



Ref. VTL:SCY:SEP:2023-24

Dated: 8-Sep-2023

BSE Limited,
New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street, MUMBAI-400001.
Scrip Code: 502986 (Equity)
: 974686 (NCDs)

SUB: ANNUAL REPORT (F.Y. 2022-23) OF THE COMPANY, NOTICE CONVENING 50TH ANNUAL GENERAL MEETING & E-VOTING INFORMATION

Dear Sir,

Pursuant to applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform you that the 50th Annual General Meeting ("AGM") of the Members of the Company will be held on Saturday, 30th September, 2023 at 10:00 a.m. through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"), in compliance with the relevant circulars issued by the Ministry of Corporate Affairs ("MCA") and Securities and Exchange Board of India ("SEBI").

Further, the Company has fixed Saturday, 23rd September, 2023 as the cut-off date to ascertain the eligibility of Members entitled to cast their vote electronically on all the resolutions to be passed at the AGM. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to provide the e-Voting facility. The remote e-Voting schedule is as under:

| | |
|---------------------------------|---|
| Commencement of remote e-Voting | September 27, 2023 (09:00 a.m. onwards) |
| End of remote e-Voting | September 29, 2023 (upto 05:00 p.m.) |

Pursuant to Regulation 34(1) & 53(2) of the Listing Regulations, please find enclosed the Annual Report (F.Y. 2022-23) alongwith the Notice convening the 50th AGM of the Company. The said documents are also available on the website of the Company at www.vardhman.com.

Please take the same on records.



Vardhman

Delivering Excellence. Since 1965.

VARDHMAN TEXTILES LIMITED

CHANDIGARH ROAD
LUDHIANA-141010, PUNJAB
T: +91-161-2228943-48
F: +91-161-2601 048
E: secretarial.jud@vardhman.com

Thanking you,

Yours faithfully,
For VARDHMAN TEXTILES LIMITED

(SANJAY GUPTA)
COMPANY SECRETARY

YARNS | FABRICS | GARMENTS | THREADS | FIBRES | STEELS

PAN NO.: AABCH4692E CIN: L17111PB1973PLC083345
WWW.VARDHMAN.COM



Vardhmān

Delivering Excellence. Since 1965.

Spinning excellence for decades



**Annual Report
2022-23**

Vardhman Textiles Ltd.

In this year's report

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Notice



Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.



For more details visit
www.vardhman.com

Spinning excellence for decades

At Vardhman Textiles Limited, our pursuit of excellence across products, processes and people practices has remained relentless for over five decades.

With a team of highly skilled professionals and state-of-the-art technology, we constantly push the boundaries of innovation to deliver products and services of the highest quality. Our commitment to customer delight through excellence in manufacturing and customer service has earned us a sterling reputation in the market.

We strive to maintain this reputation by enhancing our operational efficiency through technology integration, improving our processes and ensuring optimal productivity and cost-effectiveness. This allows us to not only meet but exceed customer expectations, giving us a competitive edge.

Our dedication to excellence also extends to our sustainable practices, as we are committed to minimising our environmental impact and promoting ethical sourcing throughout our supply chain. We strive to implement eco-friendly initiatives such as reducing waste, conserving energy, and utilising renewable resources.

As one of India's largest vertically integrated textile manufacturers, we have been spinning excellence since our inception. Our commitment to quality and innovation with a strong focus on sustainability has enabled us to create holistic value for our stakeholders and maintain our market leadership.



Introducing Vardhman Textiles

With a rich legacy spanning over five decades, Vardhman Textiles Limited stands tall as one of India's largest vertically integrated textile manufacturers. Our commitment to excellence permeates every aspect of our operations, from product development to manufacturing processes and the people who drive our success. With a turnover of over a billion dollars, we have consistently exceeded customer expectations, propelling us to the forefront of the industry.

Since the inception of Group in 1965, we have continuously raised the bar, benchmarking ourselves against global standards. Today, we proudly boast the largest spindle count in the country, with an impressive 1.23 million spindles. Apart therefrom, we have installed 1,550 looms for weaving fabrics. This remarkable production capacity allows us to manufacture a diverse range of high-quality yarn and fabric, catering to the evolving needs of our valued customers.

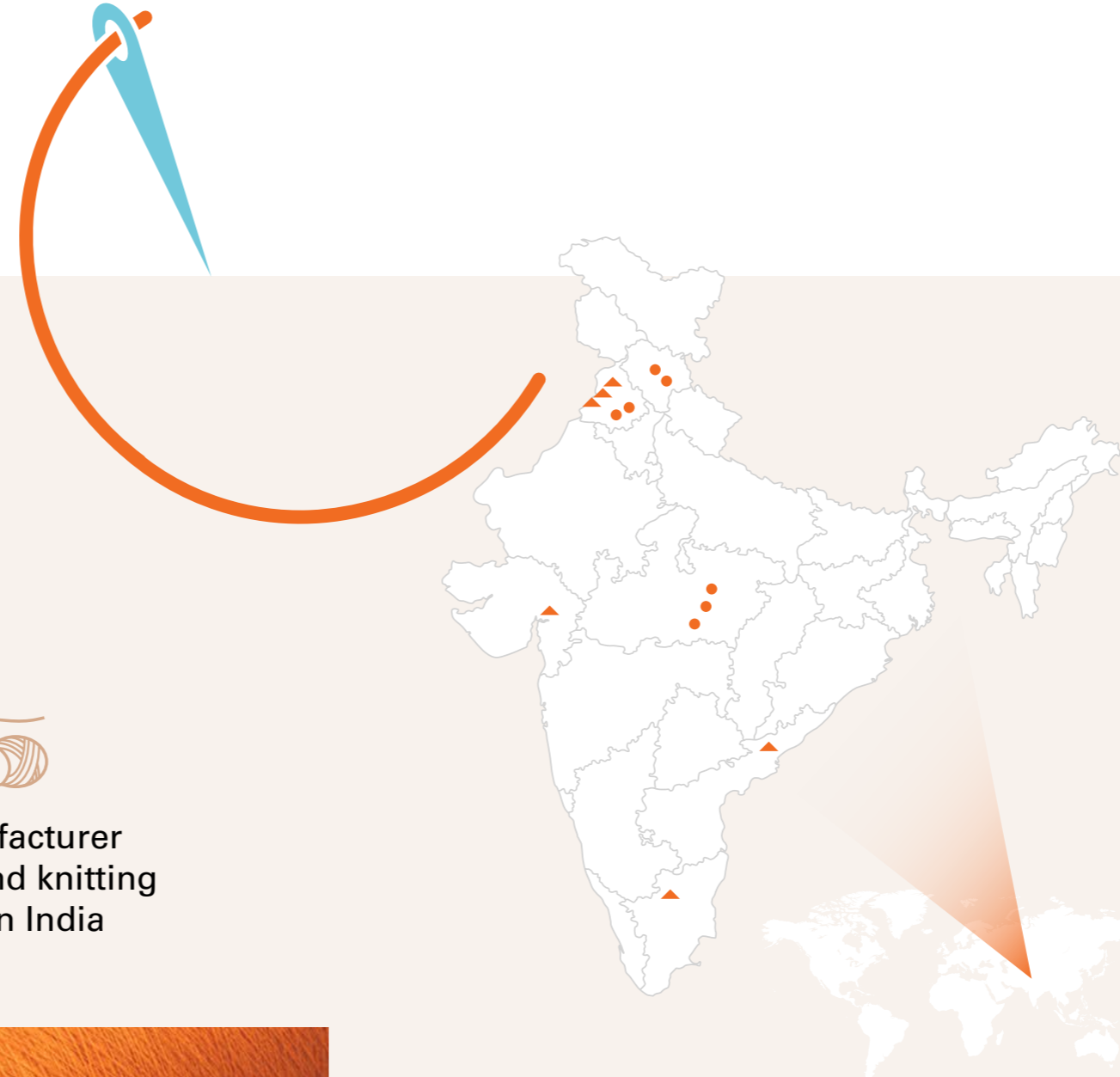
Embracing technology is crucial to our operational efficiency. We continually integrate cutting-edge technologies to enhance our manufacturing processes, ensuring that we remain at the forefront of the industry. By combining our technical expertise with a deep understanding of market dynamics, we stay agile and responsive to emerging trends and customer demands.



Manufacturer of hand knitting yarn in India



Spindle count in India



Our Presence

- Fabric Units**
 - Baddi, Himachal Pradesh
 - Budhni, Madhya Pradesh
- Yarn & Dyeing Units**
 - Ludhiana, Punjab
 - Malerkotla, Punjab
 - Baddi, Himachal Pradesh
 - Mandideep, Madhya Pradesh
 - Satlapur, Madhya Pradesh
 - Budhni, Madhya Pradesh

Subsidiaries & Associates

- Fibre Unit**
 - Jhagadia, Gujarat
- Steel Unit**
 - Ludhiana, Punjab
- Sewing Thread Units**
 - Hoshiarpur, Punjab
 - Ludhiana, Punjab
 - Perundurair, Tamil Nadu
 - Vizag, Andhra Pradesh

Map not to scale. Only for representation purpose

15
State-of-the-art manufacturing facilities

59
Countries of export presence

1.23 million
Spindle Count

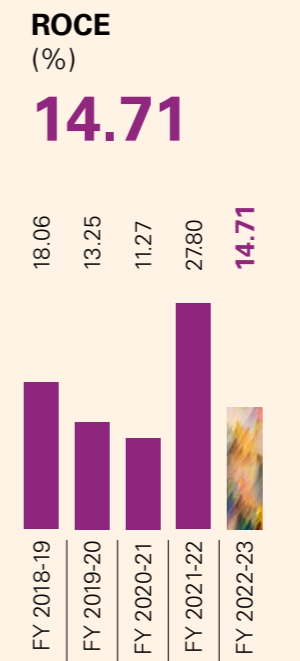
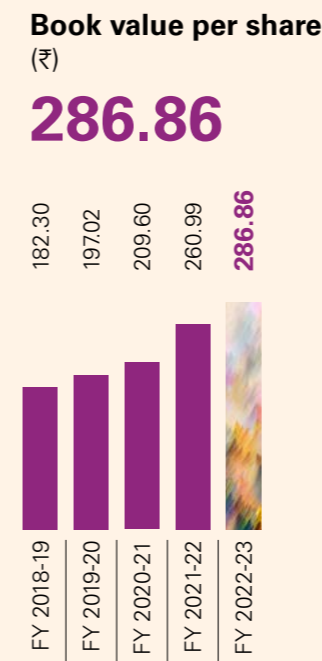
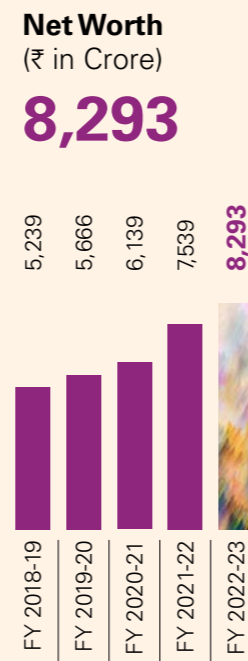
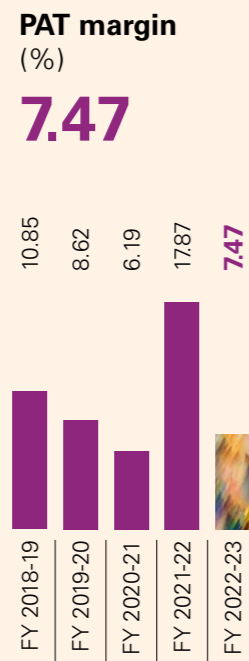
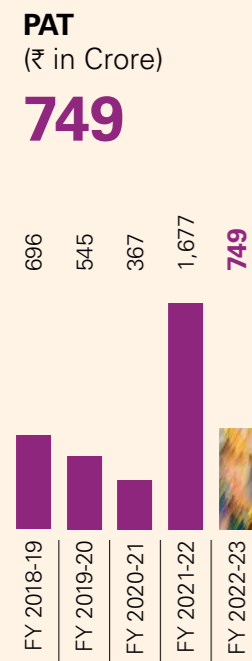
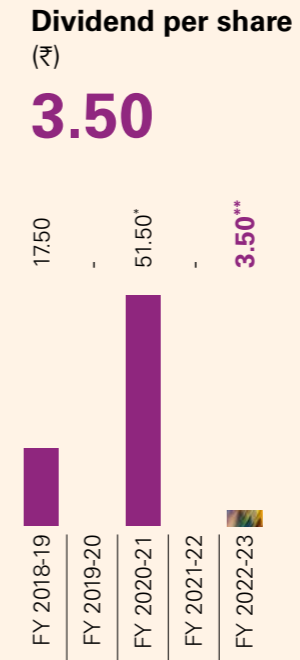
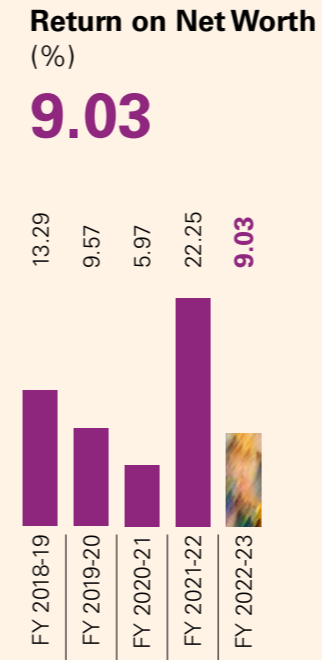
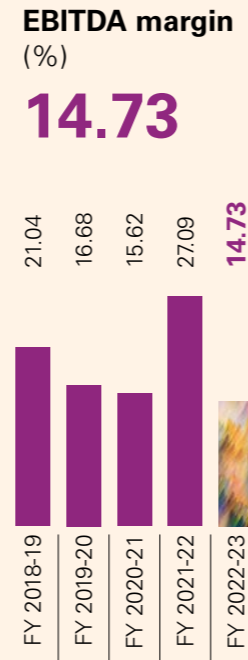
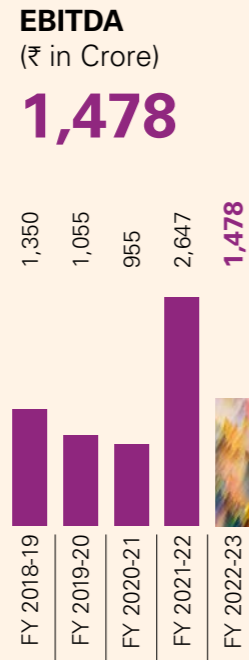
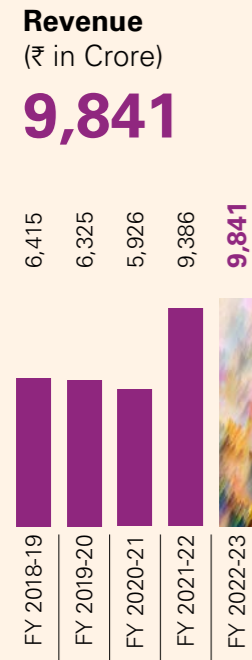
1,550
Looms

180 million meter per annum
Fabric processing capacity

750 metric tonnes per day
Yarn production capacity

30 million meter per annum
Printing line capacity

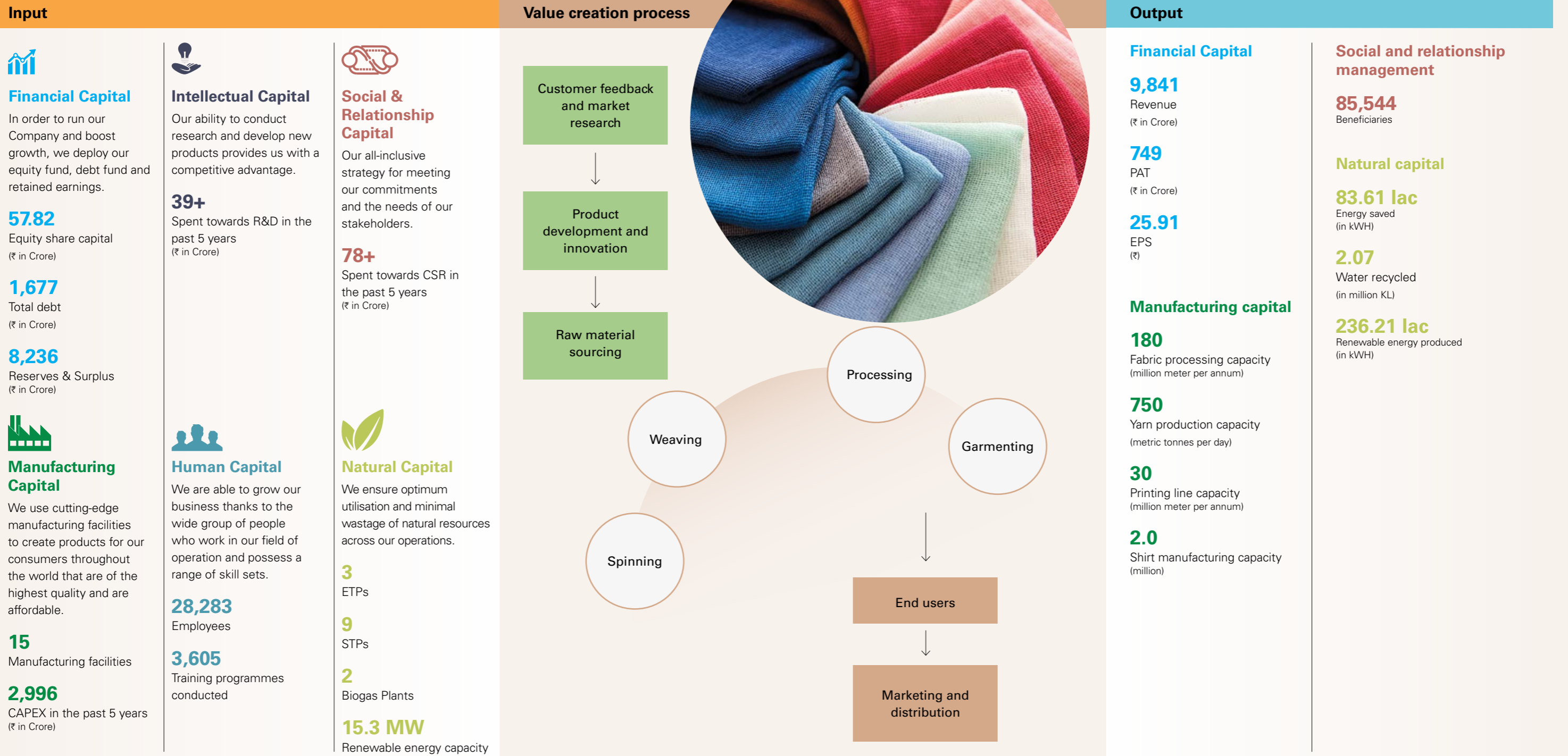
Performing consistently



* Including Interim Dividend of ₹ 34/- per equity share.

**On face value of ₹ 2/- per share.

Our Value creation model



Chairman's message



“
Our consolidated revenue for the fiscal 22-23 stands at ₹ 10,137.49 crore as against ₹ 9,622.34 crore in 2021-22. We have recorded an EBITDA of ₹ 1,556.49 crore with an EBITDA margin of approximately 15.07%.

”

Dear Shareholders,

I hope this message finds you in good health and high spirits. I am writing to provide you the performance of Vardhman Textiles Limited in the fiscal year 2022-23.

We need to take a moment to reflect on the remarkable journey of Vardhman Textiles and share our collective achievements. As one of the largest manufacturers of yarn in India with an impressive spindle count of 1.23 million and a fabric processing capacity of 180 million meters, we have truly established ourselves as a world-class organization.

Our success is a testament to the synergy of vision, passion and technology. Across our 15 state-of-the-art manufacturing units spread across four states, we manufacture an extensive range of products including different varieties of Yarns, Fabrics, Garments and Acrylic Fibre. Such diverse operations are made possible by the dedication and hard work of our over 28,000 employees, with women workers comprising 35 percent of our workforce.

Macro-economic Overview

Over the past year, the world economy has faced numerous disruptions, with the ongoing Russia-Ukraine conflict playing a significant role in disrupting supply chains. The resulting surge in the prices of critical commodities, including crude oil, natural gas, fertilizers and wheat, has intensified inflationary pressures. Central banks, initially slow to react, have now recognized the need for a strong monetary policy response.

Despite these challenges, I am pleased to share that the Indian

economy has shown remarkable resilience in the face of the pandemic. In fact, so far as the pace of recovery is concerned, we remained ahead of many other nations, positioning ourselves to return to the pre-pandemic growth path in FY23. However, we have also faced the challenge of reining in inflation, particularly due to the US and European strife. Through concerted efforts by the Government and the Reserve Bank of India (RBI), we have been successful in containing the inflation as compared to many other countries.

While various developed economies are passing through tough times with strong possibility of further policy rate increases by the US Federal Reserve and European Central Banks, we remain optimistic about India's economic growth comparatively. Despite the shrinking global market size in the second half of this year, agencies worldwide project India as the fastest-growing major economy. This optimism is underpinned by the resilience of our economy, characterized by the rebound of private consumption as the primary driver of growth. This shift in focus has also stimulated production activity and increased capacity utilization across sectors, leading to a decline in urban unemployment rates.

Global and Indian Textiles Industry

Now, turning our attention to the global and Indian textile industries, we have witnessed a volatile period in the market. Fluctuating cotton prices on the international front, reaching as high as US Cents 140 to 150 per pound, have had a direct impact on Indian cotton prices. Further, imposition of 10% customs duty on import of cotton fiber by India has resulted into higher cotton

fiber cost in India than the international prices making downward industry less competitive. The demand for yarn is also not showing encouraging signs because of recession like conditions in US & Europe and the same is also reflected in stagnating cotton yarn prices while cotton fiber prices remain firm. To illustrate, cotton yarn exports from India have fallen from about 1300 mn kg in 2021 to less than 700 mn kg in 2022 due to low demand of yarn in leading garment exporting countries like Bangladesh and China thereby creating stress on capacity utilization for Indian textiles mills and subdued prices for textile products in domestic market. Despite these challenges, the opening up of the Chinese market after stringent Covid-19 restrictions has brought a sense of some relief. Gradual market reopening may lead to increased demand for yarn from the Chinese market, which had been lacking earlier.

Financial Performance

Our consolidated revenue for the fiscal 22-23 stands at ₹ 10,137.49 crore as against ₹ 9,622.34 crore in 2021-22. We have recorded an EBITDA of ₹ 1,556.49 crore with an EBITDA margin of approximately 15.07%. Our robust manufacturing capabilities, combined with our ability to cater to diverse customer needs, have positioned us as a preferred partner in the textile industry. Furthermore, our efficient cost management practices and optimized supply chain have contributed to the profit margins.

Innovation and Developments

We remain committed to enhancing our performance through incremental

improvements and trailblazing innovations. By focusing on developing new products and adopting a customer-centric approach, we have built enduring relationships with all our stakeholders. Our non-negotiable value system and ethical business practices have been the bedrock of our incredible success story.

Our commitment to excellence extends to the adoption of Six Sigma, which has yielded positive outcomes and improved responses. As the country's largest vertically integrated textile manufacturer, we take pride in offering our clients unmatched agility, flexibility, consistency, reliability, traceability and sustainability through every stage of production.

Our workforce

At Vardhman Textiles, we believe in being proactive rather than reactive. This philosophy has kept us ahead of the curve, enabling us to anticipate and assess any situation. We foster a culture of skill development and talent encouragement which is reflected in the loyalty and dedication of our employees.

Inclusive growth is at the heart of our leadership approach. We strive to create an environment that promotes the development of people through trust, transparency and empowerment. This includes creating ample opportunities for women, who are central to our vision. We actively encourage their growth and development through training programs, mentorship opportunities and career advancement pathways. By fostering an inclusive workplace, we empower women to unleash their full potential, contributing not only to the success of our company but also to the economic and social progress of our nation.

Responsible Corporate Citizen

Corporate Social Responsibility (CSR) is deeply ingrained in our aspirations. We are committed to empowering the communities that host us through initiatives focused on education, sustainable livelihood, healthcare and sanitation. Leading with compassion, we envision a better world of opportunities where people can lead lives with dignity.

Sustainability is a core driver of our operations. Recognizing the global shift towards greener and more sustainable products, we have actively pursued sustainable technologies, processes and products over the past few years.

In addition, our prudent financial management practices and adherence to corporate governance principles have garnered trust and confidence from our stakeholders, including investors, shareholders and financial institutions. We remain committed to transparent and ethical business dealings, ensuring the long-term sustainability and growth of our organization.

Way forward

Looking ahead, we are optimistic about the future prospects of Vardhman Textiles. We will continue to leverage our strengths, drive innovation and explore new avenues for growth. Our unwavering commitment to excellence, customer satisfaction and social responsibility will remain at the forefront of our strategic priorities.

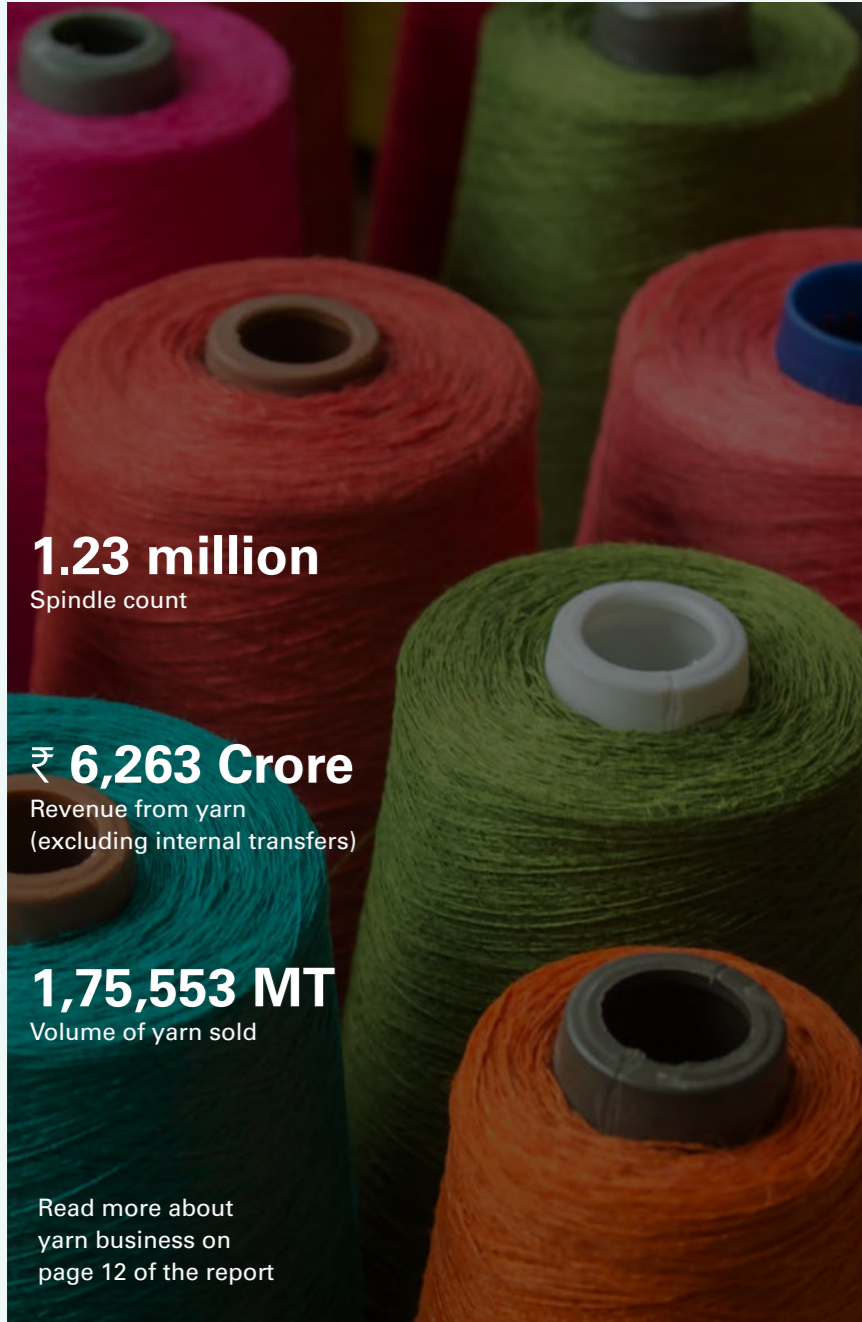
Thank you for your continued trust and support.

Sincerely,

Shri Paul Oswal
Chairman

Our business portfolio

YARN



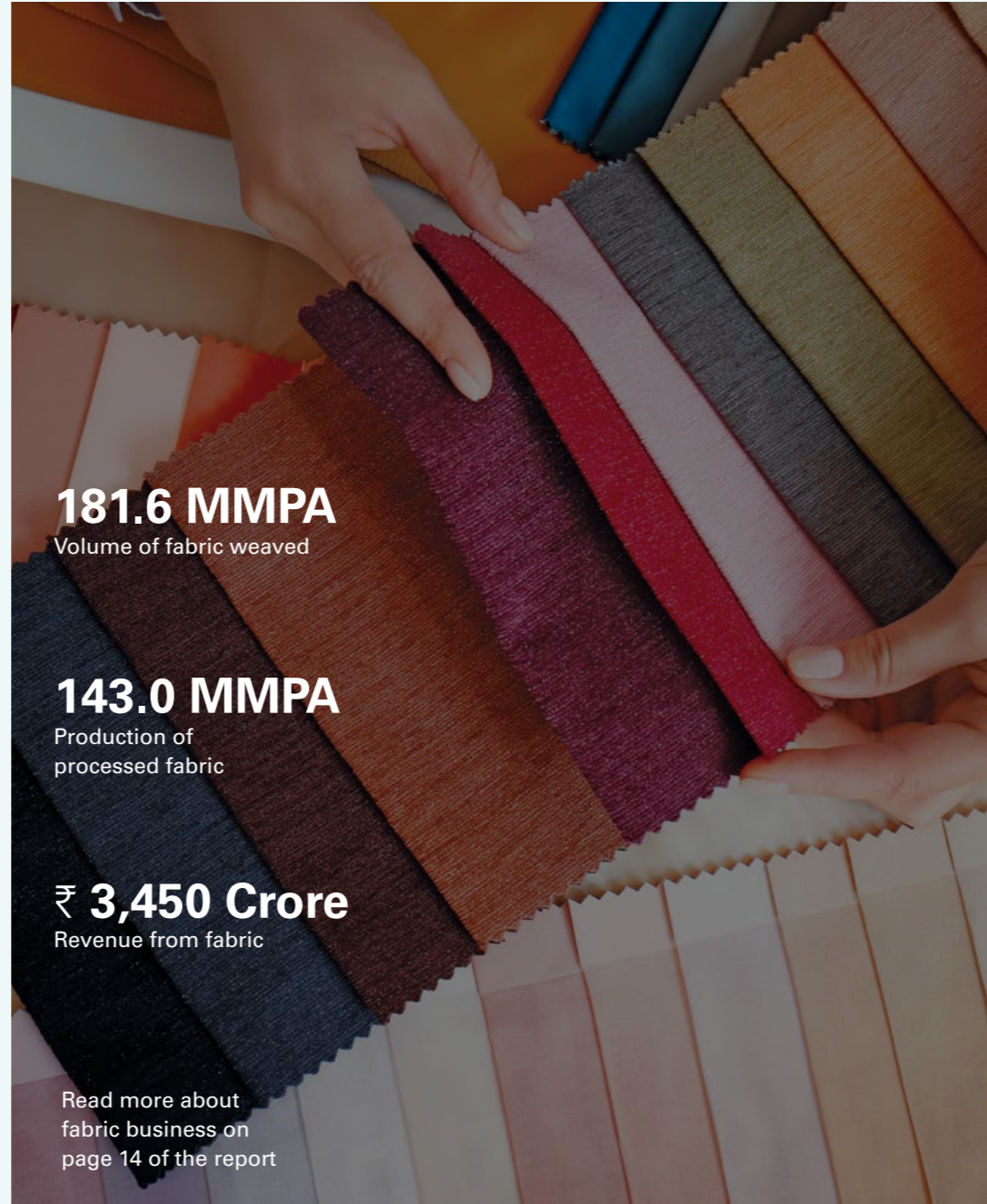
1.23 million
Spindle count

₹ 6,263 Crore
Revenue from yarn
(excluding internal transfers)

1,75,553 MT
Volume of yarn sold

Read more about
yarn business on
page 12 of the report

FABRIC



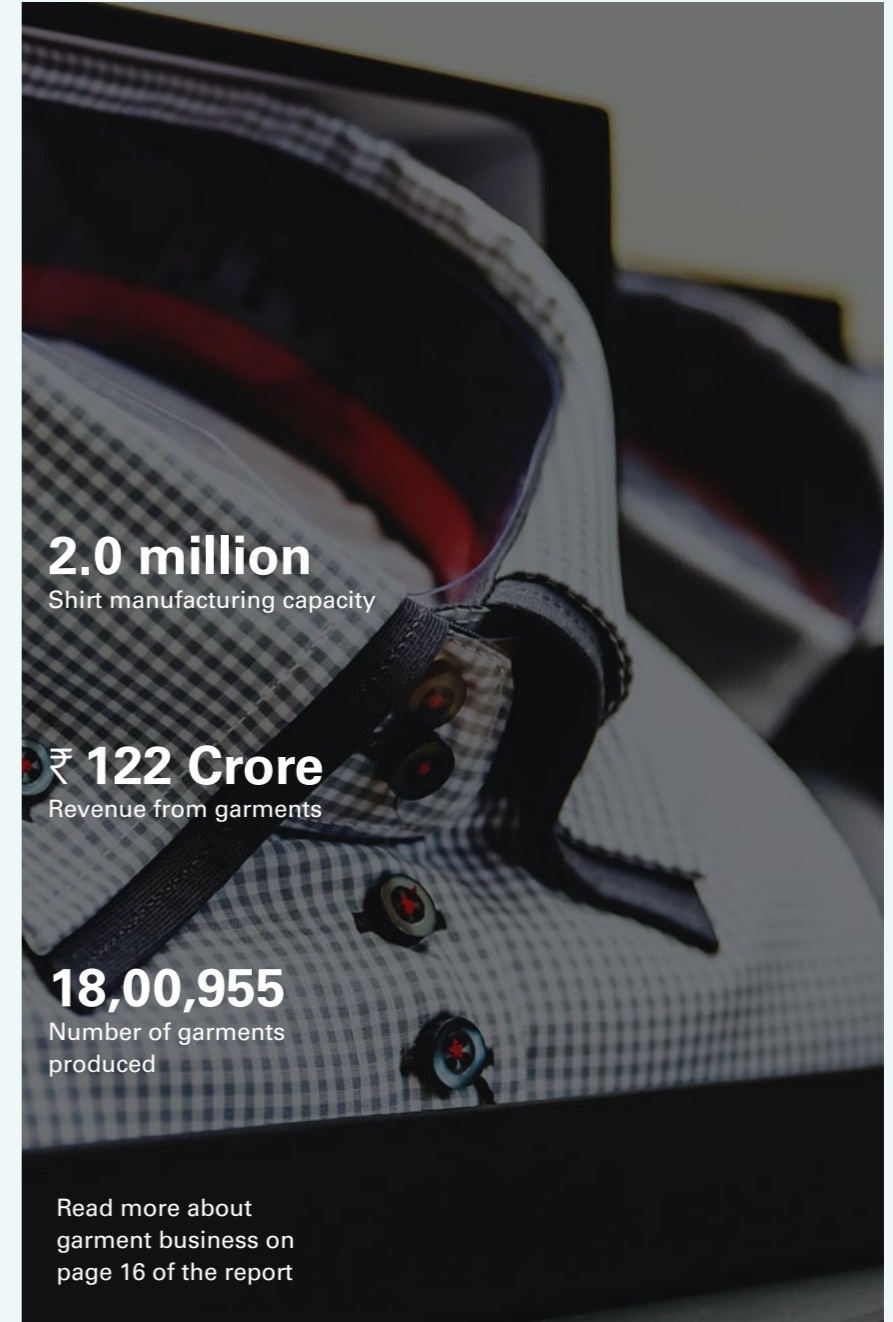
181.6 MMPA
Volume of fabric weaved

143.0 MMPA
Production of
processed fabric

₹ 3,450 Crore
Revenue from fabric

Read more about
fabric business on
page 14 of the report

GARMENTS



2.0 million
Shirt manufacturing capacity

₹ 122 Crore
Revenue from garments

18,00,955
Number of garments
produced

Read more about
garment business on
page 16 of the report

YARN

Our yarn business is the cornerstone of our operations, representing our largest business. Our cutting-edge capabilities that allow us to produce a wide range of specialized greige and dyed yarns with a remarkable daily manufacturing capacity of 750 MT (approx.). Our expertise extends to working with different materials such as cotton, polyester, acrylic, viscose and other blends, enabling us to meet the diverse needs of our customers.

Our key strengths lie in our ability to offer an extensive selection of fancy yarns for hand-knitting, organic cotton, melange, core-spun yarns, ultra yarns (contamination controlled), gassed mercerized yarns, super fine yarns and slub yarns. This comprehensive product portfolio has earned us a name in the quality-conscious markets of the European Union (EU), the United States (US) and the Middle East.

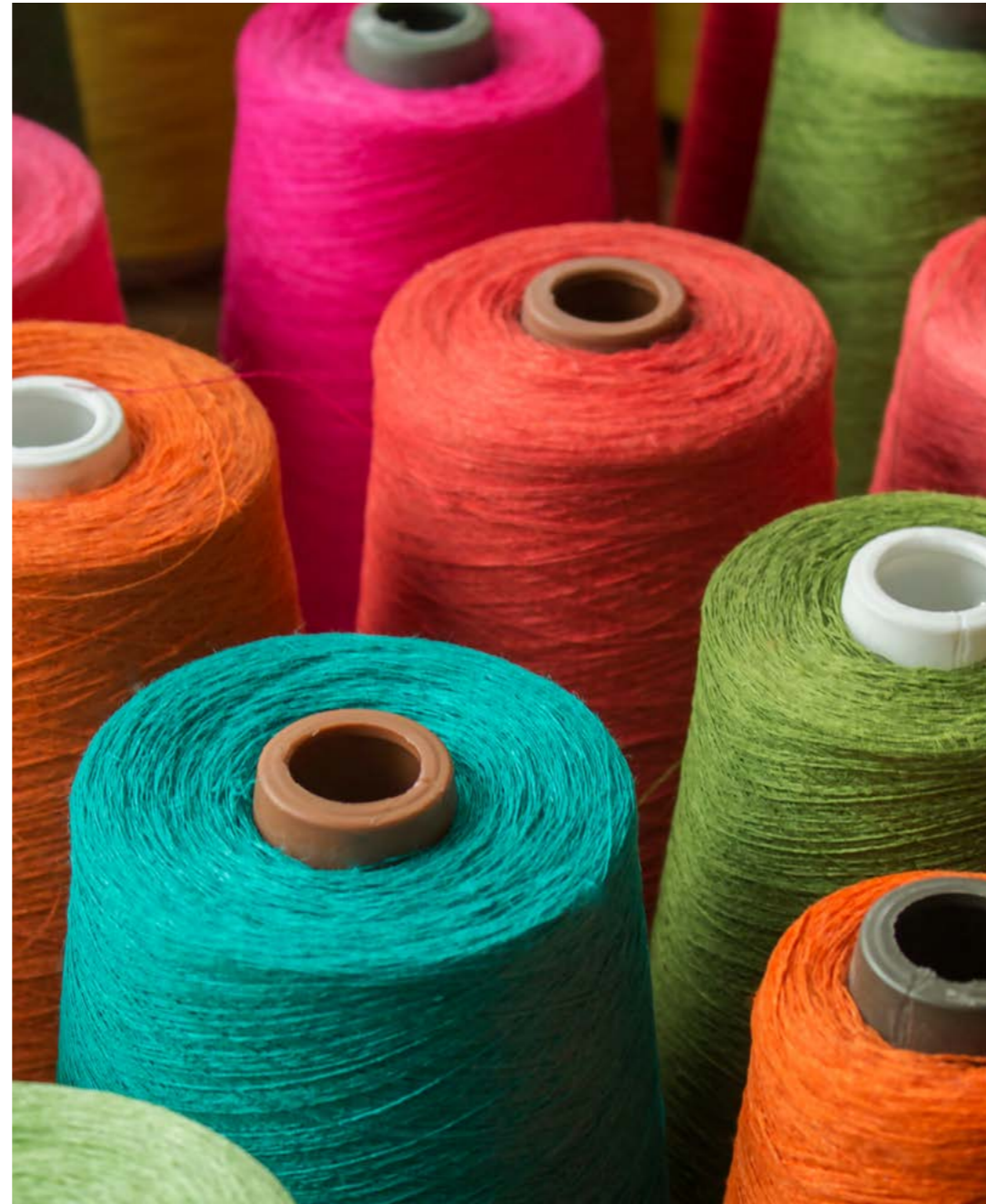
We are committed to upholding exceptional quality standards and continuously strive for customer-driven innovation. In addition, we actively seek out technology partnerships and engage in innovative initiatives, ensuring that we stay at the forefront of the industry. By delivering superior yarn products, we have established ourselves as a trusted and preferred choice in the global textile market.

1.23 million

Spindle count

₹ 6,263 Crore

Revenue from yarn in FY23



Our yarn portfolio

Speciality yarns

- Core spun yarn
- Slubs
- Cellulosic
- Vortex yarn (PC and Melange)
- Special blended yarn
- Sustainable yarn

Acrylic, fancy and 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

Highlights of FY 23

- Investment in Online Raw Material Management and Quality module digitalization with industry 4.0
- Investment in Tow Dyed Acrylic Yarns Technology for HKY Export segment @ 10TPD from existing 4.5TPD
- Investment in Recycle Sustainable Yarn Technology for producing Recycle Yarns

FABRIC

Our Fabrics division is equipped with state-of-the-art technology sourced from Japan and Europe. With 1,550 looms, we have a remarkable weaving capacity of 220 million meters and can process upto 180 million meters of fabric per year. These impressive capabilities allow us to cater to a diverse range of customers and meet their dynamic demands.

Our advanced facilities for Desizing, Scouring, Bleaching and Mercerisation have been designed with greener processes in mind. We have embraced enzymatic desizing as an alternative to chemical desizing and introduced bio-scouring techniques. Additionally, we have transitioned to 100% peroxide bleaching and incorporated Caustic Recovery Plants to recover up to 90% of caustic used in the process. By investing in eco-washers, we have successfully reduced water and acid consumption, further minimising our environmental footprint.

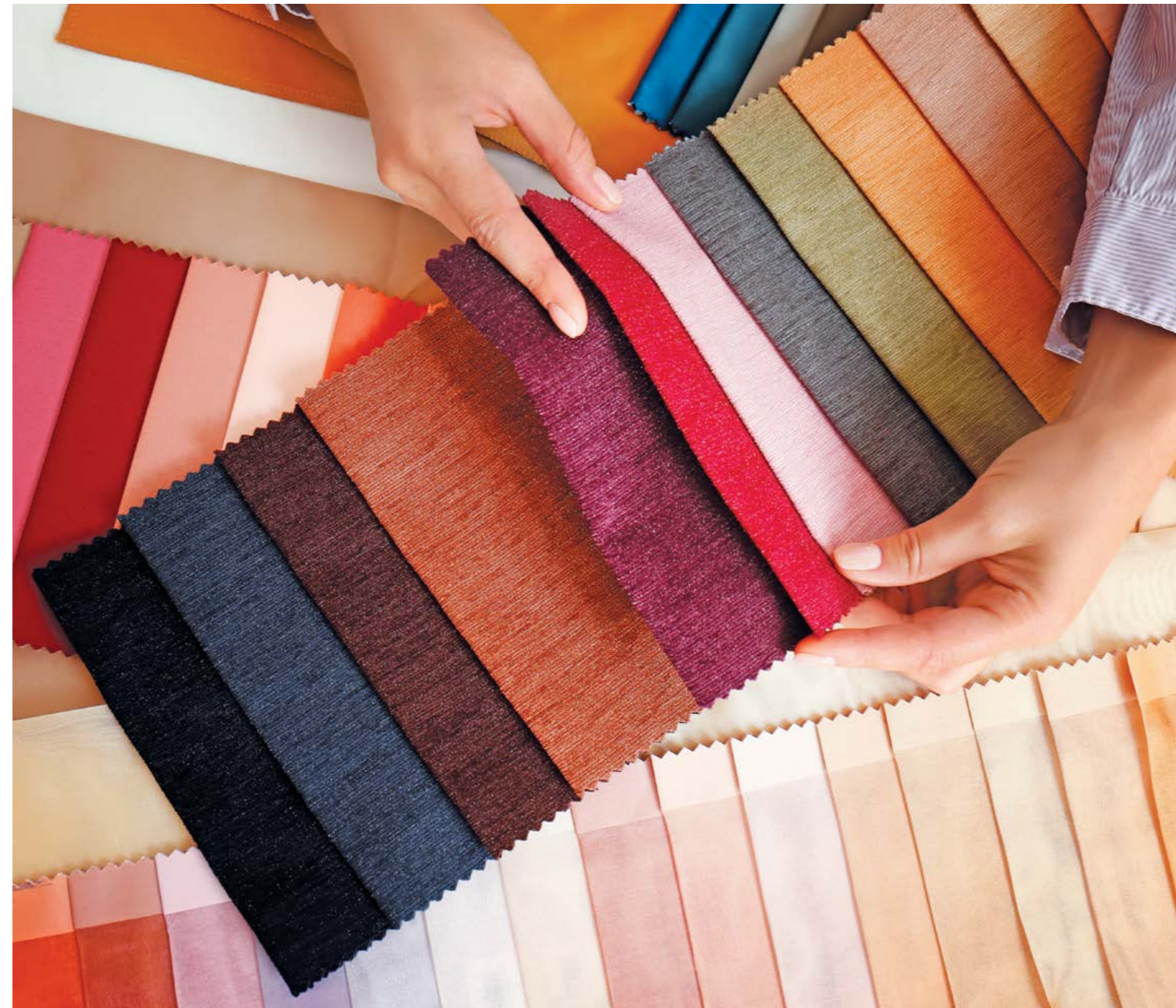
As a vertically integrated fabric supplier, we take pride in offering a selection of premium specialty textiles. Our dedicated workforce continuously leverages their skills and knowledge to improve our designs and products while ensuring they remain competitively priced without compromising on quality. This dedication has positioned us as a trusted brand among major retailers in India and key export markets, including the US, Europe, Asia and the Middle East.

