- Expense payable	49.65	42.20
- Payables for purchase of fixed assets		
-Total outstanding dues of micro enterprises and small enterprises	-	-
-Total outstanding dues of other than micro enterprises and small enterprises	46.97	89.66
- Due to employees	71.54	78.99
Financial liabilities at Fair value through Profit and loss		
Derivative Financial Instruments*	34.96	0.89
Total	**460.86**	**550.15**

* This includes net mark to market loss of NIL (March 31, 2019 : 0.89 crores) on commodities traded through commodities exchange. The Group has taken future contracts to hedge against fluctuation of cotton prices during the year and has booked mark to market loss on these contracts in head other expenses (Refer note no 35).

**Refer note 37

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

26 Provisions (Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits : (Refer note 46)		
Leave	2.62	2.95
	2.62	**2.95**

27 Other current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory remittances*	16.10	18.07
Deferred Income for Capital subsidy	1.93	1.98
Unpaid dividends **	3.45	3.54
Gratuity	8.92	2.50
Advances from customers (Contract Liability)#	37.10	43.30
Other Liabilities	8.77	6.92
Advance against Sale of Property Plant and Equipment	1.00	-
Total	**77.27**	**76.31**

*Statutory remittances includes contribution to provident fund and Employee state insurance corporation, tax deducted at source, excise duty, VAT/sales tax, service tax, goods and service tax etc.

**Unpaid dividends do not include any amount due and outstanding required to be credited to the Investors' Education and Protection Fund.

#Advance from customers is recognised when payment is received before the related performance is satisfied

Particulars	As at March 31, 2020	As at March 31, 2019
As at beginning of the year	43.30	50.07
Less:-Recognised as revenue	(43.30)	(50.07)
Add:- Advances received during the year related to closing balance	37.10	43.30
As at end of the year	**37.10**	**43.30**

28 Revenue from operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of products (Net of Rebate & Discount)**	6,654.44	6,803.08
Sale of services	2.99	2.01
Other operating revenues :		
- Export benefits*	62.55	54.12
- Others	15.02	18.71
	6,735.00	**6,877.92**

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

28 Revenue from operations # (Contd..)

Ministry of Corporate affairs has notified Ind AS 115 'Revenue from Contracts with customers' which is effective from April 1, 2018. The new standard outlines a single comprehensive control based model for revenue recognition and supersedes current revenue recognition guidance based on risk and rewards.

The Group has assessed the impact on the financial statement of adopting Ind-AS 115 and it is not expected to have a impact on the group's profitability, liquidity and capital resources as financial position. The Group has not applied any significant judgements in applying the revenue recognition criteria. The introduction of the standard have extended the disclosure requirements.

The following is an analysis of the companies revenue from its products and services

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
Sale of Yarn	3,924.03	3,980.19
Sale of Fabric	2,474.46	2,431.25
Acrylic Fibre	255.95	391.96
Service income	2.99	2.01
Others (Sale of scrap, etc)	15.02	18.39
	6,672.45	**6,823.80**

The following is analysis on the Companies revenue disaggregates on the basis of timing of revenue recognition.

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
- At point of time	6,672.45	6,823.80
- Over the period	-	-

* Export benefits are in the nature of government grants covering following benefits

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
(a) Merchandise Exports from India Scheme(MEIS)	19.54	18.82
(b) Duty drawback benefits	43.01	35.30
	62.55	**54.12**

** Revenue from operations does not include Rs. 0.01 crores (March 31, 2019 Rs.5.39 crores) for sales during the trial run which has been capitalised during the year.

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

29 Other income

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
(a) Interest income		
Interest income	26.51	11.18
Interest income on employee loans	0.10	0.10
(b) Dividend income		
Dividend income from investments- carried at fair value through Profit or Loss	16.19	16.47
(c) Other Non Operating Income (Net of Expenses directly attributable to such income)		
Net gain on sale of investments-carried at fair value through Profit or Loss (net of reversal of fair valuation on disposal of investment)	33.38	29.32
Gain on fair valuation of Investments	43.17	60.75
(d) Other gain		
Claims received (net of expenses)	2.34	0.92
Provisions no longer required written back	1.86	20.90
Net Gain on Step up acquisition of Joint venture (Refer Note 47.5)	-	3.41
Government Grant	16.31	2.43
Net gain on disposal of property, plant and equipment	4.76	17.49
Foreign Exchange Fluctuation Gain (Net)	-	35.06
Allowances for doubtful trade receivables and advances written back (net)	2.71	-
Others	27.14	24.69
	174.47	**222.72**

30 Cost of materials consumed

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
Cotton	2,791.91	2,653.49
Manmade fibre	523.51	582.12
Yarn	10.28	8.79
Fabric	34.53	40.09
Acrylonitrile	219.30	266.78
Others	24.66	22.48
	3,604.19	**3,573.75**

This expense does not include amount of Rs.1.85 Crore (March 31, 2019 Rs. Nil) incurred in trial run which is capitalised during the year.

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

31 Purchases of Stock-in-trade:

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
Yarn	3.64	0.50
Fabric	1.78	7.72
Others	3.59	4.70
	9.01	**12.92**

32 Changes in inventories of Finished goods,Work-in-progress and Stock-in-trade.

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
Inventories at the beginning of the year		
Work-in-progress	166.89	150.57
Finished goods	489.94	509.37
	656.83	**659.94**
Less:-Material Transferred to Trial Run	-	(11.97)
Add:-Material Received from Trial Run	2.22	10.55
	659.05	**658.52**
Add:-Stock Acquired in Acquisition	-	7.37
Inventories at the end of the year		
Work-in-progress	171.72	166.89
Finished goods	545.58	489.94
	717.30	**656.83**
	(58.25)	**9.06**

33 Employee benefits expense *#

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
Salaries and wages	548.88	507.07
Contribution to provident and other funds	40.81	36.90
Staff welfare expenses	6.24	6.26
	595.93	**550.23**

* Also refer note 46

This expense does not include amount of Rs. 0.06 crore (March 31,2019 Rs.0.14 crore) incurred in trial run which has been capitalised during the year

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

34 Finance costs

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
Interest expense*	123.13	108.77
Other borrowing costs	12.14	10.88
	135.27	**119.65**

*Interest expense is net of interest reimbursement of Rs.21.33 crores (March 31, 2019 Rs. 31.42 crores) under Technology upgradation fund scheme and Rs. 16.73 crores (March 31, 2019 Rs. 2.36 crores) under Madhya Pradesh state interest reimbursement on term loan.

35 Other expenses*

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
Power and fuel	754.87	709.14
Consumption of stores and spare parts	36.63	33.23
Packing materials and charges	83.06	73.49
Dyes and Chemical consumed	219.86	194.07
Rent	2.74	2.55
Repairs and maintenance to buildings	30.25	27.07
Repairs and maintenance to machinery	184.32	186.92
Insurance	17.05	5.93
Rates and taxes	6.02	5.92
Auditors remuneration:		
- Audit fee	0.61	0.59
- Tax audit fee	0.10	0.09
- Reimbursement of expenses	0.07	0.13
- In other capacity	0.09	-
Bad debts written off	6.20	1.14
Allowances for doubtful trade receivables and advances	-	(0.29)
Forwarding charges and octroi	119.42	122.25
Commission to selling agents	41.51	46.03
Assets written off	2.44	0.52
Foreign exchange fluctuation loss (net)	4.74	-
Other miscellaneous expenses (Refer note 47.3)#**	136.79	129.42
	1,646.77	**1,538.20**

*Other expense does not include amount of Rs. 0.06 Crores (March 31, 2019 Rs. 3.92 Crores) incurred in trial run which is capitalised during the year.

**Does not include any item of expenditure with a value of more than 1% of the revenue from operations.

#During the year, the company paid Rs. 4.35 Crores (FY 2018-19 Rs. 1.00 crore) as political contribution via Electoral Bond Scheme.

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

36 Tax balances

The following is the analysis of deferred tax assets / (liabilities) presented in the standalone balance sheet

36.1 Deferred tax liabilities (Net)

2019-20	Opening Balance	MAT Credit Adjustment	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax assets					
Expenses deductible in future years	9.45	-	3.51	-	12.97
Provision for doubtful debts / advances	1.76	-	(1.21)	-	0.55
MAT credit recoverable	4.92	-	-	-	4.92
Others	0.77	-	4.18	-	4.95
	16.90	**-**	**6.48**	**-**	**23.38**
Deferred tax liabilities					
Property, plant and equipment and Intangible assets	(310.79)	-	66.62	-	(244.16)
Investment in bonds, mutual funds and equity instruments	(22.30)	-	8.84	(0.01)	(13.49)
Provision for dividend distribution tax	(7.12)	-	(1.56)	-	(8.68)
Others	-	-	(0.54)	-	(0.54)
	(340.21)	**-**	**73.36**	**(0.01)**	**(266.87)**
Net deferred tax liabilities	**(323.31)**	**-**	**79.84**	**(0.01)**	**(243.49)**

2018-19	Opening Balance	MAT Credit Adjustment	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax assets					
Expenses deductible in future years	24.28	-	(14.83)	-	9.45
Provision for doubtful debts / advances	1.76	-	-	-	1.76
MAT credit recoverable	16.65	(11.73)	-	-	4.92
Others	-	-	0.77	-	0.77
	42.69	**(11.73)**	**(14.06)**	**-**	**16.90**
Deferred tax liabilities					
Property, plant and equipment and Intangible assets	(261.75)	-	(47.65)	-	(310.79)
Investment in bonds, mutual funds and equity instruments	(34.72)	-	12.81	0.39	(22.30)

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

36 Tax balances (Contd..)

36.1 Deferred tax liabilities (Net) (Contd..)

2018-19	Opening Balance	MAT Credit Adjustment	Recognised in profit or loss	Recognised in OCI	Closing Balance
Provision for dividend distribution tax	(1.39)	-	(5.73)	-	(7.12)
Others	(0.45)	-	0.45	-	-
	(298.31)	**-**	**(40.12)**	**0.39**	**(340.21)**
Net deferred tax liabilities	**(255.62)**	**(11.73)**	**(54.18)**	**0.39**	**(323.31)**

Note: Deferred tax assets and deferred tax liabilities have been offset as they are governed by the same taxation laws.