181.6 MMPA

Fabric weaved in FY23

143.0 MMPA

Production of processed fabric in FY23



Our fabric portfolio

- Tops, bottoms and outer wear for men and women.
- Fabrics suitable for casual, formal and regular wear.
- Solids, yarn-dyed, print, dobbies and various performance finishes.

Our finished fabric portfolio

- Velegante
- Prerensa
- Worry Free
- Liquid Finish
- P4 Finish
- Stay White and Fresh
- Gr&De
- Easy Care
- Stain repellent
- Airwash
- UV protection
- Anti-microbial
- Stain release
- Biomagica
- Quick dry
- Water repellent
- Aroma
- Aloe vera

GARMENTS

Our foray into the garment business began in 2009 when we formed a strategic partnership with the world-class textile organization Nisshinbo Textile Inc. of Japan. This collaboration gave birth to Vardhman Nisshinbo Garments Company Ltd., a venture dedicated to delivering top-notch formal men's wear premium shirts of the highest quality. In 2019, Vardhman Textiles Limited purchased entire stake of Nisshinbo Textiles Inc. in VNGL and in year 2022, it was merged in Vardhman Textiles Ltd. and this unit is named as Vardhman Apparels.

Our USP is the cutting-edge machinery and world class infrastructure. We have sourced state-of-the-art equipment from manufacturers in Germany, Japan, China, USA and Denmark. This advanced machinery empowers us to manufacture shirts that not only meet the premium brands expectations but also exceeds their expectations in terms of quality, functionality, deliverance and operational excellence.

Our product range includes full taped and partial taped post-cure and pre-cure shirts. What sets us apart in the Indian market is our exclusive position as the sole manufacturer of post-cure shirts, backed by our mill with the liquid ammonia treatment facility and baking machine. This unique combination of advanced technology and specialized facilities allows us to cater to the diverse needs and preferences of our valued premium customers.

2.0 million
Shirt manufacturing capacity



Product

- Premium Post-Cure & Pre- Cure Men's Formal Shirts
- Men's wear- full & partial tape seamed shirts
- Semi-Formal Men's Wear Shirts

Customer Portfolio

- Louis Philippe
- Van Heusen
- Jack & Jones
- Blackberrys
- Raymond
- Colour Plus
- Pepe Jeans
- Park Avenue
- Arrow
- Giordano
- E5 (ECG)
- Splash
- Hirose
- 8 Seconds

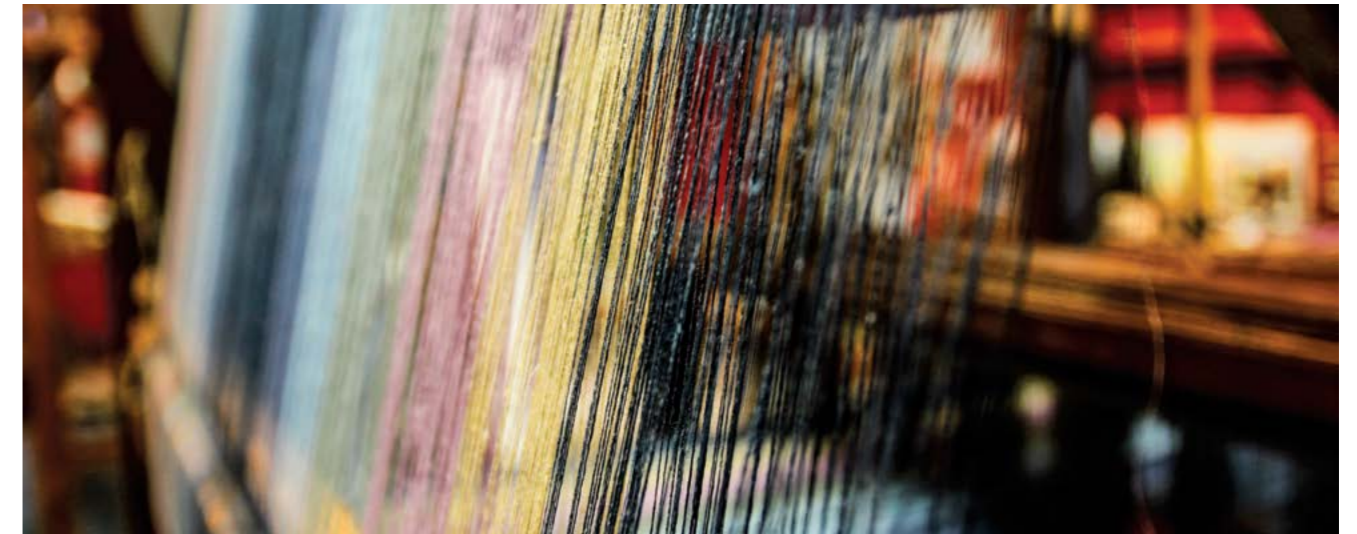
Garments

₹ 122 Crore
Revenue from garments

18,00,955
Number of garments produced

Our unique value propositions

We prioritise consistency within and across batches by conducting rigorous quality inspections, utilising standardised raw materials and implementing advanced digital controls. Moreover, our commitment to traceability from spinning to processing enhances operational efficiency and quality control. Our agile processes allow us to efficiently deliver technical and business solutions, owing to our integrated manufacturing and a single point of contact for quick decision-making.



Reliable operations

With a rich experience spanning over five decades, Vardhman Textiles excels in meeting both our customers' textile requirements and environmental obligations. Our global distribution is made possible by our state-of-the-art infrastructure and meticulous planning. We ensure machine availability and on-time output through coordinated production planning, bolstered by progressive people practices, continuous training and stringent safety standards. Our expansive warehouses and captive power plants fortify our core operations, enhancing our adaptability to external disruptions.

Captivating collections

Our skilled in-house design team combines young talent from premier design institutes with experienced professionals trained in market insights. This ensures our seasonal collections are fresh, innovative and grounded in market wisdom. Through trend analysis, research and inspiration from global sources like textile fairs and trend agencies, we create unique designs using sketches, textures and CAD simulations. Our meticulous process results in fresh and market-relevant collections.

Agile Solutions

Our vertically integrated facilities and resilient supply chain empower us to swiftly respond to unforeseen circumstances. Equipped with advanced systems and nimble technological solutions, we maintain the flexibility to meet customer needs at all stages. Our strategically designed production capacity ensures a vast product basket, granting our customers the freedom to choose. With our commitment to agile solutions, we provide unrivalled flexibility, enabling us to adapt and deliver excellence in every aspect.

Consumer centric innovation

We integrate design objectives with consumers' psychological and behavioural responses as a precursor to new product development. We dedicate ourselves to comprehending market demands and surpassing customer expectations through intelligent product enhancements and new developments. Our process involves thorough consideration of consumer aspirations and technical viability, ensuring a holistic approach to product development. From initial research and inspirational sources to fabric development, mill-weeks, presentations and post-presentations, we navigate each stage to deliver exceptional results.

Transparent and traceable operations

Along with enhancing operational efficiency and quality control, we guarantee comprehensive traceability throughout the entire production process. With in-house operations, we ensure complete visibility from spinning to processing. This traceability empowers us to conduct root cause analysis, proactively engage with suppliers and raw material providers and prevent/mitigate environmental and social risks and impacts. By gaining full visibility of the value chain, we uphold responsible practices and foster sustainable outcomes.

Comprehensive sustainability strategy

Prioritising the impact of fashion on the environment and community, we actively tackle sustainability challenges alongside other key business concerns. Our institutionalized sustainability framework, known as 'PRO,' embodies this commitment and guides our decision-making process. The framework adopts a balanced and pragmatic approach to address all aspects of sustainability. Through the integration of various green alternatives, we strive to achieve sustainable finishes that maintain product performance without compromising sustainability standards.

Empowering communities, growing responsibly

As a responsible corporate citizen, we prioritise contributing to societal wellbeing through various initiatives. Growth at Vardhman Textiles is always inclusive and the focus is on sustainable development. We help enhance the lives of marginalised communities by improving infrastructure in nearby schools, hospitals and villages. Together, we create a lasting impact through safe living conditions, quality education and better healthcare facilities.



Our focus areas include:



Education

Education is the means to true empowerment. Quality education opens the doors to a plethora of employment opportunities and also uplifts living standards. It improves the socio-economic state and strengthens the prospect of a brighter future. Through quality education, one can not only rewrite his/her own destiny, but also reshape a better society.

With the intent of facilitating the education of children, belonging to underprivileged sections of the society, we started Vardhman School Development Programme (VSDP). Under this programme, we focus on developing infrastructure in government schools and facilitating an environment that fosters learning. We have constructed not only classrooms, but also toilet blocks and computer labs, besides providing the schools with necessary furniture, water coolers, purifiers and digital devices.

In FY 2022-23, to promote higher education, we upgraded the infrastructure of Sri Aurobindo College of Commerce and Management (SACCM), Ludhiana, Punjab. The construction of a new academic block for the proposed BCA/MCA courses at SACCM has started. The estimated project cost is ₹ 14 Crore. We also constructed Mother Auditorium, which has a seating capacity of 885 persons. It has been inaugurated by Hon'ble Governor of Punjab, Shri Banwarilal Purohit. This is one of the most advanced and well-equipped auditoriums in Ludhiana.



Shri Banwarilal Purohit, the Hon'ble Governor of Punjab has inaugurated the newly constructed the Mother Auditorium in the august presence of Shri. S.P. Oswal, Chairman Vardhman Group.

To promote the digital education initiative, we have equipped Sri Aurobindo College of Commerce & Management, Ludhiana and Sri Aurobindo Public School, Baddi, HP with a computer lab, LAN infrastructure and smart classroom equipment. This will help the students in elevating their learning outcomes and the teachers in delivering to their maximum potential in a qualitative and interactive classroom environment.

We also celebrated Azadi Ka Amrit Mahotsav by distributing the Tricolour to 18,000 people under HAR GHAR TIRANGA campaign. The idea behind the initiative was to invoke the feeling of patriotism in the hearts of the people and to promote awareness about the Indian National Flag.



Celebrated Har Ghar Tiranga Campaign in Punjab

Key Highlights (Cumulative)

76,524
Students benefited

4535
Student's desks provided

258
Classrooms constructed

179
Schools covered

299
Anganwadis supported

101
Toilet blocks constructed

139
Computer systems provided

6
States covered (Punjab, MP, HP, Rajasthan, Maharashtra and Odisha)



Celebrated Har Ghar Tiranga Campaign in MP

We also provided financial support to the Ludhiana Educational Society for the purchase of a bus for the school of deaf children. For providing safe drinking water facilities, we have provided water cooler and RO system in government schools of Baddi, Himachal Pradesh.

For promoting early education programme, we have supported 240 Anganwadis of Bhopal, Raisen and Sehore Districts of MP by providing necessary material such as utensils and other teaching & learning material.

Project NANDINI

Under Project Nandini, our primary objective is to raise awareness about Menstrual Hygiene Management among adolescent girls, hailing from family backgrounds where they have limited access to guidance on managing periods effectively. Understanding the biological changes, they undergo during this phase, is of paramount importance and our mission is to empower them with comprehensive knowledge and support in managing their menstrual health.

To spread awareness about Menstrual Hygiene Management (MHM) and to break the taboo associated with periods, we launched Project Nandini in 5 Government Schools & 3 Girls Hostels in Ludhiana (Punjab) in 2019. In the first phase of the project, 4576 girls received awareness training on MHM and 7000 students & community members were educated by 8 Gyan Vigyan Mela Awareness Sessions.

The project was much appreciated by schools and within a short span of time, 10 government schools became a part of this initiative. Owing to the project's success, it has been further extended to the Baddi region in Himachal Pradesh in the year 2020, covering 11 slums besides eight government schools. Over 11817 adolescent girls have benefited and 1300 villagers were educated on MHM under this programme in Baddi. Under this project, awareness sessions are organised to help young girls understand the natural/biological process and break the myths associated with menstruation. Besides the distribution of sanitary pads, sanitary napkin vending machines, incinerators have been installed to ensure that sanitary napkins are accessible, affordable and safely disposed of.

In the year 2022-23, project Nandini was launched in 7 villages and 7 government schools of Budhni, Madhya Pradesh, which covered 6,029 girls and rural women.



Project Nandini- An Awareness Programme on MHM for School Students and Rural Women has been launched in Budhni, MP

Key Highlights (Cumulative)

22422

Adolescents benefited

19

Government schools covered

10

Gyan Vigyan Mela (education fair) organized for villagers

11

Slums covered

7

Villages covered

3

States covered (Punjab, Himachal Pradesh & Madhya Pradesh)



Healthcare

The availability and accessibility to healthcare facilities are vital to protecting human lives. Patients in small cities often rush to bigger cities for treatment, owing to the unavailability or inadequate medical facilities. To strengthen the healthcare infrastructure of hospitals situated in the vicinity of our manufacturing units, we provide them with advance medical equipment from time to time, besides financial assistance for the treatment of poor patients. The health institutions we support are primarily government or charitable/funded hospitals.

In FY 2022-23, a financial grant of ₹ 60 lac was provided to AIIMS, Bhopal for setting-up tissue engineering lab facilities and provided financial support to PGI Chandigarh, Mandke Foundation and Handimachal Therapy Centre for the treatment of economically weaker patients and Digestive Diseases Care Foundation (DDFC) for the research and development of FMT capsules, which will help in treating the IBD Patients.

Christian Medical College & Hospital (CMCH), Ludhiana was provided with a sum of ₹ 18 lac for the diagnosis and treatment of economically weaker cancer patients.

Vardhman CMC Rehabilitation (PMR) Centre and Vardhman CMC Multi-Specialty Ward for Myeloma & Leukemia, BMT patient has been completed and handed over to CMCH Ludhiana.



Shri S.P. Oswal, Chairman & Managing Director, Vardhman Textiles Ltd. inaugurating the Vardhman CMC Multi-Specialty Ward for BMT & Leukemia Patients at CMCH, Ludhiana



Vardhman handed over newly constructed state-of-the-art Vardhman CMC Rehabilitation Centre to CMCH, Ludhiana



We provided several medical equipment to different hospitals of Punjab, Himachal Pradesh and Madhya Pradesh. Colour Doppler and Ultrasound Machines were provided to Civil Hospital, Malerkotla; also supported Bhagwan Mahavir Hospital for the construction of 108-bed ENT Hospital at Lachwar, Jamui, Bihar.



Vardhman provided support in the construction of 108-bed ENT Hospital at Bhagwan Mahavir Hospital, Lachwar, Jamui, Bihar.

This year, we organised 16 health check-up camps in the rural areas of Punjab, Himachal Pradesh and Madhya Pradesh. We also provided artificial limbs to specially-abled residents of Ludhiana. Alongside, a patient waiting shed and portable washrooms were provided at the government multi-speciality hospital, Sector - 16, Chandigarh.



Patient waiting shed and portable washrooms were provided at the Government Multi-Speciality Hospital, Sector - 16 Chandigarh

Key Highlights (Cumulative)

- 5**
states (MP, HP, Punjab, Maharashtra & Bihar)
- 1**
Union Territory (Chandigarh)
- 74**
Health institutions covered
- 7,09,892**
Beneficiaries
- ₹ 17.81 Crore**
Worth medical equipment donated
- ₹ 5.63 Crore**
Grant to poor patient's fund
- ₹ 9.88 Crore**
Contribution towards COVID-19
- 72**
Health camps organised
- 125**
Villages covered
- 14550**
Villagers examined



Rural Development

We continuously strive to bridge the access gap and minimise the struggle, the rural communities face to fulfil basic needs such as safe drinking water, sanitation, hygienic living conditions, healthcare facilities and so on.

To ensure the availability of safe drinking water, borewells and hand pumps were installed in the neighbouring villages of Budhni unit in Madhya Pradesh (MP). A total of 100 solar street lights were installed in 15 villages around Vardhman Fabrics, Budhni. We also installed 90 solar lights in 37 villages of Paragpur constituency, district Kangra and Mandi, Himachal Pradesh (HP).

We extended our support for the construction of a community hall in village Kalujanda, Baddi, HP and supported in the repair and maintenance of community Hall at Pilikarar Village, Budhni, MP. We also renovated 3 village ponds for rainwater harvesting and ground water recharge at Budhni, MP.



Handed over newly constructed Community Centre at Village Kalujhand, Baddi, HP

To empower farmers, we run Project Pragati under Better Cotton Initiative wherein activities such as farmer training, health awareness, women & child development and so on are carried out. Alongside, a financial contribution is provided to Cotton Development & Research Association (CITI-CDRA) for conducting research in developing better quality cotton.



Project PRAGATI- A Better Cotton Initiative for cotton growing farmers has been commenced in Gujarat

Key Highlights (Cumulative)

- 135900 +**
Villagers benefited
- 780**
Solar lights installed
- 38**
Hand pumps
- 22**
Borewells
- 06**
Ponds renovated



Sports, Arts & Culture

To promote health and fitness, we provided financial support to Seraj Youth Sports and Cultural Festival for organising and promoting rural sports in Himachal Pradesh and Punjab.

A contribution was made to the SAPTAK Annual Music Festival under the project Sangeet Sankalp Saptah to scout talent, provide training, discover and promote traditional arts and culture in the field of Indian Classical Music. Additionally, Vardhman supported the Bhopal Literature & Art Festival to further encourage and celebrate various pursuits of art and culture in the region.



Supported Saptak Music Festival

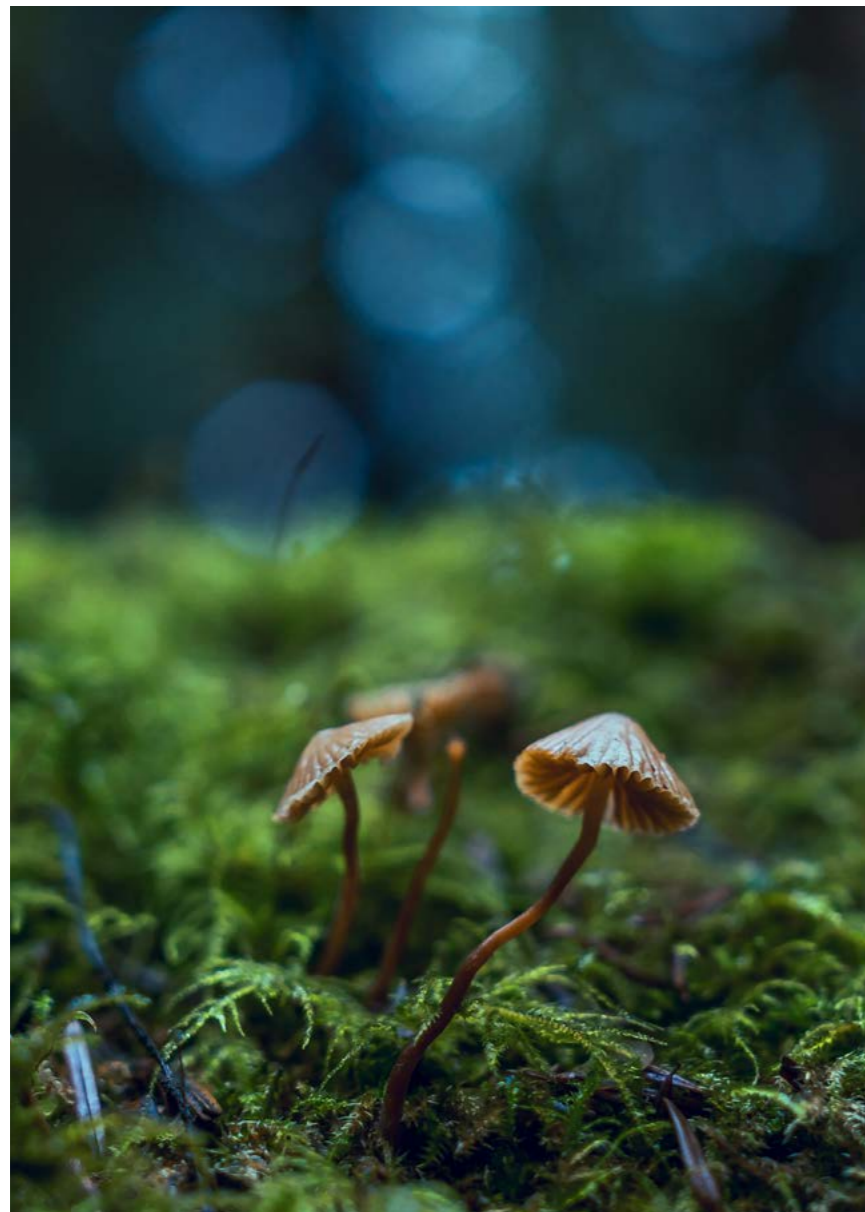
Armed Forces Welfare

We contributed to Armed Forces Flag Day Funds (AFFDF) for the welfare of Ex-Servicemen of Indian Defence Forces.



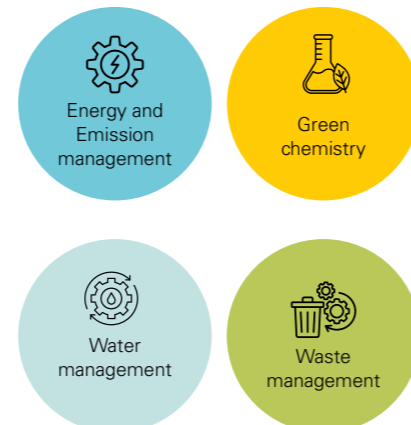
Environment

At Vardhman, we are driven by a commitment to excellence that goes beyond conventional business solutions. We are resolutely addressing sustainability challenges with our expertise and priority, mirroring our approach to other critical business imperatives.



Our environmental strategy centres on the prudent management and preservation of natural resources, guided by both short and long-term objectives. By leveraging cutting-edge technologies to curtail our ecological footprint and by prioritising enhanced energy efficiency across our supply chain, we are making strides towards a net-zero future—a tangible achievement resulting from the effective execution of our strategies.

Our key focus area



ENERGY AND EMISSION MANAGEMENT

Our commitment to effective energy and emission management underscores our dedication to sustainable practices, cost efficiency and bolstering energy resilience. Our strategic approach encompasses a multifaceted effort to curtail greenhouse gas emissions, generate cost savings and enhance energy security.

Through a meticulous regiment of recurrent energy audits, we systematically unearth opportunities for energy conservation across our diverse facilities. To amplify our environmental impact, we are progressively integrating a higher proportion of renewable energy sources into our energy portfolio, synergising with our emphasis on energy reduction.

Additionally, our proactive involvement in the Perform, Achieve & Trade (PAT) initiative further exemplifies our resolve, as we diligently strive to lower our specific energy consumption. These combined endeavours reflect our commitment to a greener, more efficient energy paradigm while fostering an enduring impact on our environment and operational performance.

83.61 lac kWh
Energy saving achieved

15.3 MW
Installed solar energy capacity

8
Units registered under PAT

At a glance

- Conducted regular energy audits to identify the energy saving opportunities across facilities
- Increased the proportion of green energy in our energy mix
- Registered in Perform, Achieve & Trade (PAT) scheme and are working on reducing our specific energy consumption



WATER MANAGEMENT

Water conservation lies at the heart of our operations. In our factories, water is vital for various activities, both core processes and ancillary tasks. Leveraging cutting-edge technology, focused conservation drives and rainwater harvesting, we ensure a reliable supply of this precious resource for our operations.

However, our commitment doesn't stop there. We have extended our efforts to benefit local communities by providing access to clean drinking

water. This approach has not only enhanced our business but also uplifted the areas around our factories socially, economically and environmentally.



ETP - 15,000 KLD
STP - 5,000 KLD
Total water treatment capacity

Effluent treatment plants (ETP)

3
ETPs

15,000 KLD
ETP Capacity

3.30 million KL
Water treated at ETP

Sewage treatment plant (STP)

9
STPs

5,000 KLD
STPs Capacity

1.16 million KL
Water treated at STPs

Zero liquid discharge (ZLD) units

2
ZLDs

10,400 KLD
ZLDs Capacity

2.07 million KL
Water treated at ZLDs

Common effluent treatment plant (CETP)

1
CETP

12,000 KLD
CETP Capacity

3.41 million KL
Effluent treated at CETP

0.14 million KL
Sewage treated at CETP

At a glance

- We have two zero liquid discharge units
- We have nine sewage treatment plants with an installed capacity of 5,000 KLD.
- Using advanced technologies and scientific water management techniques to reduce our footprint



GREEN CHEMISTRY

In the dynamic landscape of the textile industry, chemical utilisation spans a wide spectrum of processes, necessitating a proactive stance on waste management for environmental preservation. Our chemical management framework, fortified by a meticulous Restricted Substances List (RSL), exemplifies our dedication to minimising ecological impact.

This commitment is upheld through vigilant procurement practices, wherein each batch of dyes and chemicals aligns rigorously with our RSL, thus ensuring compliance with stringent safety and environmental standards.

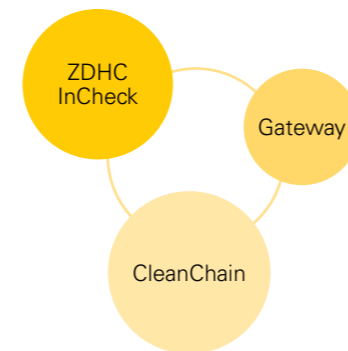
100%

Plants certified with ISO 14001

Employing cutting-edge solutions such as CHEM-IQSM, we proficiently identify and eliminate potentially hazardous substances, enhancing the integrity of our production processes. Our active engagement with platforms like ZDHC InCheck, Gateway and CleanChain accentuates our holistic

approach to waste management by providing transparent insight into our chemical inventory. These endeavours collectively underscore our allegiance to green chemistry principles, harmonising industrial advancement with ecological responsibility.

Key collaborations



At a glance

- Implemented a robust chemical management system
- Comprehensive Restricted Substances List (RSL)
- Collaborations to foster sustainable (chemical-free) practices

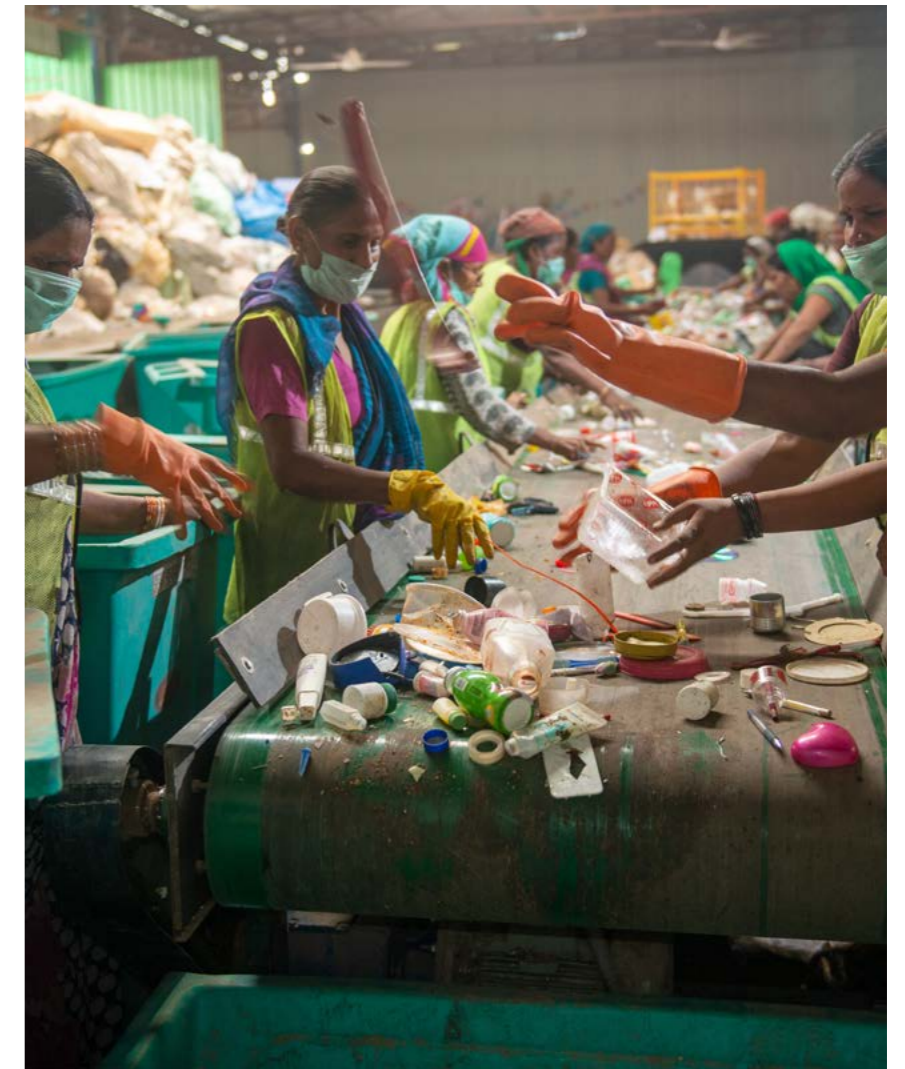


WASTE MANAGEMENT

At Vardhman, our primary focus lies in reducing and reusing, whenever possible, before responsibly disposing of the remaining waste. This approach not only safeguards the environment for the future but also ensures compliance with regulations, strengthens community ties and enhances cost competitiveness.

We have dedicated facilities for managing hazardous waste, e-waste and scrap, all operated in accordance with regulatory requirements.

Additionally, our commitment extends to reducing plastic use through innovative packaging and increased utilisation of HDPE sheets.



Governance

At Vardhman, we maintain a strong Corporate Governance Policy which has continually enhanced to drive sustainable growth and has enhanced corporate value. Our commitment to ethical and legal practices underscores our aim to create shareholder value over the long term. With a robust Board of Directors, a well-established corporate governance framework and a values-based culture of integrity, we are steadfast in fulfilling this pledge.



Board of Directors

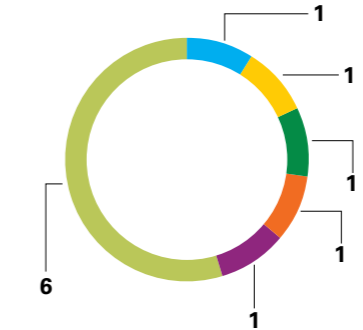
Our Board comprises eleven directors, encompassing both independent and executive members. This diverse assembly has extensive proficiency in pivotal domains pertinent to our strategic alignment. Their collective expertise spans the textiles industry, business consulting, marketing, international business, sustainability and so on. A core mandate of the Board entails ensuring the seamless integration of Environmental, Social and Governance (ESG) principles across the organisation.

Board Committees

- 1 Audit Committee
- 2 Nomination and Remuneration Committee
- 3 Stakeholders' Relationship Committee
- 4 Risk Management Committee

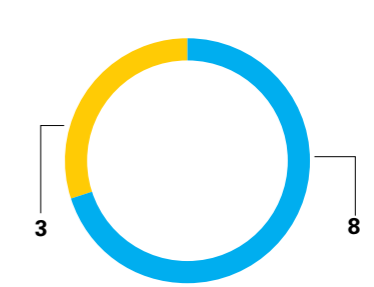
~59 years
Average Age of Directors

Board Composition



- Chairman and Managing Director
- Vice-Chairperson and Joint Managing Director
- Joint Managing Director
- Executive Director
- Non-Executive Director
- Independent Director

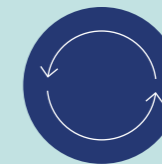
Board Diversity



- Male
- Female

Industry specific skills

- Textile Industry
- Financial Services
- Investment Banking
- Business Consulting
- Steel Industry
- Marketing
- International Business
- Sustainability
- Public Relations and Policies



Professional skills

- Master's Degree in Commerce
- Chartered Accountant
- Bachelor's Degree in Science
- Master of Business Administration
- Bachelor in Technology
- Master's Degree in Science
- Ph.D.
- Master's Degree in Journalism

Board of Directors

Mr. Shri Paul Oswal



aged 81 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 56 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 55 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 has experience of more than 30 years in the Textile Industry. She was instrumental in starting Fabric manufacturing (both grey and processed).

Mr. Neeraj Jain



aged 56 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 31 years with the Group in finance and yarn business.

Mr. Sachit Jain



aged 57 years, is the Non-Executive Non-Independent 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 33 years in Textile and Steel Industry.

Mr. Suresh Kumar



aged 67 years, is an Independent Director of our Company. Mr. Suresh Kumar has done Masters in Social Policy & Planning from London School of Economics, University of London and is also a Post-graduate in Commerce from Delhi University, Delhi. Mr. Kumar is a former Chief Principal Secretary to the Chief Minister, Punjab. As a member of the Indian Administrative Service (IAS), he has held key positions at various levels of State/Central Government. He has core experience in formulation and implementation of public policies and programmes.

Mrs. Harpreet Kang



aged 49 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. Presently, she is Dean International Affairs, PCTE Group of Institutes.

Ms. Sagrika Jain

aged 28 years is an Executive Director of our Company. She holds a Bachelor's degree in Science (Eco. & Finance Hons.) from University of Bristol, UK. After completing B.Sc., she had worked for a period of two years with Arpwood Capital, Mumbai, a renowned Investment Bank in India. Thereafter, she joined Vardhman Textiles Limited and worked at different levels over a period of time. She has completed her Master of Business Administration (MBA) from London Business School, London. During her Masters, she got opportunity to work with renowned companies like Amazon, Munich (Germany), the world's largest online retailer.

Mr. Prafull Anubhai



aged 85 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 50 years. He is associated with educational and research institutions like Indian Institute of Management (IIM, Ahmedabad).

Mr. Udeypaul Singh Gill



aged 69 years, is one of the Independent Directors of our Company. He holds a Bachelor's Degree in B.Sc. (Honours) Economics and also holds Master's Degree in Business Administration from Punjab Agricultural University, Ludhiana. He has rich experience and insight of the Global Textile Industry. His key strengths in functional areas includes sustainability, digitalisation, environment, health & safety, mergers and acquisitions, business model enhancement, restructuring & turnaround, banking and international counter trade, etc.

Dr. Parampal Singh



aged 50 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.

Mr. Atul Khosla

aged 52 years, is one of the Independent Directors of our Company. He holds a degree in B.Tech from the Indian Institute of Technology, Kanpur and has done MBA from JBIMS, University of Mumbai, India. He is a career researcher, academician & management consultant with global experience in the areas of strategy, policy, innovation, organization design and outsourcing. At present, Mr. Khosla is Vice Chancellor of Shoolini University of Biotechnology and Management, Himachal Pradesh. Prior to joining this University, he held senior positions in research and consulting with McKinsey and Company (the world's leading consulting and research company), Everest Research Institute (world's leading outsourcing and research thinktank) and Oliver Wyman (leading international research consultancy).

M Member **C** Chairperson

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Risk Management Committee

Management Discussion & Analysis Report



Global economy

As per IMF latest economic outlook (April 2023), the baseline forecast for GDP growth is likely to fall from 3.4 percent in 2022 to 2.8 percent in 2023, before settling at 3.0 percent in 2024. Advanced economies are expected to see a slowdown in growth from 2.7 percent in 2022 to 1.3 percent in 2023. With further financial sector stress, global growth may decline to about 2.5 percent in 2023 with advanced economy growth falling below 1 percent. A lot hinge on the inflation behavior especially in advance economy in 2023, which acted as a trigger for tight monetary policy causing shortage of money supply and demand contraction.

Fundamentally, China is rebounding with the reopening of its economy and witnessing easing of supply-chain disruptions. With China absorbing about a quarter of exports from Asia and between 5% and 10% from other geographic regions, the reopening and growth of its economy generally generate positive spillovers. However, China also exports significant part of its output to advance economies. With slower growth in these economies, any positive and sharp trickle down impact on rest of Asia is also less likely.

As per IMF' April 2023 economic outlook, China's projected growth will be 5.2% and 4.5% in 2023 and 2024 respectively whereas India's projected growth will be 5.9% and 6.3% in 2023

and 2024 respectively. Global inflation will decrease from 8.7% in 2022 to 7% in 2023 and about 5% in 2024. A fall in energy and commodity prices, particularly, for the United States, Euro Area, and Latin America has contributed to this decline. However, the global economic outlook will continue to have down side biases for next couple of years.

As per WTO, world merchandise trade volume is projected to grow 1.7% in 2023 before picking-up to 3.2% in 2024. Trade growth in 2022 was lower than expected at 2.7%.

Indian economy outlook

Despite the global slowdown, India's economy has been growing well in comparison of the rest of world and driven primarily by robust domestic consumption while exports have not been encouraging. The Central Government's strong infrastructure push under the Prime Minister's Gati Shakti initiative, logistics development and industrial corridor development is likely to contribute significantly to raising industrial competitiveness and boosting future growth. Improving labour market conditions will drive growth in private consumption. The Central Government's commitment to significantly increase capital expenditure in FY23 is also likely to support domestic demand. But Indian economy being an integrated part of global economy could face headwinds due to sagging exports.

The merchandise exports increased to USD 447.46 billion in FY23 from USD 422 billion in FY22. Growth in goods exports is forecasted to improve in FY24, as production-linked incentive schemes and efforts to improve the business environment, such as streamlined labour regulations, improved performance in electronics and other areas of manufacturing, will play a positive role.

The retail inflation has decreased to 5.66% in March 2023 from 6.95% in March 2022 and is projected to hover at around 5%-5.5% in FY24. This has led to abating in rise of interest, which if unchecked could cause demand destruction, especially, in housing and consumption segments.

Global textile industry

China's textile and clothing exports reached USD 323.34 billion in 2022 up 2.5% year-on-year from USD 315.45 billion in 2021. Vietnam's textile and clothing exports registered a 10.19% growth in 2022 to USD 42.28 billion from USD 38.37 billion in 2021. Bangladesh's total textile and clothing exports during FY22 (Jul '21 – Jun '22) stood at USD 46.18 billion.

USA's imports of textile and clothing from world increased by 16% in 2022 to USD 132.14 billion from USD 113.95 billion in 2021, which largely seems to be on account of higher prices than matching increase in volumes. China exported worth USD 32.68 billion of textile and clothing exports in FY22 to USA whereas India, Vietnam and Bangladesh exported worth USD 11.05 billion, USD 19.65 billion and USD 10.04 billion of textile and clothing exports to USA, respectively during FY22. Bangladesh's textiles and apparel exports increased by 35%, Vietnam (27%), Indonesia (37%) and India (12%) to USA in 2022 over 2021.

Indian textile industry

The FY23 has been difficult for the Indian textile industry. The textile and apparel exports of India decreased to USD 32.08 billion in FY23 from USD 36.93 billion in FY22. The exports of ready made garments witnessed a slight increase by 1% to USD 16.19 billion in FY23 from USD 16.01 billion in FY22. The textile exports decreased to USD 15.89 billion in FY23 from USD 16.19 billion in FY22.

Besides international business environment, which has not been encouraging for textiles and apparel exports, the import duty imposed on cotton fiber imports in India amidst weak supply of cotton at higher prices led to poor performance of the textile industry. While demand stagnation, both domestic and exports, has suppressed yarns and fabric prices and given the higher cotton prices prevailing in the country resulted into lower margins for the industry. Various reports have indicated that India's textile industry is constrained to work with reduced margins and lower capacity utilization in the event of continued slowdown especially in exports market.

World Cotton Outlook

World cotton production for 2022-23 is expected to remain at 25.2 million tons almost same as in the cotton year 2021-22 (25.2 million tons). Global cotton consumption is expected to decline by approx. 5% in the year 2022-23 from last year, due to low demand and signs of recession. Global cotton consumption is projected at 24.0 million tons in the year 2022-23 against 25.3 million tons in the year 2021-22. Closing stocks will increase from 18.8 million tons in 2021-22 to 20.0 million tons in 2022-23 due to low consumption of cotton during 2022-23 in comparison to 2021-22. (Source: USDA WASADE Report- April Month).

Indian Cotton Outlook

India's textile industry is mainly cotton based, therefore, it plays a major role in the Indian Economy. The area under cotton cultivation in the year 2021-22 in India was about 12.4 million hectares which is increased by approx. 5% to 13.0 million hectares in the year 2022-23. It is increased because of better prices that prevailed during the season 2021-22. However, some rain happened at the time of harvesting so, cotton yield is estimated to be at 425 kg/hectare which is one of the lowest in last one decade.

The estimation for production of the cotton crop for the 2022- 23 season is 303 lac bales (of 170 kgs each). The cotton consumption in the year 2022-23 is projected to be at 311 lac bales. Import of cotton is estimated to be around 12 lac bales. Export of cotton is estimated to be at 30 lac bales (approx.) in 2022-23. (Source CAI-April Month).



Financial Review

| Particulars | FY 2022-23 (₹ In crore) | FY 2021-22 (₹ In crore) | Change (%) |
|---------------------------|----------------------------|----------------------------|------------|
| Revenue from Operation | 9,840.79 | 9,386.10 | 4.84 |
| Operating Profit (EBITDA) | 1,477.85 | 2,647.38 | -44.18 |
| Finance Cost | 101.86 | 99.53 | 2.34 |
| Depreciation Cost | 388.95 | 362.10 | 7.42 |
| Profit before Tax | 987.04 | 2,185.75 | -54.84 |
| Profit after Tax | 749.07 | 1,677.44 | -55.34 |

Financial Ratios

| Particulars | 2022-23 | 2021-22 | Change | % Change | Reason |
|---------------------------------|---------|---------|--------|----------|---|
| Debtor Turnover Ratio (Days) | 44.00 | 51.00 | -7.00 | -13.73 | |
| Inventory Turnover (Days) | 86.00 | 109.00 | -23.00 | -21.10 | |
| Interest Coverage Ratio (Times) | 12.30 | 21.36 | -9.06 | -42.42 | Decrease in operational profits and investment income |
| Current Ratio (Times) | 4.09 | 3.04 | 1.05 | 34.54 | Due to decrease in borrowings |
| Debt- Equity Ratio (Times) | 0.20 | 0.26 | -0.06 | -23.08 | |
| EBIDTA Margin (%) | 14.73 | 27.09 | -12.36 | -45.63 | Decrease in operational profits and investment income |
| Net Profit Margin (%) | 7.47 | 17.17 | -9.70 | -56.49 | Decrease in operational profits and investment income |
| Return on Net Worth (%) | 9.03 | 22.25 | -13.22 | -59.42 | Decrease in operational profits and investment income |

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 endeavouring in fostering high performance culture in the organization. During the year, the Company has employed around 28,401 employees on rolls. Further, industrial relations remained peaceful and harmonious during the year.

Internal control systems and their adequacy:

Your Company has been regularly reviewing and updating its internal controls by benchmarking against the industry standards. Dynamics of changing business requirements, statutory compliances and corporate governance are adopted in existing systems after careful review to remain in line with compliance requirements and expectations of business partners like customers and institutions. Senior management monitors the recommendations of internal audits for continuous system updating. IT System infrastructure is updated regularly to support business decision making as well as better controls.



Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. **Corporate Identity Number (CIN) of the Listed Entity:** L17111PB1973PLC003345
2. **Name of the Listed Entity:** Vardhman Textiles Limited
3. **Year of incorporation:** 1973
4. **Registered office address:** Vardhman Premises, Chandigarh Road, Ludhiana- 141010
5. **Corporate address:** Vardhman Premises, Chandigarh Road, Ludhiana- 141010
6. **E-mail:** secretarial.lud@vardhman.com
7. **Telephone:** 0161-2228943-48
8. **Website:** www.vardhman.com
9. **Financial year for which reporting is being done:** 2022-23
10. **Name of the Stock Exchange(s) where shares are listed:** BSE Limited and National Stock Exchange of India Limited.
11. **Paid-up Capital:** ₹ 5782 crore
12. **Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:**

| Sr. No. | Particulars | Details |
|---------|------------------|--|
| 1. | Name | Neeraj Jain |
| 2. | Designation | Joint Managing Director |
| 3. | Telephone number | 0161-2228943 |
| 4. | Email id | secretarial.lud@vardhman.com |

13. **Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).** : Standalone basis (i.e. only for the entity).

II. Products/services:

14. **Details of business activities (accounting for 90% of the turnover):**

| Sr. No. | Description of Main Activity | Description of Business Activity | % of Turnover of the entity |
|---------|------------------------------|---|-----------------------------|
| 1. | Textile Manufacturing | Manufacturing of different types of yarn & fabric and garments. | 99.64 |

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

| Sr. No. | Product/ Service | NIC Code | % of Total Turnover Contributed |
|---------|-------------------------|----------|---------------------------------|
| 1. | Yarn, Fabric & Garments | 131 | 99.64 |

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

| Location | Number of plants | Number of offices | Total |
|---------------|------------------|-------------------|-------|
| National | 15 | 7 | 22 |
| International | NIL | 1 | 1 |

17. Markets served by the entity:

a. Number of locations

| Locations | Number |
|----------------------------------|-----------|
| National (No. of States) | PAN India |
| International (No. of Countries) | 59 |

b. What is the contribution of exports as a percentage of the total turnover of the entity? : 44.27%

c. A brief on types of customers: The Company is one of the leading textile companies of India. It manufactures a diverse range of yarn and fabrics for its customers. It's customers includes numerous retailers and reputed, national and international brands.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

| S. No. | Particulars | Total (A) | Male | | Female | |
|------------------|-------------------------------|-----------|---------|-----------|---------|-----------|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 3944 | 3543 | 90% | 401 | 10% |
| 2. | Other than Permanent (E) | 0 | 0 | 0 | 0 | 0 |
| 3. | Total employee (D + E) | 3944 | 3543 | 90% | 401 | 10% |
| WORKERS | | | | | | |
| 4. | Permanent (F) | 21250 | 13891 | 65% | 7359 | 35% |
| 5. | Other than Permanent (G) | 3089 | 1447 | 47% | 1642 | 53% |
| 6. | Total workers (F + G) | 24339 | 15338 | 63% | 9001 | 37% |

b. Differently abled Employees and workers:

| S. No. | Particulars | Total (A) | Male | | Female | |
|------------------------------------|--|-----------|---------|-----------|---------|-----------|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| DIFFERENTLY ABLED EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 5 | 5 | 100% | 0 | - |
| 2. | Other than Per-manent (E) | 0 | 0 | - | 0 | - |
| 3. | Total differently abled employees (D + E) | 5 | 5 | 100% | 0 | - |
| DIFFERENTLY ABLED WORKERS | | | | | | |
| 4. | Permanent (F) | 50 | 47 | 94% | 3 | 6% |
| 5. | Other than per-manent (G) | - | - | - | - | - |
| 6. | Total differently abled workers (F + G) | 50 | 47 | 94% | 3 | 6% |

19. Participation/Inclusion/Representation of women (as on 31st March, 2023)

| Location | Total (A) | No. and percentage of Females | |
|--------------------------|-----------|-------------------------------|-----------|
| | | No. (B) | % (B / A) |
| Board of Directors | 10 | 3 | 30% |
| Key Management Personnel | 3 | 0 | 0 |

20. Turnover rate for permanent employees and workers

| | FY 22-23 | | | FY 21-22 | | | FY 20-21 | | |
|---------------------|----------|---------|-------|----------|--------|-------|----------|--------|-------|
| | Male | Fe-male | Total | Male | Female | Total | Male | Female | Total |
| Permanent Employees | 22.94 | 16.90 | 17.55 | 24.93 | 13.01 | 14.14 | 16.96 | 9.63 | 10.29 |
| Permanent Workers | 31.36 | 34.83 | 33.65 | 39.26 | 38.09 | 39.12 | 39.64 | 38.13 | 39.23 |

V. Holding, Subsidiary and Associate Companies (including joint ventures)**21. (a) Names of holding / subsidiary / associate companies / joint ventures**

| S. No. | Name of the holding / subsidiary / associate companies / joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|--------|---|--|-----------------------------------|--|
| 1. | Vardhman Acrylics Limited | Subsidiary | 70.74% | No |
| 2. | VTL Investments Limited | Subsidiary | 100% | No |
| 3. | Vardhman Special Steels Limited | Associate | 23.90% | No |
| 4. | Vardhman Yarns and Threads Limited | Associate | 11% | No |
| 5. | Vardhman Spinning & General Mills Limited | Associate | 50% | No |

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: **YES**
- (ii) Turnover (₹ in crores): **9,840.79**
- (iii) Net worth (₹ in crores): **8,293.99**

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy) | FY 2022-23 | | | FY 2021-22 | | |
|---|--|--|--|---------|--|--|---------|
| | | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Communities | Yes | NIL | NIL | NIL | NIL | NIL | NIL |
| Investors (other than shareholders) | Yes | NIL | NIL | NIL | NIL | NIL | NIL |
| Shareholders | Yes | NIL | NIL | NIL | NIL | NIL | NIL |
| Employees and workers | Yes | NIL | NIL | NIL | NIL | NIL | NIL |
| Customers | Yes | NIL | NIL | NIL | NIL | NIL | NIL |
| Value Chain Partners | Yes | NIL | NIL | NIL | NIL | NIL | NIL |
| Other (please specify) | NIL | NIL | NIL | NIL | NIL | NIL | NIL |

No Complaints/ Grievances from any Shareholder and Customer relating to any of the Principles under NGRB.

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

| S No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implication) |
|-------|------------------------------|--|---|---|---|
| 1. | Corporate Governance | Risk | Impact on the ethical fabric of the organisation | Eminent personalities on the Board for maintaining checks and balances; makerchecker approach for all processes organisation wide | Negative |
| 2. | Economic performance | Risk | Economic slowdown will dampen demand | Enhance market, customer and geographic diversity | Negative |
| 3. | Occupational health & safety | Risk | Incidents could impact output in the short term and trust in the Company over the long term | Aligning with statutory safety standards to achieve Zero accident status | Negative |
| 4. | People Management | Opportunity | Strong employee bond to drive growth | | Positive |
| 5. | Quality Management | Opportunity | Superior quality to enhance respect and returns | | Positive |
| 6. | Waste Management | Opportunity | Strengthens the sustainability quotient | | Positive |
| 7. | Customer Management | Opportunity | Superior service to enhance business opportunities | | Positive |
| 8. | Energy Management | Opportunity | Cost optimisation to enhance margins | | Positive |
| 9. | Local community | Opportunity | Stronger relations leading to a thriving ecosystem | | Positive |

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

| Disclosure Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|--|----------------|---------------|-----|-----|----------------|-----|-----|-----|
| Policy and management processes | | | | | | | | | |
| 1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| b. Has the policy been approved by the Board? (Yes/No) | Y | Y | Y | Y | N | Y | N | Y | N |
| c. Web Link of the Policies, if available | Various policies of the Company are available on the website of the Company at https://www.vardhman.com/Investors/CompanyInformation | | | | | | | | |
| 2. Whether the entity has translated the policy into procedures. (Yes / No) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3. Do the enlisted policies extend to your value chain partners? (Yes/No) | Yes, few of the enlisted policies of the Company have extended coverage to the value chain partners. | | | | | | | | |
| 4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | N | Y | Y | | Y | Y | N | Y | N |
| | | ISO 14001:2015 | ISO45001:2018 | | | ISO 14001:2015 | | | |
| | | ISO 45001:2018 | | | | | | | |
| 5. Specific commitments, goals and targets set by the entity with defined timelines, if any. | Though not set any specific commitment goals, we continue to adhere all the guiding principles. | | | | | | | | |
| 6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met. | | | | | | | | | |
| Governance, leadership and oversight | | | | | | | | | |
| 7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements: Sustainability is a key pillar of our business strategies. We understand the critical role that the textile industry plays in environmental conservation, responsible sourcing and social responsibility. We have taken concrete steps to minimize our ecological footprint by implementing energy-efficient technologies, reducing water consumption and adopting eco-friendly manufacturing processes. Furthermore, we ensure responsible sourcing of raw materials, promoting fair trade practices and ethical supply chains. | | | | | | | | | |
| 8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). | Mr. Neeraj Jain Joint Managing Director DIN: 00340459 Email id: secretarial.lud@vardhman.com Tel. No.: 0161- 2228943 | | | | | | | | |
| 9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. | Yes, the Risk Management Committee and the Corporate Social Responsibility Committee constituted by the Board of Directors of the Company evaluate the sustainability related issues from time to time. | | | | | | | | |

10. Details of Review of NGRBCs by the Company:

| Subject for Review | Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee | | | | | | | | | Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify) | | | | | | | | |
|---|---|-----|-----|-----|-----|-----|-----|-----|-----|--|-----|-----|-----|-----|-----|-----|-----|-----|
| | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
| Performance against above policies and follow up action Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances | All the policies of the Company are reviewed periodically or on a need basis. The Company complies with the regulations, extant and principles as are applicable. | | | | | | | | | | | | | | | | | |
| 11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency. | | | | | | | | | | N | | | | | | | | |

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

| Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|------|-----|-----|-----|-----|-----|-----|-----|-----|
| The entity does not consider the Principles material to its business (Yes/No) The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) The entity does not have the financial or/human and technical resources available for the task (Yes/No) It is planned to be done in the next financial year (Yes/No) Any other reason (please specify) | N.A. | | | | | | | | |

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1 **Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**
Essential Indicators**1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:**

| Segment | Total number of training and awareness programmes held | Topics/ principles covered under the training and its impact | %age of persons in respective category covered by the awareness programme |
|-----------------------------------|--|--|---|
| Board of Directors | 3 | Yarn & Fabric business performance and strategy, Changes in economic and industrial scenario, CSR, Key developments, Sustainability initiatives. | 100% |
| Key Managerial Personnel | 3 | Key developments, Changes in economic and industrial scenario, CSR, Sustainability initiatives. | 100% |
| Employees other than BoD and KMPs | 257 | Leadership development, Stress management, POSH, Financial literacy, Communication skills, Time management, Goal setting, etc. | 84.13% |
| Workers | 3348 | Fire & safety awareness, Functional training, Behavioral training, EHS, Time management, Quality circle, TPM + 5S, etc. | 79.25% |

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

| Monetary | | | | | |
|-----------------|-----------------|---|---------------|-------------------|--|
| | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Amount (In ₹) | Brief of the Case | Has an appeal been preferred? (Yes/No) |
| Penalty/ Fine | NIL | NIL | NIL | NIL | NIL |
| Settlement | NIL | NIL | NIL | NIL | NIL |
| Compounding fee | NIL | NIL | NIL | NIL | NIL |

Non-Monetary

| | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Brief of the Case | Has an appeal been preferred? (Yes/No) |
|--------------|------------------------|--|--------------------------|---|
| Imprisonment | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL |

- 3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

| Case Details | Name of the regulatory /enforcement agencies/ judicial institutions |
|---------------------|--|
| NA | NA |

- 4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes. 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 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 at the link https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Whistle_Blower_Policy.pdf

- 5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

| | FY 2022-23 | FY 2021-22 |
|-----------|-------------------|-------------------|
| Directors | NIL | NIL |
| KMPs | NIL | NIL |
| Employees | NIL | NIL |
| Workers | NIL | NIL |

- 6. Details of complaints with regard to conflict of interest:**

| | FY 2022-23 | | FY 2021-22 | |
|--|-------------------|----------------|-------------------|----------------|
| | Number | Remarks | Number | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | NIL | - | NIL | - |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs | NIL | - | NIL | - |

- 7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.: NOT APPLICABLE**

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

| Total number of awareness programmes held | Topics/principles covered under the training | %age of value chain partners covered (by value of business done with such partners) under the awareness programmes |
|---|--|--|
| NIL | - | - |

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, 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 at the link https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Code_of_Conduct_for_Directors_&_Senior_Management.pdf

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

| | FY 2022-23 | FY 2021-22 | Details of Improvements in environmental and social impacts |
|-------|------------|------------|--|
| R&D | 0.65% | 1.36% | Installation of ZLD system at Baddi and installation of ground mounted & roof mounted solar power plants at Budhni and Baddi location to reduce coal consumption and power cost. |
| Capex | 2.44% | 23.22% | |

2. a. Does the entity have procedures in place for sustainable sourcing?

Yes

b. If yes, what percentage of inputs were sourced sustainably?

16% of sustainable cotton sourced.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

The Company is dedicated to implementing sustainable waste management practices, including the comprehensive recycling of plastic packaging materials used in all aspects of our operations, in accordance with the Plastic Waste Management Rules, 2016. We actively collaborate with authorized recyclers to facilitate the collection and reprocessing of plastic waste generated, thereby, assuming accountability for the end-of-life management of the plastic packaging materials we utilize.

In line with our commitment to sustainability, we have established specialized facilities across our organization to handle various types of waste, such as hazardous waste, e-waste and scrap materials. Our primary focus is on reducing and reusing these materials whenever feasible, aiming to minimize waste and only resort to responsible disposal when necessary.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, our entity falls under the ambit of Extended Producer Responsibility (EPR) for plastic waste management, as mandated by the Plastic Waste Management Rules, 2016. We have registered with the Central Pollution Control Board (CPCB) and fulfilled our EPR obligations for the FY 2021-22 and 2022-23 by collecting and recycling the generated quantity of plastic waste through authorized recyclers. Our business fully complies with the EPR requirements, and our waste collection plan aligns with the Extended Producer Responsibility (EPR) plan submitted to the Pollution Control Board.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

| NIC Code | Name of Product/ Service | % of total Turnover contributed | Boundary for which the Life Cycle Perspective / Assessment was conducted | Whether conducted by independent external agency (Yes/No) | Results communicated in public domain (Yes/ No) If yes, provide the web-link. |
|----------|--|---------------------------------|--|---|---|
| 13111 | Recycling of Spinning Hard Waste, Selvage Waste and Fabric Clips | 0.20% | The LCA study follows a Cradle to Gate Approach to evaluate the environmental impact of Virgin Cotton Yarn and Recycled Cotton Yarn. | Yes | NA |

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

| Name of Product / Service | Description of the risk / concern | Action Taken |
|---|---|--|
| Recycling of Spinning Hard waste, Selvage waste and Fabric clips. | Ambient impact is due to generation of micro dust during process. | Provided filtration system and monitoring ambient parameters as per guideline of Himachal State Pollution Control Board. |

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

| Indicate input material | Recycled or re-used input material to total material | |
|-----------------------------|--|-----------|
| | FY2022-23 | FY2021-22 |
| Recycled Cotton | 0.024% | 0.103% |
| Recycled Polyester | 0.950% | 1.417% |
| Recycled Polyester Filament | 0.117% | 0.215% |

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

| | FY 2022-23 | | | FY 2021-22 | | |
|--------------------------------|------------|----------|-----------------|------------|----------|-----------------|
| | Reused | Recycled | Safely Disposed | Reused | Recycled | Safely Disposed |
| Plastics (including packaging) | - | 1296 | - | - | 486 | - |
| E-waste | - | - | - | - | - | - |
| Hazardous waste | - | - | - | - | - | - |
| Other waste | - | - | - | - | - | - |

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

| Indicate product category | Reclaimed products and their packaging materials as % of total products sold in respective category |
|---------------------------|---|
| | Not Applicable |

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

| Category | % of employees covered by | | | | | | | | | | |
|---------------------------------------|---------------------------|-------------------|------------|--------------------|------------|--------------------|------------|--------------------|------------|---------------------|----|
| | Total (A) | Health insurance* | | Accident insurance | | Maternity benefits | | Paternity benefits | | Day Care facilities | |
| | Number (B) | %(B/A) | Number (C) | %(C/A) | Number (D) | %(D/A) | Number (E) | %(E/A) | Number (F) | %(F/A) | |
| Permanent employees | | | | | | | | | | | |
| Male | 3543 | 2897 | 81.77% | 3543 | 100% | NA | NA | NA | NA | NA | NA |
| Female | 401 | 305 | 76.06% | 401 | 100% | 401 | 100% | N.A. | N.A. | NA | NA |
| Total | 3944 | 3202 | 81.19% | 3944 | 100% | 401 | 10.17% | NA | NA | NA | NA |
| Other than Permanent employees | | | | | | | | | | | |
| Male | Not Applicable | | | | | | | | | | |
| Female | Not Applicable | | | | | | | | | | |
| Total | Not Applicable | | | | | | | | | | |

* includes cases covered under ESI (wherever applicable) and employees contributory Group Health Insurance

b. Details of measures for the well-being of workers:

| Category | % of workers covered by | | | | | | | | | | |
|--------------------------|-------------------------|-------------------|------------|--------------------|------------|--------------------|------------|--------------------|------------|---------------------|----|
| | Total (A) | Health insurance* | | Accident insurance | | Maternity benefits | | Paternity benefits | | Day Care facilities | |
| | Number (B) | %(B/A) | Number (C) | %(C/A) | Number (D) | %(D/A) | Number (E) | %(E/A) | Number (F) | %(F/A) | |
| Permanent workers | | | | | | | | | | | |
| Male | 13891 | 13861 | 99.78% | 13891 | 100% | NA | NA | NA | NA | NA | NA |
| Female | 7359 | 7359 | 100% | 7359 | 100% | 7359 | 100% | NA | NA | NA | NA |
| Total | 21250 | 21220 | 99.86% | 21250 | 100% | 7359 | 34.63% | NA | NA | NA | NA |

| Category | % of workers covered by | | | | | | | | | | |
|-------------------------------------|-------------------------|-------------------|---------------|--------------------|-------------|--------------------|---------------|--------------------|-----------|---------------------|-----------|
| | Total (A) | Health insurance* | | Accident insurance | | Maternity benefits | | Paternity benefits | | Day Care facilities | |
| | | Number (B) | %(B/A) | Number (C) | %(C/A) | Number (D) | %(D/A) | Number (E) | %(E/A) | Number (F) | %(F/A) |
| Other than Permanent workers | | | | | | | | | | | |
| Male | 1447 | 1394 | 96.34% | 1447 | 100% | NA | NA | NA | NA | NA | NA |
| Female | 1642 | 1605 | 97.75% | 1642 | 100% | 1605 | 97.75% | NA | NA | NA | NA |
| Total | 3089 | 2999 | 97.09% | 3089 | 100% | 1605 | 51.96% | NA | NA | NA | NA |

*includes cases covered under ESI (wherever applicable) and contributory Group Health Insurance

2. Details of retirement benefits, for Current FY and Previous Financial Year.

| Benefits | FY 2022-23 | | | FY 2021-22 | | |
|----------|--|--|--|--|--|--|
| | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of employees covered as a % of total employees | Deducted and deposited with the authority (Y/N/N.A.) |
| PF | 100% | 100% | Y | 100% | 100% | Y |
| Gratuity | 100% | 100% | Y | 100% | 100% | Y |
| ESI | 30% | 97% | Y | 30% | 98% | Y |
| NPS | 7% | - | Y | 7% | - | Y |

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

The Company provides equal opportunity to normal employees as well as employees with disabilities. However, there is no formal policy laid in this regard.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

| Gender | Permanent employees | | Permanent workers | |
|--------|-----------------------|----------------|---------------------|----------------|
| | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male | Not Applicable | | | |
| Female | 100% | 100% | 100% | 100% |
| Total | 100% | 100% | 100% | 100% |

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

| | Yes/No (If yes, then give details of the mechanism in brief) |
|--------------------------------|--|
| Permanent Workers | Yes |
| Other than Permanent Workers | Yes |
| Permanent Employees | Yes |
| Other than Permanent Employees | Yes |

Yes, there is a mechanism available to receive and redress grievances for the workers. Workers can raise concerns related to their employment under the Grievance Redressal Policy. There is a 3-tier grievance redressal mechanism - Stage I, II, and III, which must be followed by the workman when addressing a concern with the employer.

At Stage I, aggrieved workers should submit grievance in writing to immediate Supervisor. If they are not satisfied with the resolution provided by the immediate Supervisor, they can escalate the grievance in writing to the concerned Sectional Head at Stage II.

If the workers remains dissatisfied, they can further escalate the grievance to the Head of Department and then to the Industrial Relations Department. If the worker's dis-satisfaction persists, they can bring their grievance to the Grievance Redressal Committee at Stage III for resolution.

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

| Benefits | FY 2022-23 | | | FY 2021-22 | | |
|----------------------------------|--|---|-----------|--|---|-----------|
| | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who are part of association(s) Union (B) | % (B / A) | Total employees / workers in respective category (C) | No. of employees/ workers in respective category, who are part of association(s) or Union (D) | % (D / C) |
| Total Permanent Employees | | | | NIL | | |
| - Male | --- | --- | --- | --- | --- | --- |
| - Female | --- | --- | --- | --- | --- | --- |
| Total Permanent Workers | | | | NIL | | |
| - Male | --- | --- | --- | --- | --- | --- |
| - Female | --- | --- | --- | --- | --- | --- |

8. Details of training given to employees and workers:

| Category | FY 2022-23 (Current Financial Year) | | | | | FY 2021-22 (Previous Financial Year) | | | | |
|------------------|-------------------------------------|-------------------------------|--------|----------------------|--------|--------------------------------------|-------------------------------|--------|----------------------|--------|
| | Total (A) | On Health And safety measures | | On skill upgradation | | Total (D) | On Health and safety measures | | On Skill upgradation | |
| | | No. (B) | %(B/A) | No. (C) | %(C/A) | | No. (E) | %(E/D) | No. (F) | %(E/D) |
| Employees | | | | | | | | | | |
| Male | 3543 | 1625 | 45.86% | 2961 | 83.57% | 3349 | 1568 | 46.82% | 2744 | 81.93% |
| Female | 401 | 138 | 34.41% | 357 | 89.03% | 346 | 160 | 46.24% | 311 | 89.88% |
| Total | 3944 | 1763 | 44.70% | 3318 | 84.13% | 3695 | 1728 | 46.77% | 3055 | 82.68% |
| Workers | | | | | | | | | | |
| Male | 13891 | 9679 | 69.68% | 4798 | 34.54% | 13404 | 10466 | 78.08% | 4285 | 31.97% |
| Female | 7359 | 5565 | 75.62% | 2509 | 34.09% | 6779 | 6487 | 95.69% | 2453 | 36.19% |
| Total | 21250 | 15244 | 71.74% | 7307 | 34.39% | 20183 | 16953 | 84.00% | 6738 | 33.38% |

9. Details of performance and career development reviews of employees and worker:

| Benefits | FY 2022-23 (Current Financial Year) | | | FY 2021-22 (Previous Financial Year) | | |
|------------------|-------------------------------------|---------|-----------|--------------------------------------|---------|-----------|
| | Total (A) | No. (B) | % (B / A) | Total (C) | No. (D) | % (D / C) |
| Employees | | | | | | |
| - Male | 3543 | 3256 | 91.89% | 3349 | 3127 | 93.37% |
| - Female | 401 | 342 | 85.29% | 346 | 292 | 84.39% |
| - Total | 3944 | 3598 | 91.23% | 3695 | 3419 | 92.53% |
| Workers | | | | | | |
| - Male | 13891 | 13745 | 99.95% | 13404 | 13295 | 99.19% |
| - Female | 7359 | 7358 | 99.98% | 6779 | 6778 | 99.99% |
| - Total | 21250 | 21103 | 99.30% | 20183 | 20073 | 99.45% |

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes, an occupational health and safety management system has been implemented. The Company is dedicated to developing an active occupational health and safety culture across all of its activities. The primary goal is to achieve a zero-accident workplace. To ensure the health and safety of the employees, the Company has organized various health check-up camps at all its units at regular intervals over the past year. We have also established occupational health centers staffed by qualified healthcare professionals.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Yes, the Company utilizes a Hazard Identification and Risk Assessment (HIRA) process to identify work-related hazards and assess risks on both routine and non-routine basis. The HIRA process involves systematically identifying potential hazards in the workplace and evaluating the associated risks. It helps the Company in understanding the nature of the hazards, their potential impact on employee health and safety, and the likelihood of their occurrence. By conducting regular HIRA assessments, the Company proactively identifies and addresses work-related hazards, implements appropriate control measures and minimizes the risks of their workforce.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N):

Yes, the Company has a process in place for workers to report work-related hazards and to remove themselves from such risks. We have implemented Unsafe Activity & Unsafe Condition reporting registers in all the units. These registers provide a platform for workers to report any unsafe acts or conditions they observe in the workplace. This system encourages employees to actively participate in identifying and addressing hazards, promoting a culture of safety. By having these reporting registers, the Company enables workers to raise concerns and take necessary actions to remove themselves from potential risks, ensuring their well-being and minimizing accidents or incidents.

d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No):

Yes

11. Details of safety related incidents, in the following format:

| Safety Incident/Number | Category | FY 2022-23 Current Financial Year | FY 2021-22 Previous Financial Year |
|---|-----------|-----------------------------------|------------------------------------|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | 0 | 0 |
| | Workers | 52.568 | 64.17 |
| Total recordable work-related injuries | Employees | 0 | 0 |
| | Workers | 0 | 0 |
| No. of fatalities | Employees | 0 | 0 |
| | Workers | 0 | 0 |
| High consequence work-related injury or ill-health (excluding fatalities) | Employees | 0 | 0 |
| | Workers | 11 | 3 |

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

The Company takes proactive steps to identify and eliminate potential hazards in the workplace. We conduct regular hazard assessments, such as the Hazard Identification and Risk Assessment (HIRA) process mentioned earlier, to identify any potential risks. By addressing these hazards at their source, the Company minimizes the chances of accidents or injuries.

The Company recognizes the importance of proper training on safety for its workers. We ensure that all employees receive comprehensive training in occupational health and safety practices. This includes training on using machinery and equipment safely, handling hazardous substances, and following safety protocols. Additionally, we prioritize the provision of appropriate personal protective equipment (PPE) to the workers. We ensure that employees have access to and are trained in the proper use of safety gear such as helmets, gloves, safety shoes, goggles and ear protection.

The Company promotes visual safety aids and messages throughout its facilities. We use signs, labels, posters and other visual aids to communicate important safety information and reminders to employees. These visual aids serve as constant reminders of safe practices and help reinforce a safety culture within the organization.

13. Number of Complaints on the following made by employees and workers:

| Benefits | FY 2022-23 | | | FY 2021-22 | | |
|--------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | 365 | 42 | - | 438 | 12 | - |
| Health & Safety | 266 | 11 | - | 203 | 5 | - |

14. Assessments for the year:

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Health and safety practices | 100% (All units of the Company assessed by both internal & external parties) |
| Working Conditions | |

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

The Company has implemented additional safety measures on some of the machines to enhance safety. We have installed emergency switches to provide workers with quick access to shut down the machine in case of emergencies. Proximity switches have been installed on the doors of the auto line machine, ensuring that the machine stops automatically when the doors are opened. Additionally, coupling joints have been covered to minimize the risk of workers getting caught or injured during machine operations.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)?

The Company offers benefits under various schemes such as Employee State Insurance (ESI), Group Personal Accident (GPA) insurance, Medclaim, and an Employee Compensation Policy specifically designed to cover death resulting from occupational injuries.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The contract agreement with the value chain partners incorporates strict adherence to all applicable statutory provisions, including the timely deduction and payment of statutory dues. The Company ensures that all relevant clauses pertaining to statutory compliance are thoroughly validated and upheld by both parties involved.

3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

| Gender | Total no. of affected employees/ workers | | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment | |
|-----------|--|--------------------------------------|---|--------------------------------------|
| | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
| Employees | 0 | 0 | 0 | 0 |
| Workers | 1 | 1 | 0 | 0 |

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment?

No

5. Details on assessment of value chain partners:

| | % of value chain partners (by value of business done with such partners) that were assessed |
|---|--|
| Health and safety practices Working Conditions | No assessment conducted during the year 2022-23. We are aiming to conduct assessments in the future. |

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners:

Not Applicable

PRINCIPLE 4 Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

The Company identifies its stakeholders through continuous engagement practices. The Company understands that stakeholder engagement is a crucial aspect of its operations and strives to involve relevant stakeholders in the decision-making processes.

To identify stakeholders, the Company employs various methods such as surveys, interviews, focus groups and consultation sessions. These activities enable the Company to gather feedback, opinions and concerns from individuals and groups that have a vested interest in or are affected by the Company's activities.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/ Half yearly/ Quarterly/ others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|--------------------------|--|--|---|---|
| Shareholders & Investors | No | Annual General Meeting, Shareholder Meets, Email, Stock Exchange intimations, Investor Meet, Annual Report, Quarterly Results, Media Releases, Company Website | As & when required | Profitability & Stability, Growth Prospects, Major Events |
| Media | No | Press Releases, Quarterly Results, Annual Reports. | As & when required | Performance Reporting, Award & Achievements, Initiatives etc. are reported. |
| Customers | No | Email, SMS, Advertisement, Website, Social Media, Customer Surveys, Customer Meets, Business Interactions. | Regular | Product Launches, Brand Promotion & Communication, Customer Satisfaction & Feedback. |
| Employees | No | Email, SMS, In House Magazines, Engagement Activities, Employee Satisfaction Surveys. | Regular | Career Growth, Training & Development, Improvement Plans, Long-Term Strategy, Awareness Campaigns, Health & Safety Initiatives. |
| Communities | Yes | Community & Local Authority Meets, Direct Engagement, Community Visits, Partnership with NGO's. | Regular | Need Assessment, Expectation and Feedback on impact/success of CSR Projects. |
| Value Chain Partners | No | Email, SMS, Vendor Visits & Meets | As & when required | Quality, Timely Payments, ESG Consideration (Sustainability, Safety Checks, Compliances, Ethical Behavior), ISO & OHSAS Standards, Supply Chain Issues, Technical Training Sessions, New Technology Launches by Vendors |

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Company has established several committees dedicated to economic and ESG (Environmental, Social, and Governance) domains to effectively monitor performance in these areas. These include the committees on Audit, Risk Management and CSR, Reducing Emissions, Water Conservation, Health & Safety and Energy Conservation.

These committees meet regularly to appraise performance in the respective domains, evaluating the Company's achievements, challenges, and opportunities. These evaluations are crucial for identifying areas of improvement and implementing strategies to drive positive change.

These reports are then presented to the Board. The Board actively analyzes reports to gain a holistic understanding of the Company's economic and ESG performance.

2. Whether stakeholder consultation is used to support the identification and management of environmental and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, stakeholder consultation is indeed utilized to support the identification and management of environmental and social topics within our entity. We recognize the importance of engaging with stakeholders to gather diverse perspectives and incorporate their inputs into our decision-making processes.

- a. Environmental Policy Development: When formulating our environmental policy, we conducted consultations with various stakeholders, including local communities, environmental organizations and industry experts. Through these consultations, we received valuable insights on environmental concerns, such as resource depletion and pollution. Stakeholders shared their suggestions and expectations regarding sustainable practices, and we incorporated their inputs into our policy framework. This led to the inclusion of specific targets for reducing greenhouse gas emissions, adopting renewable energy sources and implementing waste management strategies.
- b. Social Impact Assessment: Before undertaking major projects or expansions, we conduct social impact assessments to understand the potential effects on local communities. As a part of this process, we engage with stakeholders, including community representatives, non-governmental organizations, and indigenous groups. Their input helps us identify and mitigate any adverse social impacts.
- c. Supply Chain Management: To address social and environmental concerns in our supply chain, we actively involve stakeholders such as suppliers, workers' organizations and human rights advocates. Through ongoing dialogues and consultation sessions, we gather feedback and suggestions on responsible sourcing, labor practices and community well-being.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

The Company actively contributes to the socio-economic development of the community through various participatory and need-based initiatives in the field of Education, Healthcare, Rural Development & Disaster Relief.

| Vulnerable Group | Concerns | Action Taken |
|--|---|--|
| Underprivileged Community from Rural, Urban and Peri-Urban Areas | Needy People not having access to Healthcare Facilities | 1. Supported the Mandke Foundation in their noble endeavor to sponsor medical treatment for economically disadvantaged patients at the renowned Kokilaben Dhirubhai Ambani Hospital & Medical Research Institute in Mumbai. |
| | Disadvantaged Sections of Society | 1. Extended our support to the Ludhiana Educational Society by facilitating the purchase of a bus for the School for the Deaf Children in Ludhiana. 2. Supported Handimachal Therapy Centre, Kullu, HP for the rehabilitation of Children with special needs. 3. Provided 10 Wheel Chairs to support physically handicapped person of Ludhiana through Bharat Vikas Parishad Charitable Trust Ludhiana. 4. Provided artificial limbs to individuals with disabilities, empowering them to regain mobility and independence. |
| | Underprivileged Women | 1. We have initiated an impactful awareness program focused on Menstrual Hygiene Management (MHM) and the distribution of sanitary pads to women and adolescent girls residing in the slum areas as well as to girls of various Schools of Baddi. 2. Introduced "Project Chetna," a comprehensive women's awareness initiative focused on promoting women's rights and empowerment under various government schemes. |
| | Funds to Needy | 1. Contribution of ₹ 15.00 lac to Hero DMC Heart Institute for the treatment of BPL and needy heart patients. 2. Financial contribution of ₹ 16.49 lac to Cancer Treatment Fund at Oncology Department of Christian Medical College & Hospital Ludhiana. 3. Financial contribution of ₹ 15.00 lac to Advance Eye Research Centre, PGI, Chandigarh for Corneal transplantation of poor, needy and marginalized families. |

PRINCIPLE 5 Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

| Benefits | FY 2022-23 | | | FY 2021-22 | | |
|------------------------|------------|--|-----------|------------|---------------------------------------|-----------|
| | Total (A) | No. of employees / workers in covered or Union (B) | % (B / A) | Total (C) | No. of employees/ workers covered (D) | % (D / C) |
| | | Employees | | | | |
| Permanent | - | - | - | - | - | - |
| Other than permanent | - | - | - | - | - | - |
| Total Employees | | | | | | |

| Benefits | FY 2022-23 | | | FY 2021-22 | | |
|----------------------|------------|--|-----------|------------|---------------------------------------|-----------|
| | Total (A) | No. of employees / workers in covered or Union (B) | % (B / A) | Total (C) | No. of employees/ workers covered (D) | % (D / C) |
| Workers | | | | | | |
| Permanent | - | - | - | - | - | - |
| Other than permanent | - | - | - | - | - | - |
| Total Workers | - | - | - | - | - | - |

2. Details of minimum wages paid to employees and workers, in the following format:

| Category | FY 2022-23 (Current Financial Year) | | | | | FY 2021-22 (Previous Financial Year) | | | | |
|-----------------------------|-------------------------------------|--------------------|--------|------------------------|--------|--------------------------------------|--------------------|--------|------------------------|--------|
| | Total (A) | Equal Minimum Wage | | More than Minimum Wage | | Total (D) | Equal Minimum Wage | | More than Minimum Wage | |
| | | No. (B) | %(B/A) | No. (C) | %(C/A) | | No. (E) | %(E/D) | No. (F) | %(E/D) |
| Employees | | | | | | | | | | |
| Permanent | | | | | | | | | | |
| Male | 3543 | - | - | 3543 | 100% | 3349 | - | - | 3349 | 100% |
| Female | 401 | - | - | 401 | 100% | 346 | - | - | 346 | 100% |
| Other than Permanent | | | | | | | | | | |
| Male | - | - | - | - | - | - | - | - | - | - |
| Female | - | - | - | - | - | - | - | - | - | - |
| Workers | | | | | | | | | | |
| Permanent | | | | | | | | | | |
| Male | 13891 | 232 | 1.67% | 13659 | 98.33% | 13404 | 130 | 0.97% | 13274 | 99.03% |
| Female | 7359 | 407 | 5.53% | 6952 | 94.47% | 6779 | 100 | 1.48% | 6679 | 98.52% |
| Other than Permanent | | | | | | | | | | |
| Male | 1447 | 1447 | 100% | - | - | 1960 | 1960 | 100% | - | - |
| Female | 1642 | 1642 | 100% | - | - | 1761 | 1761 | 100% | - | - |

3. Details of remuneration/salary/wages, in the following format:

| | Male | | Female | |
|----------------------------------|--------|---|--------|---|
| | Number | Median remuneration/ salary/ wages of respective category | Number | Median remuneration/ salary/ wages of respective category |
| Board of Directors (BoD) | 7 | 5,35,000 | 3 | 69,81,080 |
| Key Managerial Personnel | 2 | 54,38,976 | 0 | - |
| Employees other than BoD and KMP | 3539 | 4,75,369 | 399 | 3,38,991 |
| Workers | 13891 | 1,71,876 | 7359 | 1,80,912 |

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, all employees can reach out to the Management to address their concerns and the Company also has a grievance redressal mechanism.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Grievance redressal system is governed by the Grievance Handling Policy. An employee having a cause for complaint has a right to present his/her case in writing to the Head of the Department/Supervisor for investigation and consideration within a reasonable period from the date of arising of said cause.

6. Number of Complaints on the following made by employees and workers:

| | FY 2022-23 | | | FY 2021-22 | | |
|-----------------------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Sexual Harassment | Nil | Nil | Nil | Nil | Nil | Nil |
| Discrimination at workplace | Nil | Nil | Nil | Nil | Nil | Nil |
| Child Labour | Nil | Nil | Nil | Nil | Nil | Nil |
| Forced Labour/Involuntary Labour | Nil | Nil | Nil | Nil | Nil | Nil |
| Wages | Nil | Nil | Nil | Nil | Nil | Nil |
| Other human Rights related issues | Nil | Nil | Nil | Nil | Nil | Nil |

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

There is zero tolerance with regard to concerns of discrimination and sexual harassment. Any concerns related to these issues are dealt with confidentiality. The person, if any, found guilty is subject to disciplinary action.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes

9. Assessments for the year:

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Child labour | 100% |
| Forced/involuntary labour | 100% |
| Sexual harassment | 100% |
| Discrimination at workplace | 100% |
| Wages | 100% |
| Others – please specify | N.A. |

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

No such incident of non-compliance has been observed during assessment.

Leadership Indicators**1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

The Company recognizes its responsibility of treating all employees equal in dignity, respect and rights. We have a Human Rights Policy. The objective of this policy is to respect and protect human rights and to provide a safe and healthy working environment for all the employees.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

The Company is committed to a value-based culture which is embodied in our code of conduct and ethics. We have a Code of Conduct Policy to outline the standards and behaviors that the Company upholds as a Company and that it expects from its employees. This code provides a guide to the values, behavior and ways of working. We have a learning portal for our employees which includes topics on human rights also. Our vendor assessments include human rights related assessments.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes

4. Details on assessment of value chain partners:

| | % of value chain partners (by value of business done with such partners) that were assessed |
|--|--|
| Sexual Harassment Discrimination at workplace Child Labour Forced Labour/Involuntary Labour Wages Others – please specify | No assessment conducted during the year 2022-23. We are aiming to conduct assessments in the future. |

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not Applicable

PRINCIPLE 6 Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Million GJ) and energy intensity, in the following format:

| Parameter | FY 2022-23 | FY 2021-22 |
|--|-------------------|-------------------|
| Total electricity consumption (A) | 3.32 | 3.04 |
| Total fuel consumption (B) | 4.95 | 6.34 |
| Energy consumption through other sources (C) | 0 | 0 |
| Total energy consumption (A+B+C) | 8.27 | 9.38 |
| Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) | 840.41 GJ/Cr | 998.81 GJ/Cr |
| Energy intensity (optional) – the relevant metric may be selected by the entity | - | - |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Yes, we have sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India. Through the concerted efforts and the implementation of various energy-saving initiatives, the Company has achieved the prescribed targets within the designated timeframe. As a result, the Company has been awarded Energy Savings Certificates (ESCerts) under the PAT scheme. These certificates can be redeemed in the market, providing additional incentives for our successful energy efficiency achievements.

3. Provide details of the following disclosures related to water, in the following format:

| Parameter | FY 2022-23 | FY 2021-22 |
|---|-----------------------------|------------------------------|
| Water withdrawal by source (in kiloliters) | | |
| (i) Surface water | 2198355 | 2353326 |
| (ii) Groundwater | 7143308 | 9407577 |
| (iii) Third party water | - | - |
| (iv) Seawater / desalinated water | - | - |
| (v) Others | - | - |
| Total volume of water withdrawal (In kiloliters) (i + ii + iii + iv + v) | 9341663 | 11760903 |
| Total volume of water consumption (In kiloliters) | 9341663 | 11760903 |
| Water intensity per rupee of turnover (Water consumed / turnover) | 94.9 litres/thousand rupees | 125.3 litres/thousand rupees |
| Water intensity (optional)—the relevant metric may be selected by the entity | - | - |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, Zero Liquid discharge (ETP, RO, MEE) systems are installed at two locations to recycle wastewater and make it fit for re-use in the process. At Budhni (our largest integrated facility), we have 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 the Bio-oxidation process. Although, there is no chemical treatment performed, the COD and BOD removal efficiency of the plant is 90-92% & 96-98% respectively. 8,400 KLD of this biologically treated effluent is recycled through RO & MEE for reuse in the process. The 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. At other location namely Baddi we have a ZLD system with an effluent capacity of 2000 KLD which works on bio oxidation process after which treated effluent from ETP is then recycled through RO-MEE for process Re-use.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

| Parameter | Please specify unit | FY 2022-23 | FY 2021-22 |
|-------------------------------------|---------------------|------------|------------|
| NOx | MT | 201 | 229 |
| SOx | MT | 332 | 408 |
| Particulate matter (PM) | MT | 52 | 50 |
| Persistent organic pollutants (POP) | | NIL | NIL |
| Volatile organic compounds (VOC) | | NIL | NIL |
| Hazardous air pollutants (HAP) | | NIL | NIL |
| Others—please specify | | NIL | NIL |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

| Parameter | Unit | FY 2022-23 | FY 2021-22 |
|--|---|------------|------------|
| Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 323734.302 | 456467.123 |
| Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 728245.404 | 671782.154 |
| Total Scope 1 and Scope 2 emissions per rupee of turnover | Metric tonnes of CO ₂ Equivalent per rupee of turnover | 0.00001069 | 0.00001202 |
| Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity | | - | - |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

The Company is actively engaged in sustainability efforts and has implemented various initiatives to reduce its emission intensity year on year. One significant step towards this goal is the installation of solar power generation plants, which enable the utilization of renewable energy sources and help in reducing carbon emissions. The Company plans to increase its solar power generation capacity from 15.2 MW to 21 MW by 2025, showcasing a strong commitment to expanding clean energy production.

Conserving water in operations and implementing water recovery systems for effluent treatment contribute to sustainable water management. It helps reduce water consumption and minimizes the environmental impact of industrial processes.

The Company has effectively managed 70% of plastic released into the environment through recycling. The goal to become plastic positive by 2025 indicates a strong dedication to environmental stewardship.

Overall, the Company's efforts in energy mix diversification, power use optimization, water conservation and plastic waste management demonstrate a proactive approach to sustainability and environmental responsibility.

8. Provide details related to waste management by the entity, in the following format:

| Parameter | FY 2022-23 | FY 2021-22 |
|--|------------------|-----------------|
| Total Waste generated (in metric tonnes) | | |
| Plastic waste (A) | 1290.411 | 1120.545 |
| E-waste (B) | 35.794 | 28.4836 |
| Bio-medical waste (C) | 0.1765 | 0.0406 |
| Construction and demolition waste (D) | 61.22 | 141.68 |
| Battery waste (E) | 16.856 | 15.366 |
| Radioactive waste (F) | - | - |
| Other Hazardous waste. Please specify, if any. (G) | 25060.653 | 23784.273 |
| Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) | 15928.45 | 18937.68 |
| Total (A+B + C + D + E + F + G + H) | 42393.56 | 44028.07 |
| For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes) | | |
| Category of waste | | |
| (i) Recycled | 28313.04 | 25959.26 |
| (ii) Re-used | 5785.771 | 5918.08 |
| (iii) Other recovery operations | 0 | 0 |
| Total | 34098.811 | 31877.34 |
| For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes) | | |
| Category of waste | | |
| (i) Incineration | 0 | 0 |
| (ii) Landfilling | 14492.45 | 12150.73 |
| (iii) Other disposal operations | 0 | 0 |
| Total | 14492.45 | 12150.73 |

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company has established dedicated facilities for handling hazardous waste, e-waste, and scrap across the group, ensuring compliance with all legal requirements associated with these types of waste. Our primary focus is on waste reduction and reuse, and we responsibly dispose of whatever remains.

To effectively manage waste, we undertake the following key steps:

- Waste reduction:** We identify areas within our operations where waste can be reduced. This involves optimizing processes and finding alternatives to wasteful practices, ultimately minimizing the amount of waste generated.
- Recycling & Reuse:** We actively explore opportunities to reuse materials within our operations. One exemplary initiative is the Vardhman Recycling Plant, Renova, located in Baddi, Himachal Pradesh. This facility converts textile waste into new fibers, which are then used to create new clothes or other textile products. By diverting textiles from landfills to recycling, the plant significantly reduces the environmental impact of textile waste.
- Responsible disposal:** For waste that cannot be reduced, recycled, or reused, we ensure it is disposed of properly. Hazardous waste and biomedical waste are handed over to Treatment, Storage, and Disposal Facilities (TSDFs) authorized by the State Pollution Control Board. Similarly, non-hazardous waste and e-waste are given to vendors authorized by the State Pollution Control Board. This ensures that the disposal of such waste follows all necessary regulations and guidelines.

By following these waste management practices, we prioritize waste reduction, maximize recycling and reuse opportunities, and ensure responsible disposal of any remaining waste. Our commitment to proper waste management aligns with our goal of minimizing our environmental impact and promoting sustainable practices.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

| S. No. | Location of operations/offices | Type of operations | Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If not, the reasons thereof and corrective action taken, if any. |
|----------------|--------------------------------|--------------------|--|
| Not Applicable | | | |

The above-mentioned requirement is not applicable to the Company as the Company does not have any of its operations/offices in/around ecologically sensitive areas.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

| Name and brief details of project | EIA Notification No. | Date | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|-----------------------------------|----------------------|------|---|--|-------------------|
| Not Applicable | | | | | |

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N).

Yes, the Company is compliant with the applicable environmental law/ regulations/ guidelines in India.