36.2 Income tax recognised in profit or loss

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
Current tax		
In respect of the current year	144.34	264.01
Deferred tax		
In respect of the current year	(79.84)	54.18
Total income tax expense recognised	**64.50**	**318.19**

The income tax expense for the year can be reconciled to the accounting profit as follows

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
Profit before tax	655.47	1058.74
Tax at the Indian Tax Rate of 25.168%/34%	167.70	369.97
Differential tax rate on capital gain on sale of investments	(3.67)	(5.00)
Effect of exempted dividend income	(8.60)	(13.24)
Effect of indexation benefit on value of investment	(6.11)	(18.27)
Effect of deduction under section 80-IA and 80-IC of the Income-tax Act, 1961	-	(24.87)
Effect of expenses that are not deductible in determining taxable profit	2.17	2.35
Effect of change in tax rate	(88.09)	-
Others	1.10	7.25
	64.50	**318.19**

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

36.3 Income tax recognised in other comprehensive income

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
Arising on income and expenses recognised in other comprehensive income	(1.14)	(0.30)
Total income tax recognised in other comprehensive income	**(1.14)**	**(0.30)**

36.4 The Company along with some of its subsidiaries and associates has elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, it has recognised provision for taxation and re-measured its deferred tax liabilities basis the rate prescribed in the said section and the impact of tax expense of current year and re-measurement of deferred tax liabilities is recognised in these financial statements.

37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

37.1 Capital Management

The Group manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through optimization of debt and equity balance. The capital structure of the Group consists of net debt (borrowings as detailed in note no.18 and offset by cash and bank balances) and total equity of the Group. The Group is not subject to any externally exposed capital requirements.

The capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maintain optimum capital structure to reduce cost of capital and to maximize the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants which otherwise would permit the banks to immediately call loans and borrowings. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital . The Group's gearing ratio was as follows:

The following table provides detail of the debt and equity at the end of the reporting year:

Particulars	As at March 31, 2020	As at March 31, 2019
Debt	2,220.72	2,277.66
Cash & cash equivalents	214.85	40.05
Net Debt	**2,005.87**	**2,237.61**
Total Equity	**6,047.87**	**5,591.48**
Net debt to equity ratio	**0.33**	**0.40**

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

37.2 Financial instruments by category

Particulars	As at March, 31 2020				As at March, 31 2019			
	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#	FVTOCI	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#	FVTOCI
Financial Assets								
Investments	1,025.82	-	-	4.76	1,232.85	-	-	5.05
Trade Receivables	-	-	821.00	-	-	-	803.08	-
Cash and cash equivalents	-	-	214.85	-	-	-	40.05	-
Bank balances other than above	-	-	65.04	-	-	-	3.80	-
Loans	-	-	4.30	-	-	-	18.42	-
Other financial assets	-	2.36	74.03	-	-	39.38	38.91	-
	1,025.82	**2.36**	**1,179.22**	**4.76**	**1,232.85**	**39.38**	**904.26**	**5.05**

Particulars	As at March, 31 2020			As at March, 31 2019		
	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#
Financial Liabilities						
Borrowings (including current maturity of term loan)	-	-	2,220.72	-	-	2,277.66
Trade Payables	-	-	357.21	-	-	315.57
Other financial liabilities	-	34.96	212.22	-	0.89	251.29
	-	**34.96**	**2,790.15**	**-**	**0.89**	**2,844.52**

Carrying value of the financial assets and financial liabilities designated at amortised cost approximates its fair value.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured at fair value and have been grouped into Level 1, Level 2 and Level 3 below:

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in mutual funds/bonds/ preference shares	298.35	726.22	-	1,024.57
Foreign currency / commodity forward contracts	-	2.36	-	2.36
Quoted equity instruments	1.25	-	-	1.25
Unquoted equity instruments	-	-	4.76	4.76
	299.60	**728.58**	**4.76**	**1,032.94**

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

37.2 Financial instruments by category (Contd..)

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Foreign currency / commodity forward contracts	-	34.96	-	34.96
	-	**34.96**	**-**	**34.96**

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in mutual funds/bonds/ preference shares	200.73	998.09	-	1,198.82
Foreign currency / commodity forward contracts	-	39.38	-	39.38
Quoted equity instruments	34.01	-	-	34.01
Unquoted equity instruments	-	-	5.05	5.05
	234.74	**1,037.47**	**5.05**	**1,277.26**
Financial Liabilities				
Foreign currency / commodity forward contracts	-	0.89	-	0.89
	-	**0.89**	**-**	**0.89**

Level 1:

Quoted prices in the active market. This level of hierarchy includes financial assets that are measured by reference to quoted prices in the active market. This category consists of open ended mutual funds.

Level 2:

Valuation techniques with observable inputs. This level of hierarchy includes items measured using inputs other than quoted prices included within Level 1 that are observable for such items, either directly or indirectly. This level of hierarchy consists of over the counter (OTC) derivative contracts.

Level 3:

Valuation techniques with unobservable inputs. This level of hierarchy includes items measured using inputs that are not based on observable market data (unobservable inputs). Fair value determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instruments nor based on available market data.

Sensitivity of Level 3 financial instruments are insignificant

The fair value of the financial instruments are determined at the amount that would be received to sell an asset in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

Investments in mutual funds: Fair value is determined by reference to quotes from the financial institutions, i.e. net asset value (NAV) for investments in mutual funds declared by mutual fund house.

Derivative contracts: The Group has entered into various foreign currency contracts to manage its exposure to fluctuations in foreign exchange rates . These financial exposures are managed in accordance with the Group's risk management

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

37.2 Financial instruments by category (Contd..)

policies and procedures. Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data, i.e., mark to market values determined by the Authorised Dealers Banks.

Quoted equity investments: Fair value is derived from quoted market prices in active markets.

Unquoted equity investments: Fair value is derived on the basis of net asset value approach, in this approach the net asset value is used to capture the fair value of these investments.

Reconciliation of Level 3 fair value measurements

Particulars	Unlisted equity instruments
As at April 1, 2018	6.21
Purchases	-
Gain / (loss) recognised in OCI	(1.17)
As at March 31, 2019	**5.05**
Purchases	-
Gain / (loss) recognised in OCI	(0.28)
As at March 31, 2020	**4.76**

37.3 Financial Risk Management

The Group's corporate treasury functions provides services to the business, coordinates access to the financial markets, monitors and manages the financial risks relating to operations of the Group through internal risk reports which analyse exposure by degree and magnitude of risk. These risks include market risk (including currency risk, interest rate risk and other price risks, credit risk and liquidity risk.

The Group seeks to minimize the effects of these risk by using derivate financial instruments to hedge risk exposure. The issue of financial derivatives is governed by the Group's policy approved by the board of directors.

The principal financial assets of the Group include loans, trade and other receivables, and cash and bank balances that derive directly from its operations. The principal financial liabilities of the Group, include loans and borrowings, trade and other payables and the main purpose of these financial liabilities is to finance the day to day operations of the Group.

This note explains the risks which the Group is exposed to and policies and framework adopted by the Group to manage these risks

37.3.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: foreign currency risk, interest rate risk, investment risk.

A. Foreign Currency Risk Management

The Group operates internationally and business is transacted in several currencies. The export sales of Group comprise around 40 %(FY 2018-19 : 40%) of the total sales of the Group, Further the Group also imports certain assets and material from outside India. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the Group is exposed to foreign currency risk and the results of the Group may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than Group's functional currency.

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

37.3 Financial Risk Management (Contd..)

37.3.1 Market Risk (Contd..)

The Group measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency risk by appropriately hedging the transactions. The Group uses a combination of 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 carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting periods expressed in Rs., are as follows:

As at March 31, 2020	USD	EUR	CHF	JPY
Financial assets				
Trade receivables	5.35	0.41	-	-
Foreign exchange derivative contracts*	(13.60)	(0.75)	-	-
Net exposure to foreign currency risk (assets)	-	-	-	-
Financial liabilities				
Trade payables	0.61	0.13	0.03	5.96
Borrowings	0.60	-	-	-
Foreign exchange derivative contracts*	(2.40)	(0.05)	-	-
Net exposure to foreign currency risk (Liabilities)	-	**0.08**	**0.03**	**5.96**
Net exposure to foreign currency risk (net)	-	**0.08**	**0.03**	**5.96**

As at March 31, 2019	USD	EUR	CHF	JPY
Financial assets				
Trade receivables	5.35	0.36	-	-
Foreign exchange derivative contracts*	(14.60)	(0.36)	-	-
Net exposure to foreign currency risk (assets)	-	-	-	-
Financial liabilities				
Trade payables and other financial liabilities	1.13	0.19	-	5.20
Borrowings	-	-	-	-
Foreign exchange derivative contracts*	(1.77)	(0.24)	-	(3.47)
Net exposure to foreign currency risk (Liabilities)	-	-	-	**1.73**
Net exposure to foreign currency risk (net)	-	-	-	**1.73**

*Excess forwards booked against pending purchase order/sales order shipment

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10 % increase and decrease in the Rupee against the relevant foreign currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for 10% change in foreign currency rates. A positive number below indicates an increase in profit before tax or vice-versa.

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

37.3 Financial Risk Management (Contd..)

37.3.1 Market Risk (Contd..)

Particulars	Year ended March 31, 2020*		Year ended March 31, 2019	
	Rs. strengthens by 10%	Rs. weakens by 10%	Rs. strengthens by 10%	Rs. weakens by 10%
Impact on (profit) /loss for the year				
USD	-	-	-	-
EUR	0.64	(0.64)	-	-
CHF	0.26	(0.26)	-	-
JPY	0.42	(0.42)	0.11	(0.11)

*Forex exposure is fully hedged at March 31, 2020

Foreign exchange derivative contracts

The Group uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or financing activities. The Group's Corporate Treasury team measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency cash flows by appropriately hedging the transactions. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. All identified exposures are managed as per the policy duly approved by the Board of Directors.