If not, provide details of all such non-compliances, in the following format:

| S. No. | Specify the law / regulation / guidelines which was not complied with | Provide details of the non-compliance | Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken, if any |
|----------------|---|---------------------------------------|---|---------------------------------|
| Not Applicable | | | | |

Leadership Indicators

1. Provide break-up of the total energy consumed (In Million GJ) from renewable and non-renewable sources, in the following format:

| Parameter | FY 2022-23 | FY 2021-22 |
|---|-------------|-------------|
| From renewable sources (Solar Rooftop) | | |
| Total electricity consumption (A) | 0.09 | 0.08 |
| Total fuel consumption (B) | 0 | 0 |
| Energy consumption through other sources (C) | 0 | 0 |
| Total energy consumed from renewable sources (A+B+C) | 0.09 | 0.08 |

| Parameter | FY 2022-23 | FY 2021-22 |
|---|-------------|-------------|
| From non-renewable sources | | |
| Total electricity consumption (D) | 3.24 | 2.96 |
| Total fuel consumption (E) | 4.95 | 6.34 |
| Energy consumption through other sources (F) | 0 | 0 |
| Total energy consumed from non-renewable sources (D+E+F) | 8.19 | 9.30 |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. Provide the following details related to water discharged:

| Parameter | FY 2022-23 | FY 2021-22 |
|--|------------|----------------|
| Water discharge by destination and level of treatment (in kilolitres) | | |
| (i) To Surface water | | Not Applicable |
| - No treatment | | |
| - With treatment | | |
| (ii) To Groundwater | | Not Applicable |
| - No treatment | | |
| - With treatment | | |
| (iii) To Seawater | | Not Applicable |
| - No treatment | | |
| - With treatment | | |
| (iv) Sent to third-parties (CETP) | | |
| - No treatment | 16950 | 16874 |
| - With treatment | 3306624 | 21162091 |
| (v) Others (Municipal Sewer) | | |
| - No treatment | | |
| - With treatment | 484622 | 479047 |
| Total water discharged (in kilolitres) | | |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

1. Name of the area- Ludhiana & Malerkotla
2. Nature of operations- Spinning Units
3. Water withdrawal, consumption and discharge in the following format:

| Parameter | FY 2022-23 | FY 2021-22 |
|--|------------|----------------|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface water | | Not Applicable |
| (ii) Groundwater | 1287786 | 1216808 |
| (iii) Third party water | | Not Applicable |
| (iv) Seawater / desalinated water | | Not Applicable |
| (v) Others | | Not Applicable |
| Total volume of water withdrawal (in kilolitres) | 1287786 | 1216808 |
| Total volume of water consumption (in kilolitres) | 1287786 | 1216808 |
| Water intensity per rupee of turnover (Water consumed / turnover) | 0.000013 | 0.000012 |
| Water intensity(optional)–the relevant metric may be selected by the entity | - | - |
| Water discharge by destination and level of treatment (in kilolitres) | | |
| (i) Into Surface water | - | - |
| - No treatment | - | - |
| - With treatment | - | - |
| (ii) Into Groundwater | - | - |
| - No treatment | - | - |
| - With treatment | - | - |
| (iii) Into Seawater | - | - |
| - No treatment | - | - |
| - With treatment | - | - |
| (iv) Sent to third-parties | - | - |
| - No treatment | - | - |
| - With treatment | - | - |
| (v) Others (Municipal Sewer) | - | - |
| - No treatment | - | - |
| - With treatment | - | - |
| Total water discharged (in kilolitres) | 484622 | 479047 |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

| Parameter | Unit | FY (Current Financial Year) | FY (Previous Financial Year) |
|---|---------------------------------|-----------------------------|------------------------------|
| Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) | Metric tonnes of CO2 equivalent | To be done by next year | |
| Total Scope 3 emissions per rupee of turnover | | | |
| Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity | | | |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

| Sr. No | Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative |
|--------|--|--|--|
| 1. | Water conservation through STPs, ETPs | The textile industry is inherently water intensive and therefore, wastewater generation is considerably high. However, the Company has invested heavily in the best treatment technology to make wastewater reusable & recyclable. As of today, the Group has 3 Effluent Treatment Plants (ETPs) out of which 2 ETP's are followed by RO-MEE of different capacities and 9 Sewage Treatment Plants (STPs) dedicated to making wastewater reusable. | Utilization of treated wastewater in process activities, flushing, gardening, etc. results in a reduction in the amount of usage of fresh water. |
| 2. | Ground water recharging initiatives | To contribute towards the replenishment of groundwater, we have been continuously investing in water conservation initiatives. Since 2005, we are working on groundwater recharge and have 52 Rain Water Harvesting Systems (RWH) installed within our premises. | These rainwater harvesting systems have a capacity to recharge 1.75 million KL of water annually. |
| 3. | Waste Management | When it comes to managing waste, our first priority is to reduce and reuse, wherever possible, and responsibly dispose whatever little is left. We have dedicated hazardous waste, e-waste and scrap management facilities across the group, complying with all the legal requirements associated with these wastes. All type of hazardous waste is handed over to the respective State Pollution Control Board Authorized Treatment, Storage and Disposal Facility (TSDF) | Regularly monitor the waste generated from operations and identify areas for waste reduction, recycling and reuse. |
| 4. | Plastic Management | Implementing plastic management strategies, including Extended Producer Responsibility (EPR) initiatives, which play a crucial role in minimizing plastic waste and reducing environmental pollution. | We have completed our EPR execution of plastic waste and effectively removed about 70% of plastic released. |
| 5. | Installation of ESP's for boiler fuel gases | The goal is to minimize the release of pollutants into the atmosphere and ensure compliance with environmental regulations. | Helps to reduce emissions. |
| 6. | Biogas plants at two of our locations- Auro Textile and Vardhman Fabrics | Produce 120 kg/day of biogas from organic waste. The gas is utilized in canteens and messes for cooking, and the residual is used as manure for horticulture. | |
| 7. | Green fuel in boilers | Utilization of husk as fuel in boilers. | |
| 8. | Solar/Wind Plant | Installed Rooftop Solar Plants and Signing PPA (Power Purchase Agreement) with RE Power Developers for supply of solar/wind power. | |
| 9. | Trees Plantation drives for sequestration of Carbon dioxide | We promote afforestation, tree plantation and planting of various types of vegetation; Not only do 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, to date, planted over 4.55 lac trees to combat air pollution. |
| 10. | 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. | A collective effort that addresses environmental challenges more effectively and promotes a greener and more sustainable future. |

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

The Company acknowledges the unpredictable nature of emergencies and disasters, which can strike without warning. To ensure the safety of our employees, surrounding communities, and the environment, we have established an effective emergency preparedness and response program. This plan serves as a guide to facilitate the planning and execution of appropriate actions in response to local emergencies. To maintain the effectiveness of our emergency preparedness plan, we conduct rigorous testing and evaluation. This includes management reviews, third-party audits and mock drills. Through these measures, we assess the readiness of our systems, identify areas for improvement and make necessary adjustments to enhance our emergency response capabilities.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

Based on the available information, the Company's value chain has not resulted in any significant adverse impacts on the environment. We are committed to conducting our business operations in an environmentally responsible manner and strive to minimize any potential negative effects on the environment throughout our value chain.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Some of the value chain partners were assessed for environmental impacts.

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

9

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

| S. No. | Name of the trade and industry chambers/ associations | Reach of trade and industry chambers/ associations (State/National) |
|--------|---|---|
| 1 | Confederation of Indian Industries (CII) | National |
| 2 | Federation of Indian Chamber of Commerce and Industries (FICCI) | National |
| 3 | PHD Chamber of Commerce and Industries (PHDCCI) | National |
| 4 | Confederation of Indian Textile Industry (CITI) | National |
| 5 | Texprocil | National |
| 6 | Synthetic & Rayon Textiles Export Promotion Council (SRTEPC) | National |
| 7 | Apex chamber of commerce | State |
| 8 | Textiles Committee | National |
| 9 | Federation of Indian Export Organization (FIEO) | National |

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

| Name of authority | Brief of the case | Corrective action taken |
|-------------------|-------------------|-------------------------|
| None | | |

Leadership Indicators

1. Details of public policy positions advocated by the entity:

| S. No. | Public policy advocated | Method resorted for such advocacy | Whether information available in public domain? (Yes/No) | Frequency of Web Review by Link, if Board available (Annually/ Half yearly/ Quarterly/ Others – please specify) |
|--------|---|--|--|---|
| 1 | Various issues affecting Textile Industry in general. | Representation through industry associations like CITI/Texprocil/CII | Yes | NA |

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

| Name and brief details of project | SIA Notification No. | Date of notification | Whether Results conducted by independent external agency (Yes/No) | Results communicated in public domain (Yes/ No) | Relevant Web link |
|--|-------------------------|----------------------|---|---|---|
| Vardhman School Development Program (VSDP)- constructed Classrooms and toilets blocks for girls and boys. Also provided furniture and other facilities in Govt. Senior Secondary School, Sekhewal, Ladhawal in Ludhiana District and Obedullahganj, Mandideep (M.P). | CG-DL-E-22012021-224640 | January 22, 2021 | Yes | Yes | https://vardhman.com/Sustainability/Social |

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

| S. No. | Name of Project for which R&R is ongoing | State | District | No. of Project Affected Families (PAFs) | % of PAFs covered by R&R | Amounts paid to PAFs in the FY (In ₹) |
|----------------|--|-------|----------|---|--------------------------|---------------------------------------|
| Not Applicable | | | | | | |

3. Describe the mechanisms to receive and redress grievances of the community.

The stakeholders can send their grievances to the Compliance Officer at secretarial.lud@vardhman.com

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

| | FY 2022-23 | FY 2021-22 |
|--|------------|------------|
| Directly sourced from MSMEs/ small producers | 30% | 27% |
| Sourced directly from within the district (out of total input) | 3% | 2% |
| Sourced directly from neighboring districts (out of total input) | 97% | 98% |

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

| Details of negative social impact identified | Corrective action taken |
|--|-------------------------|
| None | |

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

| S. No. | State | Aspirational District | Amount spent (In ₹) |
|--------|----------------|-----------------------|---------------------|
| 1 | Bihar | Jamui | 100 lacs |
| 2 | Madhya Pradesh | Vidisha | 10.63 lacs |
| 3 | Punjab | Ferozepur | 1.23 lacs |

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups?

No

(b) From which marginalized /vulnerable groups do you procure?

Not Applicable

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

| S. No. | Intellectual Property based on traditional knowledge | Owned/ Acquired (Yes/No) | Benefit shared (Yes/No) | Basis of calculating benefit share |
|--------|--|--------------------------|-------------------------|------------------------------------|
| Nil | | | | |

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

| Name of authority | Brief of the Case | Corrective action taken |
|-------------------|-------------------|-------------------------|
| Not Applicable | | |

6. Details of beneficiaries of CSR Projects:

| S. No. | CSR Project | No. of persons benefitted from CSR Projects | % of beneficiaries from vulnerable and marginalized groups |
|--------|---|---|--|
| 1 | Project NANDINI- An awareness program on Menstrual Hygiene Management (MHM) and distribution of Sanitary Pads among women and adolescence girls living in slum areas and School Girls of Baddi. | 4600 | 100% |
| 2 | Supported Ludhiana Educational Society for the purchase of Bus for School of the Deaf Children, Ludhiana. | 90 | 100% |
| 3 | Project Chetna - An impactful women's awareness initiative aimed at promoting women's rights under various government schemes and fostering women empowerment. | 300 | 100% |
| 4 | Supported Handimachal Therapy Centre, Kullu, HP for the rehabilitation of Children with special needs. | 150 | 100% |
| 5 | Supported MANDKE Foundation to sponsor poor patients for the treatment at Kokilaben Dhirubhai Ambani Hospital & Medical Research Institute, Mumbai. | 100 | 100% |
| 6 | Provided 10 Wheelchairs to support physically handicapped people of Ludhiana through Bharat Vikas Parishad Charitable Trust Ludhiana. | 10 | 100% |
| 7 | Provided Artificial Limbs to disabled people (artificial limbs and polio calipers) | 9 | 100% |

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The customer complaint handling protocol involves a streamlined process. It begins with receipt of complaint by the corporate department through various channels. The complaints are then analyzed by the Customer Service and Technical Support (C&TS) team, Quality Assurance (QA) department & technical head of the respective Units. After a thorough investigation, the findings and recommendations are compiled and shared with the Corporate. The report is then reviewed by Business Heads, who assess the impact and provide insights, if needed. Finally, a suitable resolution is determined and communicated to the customer, ensuring his satisfaction. The complaint is considered closed once the necessary actions have been implemented.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

| | As a percentage to total turnover |
|---|-----------------------------------|
| Environmental and social parameters relevant to the product | NA |
| Safe and responsible usage Recycling and/or safe disposal | NA |
| Recycling and/or safe disposal | NA |

3. Number of consumer complaints in respect of the following:

| | FY 2022-23 | | | FY 2021-22 | | |
|--------------------------------|--------------------------|-----------------------------------|---------|--------------------------|-----------------------------------|---------|
| | Received during the year | Pending resolution at end of year | Remarks | Received during the year | Pending resolution at end of year | Remarks |
| Data privacy | None | None | NA | None | None | NA |
| Advertising | None | None | NA | None | None | NA |
| Cyber-security | None | None | NA | None | None | NA |
| Delivery of essential services | None | None | NA | None | None | NA |
| Restrictive Trade Practices | None | None | NA | None | None | NA |
| Unfair Trade Practices | None | None | NA | None | None | NA |
| Other | None | None | NA | None | None | NA |

4. Details of instances of product recalls on account of safety issues:

| | Number | Reasons for recall |
|-------------------|--------|--------------------|
| Voluntary recalls | 0 | NA |
| Forced recalls | 0 | NA |

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy?

Yes. The policy can be accessed on the following link: <https://vardhman.com/Document/11.03%20Privacy%20and%20Data%20Protection%20Policy%20-%20PDF.pdf>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products/services.

Not Applicable

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

www.vardhman.com

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

We have 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 that helps us forge long-lasting relationships with our customers.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

We maintain active communication channels with our customers, including instant email support and SMS messaging. These channels serve as an effective means to proactively inform customers about any potential disruptions or discontinuation of essential services.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole?

Yes, we disclose all the information on our labels in compliance with the legal requirements so as to enable customers to make an informed decision. The Company engages with its customers and conducts annual consumer surveys to assess the satisfaction levels related to different products. These surveys are aimed at gathering feedback from customers in order to understand their preferences and satisfaction. The Company has a dedicated market research department responsible for conducting these surveys and providing valuable insights to the respective business teams. The findings from these surveys play a crucial role in guiding new product developments and identifying areas that may require remedial action. By actively seeking customer feedback, the Company strives to enhance customer satisfaction and improve its overall offerings.

5. Provide the following information relating to data breaches:**a) Number of instances of data breaches along-with impact.:**

Nil

b) Percentage of data breaches involving personally identifiable information of customers:

Nil

Directors' Report

Dear Members,

The Directors of your Company have pleasure in presenting their 50th Annual Report of the business and operations of the Company along with the Audited Financial Statements for the year ended 31st March, 2023.

1. FINANCIAL RESULTS:

The financial performance of your Company for the year ended 31st March, 2023 is as under:-

(₹ in crore)

| PARTICULARS | STANDALONE | | CONSOLIDATED | |
|--|------------|----------|--------------|----------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Revenue from operations (Net) | 9,840.79 | 9,386.10 | 10,137.49 | 9,622.34 |
| Other Income | 192.80 | 385.26 | 191.95 | 224.51 |
| Profit before Depreciation, Interest & Tax (PBDIT) | 1,477.85 | 2,647.38 | 1,556.49 | 2,537.92 |
| Interest and Financial expenses | 101.86 | 99.53 | 102.15 | 99.72 |
| Profit before Depreciation and Tax (PBDT) | 1,375.99 | 2,547.85 | 1,454.34 | 2,438.20 |
| Depreciation | 388.95 | 362.10 | 394.43 | 367.51 |
| Profit before Tax (PBT) | 987.04 | 2,185.75 | 1,059.91 | 2,070.69 |
| Provision for Tax - Current | 224.98 | 521.03 | 235.96 | 527.96 |
| - Deferred Tax | 12.99 | (12.72) | 19.20 | (8.31) |
| Profit after tax (PAT) | 749.07 | 1,677.44 | 804.75 | 1,551.04 |
| Other Comprehensive Income/ (Expense) | 2.76 | 6.52 | 2.88 | 6.99 |
| Total Comprehensive Income for the period | 751.83 | 1,683.96 | 807.63 | 1,558.03 |
| Earnings per share (₹) | | | | |
| - Basic | 25.91 | 58.16 | 27.96 | 54.58 |
| - Diluted | 25.90 | 58.00 | 27.95 | 54.42 |

2. FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

PRODUCTION & SALES REVIEW:

During the year under review, your Company has registered Revenue from Operations of ₹ 9,840.79 crore as compared to ₹ 9,386.10 crore in the previous year. The export of the Company (FOB value) decreased from ₹ 4,523.80 crore to ₹ 4,264.93 crore showing a decline of 5.72% over the previous year. The business wise performance is as under:-

a) Yarn:

The production of Yarn decreased from 2,38,065 MT to 2,33,314 MT during the year 2022-23.

b) Fabric:

During the year, the production of grey fabric decreased from 193 million meter to 182 million meter. The production of processed fabric decreased from 152 million meter to 141 million meter.

STANDALONE:

Profitability:

The Company earned profit before depreciation, interest and tax of ₹ 1,477.85 crore as against ₹ 2,647.38 crore in the previous year. After providing for depreciation of ₹ 388.95 crore (Previous Year ₹ 362.10 crore), interest of ₹ 101.86 crore (Previous Year ₹ 99.53 crore), provision for current tax of ₹ 224.98 crore (Previous Year ₹ 521.03 crore), deferred tax of ₹ 12.99 crore (Previous Year ₹ -12.72 crore), the net profit from operations after comprehensive income worked

out to ₹ 751.83 crore as compared to ₹ 1,683.96 crore in the previous year.

The balance available for appropriation after adding balance in surplus account is ₹ 6,707.14 crore.

Resources Utilisation:

a) Fixed Assets:

The Net Block as at 31st March, 2023 was ₹ 3,880.50 crore as compared to ₹ 3,435.69 crore in the previous year.

b) Current Assets:

The current assets as on 31st March, 2023 were ₹ 5,558.14 crore as against ₹ 5,617.42 crore in the previous year. Inventory level was at ₹ 2,312.16 crore as compared to the previous year level of ₹ 2,806.67 crore.

CONSOLIDATED:

Profitability:

The Company earned profit before depreciation, interest and tax of ₹ 1,556.49 crore as against ₹ 2,537.92 crore in the previous year. After providing for depreciation of ₹ 394.43 crore (Previous Year ₹ 367.51 crore), interest of ₹ 102.15 crore (Previous Year ₹ 99.72 crore), provision for current tax of ₹ 235.96 crore (Previous Year ₹ 527.96 crore), deferred tax of ₹ 19.20 crore (Previous Year ₹ -8.31 crore), the net profit from operations after comprehensive income worked out to ₹ 807.63 crore as compared to ₹ 1,558.03 crore in the previous year.

The balance available for appropriation after adding balance in surplus account is ₹ 6,880.71 crore. Out of this, a sum of ₹ 0.08 crore has been transferred to Statutory Reserve, a balance of ₹ 6,880.63 crore is proposed to be carried as surplus to the Balance sheet.

Resources Utilisation:

a) Fixed Assets:

The Net Block as at 31st March, 2023 was ₹ 3,934.97 crore as compared to ₹ 3,491.56 crore in the previous year.

b) Current Assets:

The current assets as on 31st March, 2023 were ₹ 5,784.52 crore as against ₹ 5,855.26 crore in the previous year. Inventory level was at ₹ 2,392.68 crore as compared to the previous year level of ₹ 2,882.29 crore.

FINANCIAL CONDITIONS & LIQUIDITY:

The Company enjoys a rating of "AA+/Stable" from Credit Rating Information Services of India (CRISIL) for long term borrowings & "A1+" for short term borrowings and IND A1+ for Commercial Papers from India Ratings and Research. 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 | 2022-23 | 2021-22 |
|-------------------------------------|------------|----------|
| Cash and Cash equivalents: | | |
| Beginning of the year | 62.06 | 36.05 |
| End of the year | 74.66 | 62.06 |
| Net cash provided (used) by: | | |
| Operating Activities | 1,814.81 | 1,429.90 |
| Investing Activities | (1,405.56) | (882.66) |
| Financing Activities | (396.65) | (521.23) |

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 in its meeting held on 5th May, 2023 has recommended dividend of ₹ 3.5/- per share on the fully paid equity shares of the Company.

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 2015-16 was remitted

to Investor Education and Protection Fund established by the Central Government in the month of April, 2023.

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 2022-23 are as follows:-

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 2022-23, VTL recorded Revenue from operations of ₹ 0.87 crore against ₹ 25.52 crore in the previous year. The net profit of the Company worked out to ₹ 0.39 crore as compared to ₹ 19.93 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 2022-23, VAL recorded Revenue from operations of ₹ 426.66 crore against ₹ 303.33 crore in the previous year. The net profit of the Company after comprehensive income worked out to ₹ 33.04 crore as compared to ₹ 14.85 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 ₹ 1,089.57 crore as against ₹ 1,010.63 crore in the previous year showing an increase of 7.84%. The net profit for the year after comprehensive income worked out to ₹ 142.12 crore as compared to ₹ 132.62 crore during last year.

Vardhman Special Steels Limited (VSSL)

Vardhman Special Steels Limited is an Associate of the Company. The Company holds 23.90% shares of VSSL. The Revenue from operations of the Company was ₹ 1,735.50 crore as compared to ₹ 1,368.46 crore in the previous year. The net profit for the year after comprehensive income worked out to ₹ 100.16 crore as compared to ₹ 100.94 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. However, during the year, the Company has not traded any goods. The Revenue from operations of the Company was ₹ 0.06 lac as against ₹ 0.42 lac 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.

Appointment of Directors: During the year under review:

- Mr. Suresh Kumar was appointed as an Independent Director of the Company for a term of five (5) consecutive years w.e.f. 29th September, 2022; and
- Ms. Sagrika Jain was appointed as an Executive Director of the Company for a term of three (3) years w.e.f. 6th August, 2022.

Their appointments were further approved by the Members of the Company in the Annual General Meeting held on 30th September, 2022.

Cessation from Directorship: During the year under review, Mr. A.K. Kundra and Dr. S.K. Bijlani, Independent Directors, ceased to be Directors of the Company w.e.f. 30th September, 2022 on completion of their second term of appointment.

Declaration by Independent Directors:

The Independent Directors have submitted their disclosures to the Board that they fulfil 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.

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 the 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 programs.

The Familiarization Programme for Board members may be accessed on the Company's website at the link: [https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Familiarisation Programme for Board Members.pdf](https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Familiarisation%20Programme%20for%20Board%20Members.pdf)

Annual Evaluation of the Board Performance:

The meeting of Independent Directors of the Company for the financial year 2022-23 was held on 30th March, 2023 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. NOMINATION AND REMUNERATION POLICY:

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Policy of the Company has been duly approved and adopted by the Board pursuant to recommendations of Nomination and Remuneration Committee of the Company and may be accessed on the website of the Company at the link: [https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Nomination & Remuneration Policy.pdf](https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Nomination%20&%20Remuneration%20Policy.pdf) As mandated by proviso to Section 178(4) of the Companies Act, 2013, salient features of Nomination and Remuneration Policy are as under:

- a) Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommending to the Board their appointment and removal.
- b) Formulating the criteria for determining qualifications, positive attributes and independence of a Director and evaluating the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director.
- c) Recommending to the Board, policy relating 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) Formulating the criteria for evaluating performance of Board and all the Directors.
- e) Devising a policy on diversification of Board.
- f) Determining whether to extend or continue the term of appointment of the independent director on the basis of the report of performance evaluation of independent directors.
- g) Recommending to the Board remuneration payable to senior management.

10. KEY MANAGERIAL PERSONNEL (KMP):

In compliance with provisions of Section 203 of the Companies Act, 2013, following are the KMPs of the Company as on 31st March, 2023:

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

11. NUMBER OF BOARD MEETINGS:

During the year under review, the Board met Six (6) times and the intervening gap between any two meetings was within the period prescribed under Companies Act, 2013. The details of Board Meeting are set out in Corporate Governance Report which forms part of this Annual Report.

12. AUDITORS AND AUDITORS' REPORT:

Statutory Auditors:

M/s Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) ('Deloitte') were re-appointed as Statutory Auditors of the Company for a second consecutive term of 5 years at the 49th Annual General Meeting of the Company held on 30th September, 2022.

Further, the Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the accounting year ended 31st March, 2023.

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 21st May, 2022 for the financial year 2022-23.

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, 2023. This Report is self-explanatory and requires no comments. The Report forms part of this report as **Annexure I**.

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 2023-24. However, as per the 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 2023-24 is placed for ratification by the Members.

13. AUDIT COMMITTEE & VIGIL MECHANISM:

Composition of Audit Committee:

The Audit Committee consists of Mr. Prafull Anubhai, Mr. Suresh Kumar and Mrs. Harpreet Kaur Kang, Independent Directors. 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/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Whistle_Blower_Policy.pdf

14. 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 Practising Company Secretary 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.

15. 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/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Corporate_Social_Responsibility_Policy.pdf

During the year, the Company has spent ₹ 1,799.66 lac on CSR activities. Out of this, an amount of ₹ 430.58 lac pertains to FY 2022-23.

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 II**.

16. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR):

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandate the inclusion of the BRSR as

part of the Annual Report for top 1000 listed entities based on market capitalization. In compliance with the Listing Regulations, we have integrated BRSR disclosure in our Annual Report.

17. DIVIDEND DISTRIBUTION POLICY (DDP):

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the top 1,000 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 recommending the distribution of dividend to its shareholders and/or retaining profits earned by the Company. The Policy is available on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Dividend_Distribution_Policy.pdf

18. 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: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Risk_Management_Policy.pdf

19. 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**.

20. 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/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Related_Party_Transaction_Policy.pdf

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

21. 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).

22. 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 form part of this report as **Annexure III**.

23. ANNUAL RETURN:

In terms of Section 92(3) and 134(3)(a) of the Companies Act, 2013 the Annual Return of the Company is available on the website of the Company at the link: www.vardhman.com

24. 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, 2023, the Company employed around 28,283 employees on permanent rolls.

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

25. 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) of the 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. Further, none of the Director of the Company has received any remuneration or commission from any subsidiary company.

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

26. MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE 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.

27. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to 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, 2023 and of the profit of the Company for the year ended on 31st March, 2023;
- c. proper and sufficient care has 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.

28. 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 proceeding pending under the Insolvency and Bankruptcy Code, 2016.
7. There was no instance of one time settlement with any Bank or Financial Institution.

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 case filed under the said Act.

29. 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 the ESOP Plan, the Company can grant a maximum of 31,82,590 options of face value of ₹ 2/- each to eligible employees from time to time. During the financial year 2022-23, 2,63,000 equity shares of face value of ₹ 2/- each were allotted to the eligible employees. So, the paid up equity share capital of the Company stood increased to ₹ 57,82,54,100 as on 31st March, 2023.

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 from the Secretarial Auditor 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/Document/Report/Compliances/Miscellaneous/Vardhman%20Textiles%20Ltd/ESOP_Disclosure_2022-23.pdf

30. NON-CONVERTIBLE DEBENTURES:

During the year, your Company has issued 15,000 Rated Listed Unsecured Redeemable Non-Convertible Debentures ("NCDs") of ₹ 1,00,000 each aggregating to ₹ 150.00 crore for cash at par on private placement basis, at a coupon rate of 7.70% p.a. The NCD's are listed at the Bombay Stock Exchange of India (BSE) and are repayable on March 27, 2024.

31. ACQUISITION OF STAKE IN RENEW GREEN (MPR ONE) PRIVATE LIMITED:

During the year, your Company has entered into a 'Share Subscription and Shareholder's Agreement' with ReNew Green Energy Solutions Private Limited (Promotor) and ReNew Green (MPR One) Private Limited (Power Producer) along with a 'Power Purchase Agreement' with Renew Green (MPR One) Private Limited (Power Producer). The purpose of entering into the Agreements is to set-up a 11.5 MW Wind-Solar Hybrid Power Plant in the state of Madhya Pradesh wherein the power generated will be supplied exclusively to your Company under the Captive Rules. Your Company will acquire 31.2% stake in ReNew Green (MPR One) Private Limited.

32. ACKNOWLEDGEMENT:

Your Directors are pleased to place on record their sincere gratitude to the Government, 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 : 5th May, 2023

(S.P. Oswal)
Chairman & Managing Director

Index of Annexures

(FORMING PART OF BOARD REPORT)

| Annexure No. | Particulars |
|---------------------|---|
| I | Secretarial Audit Report in Form no. MR-3 for FY 2022-23. |
| II | CSR Activities – Annual Report FY 2022-23. |
| III | Conservation of energy, technology absorption, foreign exchange earnings and outgo. |
| IV | Particulars of employees and related disclosures. |

Annexure of the Directors' Report

ANNEXURE- I

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2023

[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, 2023 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, 2023 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; - Not applicable to the Company during the Audit period
 - (e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (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, 2021 -Not applicable to the Company during the Audit period; and
 - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. -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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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. FCS 2004

Certificate of Practice No. 1942

UDIN: F002004 E000 256 390

Date: 5th May, 2023

Place: Ludhiana

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

List of Labour Laws

The Factories Act, 1948
The Industrial Disputes Act, 1947
The Payment of Wages Act, 1936
The Minimum Wages Act, 1948
The 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

The Environmental (Protection) Act, 1986
The Public Liability Insurance Act, 1991
The Water (Prevention and Control of Pollution) Act, 1974
The Air (Prevention and Control of Pollution) Act, 1981
The 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. FCS 2004
Certificate of Practice No. 1942
UDIN: F002004 E000 256 390

Date: 5th May, 2023
Place: Ludhiana

ANNEXURE- II**The Annual Report on CSR Activities to be Included in the Board's Report for Financial Year 2022-23****1. Brief outline on CSR Policy of the Company.**

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:

| Sr. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|---------------------|---|--|--|
| 1. | Mr. Prafull Anubhai | Chairman, Independent, Non-Executive Director | 4 | 4 |
| 2. | Mr. Sachit Jain | Member, Non-Independent, Non-Executive Director | 4 | 0 |
| 3. | Mr. Neeraj Jain | Member, Non-Independent, Executive Director | 4 | 4 |

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company

Link of Composition – https://www.var dhman.com/Document/Report/Company%20Information/Board/Vardhman%20Textiles%20Ltd/List_of_Committees_of_Directors.pdf

Link of Policy – https://www.var dhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Corporate_Social_Responsibility_Policy.pdf

Link of CSR Projects - https://www.var dhman.com/Document/Report/Compliances/Miscellaneous/Vardhman%20Textiles%20Ltd/CSR_Projects_2023-24.pdf

4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable.

https://www.var dhman.com/Document/Report/Compliances/Miscellaneous/Vardhman%20Textiles%20Ltd/CSR_Impact_Assessment_Report_2022-23.pdf

- 5.** (a) Average net profit of the Company as per sub-section (5) of Section 135 : ₹ 98,296.79 lac
- (b) Two percent of average net profit of the Company as per sub-section (5) of Section 135 : ₹ 1,965.94 lac
- (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL
- (d) Amount required to be set off for the financial year, if any: NIL
- (e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ 1,965.94 lac

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 383.74 lac
 (b) Amount spent in Administrative Overheads : ₹ 46.84 lac
 (c) Amount spent on Impact Assessment, if applicable : NA
 (d) Total amount spent for the Financial Year (a)+(b)+(c) : ₹ 430.58 lac
 (e) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year (₹ in lac) | Amount Unspent (₹ in lac) | | | | |
|--|---|-----------------------------|---|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135 | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 2022-23 | | | | | |
| 430.58 | 1535.36 | 29 th April 2023 | - | - | - |

- (f) Excess amount for set off, if any:

| Sr. No. | Particular | Amount (₹ in lac) |
|---------|---|-------------------|
| (i) | Two percent of average net profit of the Company as per sub-section (5) of Section 135 | 1,965.94 |
| (ii) | Total amount spent for the financial year | 430.58 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | - |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | - |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | - |

7. Details of Unspent CSR amount for the preceding three financial years:

| Sr. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under sub-section (6) of Section 135 (₹ in lac) | Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (₹ in lac) | Amount spent in the Financial Year (₹ in lac) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any | | Amount remaining to be spent in succeeding financial years (₹ in lac) | Deficiency, if any |
|---------|--------------------------|---|---|---|--|------------------|---|--------------------|
| | | | | | Amount (₹ in lac) | Date of transfer | | |
| 1 | 2020-21 | 577.15 | 130.90 | 59.39 | - | - | 71.51 | - |
| 2 | 2021-22 | 965.27 | 965.27 | 711.29 | - | - | 253.98 | - |
| | Total | 1,542.42 | 1,096.17 | 770.68 | | | 325.49 | - |

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year:

Yes No

If Yes, enter the number of Capital assets created/acquired: **N.A.**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the financial year:

| Sr. No. | Short particulars of the property or asset(s) [including complete address and location of the property] | Pincode of the property or asset(s) | Date of creation | Amount of CSR amount spent | Details of entity/ Authority/ beneficiary of the registered owner | | |
|-------------|---|-------------------------------------|------------------|----------------------------|---|------|--------------------|
| | | | | | CSR Registration Number, if applicable | Name | Registered address |
| N.A. | | | | | | | |

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135.

An amount of ₹1,535.36 lac remaining unspent pertains to "Ongoing Projects". This amount has been transferred to a separate unspent CSR Account. The said "Ongoing Projects" shall be complete in the current FY 2023-24 & 2024-25.

Sd/
(S.P. Oswal)
(Chairman & Managing Director)

Sd/
(Pravall Anubhai)
(Chairman CSR Committee)

ANNEXURE- III

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 83.61 lac kWh units of electricity thereby making a saving of ₹ 541.82 lac during the financial year 2022-23.

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 lowest environmental impact. The market defines green power as electricity produced from solar, wind, geothermal, biogas and low-impact small hydroelectric sources.

The Company has installed Solar Power Plants in Vardhman Fabric, Budhni and Vardhman Yarns, Satlapur, under the Sustainability aspect – 'Avoidance of the depletion of Natural Resources to maintain an Ecological Balance.'

Further, the Company is planning to install more projects under renewable energy sources and will continue to contribute to achieving the global targets on climate change.

Details of Unit wise initiatives are mentioned below:-

In Vardhman Fabrics, Budhni we have installed two separate solar captive plants. Details are as below:

- > 7.5 MW ground mounted solar captive power plant was commissioned during the FY 2019-20. Actual generation in FY 2022-23 is 135.25 lac kWh / Annum.
- > 1.6 MW rooftop mounted solar captive power plant was commissioned during the FY 2020-21. Actual generation in FY 2022-23 is 23.62 lac kWh / Annum.

In Vardhman Yarns, Satlapur, we have installed two separate solar captive plants. Details are as below:

- > 2.4 MW rooftop mounted solar captive power plant was commissioned during the FY 2019-20. Actual generation in FY 2022-23 is 38.57 lac kWh / Annum.
- > 1.6 MW rooftop mounted solar captive power was commissioned during the FY 2020-21. Actual generation in FY 2022-23 is 25.24 lac kWh / Annum.

In Auro Spinning Mills, Baddi, we have installed a solar captive plant. Details are as below:

- > 2.2 MW rooftop mounted solar captive power plant was commissioned during the FY 2022-23 with an investment of ₹ 1,065 lac. Actual generation in FY 2022-23 is 13.53 lac kWh / Annum.

The Company generated 236.21 lac kWh units of electricity from renewable source - Solar in FY 22-23 leading a reduction of 19,605.0 kg of CO₂ emission in atmosphere.

CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENTS

Apart from installation of solar plants, the Company has incurred ₹ 309.11 lac 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 pioneer in 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 | (2022-23) | (2021-22) |
|---|-----------|-----------|
| Capital | 14.64 | 3.28 |
| Recurring | 1.82 | 1.54 |
| Total | 16.46 | 4.82 |
| Total R & D expenditure as a Percentage of Turnover | 0.17% | 0.05% |

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 for the financial year 2022-23 is around 31%.
- Increased focus on sale of environment friendly yarns and increasing sales to direct brands.

Total Foreign Exchange earned and used:

(₹ in crore)

| Particulars | 2022-23 | 2021-22 |
|---|----------|----------|
| a) Earnings (FOB value of Exports, commission earned) | 4,264.93 | 4,523.81 |
| b) Outgo (CIF value of Imports and expenditure in foreign currency) | 1,770.62 | 703.70 |

ANNEXURE- IV

Particulars of employees and related disclosures:

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE 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 2022-23 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2022-23 are as under:

| SR. NO. | NAME OF DIRECTOR/ KMP AND DESIGNATION | REMUNERATION FOR DIRECTORS/ KMP FOR FINANCIAL YEAR 2022-23 (Amount in ₹) | % INCREASE IN REMUNERATION IN THE FINANCIAL YEAR 2022-23 | RATIO OF REMUNERATION OF EACH DIRECTOR/ KMP TO MEDIAN REMUNERATION OF EMPLOYEES |
|---------|---|--|--|---|
| 1. | S.P. Oswal Chairman & Managing Director | 20,61,09,088 | -52.52 | 515.25 |
| 2. | Suchita Jain Vice- Chairperson & Joint Managing Director | 3,21,50,522 | 2.15 | 80.37 |
| 3. | Neeraj Jain Joint Managing Director | 2,75,93,163 | 3.54 | 68.98 |
| 4. | Sachit Jain Non- Executive Non- Independent Director | - | - | - |
| 5. | Sagrika Jain# Executive Director | 69,81,080 | - | 17.45 |
| 6. | Prfull Anubhai Non- Executive Independent Director | 7,40,000 | -5.73 | 1.85 |
| 7. | A.K. Kundra* Non-Executive Independent Director | 3,60,000 | - | 0.90 |
| 8. | S.K. Bijlani* Non-Executive Independent Director | 2,70,000 | - | 0.67 |
| 9. | Parampal Singh Non-Executive Independent Director | 3,30,000 | -5.71 | 0.82 |
| 10. | Harpreet Kaur Kang Non-Executive Independent Director | 4,30,000 | 22.86 | 1.07 |
| 11. | Udeypaul Singh Gill^ Non-Executive Independent Director | 3,30,000 | - | 0.82 |
| 12. | Suresh Kumar# Non-Executive Independent Director | 2,00,000 | - | 0.50 |
| 13. | Rajeev Thapar Chief Financial Officer | 86,17,500 | -39.45 | 21.54 |
| 14. | Sanjay Gupta Company Secretary | 22,60,452 | 1.72 | 5.65 |

* Mr. A.K. Kundra and Dr. S.K. Bijlani ceased to be Directors of the Company w.e.f. 30.09.2022 on completion of their second term of appointment.

Ms. Sagrika Jain and Mr. Suresh Kumar were appointed as Directors of the Company w.e.f. 06.08.2022 and 29.09.2022, respectively.

^ Mr. Udeypaul Singh Gill was appointed as an Independent Director of the Company w.e.f. 22.01.2022.

2. The median remuneration of employees of the Company during the financial year was ₹ 4,00,018.
3. In the financial year, there was an increase of 2.57% in the median remuneration of employees.
4. There were 28,283 permanent employees on the rolls of Company as on March 31, 2023.
5. Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year 2022-23 was 9.06% whereas the decrease in the managerial remuneration for the same financial year was 44.57%.
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 | Remuneration (in ₹ lac) | Qualification | Age (Years) | Experience (Years) | Date of Employment | Particulars of last employment |
|---------|---------------------------|--|-------------------------|--------------------|-------------|--------------------|--------------------|---|
| 1. | Mr. S.P. Oswal | Chairman & Managing Director | 2,061.09 | M. Com | 81 | 56 | 08.10.1973 | Chairman & Managing Director (Vardhman Spinning and General Mills Ltd.) |
| 2. | Mrs. Suchita Jain | Vice-Chairperson & Joint Managing Director | 321.50 | M. Com | 55 | 30 | 29.01.2010 | N.A. |
| 3. | Mr. Neeraj Jain | Joint Managing Director | 275.93 | B. Com, CA | 56 | 31 | 31.03.2010 | N.A. |
| 4. | Mr. Tara Chand Gupta | Chief General Manager (Operations) | 109.79 | B. Tech (Textiles) | 62 | 41 | 24.05.1993 | Modern Syntex Ltd. |
| 5. | Mr. Mukesh Saxena | Chief General Manager | 109.09 | B. Tech (Textiles) | 61 | 41 | 01.02.2007 | Indorama Synthetics India Ltd. |
| 6. | Mr. Praveen Dhingra | Chief General Manager | 107.85 | B.Text. | 57 | 34 | 27.09.1993 | Deepak Spinners Ltd. |
| 7. | Mr. Dinesh Kumar Sindwani | Director (Corporate Services) | 106.76 | B. Com, CA | 62 | 38 | 01.04.2015 | Hero Steels Ltd. |

Note - Remuneration is inclusive of perquisite value of shares allotted under ESOP Scheme, wherever applicable.

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 -

| Sr. No. | Name of employee | Designation/ Nature of duties | Remuneration (in ₹ lac) | Qualification | Age (Years) | Experience (Years) | Date of Employment | Particulars of last employment |
|---------|-------------------|-------------------------------|-------------------------|-------------------------------------|-------------|--------------------|--------------------|---------------------------------|
| 1. | Ms. Sagrika Jain* | Executive Director | 69.81 | B.Sc. (Eco. & Finance Honours), MBA | 28 | 5 | 06.08.2022 | Arpwood Capital Private Limited |

* Ms. Sagrika Jain was appointed as an Executive Director of the Company w.e.f. 06.08.2022

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 31.03.2023

1, S.P. Oswal, 81, Chairman & Managing Director, 2,061.09, Regular, M.Com, 56, 08.10.1973, Vardhman Spinning and General Mills Ltd., 29,87,955. 2, Suchita Jain, 55, Vice-Chairperson & Joint Managing Director, 321.50, Regular, M.Com, 30, 29.01.2010, N.A., 12,22,120. 3, Neeraj Jain, 56, Joint Managing Director, 275.93, Regular, B.Com & CA, 31, 31.03.2010, N.A., 10,000. 4, TC Gupta, 62, Chief General Manager (Operations), 109.79, Regular, B. Tech (Textiles),

41, 24.05.1993, Modern Syntex Limited, 28,800. 5, Mukesh Saxena, 61, Chief General Manager, 109.09, Regular, B. Tech (Textiles), 41.04, 01.02.2007, Indorama Synthetics India Ltd, 20,000. 6, Parveen Dhingra, 57, Chief General Manager, 107.85, Regular, B.Text., 34, 27.09.1993, Deepak Spinners Ltd., 27,750. 7, Dinesh. K. Sindwani, 62, Director (Corporate Services), 106.76, Regular, B.Com & CA, 38, 01.04.2015, Hero Steels Limited, 12,500. 8, Sushil Kumar Jhamb, 68, Director (Materials), 100.82, B.Com, CA, 45, 01.06.2017, 3,240. 9, B.K. Choudhary, 71, Director (Operations), 93.08, Regular, B.Sc., M.Com & MBA, 50, 23.12.1985, Usha Alloys & Steels Limited, 8,500. 10, Mukesh Bansal, 48, Executive Vice-President, 89.87, MBA,CS, 28, 21.08.1995, VMT Spinning Co. Ltd., 21,375.

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

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, 2023

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 # Sagrika Jain- Executive Director |
| Executive Non-Independent Director | Neeraj Jain- Joint Managing Director |
| Independent Directors | Prfull Anubhai Parampal Singh Harpreet Kaur Kang Udeypaul Singh Gill Suresh Kumar |

Relationship Inter-se:

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

ii. Board Meetings:

During the financial year 2022-2023, the Board met 6 (Six) times on the following dates:

- 21st May, 2022
- 22nd July, 2022
- 6th August, 2022
- 6th September, 2022
- 28th October, 2022
- 25th January, 2023

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 | 5 | Yes | 5 | Vardhman Acrylics Limited Vardhman Holdings Limited | Non-Executive Director Executive Director | 3 | 2 | 3 |
| Sachit Jain | 5 | No | 8 | Vardhman Holdings Limited Vardhman Special Steels Limited Vardhman Acrylics Limited | Non-Executive Director Executive Director Non-Executive Director | 1 | - | - |
| Suchita Jain | 6 | Yes | 7 | Vardhman Holdings Limited Vardhman Special Steels Limited Vardhman Acrylics Limited | Non-Executive Director Non-Executive Director Non-Executive Director | 5 | - | 1 |
| Neeraj Jain | 6 | Yes | 4 | - | - | - | - | - |
| Prafull Anubhai | 6 | Yes | 1 | Unichem Laboratories Limited | Non-Executive Director | 2 | - | 2 |
| A. K. Kundra* | 4 | No | - | - | - | - | - | - |
| S.K. Bijlani* | 4 | No | - | - | - | - | - | - |
| Parampal Singh | 6 | No | - | - | - | - | - | - |
| Harpreet Kaur Kang | 6 | No | 1 | Sportking India Limited | Non-Executive Director | 1 | - | - |
| Udeypaul Singh Gill | 6 | No | - | - | - | - | - | - |
| Sagrika Jain# | 3 | No | - | - | - | - | - | - |
| Suresh Kumar# | 2 | No | 2 | UPL Limited | Non-Executive Director | 1 | - | - |

* Mr. A.K. Kundra and Mr. S.K. Bijlani ceased to be Directors of the Company w.e.f. 30.09.2022 on completion of their second term of appointment.

Ms. Sagrika Jain and Mr. Suresh Kumar were appointed as Directors of the Company w.e.f. 06.08.2022 and 29.09.2022, respectively.

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, 2023, are provided as under:

| NAME OF COMMITTEE | COMPOSITION | TERMS OF REFERENCE |
|---|---|--|
| Audit Committee | Prafull Anubhai (Chairman) Suresh Kumar Harpreet Kaur Kang | <ul style="list-style-type: none"> 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) Regulation, 2015. |
| Nomination and Remuneration Committee | Prafull Anubhai (Chairman) S.P. Oswal Udeypaul Singh Gill Parampal Singh | <ul style="list-style-type: none"> 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. |
| Corporate Social Responsibility Committee | Prafull Anubhai (Chairman) Neeraj Jain Sachit Jain | <ul style="list-style-type: none"> 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/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Corporate_Social_Responsibility_Policy.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 I. |
| Stakeholder's Relationship Committee | Harpreet Kaur Kang (Chairman) Sachit Jain Suchita Jain | <ul style="list-style-type: none"> The Committee reviews and ensures redressal of investor grievances. The Committee noted that during the year the Company received 8 complaints from the investors and the same has been duly resolved by the Company. |
| Risk Management Committee | Prafull Anubhai (Chairman) Suchita Jain Neeraj Jain D.K. Sindwani Rajeev Thapar | <ul style="list-style-type: none"> The Risk Management Policy of the Company aims to maximise opportunities in all activities and to minimise adversity. The Risk Management 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/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Risk_Management_Policy.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 | Risk Management Committee |
|----------------------|----------------|----------|---------------------------|----------------------------|---------------------------|
| Meetings held | 4 | 4 | 3 | 1 | 2 |
| S.P. Oswal | N.A. | N.A. | 3 | N.A. | N.A. |
| Sachit Jain | N.A. | 0 | N.A. | 1 | N.A. |
| Suchita Jain | N.A. | N.A. | N.A. | 1 | 2 |
| Neeraj Jain | N.A. | 4 | N.A. | N.A. | 2 |
| Prafull Anubhai | 4 | 4 | 3 | N.A. | 2 |
| A. K. Kundra* | 2 | N.A. | 3 | N.A. | N.A. |
| S.K. Bijlani** | 2 | N.A. | N.A. | N.A. | N.A. |
| Parampal Singh | N.A. | N.A. | 0 [^] | N.A. | N.A. |
| Harpreet Kaur Kang | 2 [#] | N.A. | N.A. | 1 [@] | N.A. |
| Udeypaul Singh Gill | N.A. | N.A. | 0 [^] | N.A. | N.A. |
| Sagrika Jain | N.A. | N.A. | N.A. | N.A. | N.A. |
| Suresh Kumar | 2 [#] | N.A. | N.A. | N.A. | N.A. |

*Mr. A.K. Kundra ceased to be Member of the Audit Committee, Nomination & Remuneration Committee and Stakeholders' Relationship Committee w.e.f. 30th September, 2022.

**Dr. S.K. Bijlani ceased to be Member of the Audit Committee w.e.f. 30th September, 2022.

[#]Mr. Suresh Kumar and Mrs. Harpreet Kaur Kang were appointed as Members of Audit Committee w.e.f. 30th September, 2022.

[^]Mr. Udeypaul Singh Gill and Dr. Parampal Singh were appointed as Members of Nomination & Remuneration Committee w.e.f. 30th September, 2022.

[@]Mrs. Harpreet Kaur Kang was appointed as Chairperson of Stakeholders' Relationship Committee w.e.f. 30th September, 2022.