The following table details the foreign currency derivative contracts outstanding at the end of the reporting period:

Particulars	No of Deals		Foreign Currency (FCY Millions)		Nominal Amount (Rs. Crores)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
USD / INR Buy forward	33	34	1.80	1.77	132.39	125.78
USD / INR Buy Option	2	-	0.60	-	42.83	-
USD / INR Sell forward	202	251	11.82	11.70	877.22	852.27
USD / INR Sell Option	31	28	1.78	2.90	132.84	213.59
EUR / USD Buy forward	-	2	-	0.02	-	1.89
EUR / INR Buy forward	2	6	0.05	0.22	4.37	17.14
EUR / INR Sell forward	26	17	0.75	0.36	61.54	29.41
JPY/INR Buy forward	-	1	-	0.27	-	0.17
USD/JPY buy forward	-	1	-	3.20	-	1.99
Fair value assets					2.36	39.38
Fair value liabilities					-	-

* Sensitivity on the above derivative contracts in respect of foreign currency exposure is insignificant

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

37.3 Financial Risk Management (Contd..)

37.3.1 Market Risk (Contd..)

B. Interest Rate Risk Management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

As the Group has no significant interest-bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates, which are included in interest bearing loans and borrowings in these financial statements. The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Year ended March, 31 2020	Year ended March, 31 2019
	Rs. loans interest rate decreases by 1 %	Rs. loans interest rate decreases by 1 %
Increase in profit before tax by	22.21	22.78

In case of increase in interest rate by above mentioned percentage, there would be a comparable impact on the profit before tax as mentioned above would be negative.

C. Security Price Risk Management

Exposure in equity

The Group is exposed to equity price risks arising from equity investments held by the Group and classified in the balance sheet as fair value through OCI.

Equity price sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the equity prices had been 5% higher / lower:

Other comprehensive income for the year ended March 31, 2020 would increase / decrease by Rs. 0.24 crore (for the year ended March 31, 2019: increase / decrease by Rs. 0.05 crore) as a result of the change in fair value of equity investment measured at FVTOCI.

Exposure in mutual funds

The Group manages the surplus funds majorly through investments in debt based mutual fund schemes. The price of investment in these mutual fund schemes is reflected though Net Asset Value (NAV) declared by the Asset

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

37.3 Financial Risk Management (Contd..)

37.3.1 Market Risk (Contd..)

Management Company on daily basis as reflected by the movement in the NAV of invested schemes. The Group is exposed to price risk on such Investments.

Mutual fund price sensitivity analysis

“The sensitivity analysis below have been determined based on Mutual Fund Investment at the end of the reporting period. If NAV has been 1% higher / lower:

Profit for year ended March 31, 2020 would increase / decrease by Rs.9.95 crores (for the year ended March 31, 2019 by Rs. 11.46 crores) as a result of the changes in fair value of mutual fund investments.

37.3.2 Credit Risk Management

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables which are typically unsecured. Credit risk on cash and bank balances is limited as the Group generally invests in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies. Investments primarily include investment in liquid mutual fund units, bonds, fixed maturity plan etc. issued by institutions having proven track record. The Group's credit risk in case of all other financial instruments is negligible.

The Group assesses the credit risk based on external credit ratings assigned by credit rating agencies. The Group also assesses the creditworthiness of the customers internally to whom goods are sold on credit terms in the normal course of business. The credit limit of each customer is defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to overseas customers are generally covered by letters of credit.

The impairment analysis is performed on client to client basis for the debtors that are past due at the end of each reporting date. The Group has not considered an allowance for doubtful debts in case of trade receivables that are past due but there has not been a significant change in the credit quality and the amounts are still considered recoverable.

The following is the detail of revenues generated from top five customers of the Group:

Particulars	As at March 31, 2020	As at March 31, 2019
Revenue from top five customers	485.33	540.00
% of total sales of products	7.68%	8.42%

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

37.3 Financial Risk Management (Contd..)

37.3.2 Credit Risk Management (Contd..)

Financial assets for which loss allowance is measured:

Particulars	As at March 31, 2020	As at March 31, 2019
Loans - Non-current	1.48	0.73
Loans - Current	2.82	17.69
Other financial assets - Non-current	63.03	9.39
Other financial assets - Current	13.36	68.90
Trade receivables	821.00	803.08
Total	**901.69**	**899.79**
Loss Allowance is as follows:-		
As at April 1, 2018		**5.02**
Provided during the year		0.15
Reversed during the year		-
As at March 31, 2019		**5.17**
Provided during the year		2.06
Reversed during the year		(4.78)
As at March 31, 2020		**2.45**

Other than financial assets mentioned above, none of the Group's financial assets are either impaired, and there were no indications that defaults in payment obligations would occur.

37.3.3 Liquidity Risk Management

The financial liabilities of the Group, other than derivatives, include loans and borrowings, trade and other payables. The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group monitors its risk of shortage of funds to meet the financial liabilities using a liquidity planning tool. The Group plans to maintain sufficient cash and marketable securities to meet the obligations as and when fall due. The below is the detail of contractual maturities of the financial liabilities of the Group at the end of each reporting period:

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities:

As at March 31, 2020	Less than 1 year	More than 1 year and upto 3 years	More than 3 year and upto 5 years	More than 5 years	Total
Financial Assets					
Investments	577.36	448.46	-	4.76	1,030.58
Trade Receivables	821.00	-	-	-	821.00
Cash and cash equivalents	214.85	-	-	-	214.85
Bank balances other than above	65.04	-	-	-	65.04
Loans	2.82	1.48	-	-	4.30
Other financial assets	13.36	63.03	-	-	76.39
	1,694.43	**512.97**	**-**	**4.76**	**2,212.16**

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(All amounts in crores, unless otherwise stated)

37.3 Financial Risk Management (Contd..)

37.3.3 Liquidity Risk Management (Contd..)

As at March 31, 2020	Less than 1 year	More than 1 year and upto 3 years	More than 3 year and upto 5 years	More than 5 years	Total
Financial liabilities					
Borrowings#	954.58	694.50	509.64	62.00	2,220.72
Trade payables	357.21	-	-	-	357.21
Other financial liabilities	247.18	-	-	-	247.18
	1,558.98	**694.50**	**508.80**	**62.00**	**2,824.28**

As at March 31, 2019	Less than 1 year	More than 1 year and upto 3 years	More than 3 year and upto 5 years	More than 5 years	Total
Financial Assets					
Investments	468.48	642.84	120.91	5.66	1,237.89
Trade Receivables	803.08	-	-	-	803.08
Cash and cash equivalents	40.05	-	-	-	40.05
Bank balances other than above	3.80	-	-	-	3.80
Loans	17.69	0.73	-	-	18.42
Other financial assets	68.90	9.39	-	-	78.29
	1,402.00	**652.96**	**120.91**	**5.66**	**2,181.53**

As at March 31, 2019	Less than 1 year	More than 1 year and upto 3 years	More than 3 year and upto 5 years	More than 5 years	Total
Financial liabilities					
Borrowings#	1,188.87	483.60	433.75	171.44	2,277.66
Trade payables	315.57	-	-	-	315.57
Other financial liabilities	252.18	-	-	-	252.18
	1,756.62	**483.60**	**433.75**	**171.44**	**2,845.41**

* Investment value excludes investment in Associates/Joint ventures of Rs.114.33 crores (March 31, 2019: Rs. 107.84 crores) which are shown at cost in balance sheet as per Ind AS 27 “Separate Financial Statements”.

including Current Maturity of non-current borrowings

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

38 CONTINGENT LIABILITIES AND COMMITMENTS

a. Claims against the Group not acknowledged as debts:

Particulars	As at March 31, 2020	As at March 31, 2019
Sales tax, excise duty, etc*	10.47	16.09
Income-tax**	272.64	274.43
Others	5.72	5.62

* Amount deposited Rs. 1.02 crores (2019 : Rs. 0.81 crore)

** Amount deposited Rs. 60.38 crores (2019 : Rs.139.01 crore)

b. Liability on account of bank guarantees and letter of credit of Rs. 155.02 crores (2019: Rs. 277.20 crores)

c. The amounts shown above represents the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Group or the claimants as the case may be and therefore cannot be predicted accurately or relate to a present obligations that arise from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate cannot be made. The Group has been advised that it has strong legal positions against such disputes.

d. The Payment of Bonus (Amendment) Act 2015, notified on December 31, 2015, had revised the thresholds for coverage of employee eligible for Bonus and also enhanced the ceiling limits for computation of bonus retrospectively from April 1, 2014. Based on legal opinion, the Company has filed a writ petition in Hon'ble High Court of Punjab & Haryana contesting its retrospective applicability and the said jurisdictional High Court has granted stay on its retrospective operation. In view thereof, the Parent Company has not provided differential bonus pertaining to the period from April 1, 2014 to March 31, 2015 amounting to Rs. 8.21 crores. However, the Company has provided/paid bonus w.e.f. April 1, 2015 according to the amended provisions of the Payment of Bonus (Amendment) Act 2015.

e. The Hon'ble Supreme Court in a ruling last year had has passed a judgement on the definition and scope of 'Basic Wages' under the Employees' Provident Funds and Miscellaneous Provision Act, 1952. Pending issuance of guidelines by the regulatory authorities on the application of this ruling, the impact on the Group, if any, cannot be ascertained. The Group will update its provision, on receiving further clarity on this subject matter.

f. Capital and other commitments

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
(i) Estimated Amount of contracts remaining to be executed on capital account & not provided for (net of advance)	94.06	298.56
(ii) Export obligation under EPCG Scheme*	733.96	822.35

* Group is availing benefit under EPCG Scheme for import of capital goods and spare parts against obligation to export six times of the duty saved. Total Duty to be saved/saved against licences outstanding as at March 31, 2020 is Rs.342.99 crores (March 31, 2019 Rs.311.69 crores). Export obligation on such licences outstanding as at year end is disclosed above.

(iii) The Group has other commitments, for purchases / sales orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee benefits in normal course of business. The Group does not have any long term contracts including derivative contracts for which there will be any material foreseeable losses.

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

39 (a) The Company was holding its own 15,98,741 equity shares of Rs. 10 each through a Trust, which were received by it in its capacity as a shareholder of Vardhman Holdings Limited, in accordance with the 'Scheme of Arrangement and Demerger'. Out of above, 1,36,359 shares were tendered during 2016-17 year in terms of buy back announced by the Company and remaining 14,62,202 shares were sold in 2017-18 in market.

39 (b) The aforesaid Trust is holding 5,32,911 equity shares (March 31, 2019: 5,32,911 nos.) of Rs. 10 each of Vardhman Special Steels Limited which were allotted to it in the capacity of a shareholder of the Company by virtue of 'Scheme of Arrangement & Demerger' entered into by the Company, Vardhman Special Steels Limited and their respective shareholders and creditors.

As the aforesaid shares are held by a Trust on behalf of the Company and Company not being registered owner of shares, the cost of these shares is not reflected in investments but same has been valued at cost as reflected in other current asset.

39 (c) The detail of the amount recoverable from Mahavir Share Trust as at the close of the year is as under:

Particulars	As at March 31, 2020	As at March 31, 2019
Cost of shares of Vardhman Special Steels Limited	4.64	4.64
Other recoverable	0.01	0.01
	4.65	**4.65**

40 SEGMENT INFORMATION

The Group is primarily in the business of manufacturing, purchase and sale of textiles & fibre. The Managing Director of the Group, which has been identified as being the Chief Operating Decision Maker (CODM), evaluates the Group's performance, allocate resources based on the analysis of the various performance indicator of the group as textiles and fibre. Therefore, there are two reportable segments viz textiles and fibre.

Particulars	Textiles		Fibre		Total	
	Current Year	Previous year	Current Year	Previous year	Current Year	Previous year
(i) Revenue						
Total Sales	6,478.92	6,577.51	334.37	391.96	6,813.29	6,969.47
Inter Segment Sales	-	-	(78.29)	(91.55)	(78.29)	(91.55)
External Sales	**6,478.92**	**6,577.51**	**256.08**	**300.41**	**6,735.00**	**6,877.92**
Other Income	54.84	66.30	27.51	24.73	82.35	91.03
Unallocated Other Income					92.12	131.69
Total Revenue	**6,533.76**	**6,643.81**	**283.59**	**325.14**	**6,909.47**	**7,100.64**
(ii) Result						
Segment results	700.23	1,082.55	24.89	28.51	725.12	1,111.06
Unallocated Corporate expenses/(Income) (Net)					(53.48)	(51.40)
Operating profit					**778.60**	**1,162.46**
Finance cost					135.27	119.65
Income from Associates					12.14	15.93
Profit before tax					**655.47**	**1,058.74**

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

40 SEGMENT INFORMATION (Contd..)

Particulars	Textiles		Fibre		Total	
	Current Year	Previous year	Current Year	Previous year	Current Year	Previous year
Provision for taxation						
Current tax and deferred tax					64.50	318.19
Profit after tax					**590.97**	**740.55**
(iii) Segment Assets and Liabilities						
Segment assets	7,543.28	7,124.50	125.70	146.00	7,668.97	7,270.50
Unallocated corporate assets					1,684.54	1,745.72
Total assets					**9,353.52**	**9,016.22**
Total equity and liabilities						
Equity (Share capital and other equity)					6,047.87	5,591.48
Non controlling interest					120.64	113.07
Segment Liabilities	565.11	523.63	60.48	75.97	625.59	599.59
Secured and unsecured loans					2,220.72	2,277.66
Unallocated Corporate Liabilities					95.21	111.11
Deferred Tax Liabilities					243.49	323.31
Total equity and liabilities					**9,353.52**	**9,016.22**
(iv) Capital expenditure					744.91	807.05
(v) Depreciation and Amortisation					328.92	243.57
Unallocated Corporate Depreciation and Amortisation					4.30	10.45
Total Depreciation and amortisation					**333.22**	**254.02**

Geophraphical Information:

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
Segment Revenue-External Turnover		
-Within India	4,099.32	4,254.26
-Outside India	2,635.68	2,623.66
Total Revenue	**6,735.00**	**6,877.92**
Non-Current Segment Assets		
-Within India	4,470.98	4,335.23
-Outside India	-	-
	4,470.98	**4,335.23**

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

40 SEGMENT INFORMATION (Contd..)

Segment Revenue and expenses:

Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, trade receivables, inventories and property plant and equipment and intangible assets, net of allowances and provisions, which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities and do not include deferred income taxes. While most of the assets / liabilities can be directly attributed to individual segments, the carrying amount of certain assets / liabilities pertaining to two or more segments are allocated to the segments on a reasonable basis.

41 EARNINGS PER SHARE

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
Basic earnings per share (INR)	102.22	129.45
Diluted earnings per share (INR)	101.45	128.19
Profit attributable to the equity holders of the Company used in calculating basic earning per share	577.52	730.72
Weighted average number of equity shares for the purpose of basic earning per share (numbers)	5,64,98,463	5,64,47,473
Profit attributable to the equity holders of the Company used in calculating dilutive earning per share	577.52	730.72
Weighted average number of equity shares for the purpose of dilutive earning per share (numbers)	5,69,26,163	5,70,01,537

42 Trade Payable include the following dues to micro and small enterprises covered under “The Micro, Small and Medium Enterprises Development Act, 2006” (MSMED) to the extent such parties have been identified from the available information.

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of year		
- Principal amount	27.76	4.38
-Interest due thereon	-	-
Amount of payments made to suppliers beyond the appointed day during the year		
- Principal amount	-	-
-Interest actually paid under section 16 of MSMED	-	-
Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding interest under MSMED	-	-

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

42 (Contd..)

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
Interest accrued and remaining unpaid at the end of the year	-	-
-Interest accrued during the year	-	-
-Interest remaining unpaid as at the end of the year	-	-
Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961	-	-

43 Leases

The Group has lease contracts for various Lands, Godowns, Guest Houses, Office premises. Leases of Office Premises,guest Houses,Godowns have lease term ranging from 11 months to 30 years and leases of land have leave terms of 99 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options. The Group also has certain leases of office premises and guest houses with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 1.67 crore and a lease liability of ₹1.67 crore. Further, in respect of leases which were classified as operating leases, applying Ind AS 17, Rs. 18.85 crores has been reclassified from "Other Assets" to "Right of Use Asset". The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

Following are the changes in the carrying value of right of use (ROU) assets for the year ended March 31, 2020:

Particulars	Land	Building	Total
Balance as on April 01, 2019	1.66	0.01	1.67
Reclassified on account of adoption of Ind AS 116	18.85	-	18.85
Addition	-	-	-
Deletion	-	-	-
Depreciation	0.28	(0.00)	0.28
Balance as on March 31, 2020	**20.23**	**0.01**	**20.24**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the interim condensed statement of Profit and Loss.

The following is the break up of current and non current lease liabilities as at March 31, 2020:

Particulars	As at March 31, 2020
Current Lease Liabilities	-
Non-Current Lease Liabilities	0.15
Total	**0.15**

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

43 Leases (Contd..)

Following is the movement in lease liabilities during year ended March 31, 2020

Particulars	As at March 31, 2020
Balance at the beginning	1.67
Finance cost accrued during the period	-
Payment of Lease Liabilities	(1.52)
Balance at the end	**0.15**

The table below provide details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	As at March 31, 2020
Less than one year	-
One to five years	-
More than five years	8.42
Total	**8.42**

The following are the amounts recognised in statement of profit and loss:

Particulars	As at March 31, 2020
Depreciation Expenses on Right to use Assets	0.29
Interest expense on lease liabilities	-
Expense relating to short-term leases (included in other expenses)	1.18
Total Amount Recognised in Profit and Loss	**1.47**

44 Share based payments - Employee Share option plan of the Company

(i) Detail of employee share option of the Company: The Company has a share option scheme for senior employees of the company. In accordance with the terms of the plan as approved by shareholders, eligible employees may be granted options to purchase equity shares. Each employee share option convert into one equity share of the company on exercise. Exercise price payable by the recipient is determined as per scheme. The options when allotted carry rights to dividend and voting power at par with other equity shares. Options may be exercised at the time of vesting to the date of their expiry.

(ii) The number of options granted is in accordance with employee stock option scheme approved by the shareholders and is subject to approval by the remuneration committee. The scheme rewards senior employees to the extent of Parent's and the individual's achievement judged against both qualitative and quantitative criteria.

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

44 Share based payments - Employee Share option plan of the Company (Contd..)

(iii) The following share payments arrangement is in existence during the period.

Option Details	Number	Grant Date	Expiry Date	Exercise Price	Fair value of option at grant date
Vardhman Employee Stock Option 2016	6,04,500	15th Nov-16	2 years from the date of respective vesting	815/-	352
	3,000	9th Feb-17		815/-	352
	6,500	10th May-17		815/-	352
	6,14,000				

Details of vesting

Vesting period from grant date	Vesting schedule
On completion of 12 months	10%
On completion of 24 months	20%
On completion of 36 months	20%
On completion of 48 months	20%
On completion of 60 months	30%

(iv) During the current year, the grant of 1,06,900 equity shares (FY 2018-19 - 1,22,800 equity shares) was due but only 26,700 shares (FY 2018-19-51,800 shares) have been exercised during the year.