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 2022-23 was held on 30th March, 2023 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/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Familiarisation_Programme_for_Board_Members.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 | Name of Director | Area of Expertise |
|------------------|---|---------------------|---|
| S.P. Oswal | Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience | Sagrika Jain | Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience |
| Sachit Jain | Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience | Prafull Anubhai | Strategic Planning Leadership Industry Experience Financial Expertise |
| Suchita Jain | Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience | Parampal Singh | Strategic Planning Leadership Administrative Experience |
| Neeraj Jain | Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience | Harpreet Kaur Kang | Strategic Planning Leadership Administrative Experience |
| | | Udeypaul Singh Gill | Strategic Planning Leadership Industry Experience Administrative Experience |
| | | Suresh Kumar | Strategic Planning Leadership Administrative Experience |

4. DIRECTORS' REMUNERATION:

i) Chairman and Managing Director / Joint Managing Directors / Executive Directors:

The Company pays remuneration to Chairman and Managing Director, Joint Managing Directors and Executive Director 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 2022-23 is as given below:

| (in ₹) | | | | |
|--|------------------------------|--|-------------------------|--------------------|
| Name | S.P. Oswal | Suchita Jain | Neeraj Jain | Sagrika Jain* |
| Designation | Chairman & Managing Director | Vice-Chairperson & Joint Managing Director | Joint Managing Director | Executive Director |
| Salary | 85,40,000 | 1,02,00,000 | 82,34,000 | 25,00,000 |
| Perquisites & Allowances | 41,14,615 | 73,08,780 | 71,47,523 | 16,81,080 |
| Retirement Benefit | 10,24,800 | 12,24,000 | 9,77,640 | 3,00,000 |
| Commission | 19,24,29,673 | - | - | - |
| Performance Linked Incentive and criteria thereof | - | 1,34,17,742 | 1,12,34,000 | 25,00,000 |

*Ms. Sagrika Jain was appointed as an Executive Director of the Company w.e.f. 6th August, 2022. As such, the remuneration stated above pertains to part of the year (i.e. from 06.08.2022 to 31.03.2023).

Performance Linked Incentive are decided by the Nomination & Remuneration Committee based on the resolutions passed by Members of the Company, i.e. upto the ceiling of double of the annual basic salary in case of Joint Managing Directors and; upto a ceiling of 100% of the annual basic salary, in case of Executive Director.

The tenure of office of Managing Director & Joint Managing Director(s) is 5 (five) years from their respective dates of appointment and tenure of office of Executive Director is 3 (three) years from the date of appointment. The term 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 has been granted any stock options except Mr. Neeraj Jain, who has been granted 20,000 Options. He has exercised all the options granted to him.

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 are paid sitting fees @ ₹ 50,000/- per Board Meeting, @ ₹ 35,000/- per Audit Committee Meeting and @ ₹ 30,000/- per any other Committee Meeting.

The detail of sitting fees paid to the Directors during the Financial Year 2022-23 is given hereunder: -

| Sr. No. | NAME OF DIRECTOR | SITTING FEE (₹) |
|---------|---------------------|-----------------|
| 1. | Prafull Anubhai | 7,40,000 |
| 2. | A.K. Kundra* | 3,60,000 |
| 3. | S.K. Bijlani* | 2,70,000 |
| 4. | Parampal Singh | 3,30,000 |
| 5. | Harpreet Kaur Kang | 4,30,000 |
| 6. | Udeypaul Singh Gill | 3,30,000 |
| 7. | Suresh Kumar** | 2,00,000 |

*Mr. A.K. Kundra and Dr. S.K. Bijlani ceased to be Independent Directors of the Company w.e.f. 30th September, 2022 on completion of their second term of appointment.

**Mr. Suresh Kumar was appointed as an Independent Director of the Company w.e.f. 29th September, 2022.

5. SHAREHOLDING DETAILS OF DIRECTORS AS ON 31ST MARCH, 2023:

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

| Sr. No. | NAME OF DIRECTOR | NUMBER OF SHARES HELD |
|---------|------------------|-----------------------|
| 1. | S.P. Oswal | 29,87,955 |
| 2. | Suchita Jain | 12,22,120 |
| 3. | Neeraj Jain | 10,000 |
| 4. | Sagrika Jain | 34,925 |

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 |
|--|---|--|----------------------------|
| 49 th Annual General Meeting for the Financial year ended 31 st March, 2022. | Friday, 30 th September, 2022 at 10:15 A.M. | Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) | 2 |
| 48 th Annual General Meeting for the Financial year ended 31 st March, 2021. | Tuesday, 28 th September, 2021 at 11:30 A.M. | Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) | 1 |
| 47 th Annual General Meeting for the Financial year ended 31 st March, 2020. | Monday, 28 th September, 2020 at 10:30 A.M. | Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) | 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 2023-24.

7. DISCLOSURES:

- i. There was no materially significant related party transaction. 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/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Related_Party_Transaction_Policy.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. However, during the year, BSE has levied a fine of ₹ 1,000/- on the Company for non-compliance with regulation 50(1) of SEBI (LODR) Regulations, 2015, pertaining to listed NCDs.
- 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/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Whistle_Blower_Policy.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, 2023, there was no outstanding GDRs/ADRs/Warrants or any convertible instruments.
- x. During the year 2022-23, 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 derivative contracts for hedging commodity price risk exposures on cotton purchase.
- Shift this line below point no. x, kindly refer previous year annual report.

Exposure of the Company to commodity risk as on 31st March, 2023 is as follows:

| Commodity Name | Exposure in ₹ 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 | 847 crore | 41.936 million kgs. approx | - | - | - | - | - |

- 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/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Policy_for_Determining_Material_Subsidiaries.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 ₹ 88 lac.

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.

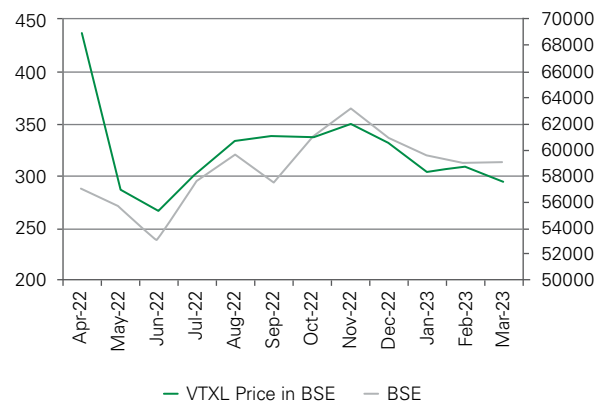
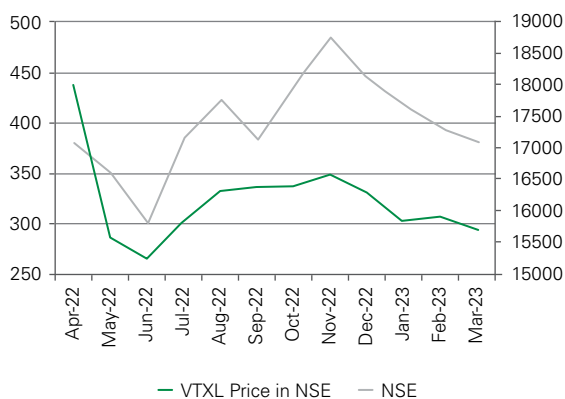
GENERAL INFORMATION FOR SHAREHOLDERS

| | | |
|-------------|--|--|
| i) | 50th Annual General Meeting: | |
| | Date | :30 th September, 2023 |
| | Time | :10:00 a.m. |
| | Venue | : Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") |
| ii) | Financial Calendar 2023-24 (Tentative) | |
| | First Quarter Results | : August, 2023 |
| | Second Quarter Results | : October, 2023 |
| | Third Quarter Results | : January, 2024 |
| | Annual Results | : May, 2024 |
| iii) | Dates of Book Closure | : 16th September, 2023 to 30th September, 2023 (both days inclusive) |
| iv) | Dividend payment date | : Within 30 days after declaration |
| v) | Listing | : The securities of the Company are listed on the following Stock Exchanges: - <ol style="list-style-type: none"> 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. Shift this line below point no. 2, kindly refer previous year annual report. |
| vi) | Stock Code: | |
| | • BSE Limited, Mumbai | : 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 2022-23 is given below: -

| Financial Year 2022-23 | 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 | 471.40 | 428.15 | 436.25 | 0.06 | 471.70 | 428.00 | 436.00 | 0.10 |
| May | 435.75 | 277.10 | 286.80 | -34.26 | 438.95 | 277.70 | 286.65 | -34.25 |
| June | 301.00 | 245.50 | 265.05 | -7.58 | 299.80 | 245.50 | 265.30 | -7.45 |
| July | 327.40 | 262.10 | 302.65 | 14.19 | 327.30 | 262.10 | 302.50 | 14.02 |
| August | 344.75 | 303.10 | 332.40 | 9.83 | 344.90 | 303.10 | 332.60 | 9.95 |
| September | 377.00 | 317.05 | 337.40 | 1.50 | 376.00 | 317.05 | 337.25 | 1.40 |
| October | 366.10 | 316.15 | 336.55 | -0.25 | 366.00 | 316.55 | 336.05 | -0.36 |
| November | 357.70 | 327.00 | 348.35 | 3.51 | 357.50 | 327.30 | 348.75 | 3.78 |
| December | 359.90 | 291.50 | 330.15 | -5.22 | 359.50 | 292.00 | 330.40 | -5.26 |
| January | 334.50 | 285.00 | 303.30 | -8.13 | 334.45 | 286.05 | 303.30 | -8.20 |
| February | 323.85 | 287.55 | 307.95 | 1.53 | 325.00 | 287.80 | 307.75 | 1.47 |
| March | 324.85 | 270.00 | 293.70 | -4.63 | 324.00 | 270.00 | 293.75 | -4.55 |

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 2015-16 have been transferred to the Investor Education and Protection Fund (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 dematerialize 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 A01020**.

xii) Distribution of Shareholding as on 31st March, 2023:

| RANGE No. of Shares | SHAREHOLDERS | | SHARES | |
|------------------------|--------------------------|--------------------|------------------------|-------------------|
| | Numbers of Total Holders | % to Total Holders | Numbers of Shares Held | % to Total Shares |
| Upto-500 | 62985 | 85.03 | 5315345 | 1.84 |
| 501-1000 | 6058 | 8.18 | 4367014 | 1.51 |
| 1001-2000 | 2581 | 3.49 | 3705435 | 1.29 |
| 2001-3000 | 903 | 1.22 | 2282216 | 0.79 |
| 3001-4000 | 341 | 0.46 | 1208032 | 0.42 |
| 4001-5000 | 274 | 0.37 | 1264918 | 0.44 |
| 5001-10000 | 413 | 0.56 | 2920035 | 1.01 |
| 10001- above | 522 | 0.71 | 268064055 | 92.72 |
| Total | 74077 | 100.00 | 289127050 | 100.00 |

xiii) Dematerialisation of shares:

As on 31st March, 2023, 99.19% of the capital comprising 28,67,95,985 shares, out of total of 28,91,27,050 shares, were 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). During the financial year 2022-23, 2,63,000 equity shares were allotted to the eligible employees. So, the paid-up equity share capital of the Company stood increased to ₹ 57,82,54,100 as on 31st March, 2023.

xv) Plant Location:

- Arihant Spinning Mills, 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.
- Vardhman Renova, Sai Road, Baddi, Distt. Solan (H.P.)- 173 205.
- Auro Weaving Mills, Sai Road, Baddi, Distt. Solan (H.P.) - 173 205.
- Auro Textiles 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
- VMT Spinning Mills, Kalyanpur, Baddi, Dist. Solan (H.P.)- 173205
- Vardhman Apparels, D-295/2, Phase VII, Focal Point, Ludhiana- 141123

xvi) Address for correspondence:

| | |
|-------------------|--|
| Registered office | : Chandigarh Road, Ludhiana-141010 |
| 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 and India Ratings Research during the financial year 2022-23. There has been no revision in the credit ratings during the financial year 2022-23. List of all credit ratings obtained by the Company during the year are as follows:

| Particulars | Rating during FY 2022-23 |
|----------------------------|--------------------------|
| Long Term Bank Facilities | CRISIL AA+/Stable |
| Short Term Bank Facilities | CRISIL A1+ |
| Non-Convertible Debentures | CRISIL AA+/Stable |
| Commercial Papers | CRISIL A1+ IND A1+ |

xviii) Debenture Trustee :

SBICAP Trustee Company Limited,
4th Floor, Mistry Bhavan, 122, 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, 2023.

Place: Ludhiana
Dated: 5th May, 2023

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: 5th May, 2023

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:

| Sr. 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. | 09694869 | Ms. Sagrika Jain |
| 6. | 00040837 | Mr. Prafull Anubhai |
| 7. | 07995388 | Dr. Parampal Singh |
| 8. | 03049487 | Mrs. Harpreet Kang |
| 9. | 00004340 | Mr. Udeypaul Singh Gill |
| 10. | 00512630 | Mr. Suresh Kumar |

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,
Sd/-

Ashok Singla

Proprietor

Membership No. 2004

Certificate of Practice No. 1942

UDIN: F00z004 E000 256 368

Date: 5th May, 2023

Place: Ludhiana

Corporate Governance Certificate

To
The Members of
Vardhman Textiles Limited

We have examined relevant records of M/s Vardhman Textiles Limited (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance for the financial year ended 31st March 2023 as per the provisions of Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the review of procedure and implementation thereof. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the conditions of Corporate Governance for the financial year ended 31st March 2023 as stipulated in the Listing Regulations.

This Certificate 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
UDIN: Fo02004 Eo00 256 346

Date: 5th May, 2023
Place: Ludhiana

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 March 31, 2023, 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 March 31, 2023, 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 (SAs) specified

under section 143(10) of the Act. 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.

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 | <p>Uncertain income-tax positions - Refer to Notes 2.15, 2.19.1.4, 38(a) and 39 to the standalone financial statement</p> <p>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.</p> | <p>Principal audit procedures performed:</p> <ul style="list-style-type: none"> Obtained an understanding of and performed testing of design, implementation 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 from the Company's internal tax experts during the year ended March 31, 2023. |

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------|------------------|---|
| | | <ul style="list-style-type: none"> 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. Assessed the adequacy of the disclosures made in the financial statements. |

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 Report, Business Responsibility and sustainability 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.

Responsibilities of Management and Those Charged with Governance 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's 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 with reference to standalone financial statements 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.

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 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 March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to standalone financial statements 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 with reference to standalone financial statements.

- 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 Note 38(a) to the standalone financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 38(e) (iii) to the standalone 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 Note 50 to the standalone financial statements.

iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 51(v) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, as

disclosed in the note 51(vi) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. As stated in note 51 (x) to the standalone financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 ("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)

Place: Gurugram

Date: May 05, 2023

(Membership No. 105546)

UDIN: 23105546BGXMRP8933

Annexure "A" to the Independent Auditor's Report

(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 with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Vardhman Textiles Limited ("the Company") as of March 31, 2023 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 with reference to standalone financial statements based on the internal control with reference to standalone financial statements 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 with reference to standalone financial statements 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 with reference to standalone financial statements. 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 with

reference to standalone financial statements 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

A company's internal financial control with reference to standalone financial statements 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 with reference to standalone financial statements 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 with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements 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 with reference to standalone financial statements and such internal financial

controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to standalone financial statements 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: 23105546BGXMRP8933

Place: Gurugram
Date: May 05, 2023

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)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a program of verification of property, plant and equipment, capital work-in-progress and right-of-use assets so to cover all the items once every 3 years 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 Property, Plant and Equipment were due for verification during the year and 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) Based on the examination of the registered sale deed / transfer deed / conveyance deed / court order provided to us, we report that, the title deeds of all the immovable properties of land and buildings (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment and non-current assets held for sale, 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 credit facility extended to the company as security are held in the name of the Company based on the confirmations directly received by us from "ICICI Bank Limited" (custodian) on behalf of term and consortium lenders.
- (d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The inventories except for goods-in-transit and stocks held with third parties, were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. For stocks held with third parties at the year-end, written confirmations have been obtained and in respect of goods in transit, the goods have been received subsequent to the year end. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories/alternate procedures performed as applicable, when compared with the books of account.
- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, at points of time during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly statements comprising stock statements, book debt statements, statements on ageing analysis of the debtors/other receivables, and other stipulated financial information filed by the Company with such banks are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed and no material discrepancies have been observed.
- (iii) The Company has not provided guarantee or security and granted advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. The company has made investments in and granted loans to employees, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, in respect of which:

- (a) The Company has provided loans to employees and details of which are given below:

| | Amount in ₹ Crores |
|--|-------------------------------|
| A. Aggregate amount of loans granted during the year to Employees: | 3.61 |
| B. Balance outstanding as at balance sheet date with Employees | 2.99 |

The Company has not provided any guarantee or security to any other entity during the year.

- (b) The investments made and the terms and conditions of the grant of all the above-mentioned loans to employees during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (c) In respect of loans granted to employees, the schedule of repayment of principal has been stipulated and the repayments of principal amounts are regular as per stipulation. There are no interest bearing loans given by the company.
- (d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted and advances in the nature of loans provided by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- (e) No loan or advance in the nature of loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during

the year. Hence, reporting under clause (iii)(f) is not applicable.

- (iv) According to information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees or securities that are covered under the provisions of sections 185 or 186 of the Companies Act, 2013, and hence reporting under clause (iv) of the Order is not applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) In respect of statutory dues:
- (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

| Nature of Statute | Nature of Dues | Forum where dispute is pending | Period to which the Amount Relates | Amount* | Amount paid under protest | Amount unpaid |
|-----------------------------------|---|--------------------------------|--|---------|---------------------------|---------------|
| | | | | | ₹ In Crores) | |
| Central Excise Laws | Excise Duty | CESTAT | FY 2007-08 to FY 2010-11 | 0.67 | 0.02 | 0.65 |
| | | Up-to Commissioner (Appeals) | FY 2011-12 to FY 2013-14, FY 2017-18, FY 2018-19 | 0.62 | 0.02 | 0.6 |
| | | High Court | FY 2016-17, FY 2017-18, FY 2020-21 | 3.77 | 0.19 | 3.58 |
| Service Tax Laws | Service Tax | CESTAT | FY 2008-09 | 0.11 | - | 0.11 |
| Sales Tax Laws | Central Sales Tax State Sales Tax | Appellate Board | FY 2009-10 | 0.06 | - | 0.06 |
| | | Appellate Board | FY 2010-11 to FY 2012-13 | 0.17 | 0.09 | 0.08 |
| | | Up-to Commissioner (Appeals) | FY 2014-15 to FY 2017-18 | 0.07 | 0.02 | 0.05 |
| Goods and Service Tax Laws | Goods and Service Tax | Up-to Commissioner (Appeals) | FY 2017-18 to FY 2020-21 | 1.87 | 1.26 | 0.61 |
| Provident Fund | Provident Fund | Upto Commissioner Appeals | FY 2015-16 | 0.27 | 0.11 | 0.16 |
| Municipality Corporation Act | Octroi | High Court | FY 1996-97 | 0.15 | - | 0.15 |
| Property Tax Land Acquisition Act | Property Tax Enhancement of compensation for Industrial Land | High Court | FY 2015-16 | 1.4 | 0.7 | 0.7 |
| | | Collector Land Acquisition | FY 1991-92 | 1.47 | - | 1.47 |
| National Green Tribunal | National Green Tribunal | High Court | FY 2020-21 | 1.38 | - | 1.38 |
| Income Tax Laws | Income Tax | ITAT | AY 2014-15, AY 2015-16 | 11.06 | 11.06 | - |
| | | CIT(A) | AY 2016-17 to AY 2019-20 | 230.82 | 199.36 | 31.46 |

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

The following matters, which have been excluded from the above table, have been decided in favor of the Company but the department has preferred appeals at higher levels. The details are given below:

| Nature of Statute | Nature of Dues | Forum where dispute is pending | Period to which the Amount Relates | Amount involved* |
|-------------------|----------------|--------------------------------------|------------------------------------|------------------|
| | | | | ₹ In Crores) |
| Income Tax Laws | Income Tax | High Court | AY 2001-02 to AY 2007-08 | 34.30 |
| | | Income Tax Appellate Tribunal (ITAT) | AY 2015-16 | 55.42 |

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

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.

- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) The Company has not made any investment in or given any new loan or advances to any of its subsidiaries, associates or joint ventures during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures or associate companies.
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- (b) The Company has made private placement of Non-Convertible debentures during the year. For such allotment of debt instruments, the Company has complied with the requirements of Section 42 and 62 of the Companies Act, 2013, and the funds raised have been, prima facie, applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application. The Company has not made any preferential allotment or private placement of shares during the year.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 2023.
- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, (Asset Liability Maturity (ALM) pattern) other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when

they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) In respect of other than ongoing projects, the Company does not have any unspent Corporate Social Responsibility (CSR) amount which is required to be transfer to a Fund specified in Schedule VII to the Companies Act, 2013 before the date of this report and within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.

- (b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount, to a Special account before the date of this report and within a period of 30 days from the end of the financial year in compliance with the provision of section 135(6) of the Act.

For Deloitte Haskins & Sells LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh Kumar Agarwal

(Partner)

Place: Gurugram
Date: May 05, 2023

(Membership No. 105546)
UDIN: 23105546BGXMRP8933

Balance Sheet

as at March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|--|----------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, plant and equipment | 3A | 3,870.76 | 3,425.75 |
| (b) Right-of-Use Asset | 44 | 8.37 | 8.50 |
| (c) Capital work-in-progress | 3A | 47.09 | 241.02 |
| (d) Intangible assets | 3B | 1.37 | 1.44 |
| (e) Financial assets | | | |
| (i) Investments | 4 | 1,225.27 | 964.29 |
| (ii) Loans | 5 | 1.25 | 0.95 |
| (iii) Others financial assets | 6 | 39.03 | 154.28 |
| (f) Income tax asset (net) | 14 | 23.73 | - |
| (g) Other non-current assets | 7 | 85.87 | 162.40 |
| Total Non-current assets | | 5,302.74 | 4,958.63 |
| Current assets | | | |
| (a) Inventories | 8 | 2,312.16 | 2,806.67 |
| (b) Financial assets | | | |
| (i) Investments | 9 | 1,021.25 | 493.59 |
| (ii) Trade receivables | 10 | 1,179.08 | 1,310.68 |
| (iii) Cash and cash equivalents | 11 | 74.66 | 62.06 |
| (iv) Bank balances other than above | 11A | 295.58 | 53.89 |
| (v) Loans | 12 | 2.51 | 1.92 |
| (vi) Other financial assets | 13 | 28.74 | 143.32 |
| (c) Other current assets | 15 | 644.00 | 745.12 |
| (d) Assets held-for-sale | 15A | 0.16 | 0.17 |
| Total Current assets | | 5,558.14 | 5,617.42 |
| TOTAL ASSETS | | 10,860.88 | 10,576.05 |
| Equity and Liabilities | | | |
| Equity | | | |
| (a) Equity share capital | 16 | 5782 | 5777 |
| (b) Other equity | 17 | 8,236.17 | 7,481.35 |
| Total Equity | | 8,293.99 | 7,539.12 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 18 | 931.35 | 921.06 |
| (ii) Lease Liability | 19A | 0.17 | 0.17 |
| (iii) Other financial liabilities | 19 | 3.50 | 5.40 |
| (b) Provisions | 20 | 16.95 | 15.98 |
| (c) Deferred tax liabilities (Net) | 21 | 242.81 | 229.78 |
| (d) Other non-current liabilities | 22 | 14.80 | 16.42 |
| Total Non-current liabilities | | 1,209.58 | 1,188.81 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 23 | 745.76 | 1,059.25 |
| (ii) Trade payables | 24 | | |
| (a) total outstanding dues of micro enterprises and small enterprises | | 23.33 | 29.98 |
| (b) total outstanding dues of trade payable other than micro enterprises and small enterprises | | 283.92 | 318.63 |
| (iii) Other financial liabilities | 25 | 198.55 | 306.39 |
| (b) Other current liabilities | 26 | 85.96 | 109.25 |
| (c) Provisions | 27 | 3.29 | 2.77 |
| (d) Income tax liabilities (net) | 14 | 16.50 | 21.85 |
| Total Current liabilities | | 1,357.31 | 1,848.12 |
| TOTAL EQUITY AND LIABILITIES | | 10,860.88 | 10,576.05 |
| See accompanying notes to the standalone financial statements | 1 - 53 | | |

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 Chairperson and
Joint Managing Director
DIN:00746471

S.P. Oswal

Chairman and Managing
Director
DIN: 00121737

Place : Gurugram

Date: May 05, 2023

Place : Ludhiana

Date: May 05, 2023

Statement of profit and loss

for year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

| Particulars | Note No. | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|----------------|--------------------------------------|--------------------------------------|
| I Revenue from operations | 28 | 9,840.79 | 9,386.10 |
| II Other income | 29 | 192.80 | 385.26 |
| III Total Income (I+II) | | 10,033.59 | 9,771.36 |
| IV Expenses: | | | |
| Cost of materials consumed | 30 | 5,765.98 | 4,796.53 |
| Purchases of stock-in-trade | 31 | 0.14 | 0.43 |
| Changes in inventories of finished goods and work-in-progress | 32 | 9.34 | (397.81) |
| Employee benefits expense | 33 | 749.98 | 713.93 |
| Finance costs | 34 | 101.86 | 99.53 |
| Depreciation and amortization | 3A, 3B & 44 | 388.95 | 362.10 |
| Other expenses | 35 | 2,030.30 | 2,010.90 |
| Total Expenses | | 9,046.55 | 7,585.61 |
| V Profit before tax (III-IV) | | 987.04 | 2,185.75 |
| VI Tax expense: | 36 | | |
| Current tax | | 224.98 | 521.03 |
| Deferred tax | | 12.99 | (12.72) |
| VII Profit for the year (V-VI) | | 749.07 | 1,677.44 |
| VIII Other Comprehensive Income | 17 | | - |
| A Items that will not be reclassified to profit or loss | | | |
| (a) (i) Remeasurements of the defined benefits plans | | 3.52 | 8.63 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | (0.89) | (2.17) |
| (b) (i) Equity instruments through other comprehensive income | | 0.17 | 0.08 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | (0.04) | (0.02) |
| IX Total other comprehensive income | | 2.76 | 6.52 |
| X Total comprehensive income for the year (VII+IX) | | 751.83 | 1,683.96 |
| Earnings per equity share (amount in ₹) | 42 | | |
| (1) Basic | | 25.91 | 58.16 |
| (2) Diluted | | 25.90 | 58.00 |
| See accompanying notes to the standalone financial statements | 1 - 53 | | |

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 Chairperson and
Joint Managing Director
DIN:00746471

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

Place : Gurugram
Date: May 05, 2023

Place : Ludhiana
Date: May 05, 2023

Cash Flow Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|------------------------------|------------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 987.04 | 2,185.75 |
| Adjustments for: | | |
| Finance costs | 87.77 | 80.88 |
| Fair valuation gain on investment | (40.37) | (42.62) |
| Subsidy from Government | (1.90) | (1.74) |
| Interest income | (37.15) | (24.77) |
| Dividend on investments | (12.22) | (176.21) |
| Net gain on sale / discarding of property, plant and equipment | (4.17) | (5.35) |
| (Profit)/Loss on sale of Investments (Net) | (38.17) | (24.83) |
| Provision no longer required written back (net) | (4.32) | (5.52) |
| Assets written off | 1.49 | 5.82 |
| Bad debt written off | 1.45 | 1.17 |
| Allowances for doubtful trade receivables and advances written back (net) | 1.65 | 14.99 |
| Depreciation and amortisation | 388.95 | 362.10 |
| Share options outstanding account | - | 0.84 |
| Changes in working capital: | | |
| Adjustments for (increase) / decrease in operating assets :- | | |
| Trade receivables | 128.50 | (303.30) |
| Inventories | 494.52 | (71.08) |
| Loans | (0.89) | (0.25) |
| Other assets (Current) | 97.62 | (152.60) |
| Others financial assets (Current) | 125.79 | (93.03) |
| Others financial assets (Non Current) | 0.12 | 0.21 |
| Other assets (Non-current) | 16.79 | (43.26) |
| Adjustments for increase / (decrease) in operating liabilities :- | | |
| Trade payables | (37.03) | 96.10 |
| Provisions (Non Current) | 0.97 | (0.40) |
| Provisions (Current) | 0.52 | 0.15 |
| Others financial liabilities (Current) | (69.68) | 105.73 |
| Others financial liabilities (Non-Current) | (1.90) | 2.60 |
| Other liabilities (Non-current) | 0.18 | 0.36 |
| Other liabilities (Current) | (15.76) | 26.06 |
| Cash generated from operations | 2,069.80 | 1,937.80 |
| Income taxes paid (net of refund received) | (254.99) | (507.90) |
| Net cash generated by operating activities | 1,814.81 | 1,429.90 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of investments (non-current) | (651.48) | (499.42) |
| Proceeds from sale of Investments (non-current) | 535.88 | 296.19 |
| Purchase of current investments (net) | (594.35) | (373.91) |
| Interest received | 32.48 | 16.70 |
| Payment for purchase of property, plant and equipment, capital work in progress and other intangible assets | (613.71) | (516.49) |
| Bank balances not considered as cash and cash equivalents | (133.10) | 7.36 |
| Proceeds from disposal of property, plant and equipment | 6.50 | 10.71 |
| Dividend on subsidiaries, associates and other investments | 12.22 | 176.21 |
| Net cash used in investing activities | (1,405.56) | (882.66) |

Cash Flow Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|------------------------------|------------------------------|
| C CASH FLOW FROM FINANCING ACTIVITIES* | | |
| Proceeds from equity share capital/share application | 3.03 | 12.82 |
| Proceeds from borrowings (non-current) | 410.56 | 87.95 |
| Repayment of borrowings (non-current) | (612.84) | (282.28) |
| Proceeds/Repayment of borrowings (current) (net) | (100.92) | 42.83 |
| Dividends on equity share capital paid | (0.40) | (296.43) |
| Finance costs paid | (96.08) | (86.12) |
| Net cash used in financing activities | (396.65) | (521.23) |
| Net increase / (decrease) in cash and cash equivalents | 12.60 | 26.00 |
| Cash and cash equivalents at the beginning of the year | 62.06 | 36.05 |
| Cash and cash equivalents at the end of the year | 74.66 | 62.06 |

* There are no non cash changes arising from financing activities.

See accompanying notes to the standalone financial statements

1 - 53

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 Chairperson and
Joint Managing Director
DIN:00746471

S.P. Oswal

Chairman and Managing
Director
DIN: 00121737

Place : Gurugram

Date: May 05, 2023

Place : Ludhiana

Date: May 05, 2023

Statement of Changes in Equity

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

a. Equity share capital

| Particulars | Amount |
|---|--------------|
| Balance as at April 01, 2021 | 57.56 |
| Issue of equity shares under employee stock option plan (Refer note 45) | 0.21 |
| Balance as at March 31, 2022 | 57.77 |
| Issue of equity shares under employee stock option plan (Refer note 45) | 0.05 |
| Balance as at March 31, 2023 | 57.82 |

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 | Debiture redemption reserve | Share options outstanding account | General reserve | Retained earnings | Equity instrument through other comprehensive income | |
| Balance at April 1, 2021 | 5.62 | 1.64 | 12.26 | 18.93 | 57.62 | 12.39 | 1,402.65 | 4,568.59 | 1.29 | 6,080.99 |
| Profit for the year | - | - | - | - | - | - | - | 1,677.44 | - | 1,677.44 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | 6.46 | 0.06 | 6.52 |
| Total comprehensive income for the year | - | - | - | - | - | - | - | 1,683.90 | 0.06 | 1,683.96 |
| Employee stock options accrued/(Lapsed) during April-March 2022 (Refer note 45) | 1.30 | - | - | - | - | 0.84 | - | - | - | 0.84 |
| Share Application Money received under employee stock options. | - | - | - | - | - | - | - | - | - | 1.30 |
| Final Equity dividend for FY 2020-21 (Amount ₹ 17.50 per share having face value of ₹ 10 per share) | - | - | - | - | - | - | - | (100.91) | - | (100.91) |
| Interim Equity Dividend (Amount ₹ 34 per share having face value of ₹ 10 per share) | - | - | - | - | - | - | - | (196.14) | - | (196.14) |
| Transfer to equity shares due to issue of employee stock options (Refer note 45) | (5.62) | - | - | - | - | (8.79) | - | - | - | (14.41) |
| Securities premium on shares under Employee stock options | - | - | - | 25.72 | - | - | - | - | - | 25.72 |
| Transfer from Employee Stock Options accounts to General Reserve | - | - | - | - | - | (0.45) | 0.45 | - | - | - |
| Balance as at March 31, 2022 | 1.30 | 1.64 | 12.26 | 44.65 | 57.62 | 3.99 | 1,403.10 | 5,955.44 | 1.35 | 7,481.35 |

Statement of Changes in Equity

for the year ended March 31, 2023

(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 | - | - | - | - | - | - | 749.07 | - | 749.07 | |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | 2.63 | 0.13 | 2.76 | |
| Total comprehensive income for the year | - | - | - | - | - | - | 751.70 | 0.13 | 751.83 | |
| Share Application Money received under employee stock options. | 0.05 | - | - | - | - | - | - | - | 0.05 | |
| Transfer to equity shares due to issue of employee stock options (Refer note 45) | (1.30) | - | - | - | - | - | - | - | (1.30) | |
| Securities premium on shares under Employee stock options | - | - | 6.71 | - | (2.47) | - | - | - | 4.24 | |
| Transfer of Debenture redemption reserve to General reserve | - | - | - | (57.62) | - | - | 57.62 | - | - | |
| Transfer from Employee Stock Options accounts to General Reserve | - | - | - | - | (0.89) | - | 0.89 | - | - | |
| Balance as at March 31, 2023 | 0.05 | 1.64 | 12.26 | 51.36 | - | 0.63 | 1,461.61 | 1.48 | 8,236.17 | |

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 Chairperson and
Joint Managing Director
DIN:00746471

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

Place : Gurugram
Date: May 05, 2023

Place : Ludhiana
Date: May 05, 2023

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(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 directors on May 5, 2023.

2 SIGNIFICANT ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS AND APPLICABILITY OF NEW AND REVISED 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 116, 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

Revenue from contracts with customers is recognized when the control of the goods or services is transferred to the customers on satisfaction of distinct performance obligations at the amount of transaction price (net of discounts, rebates etc.), excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Amount disclosed as revenue are net of returns and allowances, trade discounts and rebates.

The Company is generally the principal as it typically controls the goods or services before transferring them to the customer.

The Company disaggregates revenue from contracts with customers by nature of goods and service.

Revenue from rendering of services is recognized over time by measuring the progress toward complete satisfaction of performance obligations at the reporting period.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

The revenue in respect of RoDTEP, duty drawback and similar other export benefits is recognized in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

2.3.1 Dividend Income

Dividend on financial assets 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.

2.3.2 Interest Income

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.

2.3.3 Contract balances - Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Trade receivables that do not contain a significant financing component are measured at transaction price.

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 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.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

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.

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

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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.

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.

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

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- 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 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 CETP | 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

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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 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.

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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.

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 an 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 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

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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.

2.16.1 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

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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 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 115, 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:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- 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.

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 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.

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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 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.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

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, 2023 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 it 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 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.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

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

Recent pronouncements Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

-Ind AS 1 – Presentation of Financial Statements The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does

not expect this amendment to have any significant impact in its financial statements.

-Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

-Ind AS 12 – Income Taxes The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

3A Property, plant and equipment and capital work-in-progress

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Carrying amount of | | |
| Freehold land | 117.35 | 116.47 |
| Buildings | 1,110.00 | 1,003.72 |
| Plant and equipment | 2,604.89 | 2,273.03 |
| Furniture and fixtures | 10.65 | 9.05 |
| Vehicles | 11.19 | 9.43 |
| Office equipment | 16.68 | 14.05 |
| Total Property, plant and equipment | 3,870.76 | 3,425.75 |
| Capital work-in-progress | 47.09 | 241.02 |
| | 3,917.85 | 3,666.77 |

| Particulars | Freehold land | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Total |
|----------------------------------|------------------|-----------------|------------------------|---------------------------|--------------|---------------------|-----------------|
| Balance at April 01, 2021 | 103.93 | 1,173.51 | 3,885.45 | 16.53 | 13.95 | 54.64 | 5,248.01 |
| Addition | 13.18 | 60.97 | 254.66 | 1.74 | 4.55 | 5.59 | 340.69 |
| Disposal/Adjustments | (0.64) | (0.26) | (21.39) | (0.10) | (0.83) | (0.70) | (23.92) |
| Balance at March 31, 2022 | 116.47 | 1,234.22 | 4,118.72 | 18.17 | 17.67 | 59.53 | 5,564.78 |
| Addition | 1.23 | 149.65 | 670.84 | 3.43 | 4.16 | 7.80 | 837.11 |
| Disposal/Adjustments | (0.35) | - | (9.02) | (0.01) | (1.24) | (0.62) | (11.24) |
| Balance at March 31, 2023 | 117.35 | 1,383.87 | 4,780.54 | 21.59 | 20.59 | 66.71 | 6,390.65 |
| Accumulated depreciation | | | | | | | |
| Balance at April 01, 2021 | - | 189.79 | 1,545.50 | 7.45 | 7.36 | 40.40 | 1,790.50 |
| Depreciation | - | 40.75 | 311.61 | 1.70 | 1.59 | 5.63 | 361.28 |
| Disposal/Adjustments | - | (0.04) | (11.42) | (0.04) | (0.70) | (0.55) | (12.75) |
| Balance at March 31, 2022 | - | 230.50 | 1,845.69 | 9.11 | 8.25 | 45.48 | 2,139.03 |
| Depreciation | - | 43.37 | 336.19 | 1.83 | 1.79 | 5.11 | 388.29 |
| Disposal/Adjustments | - | - | (6.23) | (0.01) | (0.62) | (0.56) | (7.42) |
| Balance at March 31, 2023 | - | 273.87 | 2,175.65 | 10.93 | 9.42 | 50.03 | 2,519.90 |
| Carrying amount | | | | | | | |
| Balance at April 01, 2021 | 103.93 | 983.72 | 2,339.95 | 9.07 | 6.60 | 14.24 | 3,457.51 |
| Addition | 13.18 | 60.97 | 254.66 | 1.74 | 4.55 | 5.59 | 340.69 |
| Disposal/Adjustments | (0.64) | (0.22) | (9.97) | (0.06) | (0.13) | (0.15) | (11.17) |
| Depreciation | - | (40.75) | (311.61) | (1.70) | (1.59) | (5.63) | (361.28) |
| Balance at March 31, 2022 | 116.47 | 1,003.72 | 2,273.03 | 9.05 | 9.43 | 14.05 | 3,425.75 |
| Addition | 1.23 | 149.65 | 670.84 | 3.43 | 4.16 | 7.80 | 837.11 |
| Disposal/Adjustments | (0.35) | - | (2.79) | (0.00) | (0.61) | (0.06) | (3.81) |
| Depreciation | - | (43.37) | (336.19) | (1.83) | (1.79) | (5.11) | (388.29) |
| Balance at March 31, 2023 | 117.35 | 1,110.00 | 2,604.89 | 10.65 | 11.19 | 16.68 | 3,870.76 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

3A Property, plant and equipment and capital work-in-progress (Contd..)

Notes on property, plant and equipment

- 1 Refer to note 18 (a) for information on property, plant and equipment pledged as security by the Company.
- 2 Buildings includes ₹ 2.48 Crores (March 31, 2022: ₹ 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.
- 3 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 2022-23 such amount deducted from Property, Plant and Equipment is ₹ Nil (FY 21-22 ₹ Nil).
- 4 The Company has availed benefit under Export Promotion Capital Goods (EPCG) scheme amounting to ₹ 29.20 Crores (FY 21-22 ₹17.82 Cr) (related to non cenvatable portion of total duty saved) for financial year 2022-23, such benefit is related to Property, Plant and Equipment and Capital work in progress.
- 5 Borrowing cost capitalised during the year ₹ Nil Crores (March 31, 2022 Nil).
- 6 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.
- 7 The title deeds of all immovable properties are held in the name of the Company. Where immovable properties are acquired by the Company consequent to acquisition / merger of companies, the title to the immovable properties of the transferror companies shall be deemed to have been mutated in the name of the company as per the scheme of amalgamation approved by National Company Law Tribunal / court.

8 Capital-work-in progress (CWIP) ageing schedule:

| Projects in progress | Amount in CWIP for a period of: | | | | |
|----------------------|---------------------------------|-----------|-----------|----------------------|--------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| As at March 31, 2023 | 41.70 | 5.15 | 0.17 | 0.07 | 47.09 |
| As at March 31, 2022 | 239.84 | 0.98 | 0.20 | - | 241.02 |

- 9 There are no overdue or cost overrun projects compared to its original plan and no projects which are temporarily suspended as at March 31, 2023 and March 31, 2022.

3B Intangible assets

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---------------------------|-------------------------|-------------------------|
| Carrying amount of | | |
| Computer Softwares | 1.35 | 1.41 |
| Contribution to CETP | 0.00 | 0.00 |
| Right to use power lines | 0.02 | 0.03 |
| | 1.37 | 1.44 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

3B Intangible assets (Contd..)

| Particulars | Computer Softwares | Contribution to CETP | Right to use power lines | Total |
|-------------------------------------|--------------------|----------------------|--------------------------|--------------|
| Cost or Deemed Cost | | | | |
| Balance at April 01, 2021 | 14.29 | 0.64 | 4.57 | 19.50 |
| Addition | 0.32 | - | - | 0.32 |
| Disposal | - | - | - | - |
| Balance as at March 31, 2022 | 14.61 | 0.64 | 4.57 | 19.82 |
| Addition | 0.46 | - | - | 0.46 |
| Disposal | - | - | - | - |
| Balance as at March 31, 2023 | 15.07 | 0.64 | 4.57 | 20.28 |
| Accumulated amortisation | | | | |
| Balance at April 01, 2021 | 12.51 | 0.64 | 4.54 | 17.69 |
| Amortisation expenses | 0.69 | - | 0.01 | 0.70 |
| Disposal | - | - | - | - |
| Balance as at March 31, 2022 | 13.20 | 0.64 | 4.55 | 18.39 |
| Amortisation expenses | 0.52 | - | 0.01 | 0.53 |
| Disposal | - | - | - | - |
| Balance as at March 31, 2023 | 13.72 | 0.64 | 4.56 | 18.92 |
| Carrying amount | | | | |
| Balance at April 01, 2021 | 1.78 | 0.00 | 0.04 | 1.82 |
| Addition | 0.32 | - | - | 0.32 |
| Disposal | - | - | - | - |
| Amortisation expenses | (0.69) | - | (0.01) | (0.70) |
| Balance as at March 31, 2022 | 1.41 | 0.00 | 0.03 | 1.44 |
| Addition | 0.46 | - | - | 0.46 |
| Disposal | - | - | - | - |
| Amortisation expenses | (0.52) | - | (0.01) | (0.53) |
| Balance as at March 31, 2023 | 1.35 | 0.00 | 0.02 | 1.37 |

Note: These intangible assets are not internally generated

Also refer Note 2.11.1 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, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| 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, 2022: 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) | | |
| 40,00,000 (March 31, 2022: 40,00,000) Equity shares of ₹ 10/- each fully paid up of VTL Investments Limited | 4.04 | 4.04 |
| (iii) Investment in Associates | | |
| Quoted | | |
| 97,08,333 (March 31, 2022: 97,08,333) Equity shares of ₹ 10/- each fully paid up of Vardhman Special Steels Limited | 25.24 | 25.24 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

4 Investments (Non Current)* (Contd..)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Unquoted | | |
| 62,69,699(March 31, 2022: 62,69,699) Equity shares of ₹ 10/- each fully paid up of Vardhman Yarns & Threads Limited | 27.50 | 27.50 |
| 25,000 (March 31, 2022 : 25,000) Equity shares of ₹10/- each fully paid-up of Vardhman Spinning and General Mills Limited | 0.03 | 0.03 |
| Financial assets measured at fair value through other comprehensive income | | |
| (i) Investment in equity instruments (unquoted) | | |
| 41,000 (March 31, 2022: 41,000) Equity-Shares of ₹ 10/- each fully paid-up of Shivalik Solid Waste Management Limited (Section 25 Company) | 0.14 | 0.13 |
| 1,40,625 (March 31, 2022: 1,40,625) Equity shares of ₹ 10/- each fully paid-up of Nimbua Greenfield (Punjab) Limited | 1.99 | 1.89 |
| 2,225 (March 31, 2022: 2,225) Equity shares of ₹ 10/- each fully paid-up of Devakar Investment & Trading Company Private Limited | 0.24 | 0.20 |
| Other Investments:- | | |
| Financial assets measured at fair value through Profit and loss | | |
| (i) Investment in Bonds/ Preference shares/ Debentures/Mutual Funds (quoted) | | |
| ** 6,660 (March 31, 2022 :6,660) 17.38% Non-convertible redeemable cumulative preference shares of ₹7,500/- each fully paid of IL&FS Financial Services Limited | - | - |
| ** 10,000 (March 31, 2022:10,000) 16.46% Non-convertible redeemable cumulative preference shares of ₹ 7,500/- each fully paid of Infrastructure Leasing & Financial Services Limited | - | - |
| NIL (March 31, 2022: 4,80,963) units of ₹10000/- each of Bharat Bond ETF - April 2031 | - | 51.78 |
| NIL (March 31, 2022:9,24,143) units of ₹1000/- each of BHARAT Bond ETF - April 2030 -Growth | - | 111.17 |
| 4,77,412 (March 31, 2022 : 4,77,412.00) units of ₹ 10,000/- each of Bharat Bond ETF APRIL 2025 Growth | 53.18 | 51.76 |
| 11,98,61,898.919 (March 31, 2022 :7,45,44,342.813) units of ₹1000/- each of Edelweiss NIFTY PSU Bond Plus SDL Index Fund - 2026 50:50 Index Fund - Direct Plan Growth | 132.69 | 80.06 |
| 2,49,98,750.062 (March 31, 2022: 2,49,98,750.062) units of ₹10/- each of Nippon India Fixed Horizon Fund - XLIII - Series 1 - Direct Growth Plan | 26.67 | 25.73 |
| 3,49,98,250.087 (March 31, 2022 : 3,49,98,250.087) units of ₹10/- each of Kotak FMP Series 292 - Direct Plan Growth | 37.42 | 36.13 |
| 4,99,97,500.12 (March 31, 2022: 4,99,97,500.12) units of ₹10/- each of SBI Fixed Maturity Plan (FMP) - Series 49 (1823 Days) - Direct Plan Growth | 53.27 | 51.42 |
| 2,49,98,750.062 (March 31, 2022: 2,49,98,750.062) Units of ₹10/- each of SBI Fixed Maturity Plan (FMP) - Series 46 (1850 Days) Direct Plan Growth | 27.03 | 26.13 |
| 4,99,97,500.125 (March 31, 2022: 4,99,97,500.125) units of ₹10/- each of SBI FMP Series 41 - 1498 Days -Direct Plan Growth | 54.69 | 52.96 |
| 2,99,98,500.075 (March 31, 2022: 2,99,98,500.075) units of ₹10/- each of SBI FMP Series 42 - 1857 Days -Direct Plan Growth | 32.96 | 31.86 |
| 3,49,27,229.892 (March 31, 2022:3,49,27,229.892) units of ₹1000/- each of Bandhan CRISIL IBX Gilt June 2027 Index Fund Direct plan- Growth (erstwhile IDFC Gilt 2027 Index Fund Direct Plan- Growth) | 38.14 | 36.90 |
| 8,28,86,002.658 (March 31, 2022: 3,47,10,500.042) units of ₹10/- each of SBI CPSE Bond Plus SDL Sep 2026- 50:50 Index Fund Direct Plan Growth | 86.33 | 35.15 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

4 Investments (Non Current)* (Contd..)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| 1,25,00,000 (March 31, 2022: 1,25,00,000) units of ₹100/- each of Nippon India ETF Nifty SDL - 2026 Maturity Growth | 139.64 | 135.08 |
| 46,00,000 (March 31, 2022: 46,00,000) units of ₹100/- each of Nippon India ETF Nifty CPSE Bond plus SDL 2024 Maturity | 51.51 | 49.85 |
| 4,98,39,012.067 (March 31, 2022: 4,98,39,012.067) units of ₹ 10/- each of Edelweiss CRISIL PSU Plus SDL- 50:50 Oct 2025 Index Fund - Direct Plan Growth | 51.64 | 50.07 |
| 4,79,18,783.305 (March 31, 2022 : NIL) units of ₹ 10/- each of TATA NIFTY SDL PLUS AAA PSU BOND DEC 2027 60:40 Index Fund - Direct Plan- Growth | 50.15 | - |
| 14,55,82,797.441 (March 31, 2022 :NIL) units of ₹ 10/- each of Aditya Birla Sun Life CRISIL IBX 60:40 SDL +AAA PSU - APR 2027 Index Fund Direct Growth | 150.33 | - |
| 9,67,53,749.637 (March 31, 2022 : NIL) units of ₹ 10/- each of Kotak Nifty SDL APR 2027 top 12 Equal Weighted Index Fund Direct Plan - Growth | 100.31 | - |
| 24,998,750.062 (March 31, 2022:24,998,750.062) units of ₹10/- each of Aditya Birla Sunlife Fixed Term Plan Series-TI (1837 Days) -Direct Growth | 26.98 | 26.06 |
| | 1,225.27 | 964.29 |
| 1. Aggregate book value of quoted investments | 1,191.34 | 930.51 |
| 2. Aggregate Market Value of quoted investments | 1,745.86 | 1,379.14 |
| 3. Aggregate carrying value of unquoted investments | 33.94 | 33.78 |

*Refer Note 37

**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 31,2022 ₹NIL) and recorded adjustment as FVTPL .

5 Loans (Non Current)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Financial assets at amortized cost | | |
| Loan to employees (unsecured considered good) | 1.25 | 0.95 |
| | 1.25 | 0.95 |

6 *Other Financial Assets (Non Current)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Financial assets at amortized cost (unsecured considered good unless otherwise stated) | | |
| Fixed Deposits with banks more than twelve months maturity | 24.02 | 132.86 |
| Earmarked Deposits with banks | 11.13 | 10.88 |
| Interest Receivable | 3.27 | 9.81 |
| Other Recoverable | 0.61 | 0.73 |
| | 39.03 | 154.28 |

*Refer Note 37

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

7 Other Non Current Assets

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Non Financial Assets at amortized cost (unsecured considered good unless otherwise stated) | | |
| Capital advances | 14.44 | 74.18 |
| Balance with government authorities | 6.71 | 6.62 |
| Other Recoverable | - | 34.86 |
| Prepaid (Deferred) Expense for employee benefit | 0.02 | 0.19 |
| Security deposits | 63.01 | 45.16 |
| Prepaid expenses-others | 1.69 | 1.39 |
| | 85.87 | 162.40 |

8 Inventories

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| (at cost or net realisable value, whichever is lower) | | |
| Raw materials* | 1,103.06 | 1,548.81 |
| Work-in-progress | 235.93 | 247.17 |
| Finished Goods | 793.20 | 791.30 |
| Stores and Spares* | 179.97 | 219.39 |
| | 2,312.16 | 2,806.67 |
| *above items include goods in transit as per below | | |
| Raw materials | 44.39 | 40.86 |
| Stores and Spares | 7.04 | 18.07 |
| | 51.43 | 58.93 |

- (i) The cost of inventories recognised as an expense during the year in respect of continuing operations was ₹ 5,765.98 Crores (March 31, 2022: ₹ 4,796.53 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, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| (i) Financial assets measured at fair value through Profit and loss | | |
| Investment in Liquid Funds (Quoted) | | |
| 11,64,06,788.83 (March 31, 2022 : 14,87,98,853.156) units of ₹ 10/- each of TATA Arbitrage Fund-Direct-plan-growth | 147.61 | 178.35 |
| NIL (March 31, 2022: 6,25,17,584.106) units of ₹10/- each of Axis Arbitrage Fund-Direct-Growth | - | 101.19 |
| 3,55,805.357 (March 31, 2022 : NIL) units of ₹ 10/- each of SBI Liquid Fund Direct Growth | 125.36 | - |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

9 *Other Investments (Current) (Contd..)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| 2,24,73,087.929 (March 31, 2022 : NIL) units of ₹ 10/- each of Kotak Equity Arbitrage Fund - Direct Plan - Growth | 75.39 | - |
| 2,35,10,437.551 (March 31, 2022 : NIL) units of ₹ 10/- each of Bandhan Arbitrage Fund-Growth-Direct Plan (erstwhile IDFC Arbitrage Fund-Growth-Direct Plan) | 69.36 | - |
| 93,060.642 (March 31, 2022 :NIL) units of ₹ 10/- each of Bandhan Liquid Fund-Growth-(Direct Plan) (erstwhile IDFC Cash Fund-Growth-Direct Plan) | 25.30 | - |
| 8,26,54,028.281 (March 31, 2022 : NIL) units of ₹ 10/- each of HSBC Arbitrage Fund-Direct Growth (Formerly known as L&T Arbitrage Opportunities Fund Direct Growth) | 141.65 | - |
| 3,02,221.622 (March 31, 2022 : NIL) units of ₹ 10/- each of HDFC Liquid Fund - Direct Plan - Growth Option | 133.68 | - |
| 78,40,072.459 (March 31, 2022 : NIL) units of ₹ 10/- each of SBI Arbitrage Opportunities Fund - Direct Plan- Growth | 23.69 | - |
| 68,090.223 (March 31, 2022 :NIL) units of ₹ 1000/- each of Kotak Overnight Fund Direct - Growth | 8.14 | - |
| 26,48,144.624 (March 31, 2022 :NIL) units of ₹ 10/- each of Kotak Saving Fund - Direct Plan - Growth | 10.08 | - |
| 1,20,357.495 (March 31, 2022 :NIL) units of ₹10/- each of HDFC Overnight Fund - Direct Plan- Growth Option | 40.06 | - |
| 2,71,82,356.885 (March 31, 2022 : NIL) units of ₹ 10/- each of ICICI Prudential Ultra Short Term Fund - Direct Plan - Growth | 68.78 | - |
| 6,30,25,989.259 (March 31, 2022: 3,81,80,603.379) units of ₹10/- Nippon India Arbitrage Fund- Direct Growth Plan- Growth Option. | 152.15 | 87.16 |
| (ii) Investment in Debt Funds/ Monthly Income Plans/Debentures/Bonds (Quoted) | | |
| NIL (March 31, 2022: 3,24,12,364) units of ₹10/- each of Kotak FMP Series 254 - 1250 Days -Direct Plan - Growth | - | 41.94 |
| NIL (March 31, 2022: 6,50,00,000) units of ₹10/- each of Kotak FMP Series 251 - 1265 Days -Direct Plan - Growth | - | 84.95 |
| | 1,021.25 | 493.59 |
| 1. Aggregate amount of quoted investments | 1,021.25 | 493.59 |
| 2. Aggregate market value of quoted investments | 1,021.25 | 493.59 |
| 3. Aggregate carrying value of unquoted investments | - | - |

* Refer note 37

10 *Trade receivables

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Receivable from related parties (Refer Note 46) | | |
| - Unsecured, considered good | 0.17 | - |
| Receivable from others | | |
| - Secured, considered good | - | - |
| - Unsecured considered good | 1,178.91 | 1,310.68 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

10 *Trade receivables (Contd..)

| Particulars | As at | As at |
|--|-----------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| - Significant increase in Credit risk | 18.54 | 17.14 |
| - Credit impaired | - | - |
| Less:- Allowances for doubtful trade receivables | (18.54) | (17.14) |
| | 1,179.08 | 1,310.68 |

(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 (2021-22 - 45 days) in case of domestic yarn and 90 days (2021-22 - 90 days) in case of domestic fabric and garments. In case of exports, maximum credit period of 120 days (2021-22 - 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, 2023 | As at March 31, 2022 |
| Less than 180 days | - | 15.32 |
| More than 180 days | 18.54 | 1.82 |
| | 18.54 | 17.14 |

(iv) Age of Receivables:

| Particulars | As at | As at |
|--|-----------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| (a) Undisputed Trade receivables – considered good | | |
| Less than 6 months | 1,176.25 | 1,305.64 |
| 6 months to 1 year | 0.90 | 1.69 |
| 1 to 2 years | 0.50 | 1.40 |
| 2 to 3 years | 0.15 | 0.41 |
| More than 3 years | 0.17 | 0.43 |
| | 1,177.97 | 1,309.57 |
| (b) Undisputed Trade Receivables – which have significant increase in credit risk | | |
| Less than 6 months | - | 0.40 |
| 6 months to 1 year | 0.58 | 8.28 |
| 1 to 2 years | 9.03 | 6.03 |
| 2 to 3 years | 6.92 | 0.51 |
| More than 3 years | 0.62 | 0.28 |
| | 17.15 | 15.50 |
| (c) Disputed Trade receivables – considered good | | |
| Less than 6 months | - | - |
| 6 months to 1 year | - | - |
| 1 to 2 years | - | - |
| 2 to 3 years | - | - |
| More than 3 years | 1.11 | 1.11 |
| | 1.11 | 1.11 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

10 *Trade receivables (Contd..)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| (d) Disputed Trade Receivables – which have significant increase in credit risk | | |
| Less than 6 months | - | - |
| 6 months to 1 year | - | - |
| 1 to 2 years | - | 0.25 |
| 2 to 3 years | - | - |
| More than 3 years | 1.39 | 1.39 |
| | 1.39 | 1.64 |

(v) Movement in expected credit loss allowance

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Balance at the beginning of the year | 17.14 | 2.37 |
| Reversal of provision during year | (0.25) | (0.55) |
| Provision provided during the year | 1.65 | 15.32 |
| Balance at the end of the year. | 18.54 | 17.14 |

(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, 2023 | As at March 31, 2022 |
|------------------------|-------------------------|-------------------------|
| a) Balances with banks | | |
| - In current accounts | 73.95 | 59.89 |
| b) Cheques on hand | 0.59 | 2.01 |
| c) Cash on hand | 0.12 | 0.16 |
| | 74.66 | 62.06 |

*Refer note 37

11A Bank Balances other than Cash and cash equivalents#

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| a) Other bank balances | | |
| - Earmarked balances with banks* | 26.55 | 17.76 |
| - Deposits with more than twelve months maturity | 24.02 | 132.86 |
| - Deposits with more than three months but less than twelve months maturity | 280.16 | 47.01 |
| | 330.73 | 197.63 |
| Less: Amounts disclosed as other financial non current assets (Refer note 6) | 35.15 | 143.74 |
| | 295.58 | 53.89 |

* Earmarked balances with banks includes ₹ 2.91 crores (March 31, 2022: ₹ 3.31 crores) pertaining to dividend accounts with banks and ₹18.89 crores (March 31, 2022: ₹ 12.89 crores) pledged with government authorities, banks and others. Also includes ₹4.75 crores (March 31, 2022: ₹ 1.56 Crores) pertaining to balances in unspent CSR accounts.

Refer note 37

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

12 Loans (Current)*

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Financial assets at amortized cost (Unsecured and considered good), unless otherwise stated | | |
| Loan to employees | 2.51 | 1.92 |
| | 2.51 | 1.92 |

* Refer note 37

13 Other financial assets (Current)**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Financial assets at amortized cost (Unsecured and considered good), unless otherwise stated | | |
| Recoverable from related parties (Refer Note 46) | 0.01 | 0.01 |
| Interest receivable | 15.98 | 4.77 |
| Claims receivable | 0.02 | 0.01 |
| Other Recoverable | 12.73 | 120.59 |
| Financial assets at Fair value through Profit and loss | | |
| Derivative Financial Instruments* | - | 17.94 |
| | 28.74 | 143.32 |

* 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 Income Tax

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-------------------------------------|-------------------------|-------------------------|
| Income tax asset (net) | | |
| Income tax receivable (net) | 23.73 | - |
| Income tax liabilities (net) | | |
| Income tax payable (net) | 16.50 | 21.85 |

15 Other current assets

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| (Unsecured and considered good), unless otherwise stated | | |
| Amount recoverable from Mahavir Share Trust in respect of shares Held in Trust (Refer note 40) | 4.81 | 4.65 |
| Advances to suppliers | 156.14 | 181.41 |
| Balance with government authorities | 321.22 | 281.50 |
| Prepaid (Deferred) Expense for employee benefit | 0.03 | 0.17 |
| Gratuity Trust | - | 3.50 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

15 Other current assets

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Prepaid expenses others | 4.52 | 6.96 |
| Other recoverable : | | |
| - Considered good | 157.28 | 266.93 |
| - Considered Doubtful | 0.22 | 0.23 |
| Less: Allowances for doubtful other recoverable | (0.22) | (0.23) |
| | 157.28 | 266.93 |
| | 644.00 | 745.12 |

15A Assets Held for sale

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-----------------------|-------------------------|-------------------------|
| Land held for Sale | 0.16 | 0.16 |
| Vehicle held for sale | - | 0.01 |
| | 0.16 | 0.17 |

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 assets as held for sale as at March 31, 2023 as the company expects that sale consideration less costs to sell is higher than the carrying amount. Also the company had received advance of ₹ 3.58 Crore (March 31, 2022 ₹1.51 Crore) shown in other current liabilities (Refer Note.26) against sale of these assets.

16 Equity share capital

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Authorised share capital:* | | |
| 71,50,00,000 equity shares of ₹ 2 each (March 31, 2022: 45,00,00,000 equity shares of ₹ 2 each) | 143.00 | 90.00 |
| 2,00,00,000 redeemable cumulative preference shares of ₹ 10 each (March 31, 2022: 1,00,00,000 redeemable cumulative preference shares of ₹ 10 each) | 20.00 | 10.00 |
| 1,40,00,000 Non cumulative convertible preference shares of ₹ 10 each (March 31, 2022: NIL) | 14.00 | - |
| | 177.00 | 100.00 |
| Issued, subscribed and fully paid up share capital comprises: | | |
| 28,91,27,050 equity shares of ₹ 2 each (March 31, 2022: 28,88,64,050 equity shares of ₹ 2 each) | 57.82 | 57.77 |
| | 57.82 | 57.77 |

*The authorised share capital of company have been increased pursuant to the scheme of amalgamation which become effective on May 14, 2022.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

16 Equity share capital

16.1 Rights, preference and restriction attached to equity shares

The Company has one class of equity shares having a par value of ₹2/- 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 30,70,000 options having face value of ₹ 2 (for details refer note 45). The vesting for due options began from financial year 2016-17 and NIL options/shares (1,40,850 options/shares financial year 2021-22 having face value of ₹ 10) vested during the financial year 2022-23. Out of these 2,63,000 having face value of ₹ 2 per share- shares/options (financial year 2021-22: 2,10,250 shares/options having face value of ₹ 10) have been allotted. 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, 2023 | | As at March 31, 2022 | |
|--|----------------------|--------------|----------------------|--------------|
| | Number of shares | Amount | Number of shares | Amount |
| Balance as at the beginning of the year | 28,88,64,050 | 57.77 | 5,75,62,560 | 57.56 |
| Add: Issue of equity shares under employee stock option plan (Refer note 45) | 2,63,000 | 0.05 | 2,10,250 | 0.21 |
| Add: Equity shares arising on share split from ₹10 to ₹ 2 per share | - | - | 23,10,91,240 | - |
| Balance as at the end of the year | 28,91,27,050 | 57.82 | 28,88,64,050 | 57.77 |

16.5 Details of shares held by the holding Company

There is no Holding / Ultimate Holdings Company of the Company

16.6 Details of shares held by each shareholders holding more than 5% shares

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|--|----------------------|-----------|----------------------|-----------|
| | Number of shares | % holding | Number of shares | % holding |
| Vardhman Holdings Limited | 8,23,34,659 | 28.48% | 7,95,02,475 | 27.52% |
| Adishwar Enterprises LLP | 5,15,94,315 | 17.84% | 5,15,94,315 | 17.86% |
| Devakar Investment and Trading Company Private Limited | 3,16,87,790 | 10.96% | 3,16,87,790 | 10.97% |
| HDFC Mutual Fund | 2,16,35,392 | 7.48% | 2,34,93,615 | 8.13% |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

16 Equity share capital (Contd..)

16.7 Details of Shares held by promoters at the end of the year

| Promoter Name | As at March 31, 2023 | | | As at March 31, 2022 | | |
|--|----------------------|-------------------|--------------------------|----------------------|-------------------|--------------------------|
| | No. of Shares | % of total shares | % Change during the year | No. of Shares | % of total shares | % Change during the year |
| Vardhman Holdings Limited | 8,23,34,659 | 28.48% | 0.96% | 7,95,02,475 | 27.52% | 0.09% |
| Adishwar Enterprises LLP | 5,15,94,315 | 17.84% | -0.02% | 5,15,94,315 | 17.86% | 0.07% |
| Devakar Investment & Trading Company Private Limited | 3,16,87,790 | 10.96% | 0.01% | 3,16,87,790 | 10.97% | 0.04% |
| VTL Investments Limited | 46,61,745 | 1.61% | 0.00% | 46,61,745 | 1.61% | 0.13% |
| Shri Paul Oswal | 29,87,955 | 1.03% | 0.00% | 29,87,955 | 1.03% | 0.00% |
| Flamingo Finance & Investment Company Limited | 26,64,795 | 0.92% | 0.00% | 26,64,795 | 0.92% | 0.00% |
| Santon Finance & Investment Company Limited | 22,81,650 | 0.79% | 0.00% | 22,81,650 | 0.79% | 0.00% |
| Ramaniya Finance & Investment Company Limited | 21,21,170 | 0.73% | 0.00% | 21,21,170 | 0.73% | 0.00% |
| Suchita Jain | 12,22,120 | 0.42% | 0.00% | 12,22,120 | 0.42% | 0.00% |
| Shakun Oswal | 6,93,075 | 0.24% | 0.00% | 6,93,075 | 0.24% | 0.00% |
| Shri Paul Oswal, Partner, Paras Syndicate | 5,74,875 | 0.20% | 0.00% | 5,74,875 | 0.20% | 0.00% |
| Shri Paul Oswal, Partner, Northern Trading Company | 5,63,295 | 0.19% | 0.01% | 5,63,295 | 0.20% | 0.00% |
| Mahavir Spinning Mills Private Limited | 4,94,720 | 0.17% | 0.00% | 4,94,720 | 0.17% | 0.00% |
| Shri Paul Oswal, Partner, Amber Syndicate | 3,89,240 | 0.13% | 0.00% | 3,89,240 | 0.13% | 0.00% |
| Shakun Oswal, Partner, Eastern Trading Company | 2,66,430 | 0.09% | 0.00% | 2,66,430 | 0.09% | 0.00% |
| Soumya Jain | 41,015 | 0.01% | 0.00% | 41,015 | 0.01% | 0.00% |
| Sagrika Jain | 34,925 | 0.01% | 0.00% | 34,925 | 0.01% | 0.00% |
| Sachit Jain | - | 0.00% | 0.00% | - | 0.00% | 0.00% |

16.8 During the previous year, the equity shares of the Company have been sub-divided from existing face value of ₹ 10/- per equity shares into 5 equity shares having face value of ₹ 2 per equity shares based on approval by the shareholders through their Postal Ballot dated March 11, 2022. The Record Date for effecting this sub-division of equity shares was March 26, 2022.

17 Other equity

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Share application money pending allotment | 0.05 | 1.30 |
| Capital reserve | 1.64 | 1.64 |
| Capital redemption reserve | 12.26 | 12.26 |
| Security premium | 51.36 | 44.65 |
| Debenture redemption reserve | - | 57.62 |
| Share options outstanding account | 0.63 | 3.99 |
| General reserve | 1,461.61 | 1,403.10 |
| Retained earnings | 6,707.14 | 5,955.44 |
| Equity instrument through other comprehensive income | 1.48 | 1.35 |
| | 8,236.17 | 7,481.35 |

Notes to standalone financial statement

for the year ended March 31, 2023

(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 |
| Balance at April 01, 2021 | 5.62 | 1.64 | 12.26 | 18.93 | 57.62 | 12.39 | 1,402.65 | 4,568.59 | 1.29 | 6,080.99 |
| Profit for the year | - | - | - | - | - | - | - | 1,677.44 | - | 1,677.44 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | 6.46 | 0.06 | 6.52 |
| Total comprehensive income for the year | - | - | - | - | - | - | - | 1,683.90 | 0.06 | 1,683.96 |
| Employee stock options accrued/(Lapsed) during April-March 2022 (Refer note 45) | - | - | - | - | - | 0.84 | - | - | - | 0.84 |
| Share Application Money received under employee stock options. | 1.30 | - | - | - | - | - | - | - | - | 1.30 |
| Final Equity dividend for FY 2020-21 (Amount ₹ 17.50 per share having face value of ₹ 10 per share) | - | - | - | - | - | - | - | (100.91) | - | (100.91) |
| Interim Equity Dividend (Amount ₹ 34 per share having face value of ₹ 10 per share) | - | - | - | - | - | - | - | (196.14) | - | (196.14) |
| Transfer to equity shares due to issue of employee stock options (Refer note 45) | (5.62) | - | - | - | - | (8.79) | - | - | - | (14.41) |
| Securities premium on shares under Employee stock options | - | - | - | 25.72 | - | - | - | - | - | 25.72 |
| Transfer from Employee Stock Options accounts to General Reserve | - | - | - | - | - | (0.45) | 0.45 | - | - | - |
| Balance at March 31, 2022 | 1.30 | 1.64 | 12.26 | 44.65 | 57.62 | 3.99 | 1,403.10 | 5,955.44 | 1.35 | 7,481.35 |
| Profit for the year | - | - | - | - | - | - | - | 749.07 | - | 749.07 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | 2.63 | 0.13 | 2.76 |
| Total comprehensive income for the year | - | - | - | - | - | - | - | 751.70 | 0.13 | 751.83 |
| Share Application Money received under employee stock options. | 0.05 | - | - | - | - | - | - | - | - | 0.05 |
| Transfer to equity shares due to issue of employee stock options (Refer note 45) | (1.30) | - | - | - | - | - | - | - | - | (1.30) |
| Securities premium on shares under Employee stock options | - | - | - | 6.71 | - | (2.47) | - | - | - | 4.24 |
| Transfer of Debenture redemption reserve to General reserve | - | - | - | - | (57.62) | - | 57.62 | - | - | - |
| Transfer from Employee Stock Options accounts to General Reserve | - | - | - | - | - | (0.89) | 0.89 | - | - | - |
| Balance at March 31, 2023 | 0.05 | 1.64 | 12.26 | 51.36 | - | 0.63 | 1,461.61 | 6,707.14 | 1.48 | 8,236.17 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

17 Other equity (Contd..)

a. Share application money pending allotment

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.

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 was required to create debenture redemption reserve out of the profits available for payment of dividend. The company has discontinued creation of DRR as per MCA notification no.464 dated August 16, 2019. During the current year company has transferred the amount of debenture redemption reserve to general reserve pursuant to redemption of debentures.

f. Share options outstanding account

Company has approved employee share option scheme under which equity shares of Company are allotted to eligible employees as per the terms and conditions contained in the scheme. The amount is recognised based on the value of equity-settled share-based payments.

g. 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.

h. 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.

i. 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.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

18 Borrowings (Non Current)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| a) Term loans (Secured - at amortised cost) | | |
| ** From banks* | 988.93 | 991.41 |
| Less: Current maturities (refer note-23) | 57.58 | 265.35 |
| | 931.35 | 726.06 |
| b) Debentures | | |
| - Secured - at amortised cost | | |
| Series C 7.75% 1,998 Debentures of ₹10,00,000/-each | - | 199.80 |
| 6.83% 1,950 Debentures of ₹ 10,00,000/- each | 195.00 | 195.00 |
| Less: Current maturities of Debentures (refer note-23) | 195.00 | 199.80 |
| | - | 195.00 |
| - Unsecured - at amortised cost | | |
| 7.70% 15,000 Debentures of ₹ 1,00,000/- each | 150.00 | - |
| Less: Current maturities (refer note-23) | 150.00 | - |
| | - | - |
| Total | 931.35 | 921.06 |

* Net of unamortized processing charges: March 31, 2023: ₹ 0.69 crores (March 31, 2022 ₹ 1.03 crores)

** Includes External Commercial borrowing from Citi bank amounting ₹ 49.30 Crores (March 31, 2022 ₹45.48 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 had issued unsecured, rated listed Redeemable Non-convertible Debentures (NCDs) aggregating to ₹ 150.00 Crores for cash at par on private placement basis on March 20, 2023. The NCD's are listed at the Bombay Stock Exchange of India (BSE) and repayable on March 27, 2024 and have a yield of 7.70% per annum payable on March 27, 2024 along with maturity.

CRISIL has assigned a rating of AA+ with Stable outlook to the said NCDs of the Company on March 03, 2023.

(c) The Company had issued secured, rated listed Redeemable Non-convertible Debentures (NCDs) aggregating to ₹ 195.00 Crores for cash at par on private placement basis on June 1, 2020. The NCD's are listed at the Bombay Stock Exchange of India (BSE) and repayable at the end of 36 months from the date of allotment and have a yield of 6.83% per annum payable on 01-June on annual basis.

CRISIL has assigned a rating of AA+ with Stable outlook to the said NCDs of the Company on March 03, 2023. These 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 1.25 times of outstanding amount of NCDs. The Fixed Asset coverage ratio as on March 31, 2023 is 3.27 times and Asset cover as on March 31, 2023 is 3.22 times.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

18 Borrowings (Non Current)

(d) The Company had also 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. During the FY 20-21, 1,500 7.59% Series A NCDs of ₹10 lacs each amounting to ₹150 Cr were redeemed on 08-September 2020 and during the previous year 1,500 7.69% Series B NCDs of ₹10 lacs each amounting to ₹150 Crores were redeemed on September 08, 2021 and during the current year 1,998 7.75% Series C NCDs of ₹10 lacs each amounting to ₹199.80 Crores were redeemed on September 08, 2022.

(e) There have been no breach of covenants mentioned in the loan agreements during the reporting years.

18 (f) Terms of repayment of loan/debentures

| Loan Category | Frequency of principal repayments | Interest rate | Repayments during | | | | Total |
|----------------------------------|-----------------------------------|-------------------|-------------------|---------------|--------------|---------------|-----------------|
| | | | FY 2023-24 | FY 2024-25 | FY 2025-26 | FY 2026-28 | |
| Term loans | Quarterly Payments | 7.50% to 7.83% | 38.98 | 41.41 | 21.91 | 309.59 | 411.89 |
| Term loans | Bullet Payments | 7.60% to 8.75% | 2.17 | 463.53 | 62.72 | - | 528.42 |
| *ECB Loan | Bullet Payments | 3M libor + 65 Bps | 16.43 | 32.87 | - | - | 49.30 |
| 7.70% Non-convertible debentures | Bullet Payments | 7.70% | 150.00 | - | - | - | 150.00 |
| 6.83% Non-convertible debentures | Bullet Payments | 6.83% | 195.00 | - | - | - | 195.00 |
| | | | 402.58 | 537.81 | 84.63 | 309.59 | 1,334.61 |

18 (g) Also refer note 37 for fair value disclosures.

18 (h) For specific purpose borrowings from banks, company has utilized the funds for specific purpose for which it was taken.

* 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 3M Libor plus spread of 0.65%.

19 Other financial liabilities (Non Current)*

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Financial liabilities at amortized cost | | |
| Retention money | 3.50 | 5.40 |
| | 3.50 | 5.40 |

* Refer note 37

19A Lease liabilities (Non Current)*

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Financial liabilities at amortized cost | | |
| Lease Liability | 0.17 | 0.17 |
| | 0.17 | 0.17 |

*Refer Note 44

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

20 Provisions (Non Current)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-----------------------------------|-------------------------|-------------------------|
| Provision for employee benefits : | | |
| - Leave (Refer note 47) | 16.95 | 15.98 |
| | 16.95 | 15.98 |

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, 2023 | As at March 31, 2022 |
|--------------------------|-------------------------|-------------------------|
| Deferred tax liabilities | 257.63 | 261.27 |
| Deferred tax assets | 14.82 | 31.49 |
| | 242.81 | 229.78 |

* Refer note 36

22 Other non-current liabilities

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-------------------------------------|-------------------------|-------------------------|
| Deferred Income for Capital subsidy | 12.99 | 14.79 |
| Due to employees | 0.55 | 0.32 |
| Other | 1.26 | 1.31 |
| Total | 14.80 | 16.42 |

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 Note 3A)

23 Borrowings (Current)*

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Loans repayment on demand/ Bank Overdraft | | |
| - From banks (secured at amortised cost) | 343.18 | 594.10 |
| Current Maturities of Long term borrowings | | |
| - From banks (secured at amortised cost) | 57.58 | 265.35 |
| - From Debentures | | |
| Secured at amortised cost | 195.00 | 199.80 |
| Unsecured at amortised cost | 150.00 | - |
| Total | 402.58 | 465.15 |
| Total Borrowings | 745.76 | 1,059.25 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(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.

24 Trade payables*

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Trade payables (refer note 43) | | |
| - Total outstanding dues of micro enterprises and small enterprises | 23.33 | 29.98 |
| - Total outstanding dues of other than micro enterprises and small enterprises | 281.26 | 317.48 |
| Due to related parties (Refer Note 46) | 2.66 | 1.15 |
| Total | 307.25 | 348.61 |

* Refer note 37

Ageing of Trade payables:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---------------------|-------------------------|-------------------------|
| (i) MSME: | | |
| Less than 1 year | 23.33 | 29.98 |
| 1-2 years | - | - |
| 2-3 years | - | - |
| More than 3 years | - | - |
| | 23.33 | 29.98 |
| (ii) Others: | | |
| Less than 1 year | 253.96 | 295.78 |
| 1-2 years | 10.76 | 7.41 |
| 2-3 years | 9.80 | 4.77 |
| More than 3 years | 9.40 | 10.67 |
| | 283.92 | 318.63 |

25 Other financial liabilities (Current)**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Financial liabilities at amortized cost | | |
| Interest accrued but not due on borrowings | 16.46 | 24.78 |
| Other payables | | |
| - Retention money | 9.03 | 4.88 |
| - Security deposits | 5.63 | 5.36 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

25 Other financial liabilities (Current)** (Contd..)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| - Expense payable | 34.32 | 41.27 |
| - Payables for purchase of fixed assets | | |
| - Total outstanding dues of micro enterprises and small enterprises | 2.78 | 1.28 |
| - Total outstanding dues of other than micro enterprises and small enterprises | 26.33 | 57.68 |
| - Due to employees | 101.06 | 107.95 |
| Financial liabilities at Fair value through Profit and loss | | |
| Derivative Financial Instruments* | 2.94 | 63.19 |
| Total | 198.55 | 306.39 |

* Current period balance represents mark to market loss on currency derivative financial instruments to manage Company's exposure to foreign exchange rate risk. Also refer note 37.

Previous period balance represents mark to market loss on commodity derivative instruments traded through commodities exchange. The Company has taken future/option 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, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Statutory remittances* | 26.35 | 37.56 |
| Deferred Income for Capital subsidy | 1.62 | 1.72 |
| Unpaid dividends ** | 2.91 | 3.31 |
| Advances from customers (Contract Liabilities) # | 43.93 | 60.61 |
| Other Liabilities | 5.41 | 4.54 |
| Gratuity Trust | 2.16 | - |
| Advance against Sale of Property Plant and Equipment | 3.58 | 1.51 |
| Total | 85.96 | 109.25 |

* 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.

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| As at beginning of the year | 60.61 | 44.58 |
| Less:-Recognised as revenue | (60.61) | (44.58) |
| Add:- Advances received during the year related to closing balance | 43.93 | 60.61 |
| As at end of the year | 43.93 | 60.61 |

27 Provisions (Current)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Provision for employee benefits : (Refer note 47) | | |
| Leave | 3.29 | 2.77 |
| | 3.29 | 2.77 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

28 Revenue from operations

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Sale of products (Net of Rebate & Discount) | 9,624.50 | 9,174.06 |
| Sale of services | 6.40 | 3.23 |
| Other operating revenues : | | |
| - Export benefits* | 184.83 | 184.54 |
| - Others | 25.06 | 24.27 |
| | 9,840.79 | 9,386.10 |

Ind AS 115 'Revenue from Contracts with customers' outlines a single comprehensive control based model for revenue recognition. The Company had not applied any significant judgements in applying the revenue recognition criteria. The disclosure requirements as per Ind As 115 given below:-

The following is an analysis of the companies revenue from its products and services

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| Sale of Yarn | 6,115.30 | 6,082.43 |
| Sale of Fabric | 3,384.68 | 3,023.79 |
| Service income | 6.40 | 3.23 |
| Sale of Garments | 120.41 | 69.54 |
| Others (Sale of scrap and others) | 29.17 | 22.57 |
| | 9,655.96 | 9,201.56 |

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| The following is analysis on the Companies revenue disaggregates on the basis of timing of revenue recognition. | | |
| - At point of time | 9,655.96 | 9,201.56 |
| - 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) RoDTEP/MEIS | 109.50 | 110.81 |
| (b) Duty drawback benefits | 75.33 | 73.73 |
| | 184.83 | 184.54 |

29 Other income

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| (a) Interest income | | |
| Interest income | 37.15 | 24.77 |
| Interest income on employee loans | - | 0.10 |
| (b) Dividend income | | |
| Dividend Income from investment carried at cost | 12.12 | 176.20 |
| Dividend income from investments- carried at fair value through Profit or Loss | 0.10 | 0.01 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

29 Other income (Contd..)

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| (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) | 38.17 | 24.83 |
| Gain on fair valuation of Investments (Net) | 40.37 | 42.62 |
| (d) Other gain | | |
| Claims received (net of expenses) | 1.81 | 1.17 |
| Provisions no longer required written back | 4.32 | 5.52 |
| Subsidy from Government | 34.84 | 26.43 |
| Net gain on disposal of property, plant and equipment | 4.17 | 5.35 |
| Foreign exchange fluctuation gain (net) | - | 58.78 |
| Others | 19.75 | 19.48 |
| | 192.80 | 385.26 |

30 Cost of materials consumed

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|---------------|--------------------------------------|--------------------------------------|
| Cotton | 4,559.02 | 3,885.19 |
| Manmade fibre | 1,149.37 | 800.13 |
| Yarn | 14.90 | 61.24 |
| Fabric | 42.00 | 48.98 |
| Others | 0.69 | 0.99 |
| | 5,765.98 | 4,796.53 |

31 Purchases of Stock-in-trade:

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|-------------|--------------------------------------|--------------------------------------|
| Yarn | 0.14 | 0.40 |
| Others | - | 0.03 |
| | 0.14 | 0.43 |

32 Changes in inventories of finished goods, work-in-progress and stock-in-trade

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| Inventories at the beginning of the year | | |
| Work-in-progress | 247.17 | 168.47 |
| Finished goods | 791.30 | 472.19 |
| | 1,038.47 | 640.66 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

32 Changes in inventories of finished goods, work-in-progress and stock-in-trade (Contd..)

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|------------------------------------|--------------------------------------|--------------------------------------|
| Inventories at the end of the year | | |
| Work-in-progress | 235.93 | 247.17 |
| Finished goods | 793.20 | 791.30 |
| | 1,029.13 | 1,038.47 |
| | 9.34 | (397.81) |

33 Employee benefits expense *

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Salaries and wages | 689.77 | 660.32 |
| Contribution to provident and other funds | 54.31 | 48.22 |
| Staff welfare expenses | 5.90 | 5.39 |
| | 749.98 | 713.93 |

* Also refer note 47

34 Finance costs

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|-----------------------|--------------------------------------|--------------------------------------|
| Interest expense* | 87.77 | 80.88 |
| Other borrowing costs | 14.09 | 18.65 |
| | 101.86 | 99.53 |

*Interest expense is net of interest reimbursement of ₹35.51 crores (March 31, 2022 - ₹ 29.73 crores) under Madhya Pradesh state interest reimbursement on term loan, ₹ NIL crores (March 31, 2022 - ₹ 12.59 crores) under Technology upgradation fund scheme (TUF) and adjustments, if any.

35 Other expenses

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Power and fuel** | 821.02 | 739.65 |
| Consumption of stores and spare parts | 51.06 | 49.30 |
| Packing materials and charges | 113.23 | 113.43 |
| Dyes and Chemical consumed | 252.22 | 250.25 |
| Rent | 1.48 | 1.35 |
| Repairs and maintenance to buildings | 39.66 | 32.58 |
| Repairs and maintenance to machinery | 249.58 | 224.91 |
| Insurance | 15.40 | 15.10 |
| Rates and taxes | 3.27 | 3.08 |
| Auditors remuneration: | | |
| - Audit fee | 0.77 | 0.71 |
| - Tax audit fee | 0.08 | 0.08 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

35 Other expenses (Contd..)

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| - Reimbursement of expenses | 0.01 | 0.01 |
| - In other capacity (Certification Charges) | 0.02 | 0.08 |
| Bad debts written off | 1.45 | 1.17 |
| Allowances for doubtful trade receivables and advances (net) | 1.65 | 14.99 |
| Forwarding charges and octroi | 198.77 | 265.75 |
| Commission to selling agents | 64.04 | 67.79 |
| Assets written off | 1.49 | 5.82 |
| Forex Fluctuation Loss (Net) | 20.42 | - |
| Charity, Donation and CSR activities (Also refer note 50)# | 26.18 | 40.11 |
| Cotton Hedging Derivative Loss | 40.78 | 67.07 |
| Other miscellaneous expenses* | 127.72 | 117.67 |
| | 2,030.30 | 2,010.90 |

* 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 ₹1.00 Crores (March 31, 2022 ₹ 16 Crores) political contribution via Electoral Bond Scheme.

** Power & Fuel expense amount is net of Subsidy amounting ₹ 24.19 Crores (March 31, 2022 ₹ 29.84 Crores)

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)

| Particulars | Opening Balance | Recognised in profit or loss | Recognised in OCI | Closing Balance |
|--|--------------------|---------------------------------|----------------------|--------------------|
| 2022-23 | | | | |
| Deferred tax assets | | | | |
| Expenses deductible in future years | 27.08 | (17.12) | - | 9.96 |
| Provision for doubtful debts / advances | 4.39 | 0.42 | - | 4.81 |
| Others | 0.02 | 0.03 | - | 0.05 |
| | 31.49 | (16.67) | - | 14.82 |
| Deferred tax liabilities | | | | |
| Property, plant and equipment and Intangible assets | (249.80) | (1.82) | - | (251.62) |
| Investment in bonds, mutual funds and equity instruments | (6.68) | 3.53 | (0.04) | (3.19) |
| Others | (4.79) | 1.97 | - | (2.82) |
| | (261.27) | 3.68 | (0.04) | (257.63) |
| Net deferred tax liabilities | (229.78) | (12.99) | (0.04) | (242.81) |

| Particulars | Opening Balance | Recognised in profit or loss | Recognised in OCI | Closing Balance |
|---|--------------------|---------------------------------|----------------------|--------------------|
| 2021-22 | | | | |
| Deferred tax assets | | | | |
| Expenses deductible in future years | 12.91 | 14.17 | - | 27.08 |
| Provision for doubtful debts / advances | 0.54 | 3.85 | - | 4.39 |
| Others | 0.03 | (0.01) | - | 0.02 |
| | 13.48 | 18.01 | - | 31.49 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

36 Tax balances (Contd..)

| Particulars | Opening Balance | Recognised in profit or loss | Recognised in OCI | Closing Balance |
|--|-----------------|------------------------------|-------------------|-----------------|
| Deferred tax liabilities | | | | |
| Property, plant and equipment and Intangible assets | (241.36) | (8.44) | - | (249.80) |
| Investment in bonds, mutual funds and equity instruments | (11.05) | 4.39 | (0.02) | (6.68) |
| Others | (3.55) | (1.24) | - | (4.79) |
| | (255.96) | (5.29) | (0.02) | (261.27) |
| Net deferred tax liabilities | (242.48) | 12.72 | (0.02) | (229.78) |

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 2023 | For the year ended March 31, 2022 |
|--|-----------------------------------|-----------------------------------|
| Current tax | | |
| In respect of the current year | 224.98 | 521.03 |
| Deferred tax | | |
| In respect of the current year | 12.99 | (12.72) |
| Total income tax expense recognised | 237.97 | 508.31 |

The income tax expense for the year can be reconciled to the accounting profit as follows

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|--|-----------------------------------|-----------------------------------|
| Profit before tax | 987.04 | 2,185.75 |
| Tax at the Indian Tax Rate of 25.168% (2021-22 : 25.168 %) | 248.42 | 550.11 |
| Differential tax rate on capital gain on sale of investments/mark to market gain on investment | (6.28) | (1.14) |
| Effect of indexation benefit on value of investment | (4.74) | (9.96) |
| Deductions u/s 80JJAA/80M | (2.82) | (45.81) |
| Effect of expenses considered as not deductible in determining taxable profit | 6.59 | 10.09 |
| Others | (3.20) | 5.02 |
| | 237.97 | 508.31 |

36.3 Income tax recognised in other comprehensive income

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|---|-----------------------------------|-----------------------------------|
| Arising on income and expenses recognised in other comprehensive income | | |
| Net fair value gain on investment in equity shares at FVTOCI | 0.04 | 0.02 |
| Remeasurement of defined benefit obligation | 0.89 | 2.17 |
| Total income tax recognised in other comprehensive income | 0.93 | 2.19 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

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.

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, 2023 | As at March 31, 2022 |
|---------------------------------|-------------------------|-------------------------|
| Debt | 1,677.11 | 1,980.31 |
| Cash & cash equivalents | 74.66 | 62.06 |
| Net Debt | 1,602.45 | 1,918.25 |
| Total Equity | 8,293.99 | 7,539.12 |
| Net debt to equity ratio | 0.19 | 0.25 |

37.2 Financial instruments by category

| Particulars | As at March 31, 2023 | | | | As at March 31, 2022 | | | |
|--------------------------------|----------------------|---|--------------------|-------------|----------------------|---|--------------------|-------------|
| | FVTPL | Fair Value (Derivative Instruments) | Amortised Cost# | FVTOCI | FVTPL | Fair Value (Derivative Instruments) | Amortised Cost# | FVTOCI |
| Financial Assets | | | | | | | | |
| Investments* | 2,134.18 | - | - | 2.38 | 1,345.71 | - | - | 2.22 |
| Trade Receivables | - | - | 1,179.08 | - | - | - | 1,310.68 | - |
| Cash and cash equivalents | - | - | 74.66 | - | - | - | 62.06 | - |
| Bank balances other than above | - | - | 295.58 | - | - | - | 53.89 | - |
| Loans | - | - | 3.76 | - | - | - | 2.87 | - |
| Other financial assets | - | - | 67.77 | - | - | 17.94 | 279.66 | - |
| | 2,134.18 | - | 1,620.85 | 2.38 | 1,345.71 | 17.94 | 1,709.16 | 2.22 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|--|----------------------|-------------------------------------|-----------------|----------------------|-------------------------------------|-----------------|
| | FVTPL | Fair Value (Derivative Instruments) | Amortised Cost# | FVTPL | Fair Value (Derivative Instruments) | Amortised Cost# |
| Financial Liabilities | | | | | | |
| Borrowings (including current maturity of term loan) | - | - | 1,677.11 | - | - | 1,980.31 |
| Trade Payables | - | - | 307.25 | - | - | 348.61 |
| Other financial liabilities | - | 2.94 | 199.11 | - | 63.19 | 248.60 |
| Lease Liability | - | - | 0.17 | - | - | 0.17 |
| | - | 2.94 | 2,183.64 | - | 63.19 | 2,577.69 |

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 ₹109.95 crores (March 31, 2022: ₹ 109.95 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, 2023 | Level 1 | Level 2 | Level 3 | Total |
|--|-----------------|-----------------|-------------|-----------------|
| Financial Assets | | | | |
| Investments in mutual funds/bonds/preference shares | 1,021.25 | 1,112.94 | - | 2,134.19 |
| Investments in unquoted equity instruments | - | - | 2.38 | 2.38 |
| Foreign currency / commodity forward contracts | - | - | - | - |
| | 1,021.25 | 1,112.94 | 2.38 | 2,136.57 |
| Financial Liabilities | | | | |
| Foreign currency / commodity future/option contracts | 2.94 | - | - | 2.94 |
| | 2.94 | - | - | 2.94 |

| As at March 31, 2022 | Level 1 | Level 2 | Level 3 | Total |
|--|---------------|---------------|-------------|-----------------|
| Financial Assets | | | | |
| Investments in mutual funds/bonds/preference shares | 366.70 | 979.00 | - | 1,345.70 |
| Investments in quoted equity instruments | - | - | - | - |
| Investments in unquoted equity instruments | - | - | 2.22 | 2.22 |
| Foreign currency / commodity forward contracts | - | 17.94 | - | 17.94 |
| | 366.70 | 996.94 | 2.22 | 1,365.86 |
| Financial Liabilities | | | | |
| Foreign currency / commodity future/option contracts | 63.19 | - | - | 63.19 |
| | 63.19 | - | - | 63.19 |

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.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

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.

Reconciliation of Level 3 fair value measurements

| Particulars | Unlisted equity instruments |
|---|-----------------------------|
| As at April 1, 2021 | 2.14 |
| Purchases | - |
| Gain/(loss) recognised in OCI/Profit/Loss | 0.08 |
| As at March 31, 2022 | 2.22 |
| Purchases | - |
| Gain/(loss) recognised in OCI/Profit/Loss | 0.17 |
| As at March 31, 2023 | 2.39 |

Notes to Standalone Financial Statement

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(All amounts in ₹ crores, unless otherwise stated)

37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

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 44% (2021-22 - 50%) 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.