(v) Fair value of options/shares granted in the year

Call option value per option unit using black scholes method is Rs. 427.63. The following inputs have been used for computing the fair value:

Inputs into the model	Particulars
Grant date share price (Rs)	1,056.60
Exercise price (Rs.)	815
Expected volatility	33.78%
Option life	2 years
Dividend yield	1.92%
Risk free Interest Rate	6.31%

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

44 Share based payments - Employee Share option plan of the Company (Contd..)

(vi) Moment of share options

Particulars	2019-20 Number of options	2019-20 Weighted Average Exercise price	2018-19 Number of options	2018-19 Weighted Average Exercise price
Balance at beginning of year	5,12,950	-	5,64,750	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
*Exercised during the year	(26,700)	815	(51,800)	815
Expired during the year	(83,850)	-	-	-
Balance at end of year	**4,02,400**	**-**	**5,12,950**	**-**

(vii) Share options exercised during the year*

	Exercised	Exercise date	Share price at exercise date
Granted as per para (iii) above			
	500	08-04-2019	815
	5,600	02-07-2019	815
	2,700	07-10-2019	815
	17,900	04-01-2020	815
	26,700		

(viii) Amount accounted for in profit and loss for Employee stock options is Rs.0.97 crores (FY 2018-19 Rs.6.32 crores).

* For 13900 share options application money was received during March 31, 2019 but allotment was made on April 9, 2019.

45 RELATED PARTY TRANSACTIONS

45.1 Description of related parties

Joint ventures
Vardhman Nisshinbo Garments Company Limited (upto January 22, 2019)

Associates
Vardhman Special Steels Limited
Vardhman Yarns and Threads Limited
Vardhman Spinning and General Mills Limited

Key management personnel (KMP)
Mr. S.P. Oswal, Chairman and Managing Director
Mrs. Suchita Jain, Vice Chairman & Joint Managing Director
Mr. Neeraj Jain, Joint Managing Director

Mr. B.K Choudhary, Managing Director
Mr. Rajeev Thapar, Chief Financial Officer
Mr.Vivek Gupta, Chief Financial Officer
Mr. Sanjay Gupta, Company Secretary
Mr. Sachit Jain, Non Executive Director
Mr. D.L. Sharma (Non-Executive Director)

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

45 RELATED PARTY TRANSACTIONS (Contd..)

45.1 Description of related parties (Contd..)

Mr.Ankur Gauba, Company Secretary (upto March 30, 2019)
Mr.Satin Katyal, Company Secretary
Mr. Prafull Anubhai (Independent Director)
Mr. Ashok Kumar Kundra (Independent Director)
Dr. Subash Khanchand Bijlani (Independent Director)
Mr. Devendra Bhushan Jain (Independent Director)
Mr. Rajender Mohan Malla (Independent Director)
Dr. Parampal Singh (Independent Director)
Mrs. Harpreet Kaur Kang (Independent Director) (w.e.f February 06, 2019)
Ms. Apinder Sodhi (Independent Director)
Mr.Munish Chandra Gupta (Independent Director)
Mr. Sanjit Paul Singh (Independent Director)
Mr.Surinder Kumar Bansal (Independent Director)
Mr. Vikas Kumar, Non-Executive Director (w.e.f. January 23, 2019)
Mr. Anil Sood, Chief Financial Officer (upto 4th July 2019)
Mr Amit Jain (upto 28th Feb 2020)
Mr Amit Khullar (w.e.f 01st March 2020)

Relative of KMP

Ms. Soumya Jain
Ms. Sagrika Jain

Post Employment Benefit Plans Trust

Mahavir Employee Gratuity Fund Trust
Mahavir Superannuation scheme
VAL Gratuity Trust Fund
VMT Gratuity Trust Fund
VAL Superannuation scheme
VMT Superannuation scheme

Enterprises over which KMP have significant influence

Vardhman Holdings Limited
Vardhman Apparels Limited
Smt. Banarso Devi Oswal Public Charitable Trust
Sri Aurobindo Socio Economic and Management Research Institute
Adhiswar Enterprises LLP
Devakar Investment and Trading Company Private Limited
Santon Finance and Investment Company Limited
Flamingo Finance and Investment Company Limited
Ramaniya Finance and Investment Company Limited
Mahavir Spinning Mills Private Limited
Northern Trading Company
Amber Syndicate
Paras Syndicate
Mahavir Traders
Eastern Trading Company

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

45 RELATED PARTY TRANSACTIONS (Contd..)

45.2 Transactions with related parties (Contd..)

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
Sale /processing of goods to:#		
Associates	1.64	7.59
Enterprises over which KMP have significant influence	67.15	47.11
	68.79	**54.70**
Purchase/processing of goods and utilities from:#		
Associates	14.89	16.47
	14.89	**16.47**
Sale of MEIS License		
Associates	2.16	1.08
	2.16	**1.08**
Rent paid		
Enterprises over which KMP have significant influence	0.13	0.12
	0.13	**0.12**
Rent received		
Associates	0.25	0.24
	0.25	**0.24**
Dividend received		
Associates	5.64	5.64
	5.64	**5.64**
Interest received		
Associates	0.97	1.24
	0.97	**1.24**
Reimbursement of expenses received from		
Associates	0.10	0.28
	0.10	**0.28**
Reimbursement of expenses paid		
Associates	0.09	1.35
	0.09	**1.35**
Recovery of Common Expenses incurred **		
Associates	4.31	4.31
	4.31	**4.31**
Payment against licence agreement		
Enterprises over which KMP have significant influence	1.67	1.69
	1.67	**1.69**

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

45 RELATED PARTY TRANSACTIONS (Contd..)

45.2 Transactions with related parties (Contd..)

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
Donations to		
Enterprises over which KMP have significant influence	9.99	7.69
	9.99	**7.69**
Salary paid to		
Relatives of KMP	0.20	0.16
	0.20	**0.16**
Loan given to		
Associates	15.00	-
	15.00	**-**
Loan received back from		
Associates	30.00	-
	30.00	**-**
Contribution to post employment benefit plans		
Post Employment Benefit Plans Trusts	9.59	2.33
(Refer Note 46)	**9.59**	**2.33**

45.3 Outstanding Balances:

Particulars	As at March 31, 2020	As at March 31, 2019
Receivables		
Associates	0.16	0.03
Enterprises over which KMP have significant influence	0.01	0.01
	0.17	**0.03**
Payables		
Associates	0.18	0.46
	0.18	**0.46**
Loan given outstanding		
Associates	-	15.00
	-	**15.00**

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

45 RELATED PARTY TRANSACTIONS (Contd..)

45.3 Outstanding Balances:

Particulars	As at March 31, 2020	As at March 31, 2019
Compensation*	13.91	25.37
	13.91	**25.37**

*excluding provision for employee benefits, employee stock options but includes sitting fees paid / payable to non executive directors. Perquisites values are considered as per the provisions of Income tax act, 1961.

**Transaction are exclusive of Taxes

#Gross of Indirect Taxes

46 EMPLOYEE BENEFITS

46.1 Defined contribution plans :

Amounts recognized in the statement of profit and loss are as under:

Particulars	For the year ended March, 31 2020	For the year ended March, 31 2019
NPS	1.72	-
Superannuation fund	0.08	0.99
Provident fund administered through Regional Provident Fund Commissioner	30.16	25.62
Employees' State Insurance Corporation	6.79	9.18
Other Funds	2.06	1.11
	40.81	**36.90**

46.2 Defined benefit plans

The Group sponsors funded defined benefit plan for qualifying employees. This defined benefit plan of gratuity is administered by a separate trust that is legally separate from the entity. The trustees are required by the law to act in the interest of the trust and all the relevant stakeholders i.e. active employees, inactive employees, retired employees and employers, etc. The trust is responsible for investment policy with regard to the assets of the trust. The Group has a gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Group on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972 or as per the Group's plan, whichever is more beneficial.

(i) These plans typically expose the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

46 EMPLOYEE BENEFITS (Contd..)

46.2 Defined benefit plans

Salary Risk

The present value of defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Interest Risk

The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in value of the liability.

Longevity Risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after employment. An increase in the life expectancy of the plan participants will increase the plans liability.

(ii) The principal assumption used for the purpose of the actuarial valuation were as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Discount Rate	6.80%	7.65%
Salary increase	6.00%	6.00%
Expected average remaining working life	24.66 years to 30.81 Years	24.38 years to 31.32 Years
Mortality Rates	"IALM (2012-14)"	"IALM (2006-08)"
Method used	Project unit credit method	Project unit credit method

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. An actuarial valuations involves making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

(iii) Amounts recognised in statement of profit and loss in respect of these benefit plans are as follows:

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Current Service cost	10.29	8.62
Past service cost and (gain) /loss from settlements	-	-
Net interest expenses	0.24	0.45
	10.53	**9.07**

The current service cost, past service cost and the net interest expenses for the year are included in Note 33 "Employee Benefits Expenses" under the head "Salaries and Wages".

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

46 EMPLOYEE BENEFITS (Contd..)

46.2 Defined benefit plans

(iv) Amounts recognised in Other Comprehensive Income:

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Actuarial gain/(losses) arising for the year on asset	(2.61)	0.71
Actuarial gain/(losses) arising from changes in financial assumptions	(5.38)	(0.33)
Actuarial gain/(losses) arising from changes in demographic assumptions	0.04	-
Actuarial gain/(losses) arising from changes in experience adjustments	3.46	(0.08)
	(4.49)	**0.31**

(v) The amount included in balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Present value of funded defined benefit obligation	76.89	66.01
Fair Value of Plan Assets	67.31	62.93
Net assets / (liability)	**(9.59)**	**(3.08)**

(vi) Movements in the present value of defined benefit obligation are as follows:

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Opening defined benefit obligation	66.01	57.91
Current Service Cost	10.29	8.62
Interest Cost	5.07	4.49
Actuarial (gain)/losses arising from changes in financial assumptions	5.38	0.33
Actuarial gain/(losses) arising from changes in demographic assumptions	(0.04)	-
Actuarial (gain)/losses arising from changes in experience adjustments	(3.46)	0.08
On VNGL acquisition during year	-	0.57
Benefits paid	(6.36)	(5.99)
Closing defined benefit obligation	**76.89**	**66.01**

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

46 EMPLOYEE BENEFITS (Contd..)

46.2 Defined benefit plans

(vii) Movements in the fair value of plan assets are as follows:

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Opening fair value of plan assets	62.93	55.60
"Return on plan assets (excluding amounts included in net interest expenses)"	2.21	5.00
Contributions from employer	2.27	2.33
Benefits paid	(0.10)	-
Closing fair value of plan assets	**67.31**	**62.93**

Plan assets comprises of mutual fund, Government of India securities and bank balances. The average duration of the defined benefit obligation is 12.96 years to 14.93 years (March 31, 2019: 12.84 years to 15 years). The Group expects to make a contribution of Rs.12.67 crores (March 31, 2019: Rs. 2.50 crores) to the defined benefit plans during the next financial year

(viii) Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of reporting period, while holding all other assumptions constant.

Particulars	As at March 31, 2020	As at March 31, 2019
Discount Rate		
0.50% Increase	(3.33)	(2.69)
0.50% decrease	3.62	2.91
Future Salary increase		
0.50% Increase	3.51	2.86
0.50% decrease	(3.28)	(2.68)

(ix) Maturity Profile of Defined Benefit Obligation

	Year	Amount
a)	0 to 1 Year	9.62
b)	1 to 2 Year	4.69
c)	2 to 3 Year	4.40
d)	3 to 4 Year	4.11
e)	4 to 5 Year	3.67
f)	5 to 6 Year	4.22
g)	6 Year onwards	46.18

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

46 EMPLOYEE BENEFITS (Contd..)

46.3 Other long term employee benefit

(i) Amount recognised in profit and loss in note no.33 “Employee benefit expense” under the head “Salaries and Wages” towards leave encashment is Rs.7.67 crore (March 31, 2019 Rs. 7.42 crore)

(ii) Amount taken to balance sheet

Particulars	2019-20	2018-19
Current	2.62	2.95
Non Current	15.47	11.78

47 Additional disclosures

47.1 Disclosure required by Regulation 34 read with Schedule V of SEBI (Listing obligations and Disclosure Requirements) Regulations,2015:-

(i) The Company has given inter corporate deposits aggregating to Rs.15 Crore (March 31, 2019: Rs. Nil) to Vardhman Special Steels Limited. The maximum amount outstanding during the year was Rs. 30 crores (March 31, 2019: Rs. 15.00 crore). The balance outstanding as on March 31, 2020 is Rs.Nil (March 31, 2019: Rs. 15.00 crores).

47.2 Assets pledged as security:

Particulars	As at March 31, 2020	As at March 31, 2019
Current assets		
Financial assets		
Trade receivables	821.00	803.08
Non-financial assets		
Inventory	2,681.05	2,610.25
Total current assets pledged as security	**3,502.05**	**3,413.33**
Non-current assets		
Property, plant & equipment	3,593.24	3,186.24
Total non-current assets pledged as security	**3,593.24**	**3,186.24**
Total assets pledged as security	**7,095.29**	**6,599.57**

47.3 Amount required to be spent as per section 135 of the Companies Act 2013.

Details of expenditure towards Corporate Social Responsibility (CSR) activities:

a) Gross amount required to be spent by the Group during the year was Rs.19.90 crores (March 31, 2019 Rs.19.82 crores).

b) Amount spent during the year :Rs.19.95 crores (March 31, 2019 Rs.13.21 crores)

c) Amount unspent during the year was Rs.NIL (March 31, 2019 Rs. 6.61 crores).

(d) Activity

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

47 Additional disclosures (Contd..)

47.3 Amount required to be spent as per section 135 of the Companies Act 2013. (Contd..)

Particulars	Amount
Promotion of Education	6.80
Preventive Health Care	9.76
Rural Development	1.22
Environment & Sustainability	0.22
Promotion of Nationally Recognised Sports	0.95
Welfare of Armed force veterans	0.35
Promoting Art & Culture	0.23
Others	0.42
Total	**19.95**

47.4 There has been no delay in transferring amounts, required to be transferred, to the investor education and protection fund (IEPF) by the parent and its subsidiary companies and associate companies.

47.5 During Financial year 2018-19 company had acquired 68,60,000 nos. of shares representing 49% of equity share capital of Vardhman Nisshinbo Garments Company Limited (VNGL) from its joint venture Partner namely Nisshinbo Textiles Inc. on January 23, 2019 for a consideration of Rs.1.37 Crores. Accordingly VNGL had become a wholly owned subsidiary of the company w.e.f January 23, 2019. Details of purchase consideration, the net assets acquired and capital reserve as follows:-

Particulars	Amount	
(a) Purchase Consideration		1.37
(b) Net Assets (at fair value)		3.61
(c) Capital Reserve (Calculation below):-		0.40
(i) Purchase Consideration	1.37	
(ii) Acquisition date interest in VNGL	1.84	
(iii) Less:- Net Assets Acquired (at fair value)	(3.61)	

Further the difference of Investment in VNGL (Joint Venture) for 51% share (at fair value on the date of acquisition) with value of investment as per equity method upto the date of acquisition had been recorded as gain in relation to step-up acquisition of Joint Venture.

No Material acquisition related costs other than the consideration towards additional stake was incurred for the aforesaid acquisition.

During Financial year 2018-19:-

From the date of acquisition VNGL has contributed Rs.13.77 crores of revenue and Rs.0.02 Crore of profit after tax. If the business combination had taken place at the beginning of the year, revenue would have been higher by Rs.58.69 Crores and profit after tax would have been higher by Rs.1.24 Crores.

At at March 31, 2019, the Fair value of the trade receivable amounts to Rs. 15.69 Crores. None of the trade receivables is credit impaired other than Rs. 0.44 crore and it is expected that the full contracted amount can be collected.

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

47 Additional disclosures (Contd..)

47.6 On account of COVID-19 pandemic the Group has made assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventories and trade receivables as at the date of the balance sheet. The Group has considered internal and external sources of information for making said assessment. Basis the evaluation of the current estimates, the Group expects to recover the carrying amount of these assets and no material adjustments is required in the financial statements. Given the uncertainties associated with nature, condition and duration of COVID-19, the Group will closely monitor any material changes arising of the future economic conditions and any significant impact of these changes would be recognized in the financial statements as and when these material changes to economic condition arise.

47.7 The Board of Directors, in its meeting held on May 27, 2020 has approved a Scheme of Amalgamation (the "Scheme") under Sections 230 to 232 of the Companies Act, 2013 ('the 2013 Act') and other applicable provisions of the 2013 Act, as per pooling of interest method, between the Company and its subsidiaries, by the name of VMT Spinning Company Limited and Vardhman Nisshinbo Garments Company Limited. The amalgamation will be from April 1, 2020 being the appointed date and is subject to other approvals as may be required in this case.

48 Interest in Other Entities

(a) The Consolidated Financial Statements present the Consolidated Accounts of Vardhman Textiles Limited with its following Subsidiaries & Associates.

Name of Company	Country of Incorporation	Proportion of Ownership of Interest		
		Activities	As at March 31, 2020	As at March 31, 2019
A. Subsidiaries				
(i) Vardhman Acrylics Limited	India	Fibre	70.74%	70.74%
(ii) VMT Spinning Co. Limited	India	Textiles	100.00%	100.00%
(iii) VTL Investments Limited	India	Lending & Investing	100.00%	100.00%
(iv) Vardhman Nisshinbo Garments Co. Limited [w.e.f January 23, 2019]	India	Manufacturing & Sales of Garments	100.00%	100.00%
B. Associates				
(i) Vardhman Yarns & Threads Limited	India	Manufacturing & Sales of Threads	11.00%	11.00%
(ii) Vardhman Spinning & General Mills Limited	India	Trading of Cotton & Manmade Fibre	50.00%	50.00%
(iii) Vardhman Special Steels Limited	India	Manufacturing and Sales of Steels	24.97%	27.15%

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

48 Interest in Other Entities (Contd..)

(b) Summarized Financial Information

Particulars	Associates					
	Vardhman Yarns & Threads Limited		Vardhman Spinning & General Mills Limited		Vardhman Special Steels Limited	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
I. Assets						
(A) Non Current Assets	293.21	297.98	-		409.37	343.51
(B) Current Assets						
i) Cash & Cash Equivalent	5.53	24.89	0.02	0.17	2.30	0.28
ii) Others	396.66	340.42	0.17	0.01	358.56	545.54
Total Current Assets	**402.19**	**365.31**	**0.19**	**0.18**	**360.87**	**545.82**
Total Assets (A+B)	**695.40**	**663.29**	**0.19**	**0.18**	**770.24**	**889.33**
II. Liabilities						
(A) Non Current Liabilities						
i) Financial Liabilities	12.88	46.73	-	-	109.51	135.27
ii) Non Financial Liabilities	10.96	19.22	-	-	1.44	1.26
Total Non Current Liabilities	**23.84**	**65.95**	**-**	**-**	**110.95**	**136.53**
(B) Current Liabilities						
i) Financial Liabilities	119.14	90.95			237.58	387.20
ii) Non Financial Liabilities	10.11	6.91	0.04	0.04	8.08	3.61
Total Current Liabilities	**129.25**	**97.86**	**0.04**	**0.04**	**245.66**	**390.81**
Total Liabilities (A+B)	**153.09**	**163.81**	**0.04**	**0.04**	**356.61**	**527.34**
Net Assets (I-II)	**542.31**	**499.48**	**0.15**	**0.14**	**413.63**	**361.99**

(c) Summarized Financial Information

Particulars	Associates					
	Vardhman Yarns & Threads Limited		Vardhman Spinning & General Mills Limited		Vardhman Special Steels Limited	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Revenue from Operations	842.00	851.13	0.01	0.02	846.20	1,120.78
Profit Before Tax	134.79	131.03	0.01	0.01	(2.32)	22.14
Tax Expense	28.98	46.59		-	(5.66)	(0.07)
Profit after Tax	105.81	84.44	0.01	0.01	3.34	22.21
Other Comprehensive Income	(1.14)	0.17		-	(0.84)	(0.19)
Total Comprehensive Income	104.67	84.61	0.01	0.01	2.50	22.02
Depreciation & Amortisation	28.85	26.56	-	-	25.72	23.02
Interest Expense (Net of Interest Income)	5.39	8.28	-	-	25.72	23.92

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

48 Interest in Other Entities (Contd..)

(d) Movement of Investment in Joint venture and Associates using equity method

Particulars	Associates					
	Vardhman Yarns & Threads Limited		Vardhman Spinning & General Mills Limited		Vardhman Special Steels Limited	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Investment as at the beginning of the Period	57.27	53.62	0.08	0.07	50.49	44.52
Add: Share of profit for the period	11.64	9.28	0.00	0.01	0.83	6.02
Add: Share of OCI for the period	(0.12)	0.02	-	-	(0.21)	(0.05)
Less: Dividend distributed during the period (including DDT)	(5.65)	(5.65)	-	-		
Investment as at the end of the Period	63.14	57.27	0.08	0.08	51.11	50.49

49 For Disclosure mandated by Schedule III of Companies Act 2013, by way of additional information, refer below:

Name of Enterprise	As at March 31, 2020		As at March 31, 2019		As at March 31, 2020		As at March 31, 2019	
	Net Assets i.e total assets minus total liabilities		Net Assets i.e total assets minus total liabilities		Share in Total comprehensive income		Share in Total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Parent								
Vardhman Textiles Limited	91.86%	5,666.21	91.84%	5,239.10	94.48%	542.29	95.33%	696.07
Less:- Unrealised profit on Stock	-0.04%	(2.30)	-0.04%	(2.14)				-
Subsidiaries								
Indian								
Vardhman Acrylics Limited	5.76%	355.43	5.85%	333.66	8.01%	45.99	4.61%	33.65
VMT Spinning Co. Limited	2.18%	134.24	2.19%	124.77	1.65%	9.47	2.54%	18.52
VTL Investment Limited	0.91%	56.34	0.93%	53.24	0.21%	1.20	0.74%	5.39
Vardhman Nisshinbo Garments Limited	0.10%	6.24	0.12%	6.98	-0.16%	(0.90)	0.01%	0.05
Adjustment due to consolidation	-3.85%	(237.55)	-3.77%	(215.08)	-3.98%	(22.85)	-4.06%	(29.62)
Non Controlling Interest in subsidiaries	1.96%	120.64	1.98%	113.07	-2.33%	(13.37)	-1.35%	(9.84)

Notes to Consolidated Financial Statement for the year ended March 31, 2020

(All amounts in crores, unless otherwise stated)

49 For Disclosure mandated by Schedule III of Companies Act 2013, by way of additional information, refer below:

Name of Enterprise	As at March 31, 2020 Net Assets i.e total assets minus total liabilities		As at March 31, 2019 Net Assets i.e total assets minus total liabilities		As at March 31, 2020 Share in Total comprehensive income		As at March 31, 2019 Share in Total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Associates (Investment as per the equity method)								
Indian								
Vardhman Special Steels Limited	0.83%	51.11	0.89%	50.49	0.11%	0.62	0.82%	5.99
Vardhman Spinning & General Mills Limited	0.00%	0.08	0.00%	0.08	0.00%	0.00	0.00%	0.01
Vardhman Yarns & Threads Limited	1.02%	63.14	1.00%	57.27	2.01%	11.52	1.27%	9.30
Less:- Investments in Associates	-0.86%	(52.77)	-0.93%	(52.77)				-
Joint Ventures (investment as per the equity method)								
Indian								
Vardhman Nisshinbo Garments Company Limited	-		-	-			0.09%	0.63
Less: Investment in Joint Ventures								-
Add/Less:- Deferred Tax Liabilities on undistributed profits on associates and joint ventures	0.12%	7.70	-0.07%	(4.12)				-
Total	**100%**	**6,168.51**	**100%**	**5,704.56**	**100%**	**573.97**	**100%**	**730.15**

For and on behalf of the Board of Directors

Place : Ludhiana
Date: June 23, 2020

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

Suchita Jain
Vice Chairman and Joint Managing Director
DIN:00746471

S.P. Oswal
Chairman and Managing Director
DIN: 00121737

FORM AOC-1, PURSUANT TO SECTION 129(3) OF COMPANIES ACT, 2013 RELATING TO SUBSIDIARY COMPANIES

Part A

(₹ In crore)

Particulars	VMT Spinning Company Limited	VTL Investments Limited	Vardhman Acrylics Limited	Vardhman Nisshinbo Garments Company Limited
	Current Year	Current Year	Current Year	Current Year
a) Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.	N.A.
b) Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	N.A.	N.A.	N.A.	N.A.
c) Capital	20.70	4.00	80.36	14.00
d) Reserves	113.54	52.34	275.06	(7.93)
e) Total Assets	172.25	56.38	453.31	59.82
f) Total Liabilites	172.25	56.38	453.31	59.82
g) Details of investment (Except in case of investment in the subsidiaries)	-	11.94	160.01	-
h) Turnover (net)	216.08	4.28	334.37	57.63
i) Profit before taxation	13.29	3.11	47.86	(0.86)
j) Provision for taxation	3.74	-	1.59	0.04
k) Profit after Taxation	9.56	3.11	46.27	(0.90)
l) Proposed dividend(including tax thereon)	-	-	-	-
j) Total Comprehensive Incomefor the period	9.47	3.11	45.99	(0.90)
m) % of shareholding	100.00%	100%	70.74%	100%

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Part B

Name of Associates	Vardhman Special Steels Limited
1. Latest audited Balance Sheet Date	31.03.2020
2. Shares of Associate held by the company on the year end	
No.	9,708,333
Amount of Investment in Associate	Rs. 25.24 crore
Extend of Holding %	24.03%
3. Description of how there is significant influence	More than 20% shares of Vardhman Special Steels Limited are held by the Company.
4. Reason why the associate is not consolidated	...
5. Net worth attributable to Shareholding as per latest audited Balance Sheet	Rs. 99.40 crore
6. Profit / Loss for the year	Rs. 2.50 crore
i. Considered in Consolidation	Rs. 0.62 crore
ii. Not Considered in Consolidation	N.A.

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Part B

Name of Associates	**Vardhman Spinning & General Mills Limited**
1. Latest audited Balance Sheet Date	31.03.2020
2. Shares of Associate/Joint Ventures held by the company on the year end	
No.	25,000
Amount of Investment in Associates/Joint Venture	Rs 0.03 crore
Extend of Holding %	50%
3. Description of how there is significant influence	More than 20% shares of Vardhman Spinning & General Mills Limited are held by the Company.
4. Reason why the associate/joint venture is not consolidated	-
5. Net worth attributable to Shareholding as per latest audited Balance Sheet	Rs 0.07 crore
6. Profit / Loss for the year	Rs. 0.0097 Crores
i. Considered in Consolidation	Rs 0.005 crore
ii. Not Considered in Consolidation	N.A.

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Part B

Name of Associates	**Vardhman Yarns and Threads Limited**
1. Latest audited Balance Sheet Date	31.03.2020
2. Shares of Associate/Joint Ventures held by the company on the year end	
No.	6,269,699
Amount of Investment in Associates/Joint Venture	Rs 27.50 crore
Extend of Holding %	11.00%
3. Description of how there is significant influence	Joint Venture with American & Efird, Global LLC
4. Reason why the associate/joint venture is not consolidated	...
5. Net worth attributable to Shareholding as per latest audited Balance Sheet	Rs. 59.65 crore
6. Profit / Loss for the year	Rs.104.67 crore
i. Considered in Consolidation	Rs. 11.52 crore
ii. Not Considered in Consolidation	N.A.

NOTICE

Notice is hereby given that the **47TH ANNUAL GENERAL MEETING** of Vardhman Textiles Limited will be held on Monday, the 28th day of September, 2020 at 10.30 a.m. through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"), to transact the following business:-

ORDINARY BUSINESS:

Item No. 1 – To adopt financial statements:

To receive, consider and adopt the Audited Financial Statements (including the consolidated financial statements) of the Company for the financial year ended 31st March, 2020, together with Report of Board of Directors and Auditors thereon.

Item No. 2 – To re-appoint Mrs. Suchita Jain as a director liable to retire by rotation:

To appoint a Director in place of Mrs. Suchita Jain, (holding DIN No. 00746471), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

Item No. 3 – To ratify remuneration payable to Cost Auditors for the financial year ending 31st March, 2021:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:-**

"**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ramanath Iyer & Company, Cost Auditors, New Delhi appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2021, be paid the remuneration of ₹ 5,78,906/- plus out of pocket expenses and applicable taxes.

RESOLVED FURTHER THAT Mr. Shri Paul Oswal, Chairman & Managing Director and Mr. Sanjay Gupta, Company Secretary, be and are hereby severally authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution."

Item No. 4 – To re-appoint Dr. Parampal Singh as an Independent Director of the Company:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:-**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013, read with Schedule IV of the Companies Act, 2013, the rules made thereunder and Regulations 16, 17 & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. Parampal Singh (DIN: 07995388), Independent Director, whose period of office is expiring on 26th November, 2020 and who has submitted a declaration confirming he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment for a second term in accordance with the provisions of the Companies Act, 2013 and rules made thereunder and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company not liable to retire by rotation for a term of three consecutive years w.e.f. 27th November, 2020."

By Order of the Board

Place: Ludhiana
Dated: 23rd June, 2020

(Sanjay Gupta)
Company Secretary

NOTES:

1. Considering the outbreak of Covid-19 pandemic, the Ministry of Corporate Affairs (MCA), vide its General Circular(s) No. 14/2020 dated April 8, 2020,17/2020 dated April 13, 2020 and 20/2020 dated May 05, 2020 (collectively referred to as "MCA Circulars") and SEBI vide its Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2020/ 79 dated May 12, 2020 has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) without the physical presence of the Members at a common venue. In accordance with the said circulars of MCA, SEBI and applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 47th AGM of the Company shall be conducted through VC/OAVM. Participation of Members through VC/OAVM will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013. The deemed venue for the AGM shall be the Registered Office of the Company.

2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020, the Company is providing facility of remote e-Voting to its Members in respect of the businesses to be transacted at the AGM. For this purpose, the Company has engaged the services of Central Depository Services (India) Limited (CDSL) as the agency to provide e- Voting facility.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice (refer point 13). The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors and Key Managerial Personnel.

4. Since this AGM is being held through VC/OAVM pursuant to the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for this AGM and hence the Proxy Form, Route Map and Attendance Slip are not annexed hereto.

5. The Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.

6. The information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 regarding the Directors seeking re-appointment in the Annual General Meeting is also being annexed hereto separately and forms part of the Notice. The Directors have furnished the requisite declarations for their re-appointment.

7. The Register of Members and the Share Transfer Books of the Company shall remain closed from 18th September, 2020 to 28th September, 2020 (both days inclusive).

8. The relevant statutory registers/documents will be available electronically for inspection by the Members during the AGM. Further, the documents referred to in the Notice, if any, will also be available electronically for inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email at secretarial.lud@vardhman.com.

DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:

9. In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.vardhman.com, websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on website of Central Depository Services (India) Limited (e-voting agency) at www.evotingindia.com.

10. For receiving all communications (including Annual Report) from the Company electronically:

    a) Members holding shares in physical mode and who have not registered/ updated their email address with the Company are requested to register / update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at secretarial.lud@vardhman.com or to RTA at rta@alankit.com

b) Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant.

11. INSTRUCTIONS FOR REMOTE E-VOTING ARE AS UNDER:

(i) The Remote e-Voting period commences on 25th September, 2020 (9:00 a.m.) and ends on 27th September, 2020 (5:00 p.m.). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21st September, 2020, may cast their vote electronically. The Remote e-voting module shall be disabled by CDSL for voting after end of voting period on 27th September, 2020.

(ii) Members who have already voted through Remote e-Voting would not be entitled to vote during the AGM.

(iii) The Members should log on to the e-Voting website www.evotingindia.com.

(iv) Click on "Shareholders" module.

(v) Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at https://www.cdslindia.com from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-Voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name & the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.

(xii) Click on the EVSN: 200902027 for <**Vardhman Textiles Limited**> on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.

(xviii) If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Members can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective App Store(s). Please follow the instructions as prompted by the mobile app while remote voting on your mobile.

(xx) Note for Non-Individual Shareholders and Custodians:

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 21st September, 2020 may follow the same instructions as mentioned above for e-Voting.

12. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

a. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to secretarial.lud@vardhman.com/ rta@alankit.com .

b. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to secretarial.lud@vardhman.com/ rta@alankit.com .

13. INSTRUCTIONS FOR MEMBERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

a. Members will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at https://www.evotingindia.com under shareholders/members login by using the remote e-Voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

b. Members are encouraged to join the Meeting through Laptops / iPads for better experience.

c. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

d. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is, therefore, recommended to use Stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

e. Members who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at secretarial.lud@vardhman.com. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of AGM.

f. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting.

14. INSTRUCTIONS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

a. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned in point 11 for Remote e-Voting.

b. Only those Members, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

c. If any votes are cast by the Members through the e-Voting available during the AGM and if the same Members have not participated in the meeting through VC/OAVM facility, then the votes cast by such Members shall be considered invalid, as the facility of e-Voting during the meeting is available only to the Members attending the meeting.

d. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

15. If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

16. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

17. M/s. Ashok K Singla & Associates, Company Secretaries, have been appointed as the Scrutinizer to scrutinize the voting process in a fair and transparent manner. The Scrutinizer shall upon the conclusion of e-Voting period, unblock the votes in presence of at least two witnesses not in employment of the Company and make a report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.

18. The Results of the resolutions passed at the AGM of the Company will be declared within 48 hours of the conclusion of AGM. The results declared along with the Scrutinizer's report shall be simultaneously placed on the Company's website www.vardhman.com and on the website of CDSL and will be communicated to the Stock Exchanges.

By Order of the Board

Sd/-
Sanjay Gupta
Company Secretary

Place: Ludhiana
Dated: 23rd June, 2020

Annexure to the Notice:

Statement pursuant to Section 102 of the Companies Act, 2013:

Item No. 3 of the Special Business:

Pursuant to the provisions of the Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Cost Audit is required to be conducted in respect of the Cost Accounts maintained by the Company. Upon the recommendation of the Audit Committee, the Board of Directors in its meeting held on 23rd June, 2020 re-appointed M/s. Ramanath Iyer & Co., 808, Pearls Business Park, Netaji Subhash Place, New Delhi as Cost Auditors of the Company to conduct Cost Audit for Financial Year ending 31st March, 2021.

Accordingly, the consent of the Members is solicited for passing an Ordinary Resolution as set out at Item No. 3 of the notice for ratification of payment of remuneration of ₹ 5,78,906/- to the Cost Auditors for the Financial Year ending 31st March, 2021. The Board recommends the Ordinary Resolution as set out at Item No. 3 of the Notice for approval by the Members.

Memorandum of Interest:

None of the Directors/ Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 3.

Item No. 4 of the Special Business:

Dr. Parampal Singh was appointed as an Independent Director of the Company for a term of three consecutive years, pursuant to approval of the Members under the provisions of the Companies Act, 2013 through resolution passed at the 45th Annual General Meeting held on 27th September, 2018. Now, his term of appointment is expiring on 26th November, 2020.

Considering the rich experience, knowledge, skills, valuable contribution to the Company and overall performance evaluation of Dr. Parampal Singh, the Board of Directors of the Company in its meeting held on 23rd June, 2020 had approved and recommended his re-appointment as an Independent Director for a second term of three consecutive years to the Members of the Company for their approval.

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a Company, and shall be eligible for re-appointment on passing of a special resolution by the Company.

Dr. Parampal Singh has given declaration to the Board that he meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, he fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as an Independent Director.

The Company has received notice in writing from a Member proposing the candidature of Dr. Parampal Singh to be re-appointed as an Independent Director of the Company in accordance with the provisions of the Companies Act, 2013.

His brief Profile is provided at the end of this statement.

The Board of Directors recommends the Special Resolution as set out at Item No. 4 for approval of the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Dr. Parampal Singh, being appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

Information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the Directors seeking re-appointment in the Annual General Meeting.

Name of the Director	Mrs. Suchita Jain	Dr. Parampal Singh
Date of Birth	20.03.1968	12.03.1973
Date of Appointment	29.01.2010	27.11.2017
Expertise in specific functional area	Business Executive having experience of more than 27 years in Textile Industry	Experience of over 19 years in teaching.
Qualification	M. Com	M.Sc. Hons. (Microbiology), MBA (Marketing) and Ph.D. in Marketing
Directorships in other Listed Companies as on 31st March, 2020	1. Vardhman Special Steels Limited 2. Vardhman Holdings Limited	Nil
Chairman/Member of Committees of other Listed Companies as on 31st March, 2020	**Stakeholder's Relationship Committee:** Vardhman Special Steels Limited	Nil
Shareholding in the Company	2,44,424	Nil
Relationship with other Director(s)	Mr. S.P. Oswal is the father and Mr. Sachit Jain is the husband of Mrs. Suchita Jain	Not related to any Director

NOTES

CORPORATE INFORMATION

Board of Directors

Mr. Shri Paul Oswal
Chairman & Managing Director

Mr. Prafull Anubhai

Mr. Sachit Jain

Dr. Subash Khanchand Bijlani

Mr. Ashok Kumar Kundra

Mr. Darshan Lal Sharma

Mr. Devendra Bhushan Jain

Mr. Rajender Mohan Malla

Dr. Parampal Singh

Mrs. Harpreet Kaur Kang

Mrs. Suchita Jain
Vice-Chairperson & Joint Managing Director

Mr. Neeraj Jain
Joint Managing Director

Chief Financial Officer

Mr. Rajeev Thapar

Company Secretary

Mr. Sanjay Gupta

Auditors

M/s. Deloitte Haskins & Sells LLP,
Chartered Accountants, New Delhi

Bankers

State Bank of India
HDFC Bank
ICICI Bank
Canara Bank
Kotak Mahindra Bank
Axis Bank
CITI Bank

Registrar & Transfer Agent

Alankit Assignments Limited, New Delhi

Works

- **Anant Spinning Mills**, Mandideep
- **Arihant Spinning Mill**, Malerkotla
- **Arisht Spinning Mills**, Baddi
- **Auro Dyeing (Unit-I & II)**, Baddi
- **Auro Spinning Mills**, Baddi
- **Auro Textiles (Unit- I & II)**, Baddi
- **Auro Weaving Mills**, Baddi
- **Mahavir Spinning Mills (Textile Division) (Unit-I & II)**, Baddi
- **Vardhman Spinning and General Mills**, Ludhiana
- **Vardhman Spinning Mills**, Baddi
- **Vardhman Fabrics**, Budhni
- **Vardhman Yarns**, Satlapur
- **Vardhman Fabrics (Power Division)**, Budhni
- **Vardhman Yarns (Power Division)**, Satlapur

Branches

- P-22, 3rd Floor, Flat No. 6, C.I.T. Road, Scheme LV, Kolkata-700 014.
- Chandigarh Road, Ludhiana-141010.
- 314, Solaris II, Opposite L & T Gate No. 6, Saki Vihar Road, Andheri (East), Mumbai-400 072.
- 504, Dalamal House, Nariman Point, Mumbai - 400 021.
- 309-310, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi-110 001.
- 377-B, Muthuswami Industrial Complex, Palladam Road, Tirupur - 638 604.
- 1st Floor, Palm Court, Opposite Management Development Institute, MG Road, Sector -16, Gurugram - 122 001.

Vardhmān

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VARDHMAN TEXTILES LIMITED

CHANDIGARH ROAD, LUDHIANA - 141 010
CIN: L17111PB1973PLC003345