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 (amount in crores) are as follows:

| As at March 31, 2023 | USD | EUR | CHF | JPY |
|---|----------|----------|----------|----------|
| Financial assets | | | | |
| Trade receivables | 8.43 | 0.46 | - | - |
| Others | 0.04 | - | - | - |
| Foreign exchange derivative contracts* | (23.50) | (1.07) | - | - |
| Net exposure to foreign currency risk (assets) | - | - | - | - |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

| As at March 31, 2023 | USD | EUR | CHF | JPY |
|--|------------|-------------|-------------|-------------|
| Financial liabilities | | | | |
| Trade payables and other financial liabilities | 0.01 | 0.17 | 0.02 | 2.17 |
| Borrowings | 0.60 | - | - | - |
| Interest accrued on ECB | 0.00 | - | - | - |
| Foreign exchange derivative contracts* | (4.14) | (0.11) | (0.01) | - |
| Net exposure to foreign currency risk (liabilities) | - | 0.06 | 0.01 | 2.17 |
| Net exposure to foreign currency risk (net) | - | 0.06 | 0.01 | 2.17 |
| As at March 31, 2022 | USD | EUR | CHF | JPY |
| Financial assets | | | | |
| Trade receivables | 10.48 | 0.50 | - | - |
| Others | 0.59 | - | - | - |
| Foreign exchange derivative contracts* | (34.50) | (1.09) | - | - |
| Net exposure to foreign currency risk (assets) | - | - | - | - |
| Financial liabilities | | | | |
| Trade payables and other financial liabilities | 0.01 | 0.15 | 0.03 | 0.89 |
| Borrowings | 0.60 | - | - | - |
| Interest accrued on ECB | 0.00 | - | - | - |
| Foreign exchange derivative contracts* | (7.75) | (0.48) | - | - |
| Net exposure to foreign currency risk (liabilities) | - | - | 0.03 | 0.89 |
| Net exposure to foreign currency risk (net) | - | - | 0.03 | 0.89 |

*Excess derivative contracts are against pending purchase order/sales order shipment

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 | Year ended March 31, 2023 | | Year ended March 31, 2022 | |
|---------------------------------------|---------------------------|---------------------|---------------------------|---------------------|
| | ₹ strengthens by 10% | ₹ weakens by 10% | ₹ strengthens by 10% | ₹ weakens by 10% |
| Impact on (profit) /loss for the year | | | | |
| USD | - | - | - | - |
| EUR | 0.55 | (0.55) | - | - |
| CHF | 0.09 | (0.09) | 0.25 | (0.25) |
| JPY | 0.13 | (0.13) | 0.06 | (0.06) |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

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:

| Outstanding Contracts* | No of Deals | | Foreign Currency (FCY Crores) | | Nominal Amount (₹ Crores) | |
|-----------------------------|----------------------|----------------------|-------------------------------|----------------------|---------------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
| USD / INR Buy forward | 39 | 94 | 4.14 | 6.79 | 340.49 | 514.80 |
| USD / INR Buy Option | - | 3 | - | 0.96 | - | 72.49 |
| USD / INR Sell forward | 169 | 266 | 16.90 | 24.75 | 1,388.67 | 1,875.56 |
| USD / INR Sell Option | 33 | 46 | 6.60 | 9.75 | 542.32 | 738.86 |
| EUR / USD / INR Buy forward | - | 1 | - | 0.08 | - | 6.55 |
| EUR / USD/ INR Buy Option | 2 | 2 | 0.11 | 0.40 | 9.83 | 34.05 |
| EUR / INR Sell forward | 20 | 15 | 1.07 | 1.09 | 95.93 | 91.68 |
| CHF/INR Buy Forward | 1 | - | 0.01 | - | 0.91 | - |
| Fair value assets | - | - | - | - | - | 17.94 |
| Fair value liabilities | - | - | - | - | 2.94 | - |

* 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.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

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 | Year ended March 31, 2023 | Year ended March 31, 2022 |
|----------------------------------|--|--|
| | ₹ If loans interest rate decreases by 1 % | ₹ If loans interest rate decreases by 1 % |
| Increase in profit before tax by | 16.77 | 19.80 |

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.

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, 2023 would increase / decrease by ₹ 0.11 crores (March 31, 2022: increase / decrease by ₹ 0.11 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 through 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, 2023 would increase / decrease by ₹ 21.34 crores (March 31, 2022 by ₹ 13.46 crores) as a result of the changes in fair value of mutual fund investments.

D. Commodity Price Risk Management

The Company uses commodity derivative instruments to manage its price risk exposures on inventory of cotton. Commodity derivatives are used primarily as risk management tool to safeguard price risk exposure on inventory of cotton. Company employs specific financial instruments namely future and option contracts for hedging its price risk related to commodity.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

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.

The following is the detail of revenues generated from top five customers of the Company:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---------------------------------|-------------------------|-------------------------|
| Revenue from top five customers | 962.47 | 876.91 |
| % of total sales of products | 9.78% | 9.34% |

Financial assets for which loss allowance is measured:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--------------------------------------|-------------------------|-------------------------|
| Loans - Non-current | 1.25 | 0.95 |
| Loans - Current | 2.51 | 1.92 |
| Other financial assets - Non-current | 39.03 | 154.28 |
| Other financial assets - Current | 28.74 | 143.32 |
| Trade receivables | 1,179.08 | 1,310.68 |
| | 1,250.61 | 1,611.15 |

| Particulars | |
|-----------------------------|--------------|
| As at April 01, 2021 | 2.37 |
| Provided during the year | 15.54 |
| Reversed during the year | (0.55) |
| As at March 31, 2022 | 17.36 |
| Provided during the year | 1.65 |
| Reversed during the year | (0.25) |
| As at March 31, 2023 | 18.76 |

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.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

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:

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, 2023 | 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 | 1,021.25 | 429.94 | 683.01 | 112.33 | 2,246.53 |
| Trade Receivables | 1,179.08 | - | - | - | 1,179.08 |
| Cash and cash equivalents | 74.66 | - | - | - | 74.66 |
| Bank balances other than above | 295.58 | - | - | - | 295.58 |
| Loans | 2.51 | 0.98 | 0.08 | 0.19 | 3.76 |
| Other financial assets | 28.74 | 28.87 | 10.15 | - | 67.77 |
| | 2,601.83 | 459.79 | 693.24 | 112.52 | 3,867.38 |
| Financial liabilities | | | | | |
| Borrowings | 745.76 | 621.76 | 309.59 | - | 1,677.11 |
| Trade payables | 307.25 | - | - | - | 307.25 |
| Lease liability (undiscounted) | 0.00 | 0.01 | 0.01 | 8.43 | 8.45 |
| Other financial liabilities | 198.55 | 3.50 | - | - | 202.05 |
| | 1,251.56 | 625.27 | 309.60 | 8.43 | 2,194.86 |

| As at March 31, 2022 | 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 | 493.59 | 49.85 | 602.41 | 312.03 | 1,457.87 |
| Trade Receivables | 1,310.68 | - | - | - | 1,310.68 |
| Cash and cash equivalents | 62.06 | - | - | - | 62.06 |
| Bank balances other than above | 53.89 | - | - | - | 53.89 |
| Loans | 1.92 | 0.78 | 0.17 | - | 2.87 |
| Other financial assets | 297.61 | - | - | - | 297.61 |
| | 2,219.75 | 50.63 | 602.58 | 312.03 | 3,184.98 |
| Financial liabilities | | | | | |
| Borrowings | 1,059.25 | 770.26 | 150.79 | - | 1,980.30 |
| Trade payables | 348.60 | - | - | - | 348.60 |
| Lease liability (undiscounted) | - | - | - | 8.42 | 8.42 |
| Other financial liabilities | 306.39 | 5.40 | - | - | 311.79 |
| | 1,714.24 | 775.66 | 150.79 | 8.42 | 2,649.11 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

38 CONTINGENT LIABILITIES AND COMMITMENTS

- a. Claims against the Company not acknowledged as debts:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|------------------------------|-------------------------|-------------------------|
| Sales tax, excise duty, etc* | 6.79 | 6.78 |
| Income-tax** | 256.07 | 281.13 |
| Others*** | 4.40 | 4.40 |

* Amount deposited ₹1.60 crore (March 31, 2022 : ₹ 0.56 crore)

** Amount deposited ₹210.42 crore (March 31, 2022 : ₹ 175.26 crore)

*** Amount deposited ₹ 0.70 crore (March 31, 2022 : ₹ 0.70 crore)

- b. Liability on account of bank guarantees and letter of credit of ₹226.47 crores (March 31, 2022: ₹ 531.19 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. Capital and other commitments

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| (i) Estimated Amount of contracts remaining to be executed on capital account & not provided for (net of advance) | 225.85 | 626.15 |
| (ii) Exports obligations under Export Promotion Capital Goods (EPCG) scheme* | - | 32.52 |

* 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, 2023 is ₹569.62 crores (March 31, 2022 ₹560.07 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, 2023

(All amounts in ₹ crores, unless otherwise stated)

39 The details of dues of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company which have not been deposited as on March 31, 2023 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 | CESTAT High Court | FY 2007-08 to FY 2010-11 | 0.67 | 0.65 |
| | | | 2016-17, 2017-18 and 2020-21 | 3.77 | 3.58 |
| | | Upto Commissioner (Appeals) | FY 2011-12 to FY 2013-14, FY 2017-18 and FY 2018-19 | 0.62 | 0.60 |
| Service Tax Laws | Service Tax | Commissioner (Appeal) | FY 2008-09 | 0.11 | 0.11 |
| Sales Tax Laws | Central sales tax State sales tax | Appellate Board Appellate Board | FY 2009-10 | 0.06 | 0.06 |
| | | | FY 2010-11 to FY 2012-13 | 0.17 | 0.08 |
| | | Upto Commissioner (Appeals) | FY 2014-15 to FY 2017-18 | 0.07 | 0.05 |
| Goods and Service Tax Laws | Goods and Service Tax Laws | Upto Commissioner (Appeals) | FY 2017-18 to FY 2020-21 | 1.87 | 0.61 |
| Provident Fund | Provident Fund | Upto Commissioner (Appeals) | FY 2015-16 | 0.27 | 0.16 |
| Municipality Corporation Act | Octroi | High Court | FY 1996-97 | 0.15 | 0.15 |
| Property tax | Property Tax | High Court | FY 2015-16 | 1.40 | 0.70 |
| Land Acquisition Act | Enhancement of compensation for Industrial Land | Collector Land Acquisition | FY 1991-92 | 1.47 | 1.47 |
| National Green Tribunal | National Green Tribunal | High Court | FY 2020-21 | 1.38 | 1.38 |
| Income-tax Laws | Income-tax | ITAT | AY 2015-16 | 11.06 | - |
| Income-tax Laws | Income-tax | CIT (Appeals) | AY 2016-17 to AY 2020-21 | 230.82 | 31.46 |

* amount as per dispute/as per demand orders including interest and penalty wherever quantified in the Order.

The following matters, which has been excluded from the above table, have been decided in the favour of the Company, but the department has preferred appeal at higher level. The details 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 Involved * (₹ In Crores) |
|---------------------|--------------------|--|--|---------------------------------|
| Income-tax Laws | Income-tax | Income-tax Appellate Tribunal (ITAT) High Court | AY 2015-16 | 55.42 |
| | | | AY 2001-02 to AY 2007-08 | 34.30 |

* amount as per dispute/as per demand orders including interest and penalty wherever quantified in the Order.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

40(a) Mahavir Share Trust ("Trust") is holding 5,32,911 equity shares (March 31, 2022: 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 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(b) 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, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Cost of shares of Vardhman Special Steels Limited | 4.64 | 4.64 |
| Other recoverable | 0.17 | 0.01 |
| | 4.81 | 4.65 |

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

| Revenue from Operations | For the year ended March, 31 2023 | For the year ended March, 31 2022 |
|----------------------------|--------------------------------------|--------------------------------------|
| Domestic | 5,484.39 | 4,714.91 |
| Overseas | 4,356.40 | 4,671.19 |
| | 9,840.79 | 9,386.10 |
| Non Current Segment Assets | | |
| - Within India | 5,302.74 | 4,958.63 |
| - Outside India | - | - |
| | 5,302.74 | 4,958.63 |

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 2022-23 and 2021-22.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

42 EARNINGS PER SHARE

| Particulars | For the year ended March, 31 2023 | For the year ended March, 31 2022 |
|---|--------------------------------------|--------------------------------------|
| Basic earnings per share (INR) | 25.91 | 58.16 |
| Diluted earnings per share (INR) | 25.90 | 58.00 |
| Profit attributable to the equity holders of the Company used in calculating basic earning per share | 749.07 | 1,677.44 |
| Weighted average number of equity shares for the purpose of basic earning per share (numbers) | 28,90,63,459 | 28,84,27,765 |
| Profit attributable to the equity holders of the Company used in calculating dilutive earning per share | 749.07 | 1,677.44 |
| Weighted average number of equity shares for the purpose of dilutive earning per share (numbers) | 28,92,02,642 | 28,92,19,774 |

43 Trade Payables and payable for purchase of fixed assets 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 2023 | For the year ended March, 31 2022 |
|--|--------------------------------------|--------------------------------------|
| Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of year | | |
| - Principal amount | 26.11 | 31.26 |
| - 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 lease 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.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

44 Leases (Contd..)

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2023:

| Particulars | Land | Building | Total |
|-------------------------------------|-------------|-------------|-------------|
| Balance as on April 01, 2021 | 8.62 | 0.01 | 8.63 |
| Addition | - | - | - |
| Deletion | - | - | - |
| Depreciation/Amortisation | (0.13) | - | (0.13) |
| Balance as on March 31, 2022 | 8.49 | 0.01 | 8.50 |
| Addition | - | - | - |
| Deletion | - | - | - |
| Depreciation/Amortisation | (0.13) | - | (0.13) |
| Balance as on March 31, 2023 | 8.36 | 0.01 | 8.37 |

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, 2023:

| Particulars | As at March, 31 2023 | As at March, 31 2022 |
|-------------------------------|-------------------------|-------------------------|
| Current Lease Liabilities | - | - |
| Non-Current Lease Liabilities | 0.17 | 0.17 |
| Total | 0.17 | 0.17 |

Following is the movement in lease liabilities during year ended March 31, 2023

| Particulars | As at March, 31 2023 | As at March, 31 2022 |
|--|-------------------------|-------------------------|
| Balance at the beginning | 0.17 | 0.16 |
| Finance cost accrued during the period | - | 0.01 |
| Payment of Lease Liabilities | - | - |
| Balance at the end | 0.17 | 0.17 |

The table below provide details regarding the contractual maturities of lease liabilities as at March 31, 2023 on an undiscounted basis:

| Particulars | As at March, 31 2023 | As at March, 31 2022 |
|----------------------|-------------------------|-------------------------|
| Less than one year | 0.00 | - |
| One to five years | 0.01 | - |
| More than five years | 8.42 | 8.42 |
| Total | 8.43 | 8.42 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

44 Leases (Contd..)

The following are the amounts recognised in statement of profit and loss:

| Particulars | As at March, 31 2023 | As at March, 31 2022 |
|--|-------------------------|-------------------------|
| Depreciation Expenses on Right to use Assets | 0.13 | 0.13 |
| Interest expense on lease liabilities | - | - |
| Expense relating to short-term leases (included in other expenses) | 0.61 | 0.71 |
| Total Amount Recognised in Profit and Loss | 0.74 | 0.84 |

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 Details | Number* | Grant Date | Expiry Date | Exercise Price | Fair value of option at grant date |
|-------------------------------------|------------------|-------------|---|----------------|------------------------------------|
| Vardhman Employee Stock Option 2016 | 30,22,500 | 15th Nov-16 | 2 years from the date of respective vesting | 163 | 70.46 |
| | 15,000 | 9th Feb-17 | | 163 | 70.46 |
| | 32,500 | 10th May-17 | | 163 | 70.46 |
| | 30,70,000 | | | | |

* Having face value of ₹ 2 (Refer Note - 16.8)

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 company has granted equity shares of ₹ NIL having face value of ₹2 per share (FY 2021-22 - 1,40,850 equity shares having face value of ₹ 10). Further 2,63,000 equity shares having face value of ₹ 2 per share (FY 2021-22: 2,10,250 shares having face value of ₹ 10) have been exercised during the year.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

(v) Fair value of options/shares granted in the year

Call option value per option unit using Black Scholes Method is ₹ 85.526. The following inputs have been used for computing the fair value:

| Inputs into the model | Particulars |
|----------------------------|-------------|
| Grant date share price (₹) | 211.32 |
| Exercise price (₹) | 163.00 |
| Expected volatility | 33.78% |
| Option life | 2 years |
| Dividend yield | 1.92% |
| Risk free Interest Rate | 6.31% |

(vi) Movement of share options

| Particulars | 2022-23 | | 2021-22 | |
|--|-------------------|---------------------------------|-------------------|---------------------------------|
| | Number of options | Weighted Average Exercise price | Number of options | Weighted Average Exercise price |
| Balance at beginning of year | 3,45,500 | - | 2,90,050 | - |
| Exercised during the year | (2,63,000) | 163 | (2,10,250) | 815 |
| Lapsed during the year | (16,000) | - | (10,700) | - |
| Options arising on share split from ₹ 10 to ₹ 2 per share(refer note 16.8) | - | - | 2,76,400 | - |
| Balance at end of year | 66,500 | - | 3,45,500 | - |

(vii) Share options exercised during the year

| Particulars | Exercised | Exercise date | Share price at exercise date |
|---------------------------------|-----------------|---------------|------------------------------|
| Granted as per para (iii) above | 79,750 | 04-Apr-22 | 163 |
| | 1,39,850 | 02-Jul-22 | 163 |
| | 23,950 | 04-Oct-22 | 163 |
| | 19,450 | 03-Jan-23 | 163 |
| | 2,63,000 | | |

(viii) Amount accounted for in profit and loss for Employee stock options is NIL (FY 2021-22 ₹0.84 crores).

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

46 RELATED PARTY TRANSACTIONS (Contd..)

| Particulars | Relation | For the year ended March, 31 2023 | For the year ended March, 31 2022 |
|--|------------------|--------------------------------------|--------------------------------------|
| Purchase/processing of goods from:# | | | |
| Vardhman Acrylics Limited | Subsidiary | 153.23 | 79.09 |
| Vardhman Special Steels Limited | Associates | - | 0.00 |
| Vardhman Yarns and Threads Limited | Associates | 17.14 | 13.04 |
| | | 170.37 | 92.13 |
| Sale of Rodtep/MEIS License | | | |
| Vardhman Acrylics Limited | Subsidiary | 3.35 | 1.95 |
| Vardhman Special Steels Limited | Associates | 2.25 | 0.22 |
| Vardhman Yarns and Threads Limited | Associates | 3.31 | 0.80 |
| | | 8.91 | 2.97 |
| Sales of property, plant & equipment to:# | | | |
| Smt. Banarso Devi Oswal Public Charitable Trust | Others | 0.00 | - |
| Sri Aurobindo Socio Economic and Management Research Institute | Others | 0.03 | - |
| Vardhman Special Steels Limited | Associates | - | 0.06 |
| | | 0.03 | 0.06 |
| Rent paid** | | | |
| Vardhman Yarns and Threads Limited | Associates | - | 0.00 |
| Vardhman Holdings Limited | Others | 0.02 | 0.02 |
| Smt. Banarso Devi Oswal Public Charitable Trust | Others | 0.11 | 0.09 |
| | | 0.13 | 0.11 |
| Rent received ** | | | |
| Vardhman Yarns and Threads Limited | Associates | 0.26 | 0.26 |
| | | 0.26 | 0.26 |
| Dividend paid | | | |
| VTL Investments Limited | Subsidiary | - | 5.17 |
| Mr. S.P. Oswal | KMP | - | 3.08 |
| Mrs. Suchita Jain | KMP | - | 1.26 |
| Mr. Neeraj Jain | KMP | - | 0.00 |
| Mr. Rajeev Thapar | KMP | - | 0.00 |
| Mr. Sanjay Gupta | KMP | - | 0.00 |
| Mrs. Shakun Oswal | Relatives of KMP | - | 0.71 |
| Ms. Soumya Jain | Relatives of KMP | - | 0.04 |
| Ms. Sagrika Jain | Relatives of KMP | - | 0.04 |
| Vardhman Holdings Limited | Others | - | 81.89 |
| Adhiswar Enterprises LLP | Others | - | 53.14 |
| Devakar Investment and Trading Company Private Limited | Others | - | 32.64 |
| Santon Finance and Investment Company Limited | Others | - | 2.35 |
| Flamingo Finance and Investment Company Limited | Others | - | 2.74 |
| Ramaniya Finance and Investment Company Limited | Others | - | 2.18 |
| Mahavir Spinning Mills Private Limited | Others | - | 0.51 |
| Northern Trading Company | Others | - | 0.58 |
| Amber Syndicate | Others | - | 0.40 |
| Paras Syndicate | Others | - | 0.59 |
| Eastern Trading Company | Others | - | 0.27 |
| | | - | 187.61 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

46 RELATED PARTY TRANSACTIONS (Contd..)

| Particulars | Relation | For the year ended March, 31 2023 | For the year ended March, 31 2022 |
|--|-------------------------------------|--------------------------------------|--------------------------------------|
| Dividend received | | | |
| Vardhman Acrylics Limited | Subsidiary | - | 142.13 |
| VTL Investments Limited | Subsidiary | - | 25.00 |
| Vardhman Special Steels Limited | Associates | 3.40 | 1.46 |
| Vardhman Yarns and Threads Limited | Associates | 8.53 | 7.52 |
| | | 11.93 | 176.11 |
| Interest paid | | | |
| VTL Investments Limited | Subsidiary | - | 0.22 |
| | | - | 0.22 |
| Reimbursement of expenses received from | | | |
| Vardhman Acrylics Limited | Subsidiary | - | 0.01 |
| Vardhman Special Steels Limited | Associates | 0.05 | 0.00 |
| Vardhman Yarns and Threads Limited | Associates | 0.13 | 0.01 |
| | | 0.18 | 0.02 |
| Reimbursement of expenses paid | | | |
| Vardhman Acrylics Limited | Subsidiary | 0.00 | 0.00 |
| Vardhman Yarns and Threads Limited | Associates | 0.01 | 0.32 |
| Vardhman Special Steels Limited | Associates | 0.00 | 0.05 |
| Vardhman Apparels Limited | Others | - | 0.00 |
| | | 0.01 | 0.37 |
| Recovery of Common Expenses incurred ** | | | |
| Vardhman Acrylics Limited | Subsidiary | 0.76 | 0.76 |
| Vardhman Special Steels Limited | Associates | 1.00 | 1.00 |
| Vardhman Yarns and Threads Limited | Associates | 4.22 | 3.84 |
| | | 5.98 | 5.60 |
| Payment against licence agreement** | | | |
| Vardhman Holdings Limited | Others | 1.48 | 1.51 |
| | | 1.48 | 1.51 |
| Donations/ CSR payments to | | | |
| Smt. Banarso Devi Oswal Public Charitable Trust | Others | 0.03 | 1.22 |
| Sri Aurobindo Socio Economic and Management Research Institute | Others | 0.58 | 10.00 |
| | | 0.61 | 11.22 |
| Salary paid to | | | |
| Ms. Sagrika Jain | Relatives of KMP | 0.05 | 0.17 |
| | | 0.05 | 0.17 |
| Loan received from | | | |
| VTL Investments Limited | Subsidiary | - | 25.00 |
| | | - | 25.00 |
| Loan paid back to | | | |
| VTL Investments Limited | Subsidiary | - | 25.00 |
| | | - | 25.00 |
| Withdrawal from post employment benefit plans | | | |
| Mahavir Employees Gratuity Fund Trust | Post Employment Benefit Plans Trust | 4.64 | 1.97 |
| | | 4.64 | 1.97 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

46 RELATED PARTY TRANSACTIONS (Contd..)

46.3 Outstanding Balances:

| Particulars | Relation | For the year ended March, 31 2023 | For the year ended March, 31 2022 |
|---|--|--------------------------------------|--------------------------------------|
| Receivables | | | |
| Vardhman Special Steels Limited | Associates | 0.17 | - |
| Vardhman Yarns and Threads Limited | Associates | 0.46 | - |
| Vardhman Apparels Limited | Others | 0.01 | 0.01 |
| Mahavir Traders | Others | 0.20 | - |
| Mahavir Employees Gratuity Fund Trust | Post Employment Benefit Plans Trust | - | 3.38 |
| | | 0.84 | 3.39 |
| Payables | | | |
| Vardhman Acrylics Limited | Subsidiary | 1.50 | - |
| Vardhman Yarns and Threads Limited | Associates | - | 1.15 |
| Vardhman Holdings Limited | Others | 1.62 | - |
| Mahavir Traders | Others | - | 0.07 |
| | | 3.12 | 1.22 |
| Equity Investment outstanding | | | |
| Vardhman Acrylics Limited | Subsidiary | 53.15 | 53.15 |
| VTL Investments Limited | Subsidiary | 4.04 | 4.04 |
| Vardhman Special Steels Limited | Associates | 25.24 | 25.24 |
| Vardhman Yarns and Threads Limited | Associates | 27.50 | 27.50 |
| Vardhman Spinning and General Mills Limited | Associates | 0.03 | 0.03 |
| | | 109.96 | 109.96 |

46.4 Key management personnel compensation

| Particulars | | For the year ended March, 31 2023 | For the year ended March, 31 2022 |
|-------------------------------------|-----|--------------------------------------|--------------------------------------|
| Mr. S.P. Oswal | KMP | 20.61 | 43.41 |
| Mrs. Suchita Jain | KMP | 3.21 | 3.15 |
| Mr. Neeraj Jain | KMP | 2.65 | 2.66 |
| Ms. Sagrika Jain (w.e.f 06.08.2022) | KMP | 0.69 | - |
| Mr. Rajeev Thapar | KMP | 0.80 | 0.84 |
| Mr. Sanjay Gupta | KMP | 0.23 | 0.21 |
| Mr. Prafull Anubhai | KMP | 0.07 | 0.08 |
| Dr. Subash Khanchand Bijlani | KMP | 0.03 | 0.04 |
| Mr. Ashok Kumar Kundra | KMP | 0.04 | 0.07 |
| Mr. Suresh Kumar | KMP | 0.02 | - |
| Dr. Parampal Singh | KMP | 0.03 | 0.04 |
| Mrs. Harpreet Kaur Kang | KMP | 0.04 | 0.04 |
| Mr. Udeypaul Singh Gill | KMP | 0.03 | 0.01 |
| | | 28.46 | 50.55 |

* 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, 2023

(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 2023 | For the year ended March, 31 2022 |
|--|--------------------------------------|--------------------------------------|
| National Pension Scheme | 2.65 | 2.53 |
| Provident fund administered through Regional Provident Fund Commissioner | 40.64 | 36.20 |
| Employees' State Insurance Corporation | 9.41 | 8.04 |
| Other funds | 1.61 | 1.45 |
| | 54.31 | 48.22 |

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.

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.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

47 EMPLOYEE BENEFITS (Contd..)

(ii) The principal assumption used for the purpose of the actuarial valuation were as follows:

| Particulars | As at March, 31 2023 | As at March, 31 2022 |
|---|-------------------------------|-------------------------------|
| Discount Rate | 7.36% | 7.18% |
| Salary increase | 6.00% | 6.00% |
| Expected average remaining working life | 27.18 | 26.68 |
| Mortality Rates | IALM (2012-14) | IALM (2012-14) |
| 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, 2023 | March 31, 2022 |
| Current Service cost | 12.68 | 11.37 |
| Net interest expenses | (0.24) | (0.09) |
| | 12.44 | 11.28 |

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, 2023 | March 31, 2022 |
| Actuarial gain/(losses) arising for the year on asset | (0.40) | 3.40 |
| Actuarial gain/(losses) arising from changes in financial assumptions | 1.49 | 2.95 |
| Actuarial gain/(losses) arising from changes in experience adjustments | 2.44 | 2.28 |
| | 3.53 | 8.63 |

(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, 2023 | March 31, 2022 |
| Present value of funded defined benefit obligation | 93.70 | 85.42 |
| Fair Value of Plan Assets | 91.53 | 88.80 |
| Net assets / (liability) | (2.17) | 3.38 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

47 EMPLOYEE BENEFITS (Contd..)

(vi) Movements in the present value of defined benefit obligation are as follows:

| Particulars | For the year ended | |
|--|--------------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Opening defined benefit obligation | 85.42 | 81.32 |
| Current Service Cost | 12.68 | 11.37 |
| Interest Cost | 6.13 | 5.52 |
| Actuarial (gain)/losses arising from changes in financial assumptions | (1.49) | (2.95) |
| Actuarial (gain)/losses arising from changes in experience adjustments | (2.44) | (2.28) |
| Benefits paid | (6.60) | (7.56) |
| Closing defined benefit obligation | 93.70 | 85.42 |

(vii) Movements in the fair value of plan assets are as follows:

| Particulars | For the year ended | |
|---|--------------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Opening fair value of plan assets | 88.80 | 82.66 |
| Return on plan assets (excluding amounts included in net interest expenses) | 7.38 | 9.01 |
| Contributions from employer | - | (2.00) |
| Benefits paid | (4.64) | (0.87) |
| Closing fair value of plan assets | 91.54 | 88.80 |

Plan assets comprises of mutual fund, Government of India securities and bank balances. The average duration of the defined benefit obligation is 14.05 years (2022: 13.96 years). The Company expects to make a contribution of ₹ 15.27 crores (March 31, 2022: ₹ 13.42 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, 2023 | As at March 31, 2022 |
|-------------------------------|-------------------------|-------------------------|
| Discount Rate | | |
| 0.50% Increase | (4.02) | (3.69) |
| 0.50% decrease | 4.35 | 4.00 |
| Future Salary increase | | |
| 0.50% Increase | 4.25 | 3.89 |
| 0.50% decrease | (3.97) | (3.62) |

(ix) Maturity Profile of Defined Benefit Obligation

| | Year | Amount |
|----|----------------|--------|
| a) | 0 to 1 Year | 9.80 |
| b) | 1 to 2 Year | 5.77 |
| c) | 2 to 3 Year | 5.93 |
| d) | 3 to 4 Year | 5.62 |
| e) | 4 to 5 Year | 5.83 |
| f) | 5 to 6 Year | 5.39 |
| g) | 6 Year onwards | 55.35 |

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

47 EMPLOYEE BENEFITS (Contd..)

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 ₹6.56 crore (March 31, 2022 : ₹ 5.12 crore)
- (ii) Amount taken to balance sheet

| Particulars | 2022-23 | 2021-22 |
|-------------|---------|---------|
| Current | 3.29 | 2.77 |
| Non Current | 16.95 | 15.98 |

48 Assets pledged as security:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Current assets | | |
| Financial assets | | |
| Trade receivables | 1,179.08 | 1,310.68 |
| Non-financial assets | | |
| Inventory | 2,312.16 | 2,806.67 |
| Total current assets pledged as security | 3,491.24 | 4,117.35 |
| Non-current assets | | |
| Property, plant & equipment | 3,870.76 | 3,425.75 |
| Total non-current assets pledged as security | 3,870.76 | 3,425.75 |
| Total assets pledged as security | 7,362.00 | 7,543.10 |

49 Corporate Social Responsibility:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| a. Amount required to be spent by the company during the year | 19.66 | 12.71 |
| b. Amount of expenditure incurred* | 4.31 | 3.06 |
| c. Shortfall at the end of the year** (a-b) | 15.35 | 9.65 |
| d. Total of previous years shortfall (2020-21) | 0.72 | 1.31 |
| e. Total of previous years shortfall (2021-22) | 2.54 | - |
| Total shortfall at year end | 18.61 | 10.96 |
| f. Related party transactions: | | |
| (i) Banarso Devi Oswal Public Charitable trust | 0.03 | 0.09 |
| (ii) Sri Aurobindo Socio Economic and Management Research Institute | 0.58 | 0.27 |
| g. Movement of provision: | | |
| - Opening | 10.69 | 5.50 |
| - Provision created during the year: | | |
| - Spent during the year for FY 2021-22 | 15.62 | 9.65 |
| - Spent during the year for FY 2022-23 | (0.59) | (4.46) |
| - Spent during the year for FY 2022-23 | (7.11) | - |
| - Closing | 18.61 | 10.69 |

*Nature of CSR activities:

Promoting Education, Promoting Healthcare including Preventive Healthcare, Rural Development, Promotion of Art & Culture, Measures for the benefit of armed forces veterans, Promotion of Nationally Recognized Sports.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

49 Corporate Social Responsibility: (Contd..)

**Reason for shortfall:

Amount remaining unspent pretains to "Ongoing/ Multi-layer Projects" approved by CSR committee which will be spent in coming years.

Details of Deposit in Unspent CSR Account:

| Particulars | FY 2022-23 | FY 2021-22 | FY 2020-21 |
|---|--------------|-------------|-------------|
| 1. Unspent CSR amount deposited in special account (Unspent CSR Account) | 15.35 | 9.65 | 5.77 |
| 2. Spent during the year for FY 2021-22 | - | - | 4.46 |
| 3. Spent during the year for FY 2022-23 | - | 7.11 | 0.59 |
| Balance lying in the bank account which will be spent in coming years as on March 31, 2023 {1-(2+3)} | 15.35 | 2.54 | 0.72 |
| Date of deposit | 29-Apr-23 | 29-Apr-22 | 29-Apr-21 |

50 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.

51 Other statutory information:

- (i) No proceeding have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988).
- (ii) The company has not been declared as wilful defaulter by any bank or financial Institution or other lender.
- (iii) The company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (iv) There are no transactions which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (v) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding (whether recorded in writing or otherwise) that the Intermediary shall lend or invest in party identified by or on behalf of the company (Ultimate Beneficiaries).
- (vi) No funds have been received by the company from any person(s) or entity(ies), including foreign entities ("funding party") with the understanding, whether recorded in writing or otherwise, that the company shall directly or indirectly lend or invest in other persons or entities in any manner whatsoever by or on behalf of the funding party ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vii) During the financial year, the Company has not traded or invested in Crypto currency or Virtual Currency.
- (viii) The company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (ix) The Company has availed facilities from banks on the basis of security of current assets. The revised returns or statements filed by the company are in agreement with the books of accounts and there are no material discrepancies.

Notes to Standalone Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

51 Other statutory information: (Contd..)

- (x) The Board of Directors of Company have proposed the final dividend of ₹ 3.50 per fully paid 28,91,27,050 equity shares. The proposed final dividend is subject to approval of the members at the ensuing Annual General Meeting. The amount of such dividend proposed is in accordance with section 123 of Companies Act, 2013.

52 Ratios:

| Particulars | Numerator | Denominator | Year ended March 31, 2023 | Year ended March 31, 2022 | %age change | Remarks |
|--------------------------------------|---|--|---------------------------------|---------------------------------|-------------|--------------|
| (a) Current Ratio | Current Assets | Current Liabilities | 4.09 | 3.04 | 34.72% | Refer note 1 |
| (b) Debt-Equity Ratio | Total Debt (excluding lease liabilities) | Shareholder's Equity | 0.20 | 0.26 | -23.02% | - |
| (c) Debt-service coverage ratio | Earnings available for debt service: = Net profit after taxes + Depreciation/ amortizations + finance cost | "Debt Service: = Finance cost & lease payments + Scheduled principal repayments of Long term Debt" | 2.46 | 3.79 | -35.11% | Refer note 2 |
| (d) Return on equity ratio | Net profits after taxes | Average shareholder's equity | 9.46% | 24.53% | -61.43% | Refer note 2 |
| (e) Inventory turnover ratio | Revenue from operations | Average Inventory | 3.84 | 3.39 | 13.42% | - |
| (f) Trade receivables turnover ratio | Revenue from operations | Average Trade receivables | 7.91 | 8.04 | -1.68% | - |
| (g) Trade payables turnover ratio | Total purchases | Average Trade payables | 16.21 | 14.44 | 12.28% | - |
| (h) Net Capital turnover ratio | Revenue from operations | Working Capital = Current Assets - Current Liabilities | 2.34 | 2.49 | -5.93% | - |
| (i) Net Profit ratio | Net profits after taxes | Revenue from operations | 761 % | 1787 % | -57.41 % | Refer note 2 |
| (j) Return on capital employed | Earnings before interest and taxes | Capital Employed | 10.66 % | 23.44 % | -54.52 % | Refer note 2 |
| (k) Return on investment | Investment Income | Average Investments | 6.11 % | 20.45 % | -70.12 % | Refer note 3 |

Remarks for more than 25 % change in ratios of FY 2022-23 as compared to FY 2021-22:

- This ratio has increased mainly on account of decrease in current liabilities amount (borrowings and other current liabilities decrease).
- This ratio has decreased mainly on account of decrease in profits.
- This ratio has decreased mainly on account of decrease in investment income.

53 The Code on Social Security 2020 has been notified in the Official Gazette on 29th September 2020. The effective date from which the changes are applicable is yet to be notified. Impact if any of the change will be assessed and accounted in the period in which said Code becomes effective.

For and on behalf of the Board of Directors

Sanjay Gupta

Company Secretary
Membership No:-4935

Rajeev Thapar

Chief Financial Officer

Suchita Jain

Vice Chairperson and
Joint Managing Director
DIN:00746471

S.P. Oswal

Chairman and Managing
Director
DIN: 00121737

Place : Ludhiana

Date: May 05, 2023



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/ Holding Company and its subsidiaries together referred to as "the Group") which includes Group's share of profit in its associates, which comprise the Consolidated Balance Sheet as at March 31, 2023, 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 the other auditors on separate financial statements of the 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 2023, 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 (SAs) specified under section 143 (10) of the Act. 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 sub-paragraphs (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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 matter described below to be the key audit matter to be communicated in our report.

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------|---|---|
| 1 | <p>Uncertain income-tax positions - Refer to Notes 2.18, 2.24.6 and 38 (a) to the consolidated financial statement</p> <p>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.</p> | <p>Principal audit procedure performed</p> <ul style="list-style-type: none"> Obtained an understanding of and performed testing of design, implementation 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 from the Parent's internal tax experts during the year ended March 31, 2023. |

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------|------------------|---|
| | | <ul style="list-style-type: none"> 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. Assessed the adequacy of the disclosures made in the financial statements. |

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 and sustainability 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.

Responsibilities of Management and Those Charged with Governance 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 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 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 Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management 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 with reference to consolidated financial statements 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 of the entities 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 Company 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 two subsidiaries whose financial statements reflect total assets of ₹ 399.85 crores as at March 31, 2023, total revenues of ₹ 429.80 crores and net cash outflows amounting to ₹ 0.99 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 ₹ 40.55 crores for the year ended March 31, 2023, as considered in the consolidated financial statements, in respect of three associates, whose financial statements have not been audited by us. These financial statements 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 and the financial statements certified by the Management.

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, returns 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 Company as on March 31, 2023 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 March 31, 2023 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 with reference to consolidated financial statements 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 company, subsidiary companies and associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements 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 and based on the auditor's reports of subsidiary companies and associate companies incorporated in India, the remuneration paid by the Parent and such subsidiary companies and associate companies to their respective 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 Note 38(a) to the consolidated financial statements;
 - ii) The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts - Refer Note 38(e) (iii) to the consolidated 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 Company and its subsidiary companies and associate companies incorporated in India - Refer Note 52 to the consolidated financial statements.
 - iv) (a) The respective Managements of the Parent Company, its subsidiaries and associates which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, as disclosed in the note 50 (v) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent Company or any of such subsidiaries and associates to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any

manner whatsoever by or on behalf of the Parent Company or any of such subsidiaries and associates ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The respective Managements of the Parent Company and its subsidiaries and associates which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, as disclosed in the note 50 (vi) to the consolidated financial statements, no funds have been received by the Parent Company or any of such subsidiaries and associates from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent Company or any of such subsidiaries and associates shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries and associates which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v) The final dividend paid by the associates which are companies incorporated in India, whose financial statements have been audited under the Act, where applicable, during the year is in accordance with section 123 of the Act, as applicable. Also, the interim dividend declared and paid by the associate which are companies incorporated in India, whose financial statements have been

audited under the Act, where applicable, during the year and until the date of this report is in compliance with the section 123 of the Act.

As stated in note 51 to the consolidated financial statements, the Board of Directors of the Parent Company, its subsidiaries and associates which are companies incorporated in India, whose financial statements have been audited under the Act, where applicable, have proposed final dividend for the year which is subject to the approval of the members of the Parent Company, such subsidiaries and associates at the ensuing respective Annual General Meetings. Such dividend proposed is in accordance with section 123 of the Act, as applicable.

- vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable

w.e.f. April 1, 2023 to the Parent Company, its subsidiaries and associates which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements except for the following:

| Name of the Company | CIN | Nature of relationship | Clause Number of CARO report with qualification or adverse remarkw |
|---|-----------------------|------------------------|--|
| Vardhman Spinning and General Mills Limited | U17121PB2007PLC030853 | Associate | Clause xvii (Cash losses) of Annexure A to the Independent Auditor's report. |

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh Kumar Agarwal

(Partner)

(Membership No. 105546)

UDIN: 23105546BGXMRO7525

Place: Gurugram
Date: May 05, 2023

Annexure "A" to the Independent Auditor's Report

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

Report on the Internal Financial Controls with reference to consolidated financial statements 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, 2023, we have audited the internal financial controls with reference to consolidated financial statements 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 with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements. 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 the audit evidence obtained by other auditors of the subsidiary companies and 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 with reference to consolidated financial statements of the Parent, its subsidiary companies and its associate companies, which are companies incorporated in India.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A company's internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements 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 reports of the other auditors referred to in the Other Matters paragraph below, Parent, its subsidiary companies and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated

financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements insofar as it relates to two 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: 23105546BGXMRQ7525

Place: Gurugram

Date: May 05, 2023

Consolidated Balance Sheet

as at March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|----------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, plant and equipment | 3A | 3,913.75 | 3,469.99 |
| (b) Right-of-Use Asset | 43 | 19.40 | 19.68 |
| (c) Capital work-in-progress | 3A | 51.02 | 241.21 |
| (d) Other intangible assets | 3B | 1.82 | 1.89 |
| (e) Goodwill | 4 | 2.46 | 2.46 |
| (f) Financial assets | | | |
| (i) Investment in associates | 5A | 188.38 | 159.96 |
| (ii) Investments | 5B | 1,219.37 | 910.73 |
| (iii) Loans | 6A | 1.25 | 0.95 |
| (iv) Others financial assets | 6B | 39.29 | 154.53 |
| (g) Income tax assets (net) | 14 | 24.21 | - |
| (h) Other non-current assets | 7 | 87.09 | 162.44 |
| Total Non-current assets | | 5,548.04 | 5,123.84 |
| Current assets | | | |
| (a) Inventories | 8 | 2,392.68 | 2,882.29 |
| (b) Financial assets | | | |
| (i) Investments | 9 | 1,141.09 | 620.37 |
| (ii) Trade receivables | 10 | 1,190.99 | 1,321.24 |
| (iii) Cash and cash equivalents | 11 | 75.60 | 66.63 |
| (iv) Bank balances other than above | 11A | 298.62 | 55.08 |
| (v) Loans | 12 | 2.58 | 2.09 |
| (vi) Other financial assets | 13 | 28.93 | 143.51 |
| (c) Other current assets | 15 | 653.87 | 763.88 |
| (d) Assets held-for-sale | 15A | 0.16 | 0.17 |
| Total Current assets | | 5,784.52 | 5,855.26 |
| TOTAL ASSETS | | 11,332.56 | 10,979.10 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 16 | 56.89 | 56.84 |
| (b) Other equity | 17 | 8,506.55 | 7,646.92 |
| Equity attributable to the owners of the Company | | 8,563.44 | 7,703.76 |
| (c) Non-controlling interests | | 88.52 | 137.54 |
| Total Equity | | 8,651.96 | 7,841.30 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 18 | 931.35 | 921.06 |
| (ii) Lease Liability | 19A | 0.17 | 0.17 |
| (iii) Other financial liabilities | 19 | 3.50 | 5.41 |
| (b) Provisions | 20 | 17.48 | 15.98 |
| (c) Deferred tax liabilities (Net) | 21 | 268.29 | 249.06 |
| (d) Other non-current liabilities | 22 | 14.97 | 16.42 |
| Total Non-current liabilities | | 1,235.76 | 1,208.10 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 23 | 746.11 | 1,061.97 |
| (ii) Trade payables | 24 | | |
| (a) total outstanding dues of micro enterprises and small enterprise | | 24.04 | 31.15 |
| (b) total outstanding dues of trade payables other than micro enterprises and small enterprises | | 335.87 | 364.42 |
| (iii) Other financial liabilities | 25 | 206.66 | 312.18 |
| (b) Other current liabilities | 27 | 87.79 | 111.38 |
| (c) Provisions | 26 | 3.38 | 3.33 |
| (d) Income tax liabilities (net) | 14 | 40.99 | 45.27 |
| Total Current liabilities | | 1,444.84 | 1,929.70 |
| TOTAL EQUITY AND LIABILITIES | | 11,332.56 | 10,979.10 |
| See accompanying notes to the consolidated financial statements | 1 - 54 | | |

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 Chairperson and
Joint Managing Director
DIN:00746471

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

Place : Gurugram
Date: May 05, 2023

Place : Ludhiana
Date: May 05, 2023

Consolidated Statement of profit and loss

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

| Particulars | Note No. | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|----------------|--------------------------------------|--------------------------------------|
| I Revenue from operations | 28 | 10,137.49 | 9,622.34 |
| II Other income | 29 | 191.95 | 224.51 |
| III Total Income (I+II) | | 10,329.44 | 9,846.85 |
| IV Expenses : | | | |
| Cost of materials consumed | 30 | 5,914.65 | 4,964.04 |
| Purchases of stock-in-trade | 31 | 1.77 | 2.33 |
| Changes in inventories of finished goods and work-in-progress | 32 | 13.45 | (405.66) |
| Employee benefits expense | 33 | 767.23 | 729.06 |
| Finance costs | 34 | 102.15 | 99.72 |
| Depreciation and amortization | 3A, 3B & 43 | 394.43 | 367.51 |
| Other expenses | 35 | 2,116.40 | 2,058.66 |
| Total Expenses | | 9,310.08 | 7,815.66 |
| V Profit before tax (III-IV) | | 1,019.36 | 2,031.19 |
| VI Share of profit of associates | | 40.55 | 39.50 |
| VII Profit before tax (V+VI) | | 1,059.91 | 2,070.69 |
| VIII Tax expense: | 36 | | |
| Current tax | | 235.96 | 527.96 |
| Deferred tax | | 19.20 | (8.31) |
| IX Profit for the year (VII-VIII) | | 804.75 | 1,551.04 |
| X Other Comprehensive Income | 17 | | |
| Items that will not be reclassified to profit or loss | | | |
| (a) (i) Remeasurements of the defined benefits plans | | 3.40 | 8.84 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | (0.86) | (2.23) |
| (b) Share of other comprehensive income from associates, to the extent not be reclassified to profit and loss | | (0.06) | 0.19 |
| (c) (i) Equity instruments through other comprehensive income | | 0.44 | 0.21 |
| (ii) Income taxes relating to items that will not be reclassified to profit or loss | | (0.04) | (0.02) |
| XI Total other comprehensive income | | 2.88 | 6.99 |
| XII Total comprehensive income for the year (IX+XI) | | 807.63 | 1,558.03 |
| Profit attributable to: | | | |
| - Owners of the Company | | 795.16 | 1,546.89 |
| - Non-controlling interests | | 9.59 | 4.34 |
| | | 804.75 | 1,551.23 |
| Other Comprehensive Income attributable to: | | | |
| - Owners of the Company | | 2.83 | 6.78 |
| - Non-controlling interests | | 0.05 | 0.02 |
| | | 2.88 | 6.80 |
| Total Comprehensive Income attributable to: | | | |
| - Owners of the Company | | 797.99 | 1,553.67 |
| - Non-controlling interests | | 9.64 | 4.36 |
| | | 807.63 | 1,558.03 |
| Earnings per equity share (amount in ₹) | 41 | | |
| (1) Basic | | 27.96 | 54.58 |
| (2) Diluted | | 27.95 | 54.42 |
| See accompanying notes to the consolidated financial statements | 1 - 54 | | |

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rajesh Kumar Agarwal
Partner

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

For and on behalf of the Board of Directors

Suchita Jain
Vice Chairperson and
Joint Managing Director
DIN:00746471

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

Place : Gurugram
Date: May 05, 2023

Place : Ludhiana
Date: May 05, 2023

Consolidated Cash Flow Statement

for the year ended March 31, 2023

(All amounts in H crores, unless otherwise stated)

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|------------------------------|------------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 1,059.91 | 2,070.88 |
| Adjustments for: | | |
| Share of profit of associates | (40.55) | (39.69) |
| Finance costs | 87.79 | 80.70 |
| Fair valuation gain on investment | (47.27) | (46.24) |
| Subsidy from Government | (1.90) | (1.74) |
| Interest income | (37.31) | (27.13) |
| Dividend on current investments | (0.30) | (0.10) |
| Net gain on sale / discarding of property, plant and equipment | (4.19) | (5.39) |
| (Profit)/Loss on sale of Investments (Net) | (42.12) | (32.15) |
| Provision no longer required written back(Net) | (4.41) | (5.91) |
| Asset written off | 1.65 | 5.82 |
| Bad debt written off | 1.50 | 1.30 |
| Allowances for doubtful trade receivables and advances | 1.64 | 14.99 |
| Depreciation and amortisation expense | 394.43 | 367.51 |
| Share options outstanding account | - | 0.84 |
| Adjustments for (increase) / decrease in operating assets :- | | |
| Trade receivables | 127.11 | (298.91) |
| Inventories | 489.61 | (86.24) |
| Loans | (0.79) | (0.33) |
| Other assets (Current) | 106.12 | (171.76) |
| Other assets (Non-current) | 15.61 | (42.80) |
| Others financial assets (Current) | 125.81 | (93.03) |
| Others financial assets (Non Current) | 0.12 | 25.94 |
| Adjustments for increase / (decrease) in operating liabilities :- | | |
| Trade payables and other liabilities | (31.24) | 102.21 |
| Provisions (Non Current) | 1.50 | (0.98) |
| Provisions (Current) | 0.05 | 0.63 |
| Others financial liabilities (Current) | (67.39) | 105.74 |
| Others financial liabilities (Non-Current) | (1.91) | 2.61 |
| Other liabilities (Non-current) | 0.35 | 0.25 |
| Other liabilities (Current) | (15.67) | 34.80 |
| Cash generated from operations | 2,118.15 | 1,961.83 |
| Income taxes paid | (265.31) | (517.25) |
| B Net cash generated by operating activities | 1,852.84 | 1,444.58 |
| Purchase of investments (non-current) | (677.44) | (499.42) |
| Proceeds from sale of Investments (non-current) | 555.03 | 417.13 |
| Purchase of current investments (net) | (605.04) | (406.35) |
| Interest received | 32.62 | 24.91 |
| Payment for purchase of property, plant and equipment, capital work in progress and other intangible assets | (621.74) | (519.07) |
| Bank balances not considered as cash and cash equivalents | (134.96) | 63.78 |
| Proceeds from disposal of property, plant and equipment | 6.53 | 10.69 |
| Dividend on associates, other investments | 0.30 | 9.14 |
| Net cash used in investing activities | (1,444.70) | (899.19) |

Consolidated Cash Flow Statement

for the year ended March 31, 2023

(All amounts in H crores, unless otherwise stated)

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|------------------------------|------------------------------|
| C CASH FLOW FROM FINANCING ACTIVITIES* | | |
| Proceeds from equity share capital/share application | 3.04 | 12.82 |
| Proceeds from borrowings (non-current) | 410.56 | 87.95 |
| Repayment of borrowings (non-current) | (462.84) | (282.28) |
| Proceeds/Repayment of borrowings (current) | (253.29) | 45.21 |
| Dividends on equity share capital paid | (0.54) | (349.15) |
| Finance costs paid | (96.10) | (85.95) |
| Net cash generated/(used) in financing activities | (399.17) | (571.40) |
| Net increase / (decrease) in cash and cash equivalents | 8.97 | (26.01) |
| Cash and cash equivalents at the beginning of the year | 66.63 | 92.64 |
| Cash and cash equivalents at the end of the year | 75.60 | 66.63 |

* There are no non cash changes arising from financing activities.

See accompanying notes to the consolidated financial statements

1 - 54

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 Chairperson and
Joint Managing Director
DIN:00746471

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

Place : Gurugram
Date: May 05, 2023

Place : Ludhiana
Date: May 05, 2023

Consolidated Statement of Changes in Equity

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

a. Equity share capital

| Particulars | Amount |
|---|--------------|
| Balance as at April 01, 2021 | 56.56 |
| Issue of equity shares under employee stock option plan (Refer note 44) | 0.21 |
| Addition due to sale of shares by Subsidiary | 0.07 |
| Balance as at March 31, 2022 | 56.84 |
| Issue of equity shares under employee stock option plan (Refer note 44) | 0.05 |
| Addition due to sale of shares by Subsidiary | - |
| Balance as at March 31, 2023 | 56.89 |

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 |
| Balance as at April 1, 2021 | 5.62 | 0.40 | 9.84 | 40.43 | 18.93 | 57.62 | 12.38 | 1,457.92 | 4,806.81 | 1.75 | 6,411.70 |
| Profit for the year | - | - | - | - | - | - | - | - | 1,546.89 | - | 1,546.89 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | - | 6.61 | 0.19 | 6.80 |
| Total comprehensive income for the year | 1.30 | - | - | - | - | - | - | - | 1,553.50 | 0.19 | 1,553.69 |
| Share Application Money received under employee stock options. | - | - | - | - | - | - | 0.84 | - | - | - | 0.84 |
| Employee stock options accrued/(Lapsed) during April-March 2022 (Refer note 44) | - | - | - | - | - | - | - | - | (99.15) | - | (99.15) |
| Final Equity dividend for FY 2020-21 (Amount ₹ 1750 per share having face value of ₹ 10 per share) | - | - | - | - | - | - | - | - | (251.32) | - | (251.32) |
| Interim Equity Dividend (Amount ₹ 34 per share having face value of ₹ 10 per share) | - | - | - | - | - | - | - | - | - | - | - |
| Securities premium on shares under Employee stock options | - | - | - | - | 25.72 | - | - | - | - | - | 25.72 |
| Transfer to equity shares due to issue of employee stock options (Refer note 44) | (5.62) | - | - | - | - | - | (8.79) | - | - | - | (14.41) |
| Transfer from Employee Stock Options accounts to General Reserve | - | - | - | - | - | - | (0.45) | 0.45 | - | - | - |
| Transfer to Statutory Reserve under 45-IC of RBI Act | - | - | 3.99 | - | - | - | - | - | (3.99) | - | - |
| Gain on sale of shares by Subsidiary | - | - | - | - | - | - | - | - | 18.55 | - | 18.55 |
| Balance as at March 31, 2022 | 1.30 | 0.40 | 13.83 | 40.43 | 44.65 | 57.62 | 3.98 | 1,458.37 | 6,024.40 | 1.94 | 7,646.92 |

Consolidated Statement of Changes in Equity

for the year ended March 31, 2023

(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 | 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 | - | - | - | - | - | - | - | - | 795.16 | - | 795.16 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | - | 2.54 | 0.34 | 2.88 |
| Total comprehensive income for the year | - | - | - | - | - | - | - | - | 797.70 | 0.34 | 798.04 |
| Share Application Money received under employee stock options. | 0.05 | - | - | - | - | - | - | - | - | - | 0.05 |
| Transfer to equity shares due to issue of employee stock options (Refer note 44) | (1.30) | - | - | - | - | - | - | - | - | - | (1.30) |
| Transfer from Employee Stock Options accounts to General Reserve | - | - | - | - | - | (0.89) | - | 0.89 | - | - | - |
| Transfer from Debenture redemption reserve to General reserve | - | - | - | - | (57.62) | - | - | 57.62 | - | - | - |
| Securities premium on shares under Employee stock options | - | - | - | 6.71 | - | (2.47) | - | - | - | - | 4.24 |
| Transfer to Statutory Reserve under 45-IC of RBI Act | - | 0.08 | - | - | - | - | - | - | (0.08) | - | - |
| Adjustment on account of dividend paid to minority in earlier years | - | - | - | - | - | - | - | - | 58.60 | - | 58.60 |
| Balance as at March 31, 2023 | 0.05 | 0.40 | 13.91 | 40.43 | 51.36 | 0.62 | 1,516.88 | 6,880.62 | 2.28 | 8,506.55 | |

See accompanying notes to the consolidated financial statements

1 - 54

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 Chairperson and
Joint Managing Director
DIN:00746471

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

Place : Gurugram
Date: May 05, 2023

Place : Ludhiana
Date: May 05, 2023

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(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, woven fabric and Garments. 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 May 05, 2023.

2 SIGNIFICANT ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS AND APPLICABILITY OF NEW AND REVISED 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 Rule 3 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 116, 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.

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

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

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

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

The results and assets and liabilities of associates 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 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. Distributions received from an associate reduce the carrying amount of the investment. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), 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.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, 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 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.

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 when the investment is classified as held for sale. When the Company retains an interest in the former associate 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 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 is included in the determination of the gain or loss on disposal of the associate. In addition, the Company accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate 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 of the Company, profits and losses resulting from the transactions with the associate are recognised in the Company's consolidated financial statements only to the extent of interests in the associate that are not related to the Company.

2.7 Revenue recognition

The Group recognises revenue from contracts with customers when the control of the goods or services is transferred to the customers on satisfaction of distinct performance obligations at the amount of transaction price (net of discounts, rebates etc.), excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Amount

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

disclosed as revenue are net of returns and allowances, trade discounts and rebates.

The Group is generally the principal as it typically controls the goods or services before transferring them to the customer.

The Group disaggregates revenue from contracts with customers by nature of goods and service.

Revenue from rendering of services is recognized over time by measuring the progress toward complete satisfaction of performance obligations at the reporting period.

The revenue in respect of RoDTEP, duty drawback and similar other export benefits is recognized in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

2.7.1 Dividend income

Dividend on financial assets 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.

2.7.2 Interest income

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.

2.7.3 Contract balances - Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Trade receivables that do not contain a significant financing component are measured at transaction price.

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.

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.

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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.

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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.

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:

- 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.

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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:

- its purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates
- any attributable expenditure directly attributable for bringing an asset to the location and the working condition for its intended use and
- 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 ₹ 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.

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.

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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.

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.

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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 an 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):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- 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):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- 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

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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.

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

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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 115, 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 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

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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:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- 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
- 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 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

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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.

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

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for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

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.

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
- 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

Notes to Consolidated Financial Statement

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(All amounts in ₹ crores, unless otherwise stated)

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):- | 24.83 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, 2023 management assessed that the useful lives represent the expected utility of the assets to the Group.

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.

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

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

Recent pronouncements Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

-Ind AS 1 – Presentation of Financial Statements The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

-Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

-Ind AS 12 – Income Taxes The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

3A Property, plant and equipment and capital work-in-progress

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Carrying amount of | | |
| Freehold land | 117.30 | 116.42 |
| Buildings | 1,121.59 | 1,015.69 |
| Plant and equipment | 2,635.06 | 2,304.15 |
| Furniture and fixtures | 10.77 | 9.19 |
| Vehicles | 11.74 | 9.75 |
| Office equipment | 17.29 | 14.79 |
| Total Property, plant and equipment | 3,913.75 | 3,469.99 |
| Capital work-in-progress | 51.02 | 241.21 |
| | 3,964.77 | 3,711.20 |

| Particulars | Freehold land | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Total |
|----------------------------------|------------------|-----------------|------------------------|---------------------------|--------------|---------------------|-----------------|
| Cost or Deemed Cost | | | | | | | |
| Balance at April 01, 2021 | 103.88 | 1,190.37 | 3,939.72 | 16.72 | 15.11 | 56.59 | 5,322.41 |
| Addition | 13.18 | 61.16 | 256.92 | 1.76 | 4.55 | 5.72 | 343.29 |
| Disposal/Adjustment | (0.64) | (0.27) | (21.32) | (0.10) | (0.95) | (0.70) | (23.98) |
| Balance at March 31, 2022 | 116.42 | 1,251.26 | 4,175.32 | 18.38 | 18.71 | 61.61 | 5,641.72 |
| Addition | 1.23 | 150.09 | 674.21 | 3.43 | 4.53 | 7.87 | 841.36 |
| Disposal/Adjustment | (0.35) | - | (10.02) | (0.02) | (1.34) | (0.80) | (12.52) |
| Balance at March 31, 2023 | 117.30 | 1,401.35 | 4,839.51 | 21.79 | 21.90 | 68.68 | 6,470.56 |
| Accumulated depreciation | | | | | | | |
| Balance at April 01, 2021 | - | 194.05 | 1,566.88 | 7.53 | 8.06 | 41.55 | 1,818.07 |
| Depreciation | - | 41.56 | 315.73 | 1.71 | 1.71 | 5.82 | 366.53 |
| Disposal/Adjustment | - | (0.04) | (11.42) | (0.04) | (0.81) | (0.55) | (12.86) |
| Balance at March 31, 2022 | - | 235.57 | 1,871.19 | 9.20 | 8.96 | 46.82 | 2,171.74 |
| Depreciation | - | 44.19 | 340.38 | 1.85 | 1.91 | 5.29 | 393.62 |
| Disposal/Adjustment | - | - | (7.10) | (0.02) | (0.71) | (0.72) | (8.54) |
| Balance at March 31, 2023 | - | 279.76 | 2,204.47 | 11.03 | 10.16 | 51.39 | 2,556.82 |
| Carrying amount | | | | | | | |
| Balance at April 01, 2021 | 103.88 | 996.32 | 2,372.86 | 9.20 | 7.05 | 15.04 | 3,504.35 |
| Addition | 13.18 | 61.16 | 256.92 | 1.76 | 4.55 | 5.72 | 343.29 |
| Disposal/Adjustment | (0.64) | (0.23) | (9.90) | (0.06) | (0.14) | (0.15) | (11.12) |
| Depreciation | - | (41.56) | (315.73) | (1.71) | (1.71) | (5.82) | (366.53) |
| Balance at March 31, 2022 | 116.42 | 1,015.69 | 2,304.15 | 9.19 | 9.75 | 14.79 | 3,469.99 |
| Addition | 1.23 | 150.09 | 674.21 | 3.43 | 4.53 | 7.87 | 841.36 |
| Disposal/Adjustment | (0.35) | - | (2.92) | - | (0.63) | (0.08) | (3.98) |
| Depreciation | - | (44.19) | (340.38) | (1.85) | (1.91) | (5.29) | (393.62) |
| Balance at March 31, 2023 | 117.30 | 1,121.59 | 2,635.06 | 10.77 | 11.74 | 17.29 | 3,913.75 |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

3A Property, plant and equipment and capital work-in-progress (Contd..)

Notes on property, plant and equipment

- 1 Refer to note 18(a) for information on property, plant and equipment pledged as security by the Group.
- 2 The Company has availed benefit under Export Promotion Capital Goods (EPCG) scheme amounting to ₹ 29.20 Crore (FY 2021-22 17.82 Crores) (related to non cenvatable portion of total duty saved) for financial year 2022-23, such benefit is related to Property, Plant and Equipment and Capital work in progress.
- 3 Buildings includes ₹ 2.48 crores (March 31, 2022: ₹ 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 2022-23 such amount deducted from Property, Plant and Equipment is ₹ Nil Crores (Financial year 2021-22 ₹ Nil Crores).
- 5 Borrowing cost capitalised during the year ₹ Nil (March 31, 2022 Nil Crores)
- 6 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.

7 Capital-work-in progress (CWIP) ageing schedule:

| Projects in progress | Amount in CWIP for a period of: | | | | |
|----------------------|---------------------------------|-----------|-----------|-------------------|--------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| As at 31-03-2023 | 45.45 | 5.17 | 0.33 | 0.07 | 51.02 |
| As at 31-03-2022 | 240.01 | 1.00 | 0.20 | - | 241.21 |

- 8 There are no overdue or cost overrun projects compared to its original plan on the above mentioned reporting dates.

3B Other intangible assets

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--------------------------|----------------------|----------------------|
| Carrying amount of | | |
| Computer softwares | 1.81 | 1.87 |
| Contribution to CETP | - | - |
| Right to use power lines | 0.01 | 0.02 |
| | 1.82 | 1.89 |

| Particulars | Computer softwares | Contribution to CETP | Right to use power lines | Total |
|-------------------------------------|--------------------|----------------------|--------------------------|--------------|
| Cost or Deemed Cost | | | | |
| Balance as at April 01, 2021 | 14.24 | 0.63 | 4.56 | 19.43 |
| Addition | 0.32 | - | - | 0.32 |
| Disposal | - | - | - | - |
| Balance as at March 31, 2022 | 14.56 | 0.63 | 4.56 | 19.75 |
| Addition | 0.46 | - | - | 0.46 |
| Disposal | - | - | - | - |
| Balance as at March 31, 2023 | 15.02 | 0.63 | 4.56 | 20.21 |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

3B Other intangible assets (Contd..)

| Particulars | Computer softwares | Contribution to CETP | Right to use power lines | Total |
|-------------------------------------|--------------------|----------------------|--------------------------|--------------|
| Accumulated amortisation | | | | |
| Balance as at April 01, 2021 | 12.01 | 0.63 | 4.53 | 17.17 |
| Amortization expenses | (0.68) | - | (0.01) | (0.69) |
| Disposal | - | - | - | - |
| Balance as at March 31, 2022 | 12.69 | 0.63 | 4.54 | 17.86 |
| Amortization expenses | (0.52) | - | (0.01) | (0.53) |
| Disposal | - | - | - | - |
| Balance as at March 31, 2023 | 13.21 | 0.63 | 4.55 | 18.39 |
| Carrying amount | | | | |
| Balance as at April 01, 2021 | 2.23 | - | 0.03 | 2.26 |
| Addition | 0.32 | - | - | 0.32 |
| Amortisation expenses | (0.68) | - | (0.01) | (0.69) |
| Balance as at March 31, 2022 | 1.87 | - | 0.02 | 1.89 |
| Addition | 0.46 | - | - | 0.46 |
| Amortisation expenses | (0.52) | - | (0.01) | (0.53) |
| Balance as at March 31, 2023 | 1.81 | - | 0.01 | 1.82 |

Note: These intangible assets are not internally generated

Also refer Note 2.15.1 for option used by the Group to use carrying value of previous GAAP as deemed cost as on April 1, 2015.

4 Goodwill*

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Deemed Cost | 2.46 | 2.46 |
| Additions | - | - |
| Disposal | - | - |
| Carrying Value at the end | 2.46 | 2.46 |
| * 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 |
| | 2.46 | 2.46 |

Vardhman Acrylics Limited

No indications for impairment. No impairment losses have been recognised.

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

5A Investments in Associates

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| 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) | | |
| (i) Investment in Associates | | |
| Quoted | | |
| 1,00,86,333 (March 31, 2022: 1,00,86,333) Equity shares of ₹ 10/- each fully paid up of Vardhman Special Steels Limited | 107.18 | 85.85 |
| Unquoted | | |
| 62,69,699 (March 31, 2022: 62,69,699) Equity shares of ₹ 10/- each fully paid up of Vardhman Yarns & Threads Limited | 81.13 | 74.03 |
| 25,000 (March 31, 2022 : 25,000) Equity shares of ₹10/- each fully paid-up of Vardhman Spinning and General Mills Limited | 0.07 | 0.08 |
| Total 5A | 188.38 | 159.96 |

5B Other Investments (Non-Current)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| II Financial assets measured at fair value through other comprehensive income | | |
| (i) Investment in equity instruments (unquoted - at cost/carrying value) | | |
| 41,000 (March 31, 2022: 41,000) Equity-Shares of ₹ 10/- each fully paid-up of Shivalik Solid Waste Management Limited (Section 25 Company) | 0.14 | 0.13 |
| 1,40,625 (March 31, 2022: 1,40,625) Equity shares of ₹ 10/- each fully paid-up of Nimbua Greenfield (Punjab) Limited | 1.99 | 1.89 |
| 2,225 (March 31, 2022: 2,225) Equity shares of ₹ 10/- each fully paid-up of Devakar Investment & Trading Company Private Limited | 0.24 | 0.20 |
| 16,47,525 (March 31, 2022: 16,47,525) Equity Shares of Narmada Clean Tech Limited. of ₹ 10/- each fully paid up | 3.07 | 2.80 |
| Other Investments:- | | |
| III Financial assets measured at fair value through Profit and loss | | |
| (i) Investment in Bonds/ Preference shares/ Debentures/Mutual Funds (quoted) | | |
| ** 6,660 (March 31, 2022 :6,660) 17.38% Non-convertible redeemable cumulative preference shares of ₹ 7,500/- each fully paid of IL&FS Financial Services Limited | - | - |
| ** 820 (March 31, 2022 820) 16.46% Non Convertible Redeemable cumulative Preference Shares of ₹ 7,500/- each fully paid of IL & FS Financial Services Limited. | - | - |
| ** 10,000 (March 31, 2022:10,000) 16.46% Non-convertible redeemable cumulative preference shares of ₹ 7,500/- each fully paid of IL&FS Financial Services Limited | - | - |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

5B Other Investments (Non-Current) (Contd..)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| NIL (March 31, 2022: 4,80,963) units of ₹10,000/- each of Bharat Bond ETF - April 2031 | - | 51.78 |
| NIL (March 31, 2022:9,24,143) units of ₹1,000/- each of BHARAT Bond ETF - April 2030 -Growth | - | 111.18 |
| 4,77,412 (March 31, 2022: 4,77,412) units of ₹10,000/- each of Bharat Bond ETF - April 2025 | 53.18 | 51.76 |
| 11,98,61,898.919 (March 31, 2022:7,45,44,342.813) units of ₹1,000/- each of Edelweiss NIFTY PSU Bond Plus SDL Index Fund - 2026 - Direct Plan Growth | 132.69 | 80.06 |
| 2,49,98,750.062 (March 31, 2022: 2,49,98,750.062) units of ₹10/- each of Nippon India Fixed Horizon Fund - XLIII - Series 1 - Direct plan growth | 26.67 | 25.73 |
| 47,657,528 (March 31, 2022: 24,998,750) Units of ₹ 10/- each of Edelweiss NIFTY PSU Bond Plus SDL Index Fund - 2026 Direct Plan Growth | 52.76 | 26.85 |
| 246,634 (31 March 2022: 246,634) Units of ₹ 1,000/- each of Edelweiss Bharat Bond ETF 2025 | 27.48 | 26.74 |
| 3,49,98,250.087 (March 31, 2022 : 3,49,98,250.087) units of ₹10/- each of Kotak FMP Series 292 - Direct Growth | 37.42 | 36.13 |
| 4,99,97,500.12 (March 31, 2022: 4,99,97,500.12) units of ₹10/- each SBI Fixed Maturity Plan (FMP) - Series 49 (1823 Days) - Direct Growth | 53.27 | 51.42 |
| 2,49,98,750.062 (March 31, 2022: 2,49,98,750.062) Units of ₹10/- each of SBI Fixed Maturity Plan (FMP) - Series 46 (1850 Days) Direct Growth | 27.03 | 26.13 |
| 4,99,97,500.125 (March 31, 2022: 4,99,97,500.125) units of ₹10/- each of SBI FMP Series 41 - 1498 Days -Direct Growth | 54.69 | 52.96 |
| 2,99,98,500.075 (March 31, 2022: 2,99,98,500.075) units of ₹10/- each of SBI FMP Series 42 - 1857 Days -Direct Growth | 32.96 | 31.86 |
| 3,49,27,229.892 (March 31, 2022:3,49,27,229.892) units of ₹1,000/- each of Bandhan CRISIL IBX Gilt June 2027 Index Fund Direct plan- Growth (erstwhile IDFC Gilt 2027 Index Fund Direct Plan- Growth) | 38.14 | 36.90 |
| 1,25,00,000 (March 31, 2022: 1,25,00,000) units of ₹100/- each of Nippon India ETF Nifty SDL - 2026 Maturity | 139.64 | 135.08 |
| 46,00,000 (March 31, 2022: 46,00,000) units of ₹100/- each of Nippon India ETF Nifty CPSE Bond plus SDL 2024 | 51.51 | 49.85 |
| 24,998,750.062 (March 31, 2022:2,49,98,750.062) units of ₹10/- each of Aditya Birla Sunlife Fixed Term Plan Series-TI (1837 Days) -Direct Growth | 26.98 | 26.06 |
| 9,28,71,024.38 (March 31, 2022: 3,47,10,500.042) units of ₹10/- each of SBI CPSE Bond Plus SDL Sep 2026- 50:50 Index Fund Direct Plan Growth | 96.73 | 35.15 |
| 1,00,00,100.031 (March 31, 2022 :NIL) of ₹ 10/- Edelweiss Crisil PSU Plus SDL 50:50 Oct 2025 Index Fund-Direct Plan Growth | 10.36 | - |
| 4,79,18,783.305 (March 31, 2022 : NIL) units of ₹ 10/- each of TATA NIFTY SDL PLUS AAA PSU BOND DEC 2027 60:40 Index Fund - Direct Plan- Growth | 50.15 | - |
| 14,55,82,797.441 (March 31, 2022 :NIL) units of ₹ 10/- each of Aditya Birla Sun Life CRISIL IBX 60:40 SDL +AAA PSU - APR 2027 Index Fund Direct Growth | 150.33 | - |
| 9,67,53,749.637 (March 31, 2022 : NIL) units of ₹ 10/- each of Kotak Nifty SDL APR 2027 top 12 Equal Weighted Index Fund Direct Plan - Growth | 100.31 | - |
| 4,98,39,012.067 (March 31, 2022: 4,98,39,012.067) units of ₹10/- each of Edelweiss CRISIL PSU Plus SDL- 50:50 Oct 2025 Index Fund - Direct Plan Growth | 51.64 | 50.07 |
| Total 5B | 1,219.37 | 910.73 |
| 1. Aggregate book value of quoted investments | 1,321.12 | 991.57 |
| 2. Aggregate Market Value of quoted investments | 1,614.56 | 1,135.78 |
| 3. Aggregate carrying value of unquoted investments | 86.64 | 79.12 |

* Refer note 37

** Investment in preference shares of IL&FS group companies aggregating to ₹ 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 ₹ NIL (FY 21-22 ₹NIL) as FVTPL adjustment.

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

6A Loans (Non Current)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Financial assets at amortized cost (unsecured considered good unless otherwise stated) | | |
| Loan to employees | 1.25 | 0.95 |
| | 1.25 | 0.95 |

6B Other Financial Assets (Non Current)*

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Financial assets at amortized cost (unsecured considered good unless otherwise stated) | | |
| Fixed Deposits with banks more than twelve months maturity | 24.28 | 133.11 |
| - Earmarked Deposits with banks** | 11.13 | 10.88 |
| Interest Receivable | 3.27 | 9.81 |
| Other Recoverable | 0.61 | 0.73 |
| | 39.29 | 154.53 |

* Refer note 37

** Earmarked deposits of ₹11.13 crores pledged with government authorities, banks and others.

7 Other Non Current Assets

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Non Financial Assets at amortized cost (unsecured considered good unless otherwise stated) | | |
| Capital advances | 14.44 | 74.18 |
| Other Recoverable | - | 34.86 |
| Balance with government authorities | 6.73 | 6.64 |
| Prepaid (Deferred) Expense for employee benefit | 0.02 | 0.20 |
| Prepaid expenses-others | 1.69 | 1.39 |
| Security deposits | 64.21 | 45.17 |
| | 87.09 | 162.44 |

8 Inventories

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| (at cost or net realisable value, whichever is lower) | | |
| Raw materials* | 1,159.08 | 1,597.87 |
| Work-in-progress | 242.25 | 253.41 |
| Finished Goods | 800.10 | 801.83 |
| Stores and Spares* | 194.00 | 230.41 |
| Less: Unrealised profit on consolidation# | (2.75) | (1.23) |
| | 2,392.68 | 2,882.29 |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

8 Inventories

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| # Unrealised profit on consolidation for Raw material is ₹ 1.79 Cr, for Work-in-progress ₹ 0.39 Cr and for Finished goods is ₹ 0.57 Cr. *above items include goods in transit as per below | | |
| Raw materials | 80.70 | 79.80 |
| Stores and Spares | 7.04 | 18.07 |
| | 87.74 | 97.87 |

- (i) The cost of inventories recognised as an expense during the year in respect of continuing operations was ₹ 5,914.65 Crores (March 31, 2022: ₹ 4,964.04 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.

9 Other Investments (Current)**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Financial assets measured at fair value through Profit and loss | | |
| (i) Investment in Liquid Funds (Quoted) | | |
| 3,91,274.84 (31 March 2022: 1,41,533.22) Units of ₹ 1000/- each of SBI Liquid Fund Direct Growth | 137.86 | 47.17 |
| 4,16,92,242 (31 March 2022: 54,76,236) Units of ₹ 10/- each of Kotak Equity Arbitrage Fund- Direct Growth | 139.87 | 17.34 |
| 11,64,06,788.83 (March 31, 2022 : 14,87,98,853.156) units of ₹ 10/- each of TATA Arbitrage Fund-Direct-plan-growth | 147.61 | 178.35 |
| NIL (March 31, 2022: 6,25,17,584.106) units of ₹10/- each of Axis Arbitrage Fund-Direct-Growth | - | 101.20 |
| NIL (March 31, 2022: 8,390,939) Units of ₹ 10/- each of L&T Arbitrage Opportunities Fund - Direct Plan - Growth | - | 13.63 |
| 92,82,581.875 (March 31, 2022: 1,53,56,596.24) units of ₹ 10 each of Kotak Equity Arbitrage fund Direct Growth | 31.14 | 48.63 |
| 6,30,25,989.259 (March 31, 2022: 3,81,80,603.379) units of ₹10/- each of Nippon India Arbitrage Fund- Direct growth plan- growth option | 152.14 | 87.16 |
| 2,35,10,437.551 (March 31, 2022 : NIL) units of ₹ 10/- each of Bandhan Arbitrage Fund-Growth-Direct Plan (erstwhile IDFC Arbitrage Fund-Growth-Direct Plan) | 69.36 | - |
| 93,060.642 (March 31, 2022 :NIL) units of ₹ 10/- each of Bandhan Liquid Fund-Growth-(Direct Plan) (erstwhile IDFC Cash Fund-Growth-Direct Plan) | 25.30 | - |
| 8,26,54,028.281 (March 31, 2022 : NIL) units of ₹ 10/- each of HSBC Arbitrage Fund-Direct Growth (Formerly known as L&T Arbitrage Opportunities Fund Direct Growth) | 141.65 | - |
| 3,02,221.622 (March 31, 2022 : NIL) units of ₹ 10/- each of HDFC Liquid Fund - Direct Plan - Growth Option | 133.68 | - |
| 1,04,93,925.459 (March 31, 2022 : NIL) units of ₹ 10/- each of SBI Arbitrage Opportunities Fund - Direct Plan- Growth | 31.71 | - |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

9 Other Investments (Current)** (Contd..)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| 68,090.223 (March 31, 2022 :NIL) units of ₹ 1000/- each of Kotak Overnight Fund Direct - Growth | 8.14 | - |
| 26,48,144.624 (March 31, 2022 :NIL) units of ₹ 10/- each of Kotak Saving Fund - Direct Plan - Growth | 10.08 | - |
| 1,20,357.495 (March 31, 2022 :NIL) units of ₹10/- each of HDFC Overnight Fund - Direct Plan- Growth Option | 40.06 | - |
| 2,71,82,356.885 (March 31, 2022 : NIL) units of ₹ 10/- each of ICICI Prudential Ultra Short Term Fund - Direct Plan - Growth | 68.77 | - |
| 7,199 (31 March 2022: Nil) Units of ₹ 1000/- each of SBI Magnum Ultra SDF-Direct Growth | 3.71 | - |
| (ii) Investment in Debt Funds/ Monthly Income Plans/ Debentures/ Bonds/ Preference shares/Fixed Maturity Plans (Quoted) | | |
| # NIL (March 31, 2022: 3,24,12,364) units of ₹10/- each of Kotak FMP Series 254 - 1250 Days -Direct Plan - Growth | - | 41.94 |
| # NIL (March 31, 2022: 6,50,00,000) units of ₹10/- each of Kotak FMP Series 251 - 1265 Days -Direct Plan - Growth | - | 84.95 |
| | 1,141.09 | 620.37 |
| 1. Aggregate book value of quoted investments | 1,141.09 | 620.37 |
| 2. Aggregate market value of quoted investments | 1,141.09 | 620.37 |
| 3. Aggregate carrying value of unquoted investments | - | - |

** Refer note 37

10 Trade receivables*

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Receivable from related parties (Refer Note 45) | | |
| - Unsecured, considered good | 0.63 | - |
| Receivable from others | | |
| - Secured, considered good | - | - |
| - Unsecured Secured good | 1,190.36 | 1,321.24 |
| - Significant increase in Credit risk | 18.58 | 17.19 |
| - Credit impaired | - | - |
| Less: Allowances for doubtful trade receivables | (18.58) | (17.19) |
| | 1,190.99 | 1,321.24 |

- (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 (2021-22 - 45 days) in case of domestic yarn and 90 days (2021-22 - 90 days) in case of domestic fabric and garments. In case of exports, maximum credit period of 120 days (2021-22 - 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.

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

10 Trade receivables* (Contd..)

(iii) Ageing of provision of doubtful trade receivables

| Particulars | Expected Credit Loss | |
|--------------------|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Less than 180 days | - | 15.32 |
| More than 180 days | 18.58 | 1.87 |
| | 18.58 | 17.19 |

(iv) Age of Receivables:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| (a) Undisputed Trade receivables – considered good | | |
| Less than 6 months | 1,188.15 | 1,316.16 |
| 6 months to 1 year | 0.90 | 1.69 |
| 1 to 2 years | 0.50 | 1.40 |
| 2 to 3 years | 0.15 | 0.41 |
| More than 3 years | 0.18 | 0.43 |
| | 1,189.88 | 1,320.09 |
| (b) Undisputed Trade Receivables – which have significant increase in credit risk | | |
| Less than 6 months | - | 0.41 |
| 6 months to 1 year | 0.58 | 8.28 |
| 1 to 2 years | 9.03 | 6.03 |
| 2 to 3 years | 6.92 | 0.51 |
| More than 3 years | 0.66 | 0.28 |
| | 17.19 | 15.51 |
| (c) Disputed Trade receivables – considered good | | |
| Less than 6 months | - | - |
| 6 months to 1 year | - | - |
| 1 to 2 years | - | - |
| 2 to 3 years | - | 0.00 |
| More than 3 years | 1.11 | 1.15 |
| | 1.11 | 1.15 |
| (d) Disputed Trade Receivables – which have significant increase in credit risk | | |
| Less than 6 months | - | - |
| 6 months to 1 year | - | - |
| 1 to 2 years | - | 0.25 |
| 2 to 3 years | - | - |
| More than 3 years | 1.39 | 1.43 |
| | 1.39 | 1.68 |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

10 Trade receivables* (Contd..)

(v) Movement in expected credit loss allowance

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---------------------------------------|-------------------------|-------------------------|
| Balance at the beginning of the year | 17.19 | 2.42 |
| Reversal of provision during year | (0.30) | (0.55) |
| Provision provided during the year | 1.69 | 15.32 |
| Balance at the end of the year | 18.58 | 17.19 |

(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, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| a) Balances with banks | | |
| - In current accounts | 74.48 | 64.06 |
| - In deposit accounts with maturity upto three months | 0.40 | 0.40 |
| b) Cheques on hand | 0.59 | 2.01 |
| c) Cash on hand | 0.13 | 0.16 |
| | 75.60 | 66.63 |

#Refer note 37

11A Bank Balances other than Cash and cash equivalents#

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| a) Other bank balances | | |
| - Earmarked balances with banks* | 29.59 | 18.95 |
| - Deposits with more than twelve months maturity | 24.28 | 133.11 |
| - Deposits with more than three months but less than twelve months maturity | 280.16 | 47.01 |
| | 334.03 | 199.07 |
| Less: Amounts disclosed as other financial non current assets (Refer note 6B) | 35.41 | 143.99 |
| | 298.62 | 55.08 |

* Earmarked balances with banks includes ₹ 3.96 crores (March 31, 2022: ₹ 4.50 crores) pertaining to dividend accounts with banks and ₹ 18.89 crore (March 31, 2022: ₹ 12.89 crore) pledged with government authorities, banks and others. Also includes ₹ 6.74 crores (March 31, 2022: ₹ 1.56 Crore) pertaining to balances in unspent CSR accounts.

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

12 Loans (Current)#

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Financial assets at amortized cost (Unsecured and considered good), unless otherwise stated | | |
| Loan to employees | 2.58 | 2.09 |
| | 2.58 | 2.09 |

Refer note 37

13 Other financial assets (Current)**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Financial assets at amortized cost (Unsecured and considered good), unless otherwise stated | | |
| Recoverable from related parties (Refer Note 45) | 0.01 | 0.01 |
| Interest receivables | 16.03 | 4.80 |
| Claims receivable | 0.04 | 0.05 |
| Other Recoverable | 12.85 | 120.73 |
| Financial assets at Fair value through Profit and loss | | |
| Derivative Financial Instruments* | - | 17.92 |
| | 28.93 | 143.51 |

* 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.

**Refer note 37

14 Current tax

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--------------------------------------|-------------------------|-------------------------|
| Current tax assets (net) | | |
| Taxes paid (net) | 24.21 | - |
| Current tax liabilities (net) | | |
| Income-tax payable (net) | 40.99 | 45.27 |

15 Other current assets

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| (unsecured considered good, unless otherwise stated) | | |
| Amount recoverable from Mahavir Share Trust in respect of shares held in Trust (Refer note 39) | 4.81 | 4.65 |
| Advances to suppliers | | |
| - Considered good | 163.65 | 191.49 |
| - Doubtful | - | - |
| Less: Doubtful advances | - | - |
| | 163.65 | 191.49 |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

15 Other current assets

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Balance with government authorities | 323.45 | 289.25 |
| Prepaid (Deferred) Expense for employee benefit | 0.03 | 0.17 |
| Gratuity Trust | - | 3.90 |
| Prepaid expenses others | 4.67 | 7.02 |
| Other recoverables : | | |
| - Considered good | 157.26 | 267.40 |
| - Doubtful | 0.22 | 0.23 |
| Less: Allowances for Doubtful other recoverables | (0.22) | (0.23) |
| | 157.26 | 267.40 |
| | 653.87 | 763.88 |

15A Assets Held for sale

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-----------------------|-------------------------|-------------------------|
| Land held for Sale | 0.16 | 0.16 |
| Vehicle held for Sale | - | 0.01 |
| | 0.16 | 0.17 |

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 assets as held for sale as at March 31, 2023 as the company expects that sale consideration less costs to sell is higher than the carrying amount. Also the company had received advance of ₹ 3.58 Crore (March 31, 2022 ₹1.51 Crore) shown in other current liabilities (Refer Note.27) against sale of these assets.

16 Equity share capital

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Authorised share capital*: | | |
| 71,50,00,000 equity shares of ₹ 2 each (March 31, 2022: 45,00,00,000 equity shares of ₹ 2 each) | 143.00 | 90.00 |
| 2,00,00,000 redeemable cumulative preference shares of ₹ 10 each (March 31, 2022: 1,00,00,000 redeemable cumulative preference shares of ₹ 10 each) | 20.00 | 10.00 |
| 1,40,00,000 Non cumulative convertible preference shares of ₹ 10 each (March 31, 2022: NIL) | 14.00 | - |
| | 177.00 | 100.00 |
| Issued, subscribed and fully paid up share capital comprises: | | |
| 28,44,65,305 equity shares of ₹ 2 each (March 31, 2022: 28,42,02,305 equity shares of ₹ 2 each) | 56.89 | 56.84 |
| | 56.89 | 56.84 |

*The authorised share capital of company have been increased pursuant to the scheme of amalgamation which become effective on May 14, 2022.

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

16 Equity share capital (Contd..)

16.1 Rights, preference and restriction attached to equity shares

The Parent Company has one class of equity shares having a par value of ₹2/- 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 30,70,000 options having face value of ₹ 2 (for details refer note 44). The vesting for due options began from financial year 2016-17 and NIL options/shares (1,40,850 options/shares 2021-22 having face value of ₹ 10) vested during the year 2022-23. Out of these, 2,63,000 shares/options having face value of ₹ 2 per share (FY 2021-22: 2,10,250 shares/options having face value of ₹ 10) 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, 2023 | | As at March 31, 2022 | |
|--|----------------------|--------------|----------------------|--------------|
| | Number of shares | Amount | Number of shares | Amount |
| Balance as at the beginning of the year | 28,42,02,305 | 56.84 | 5,65,59,087 | 56.56 |
| Add:- Issue of equity shares under employee stock option plan (Refer note 44) | 2,63,000 | 0.05 | 2,10,250 | 0.21 |
| Addition due to sale of shares by held by Subsidiary | - | - | 71,124 | 0.07 |
| Equity shares arising on share split from ₹10 to ₹ 2 per share (Refer note 16.8 below) | - | - | 22,73,61,844 | - |
| Balance as at the end of the year | 28,44,65,305 | 56.89 | 28,42,02,305 | 56.84 |

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, 2023 | | As at March 31, 2022 | |
|--|----------------------|-----------|----------------------|-----------|
| | Number of shares | % holding | Number of shares | % holding |
| Vardhman Holdings Limited | 8,23,34,659 | 28.94% | 7,95,02,475 | 27.97% |
| Adishwar Enterprises LLP | 5,15,94,315 | 18.14% | 5,15,94,315 | 18.15% |
| Devakar Investment and Trading Company Private Limited | 3,16,87,790 | 11.14% | 3,16,87,790 | 11.15% |
| HDFC Mutual Fund | 2,16,35,392 | 7.61% | 2,34,93,615 | 8.27% |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

16 Equity share capital (Contd..)

16.7 Details of Shares held by promoters at the end of the year

| Promoter Name | As at March 31, 2023 | | | As at March 31, 2022 | | |
|--|----------------------|-------------------|--------------------------|----------------------|-------------------|--------------------------|
| | Number of shares | % of total shares | % Change during the year | No. of Shares | % of total shares | % Change during the year |
| Vardhman Holdings Limited | 8,23,34,659 | 28.94% | 0.97% | 7,95,02,475 | 27.97% | -0.13% |
| Adishwar Enterprises LLP | 5,15,94,315 | 18.14% | -0.02% | 5,15,94,315 | 18.15% | -0.09% |
| Devakar Investment & Trading Company Private Limited | 3,16,87,790 | 11.14% | -0.01% | 3,16,87,790 | 11.15% | -0.06% |
| Shri Paul Oswal | 29,87,955 | 1.05% | 0.00% | 29,87,955 | 1.05% | -0.01% |
| Flamingo Finance & Investment Company Limited | 26,64,795 | 0.94% | 0.00% | 26,64,795 | 0.94% | 0.00% |
| Santon Finance & Investment Company Limited | 22,81,650 | 0.80% | 0.00% | 22,81,650 | 0.80% | 0.00% |
| Ramaniya Finance & Investment Company Limited | 21,21,170 | 0.75% | 0.00% | 21,21,170 | 0.75% | 0.00% |
| Suchita Jain | 12,22,120 | 0.43% | 0.00% | 12,22,120 | 0.43% | 0.00% |
| Shakun Oswal | 6,93,075 | 0.24% | 0.00% | 6,93,075 | 0.24% | 0.00% |
| Shri Paul Oswal, Partner, Paras Syndicate | 5,74,875 | 0.20% | 0.00% | 5,74,875 | 0.20% | 0.00% |
| Shri Paul Oswal, Partner, Northern Trading Company | 5,63,295 | 0.20% | 0.00% | 5,63,295 | 0.20% | 0.00% |
| Mahavir Spinning Mills Private Limited | 4,94,720 | 0.17% | 0.00% | 4,94,720 | 0.17% | 0.00% |
| Shri Paul Oswal, Partner, Amber Syndicate | 3,89,240 | 0.14% | 0.00% | 3,89,240 | 0.14% | 0.00% |
| Shakun Oswal, Partner, Eastern Trading Company | 2,66,430 | 0.09% | 0.00% | 2,66,430 | 0.09% | 0.00% |
| Soumya Jain | 41,015 | 0.01% | 0.00% | 41,015 | 0.01% | 0.00% |
| Sagrika Jain | 34,925 | 0.01% | 0.00% | 34,925 | 0.01% | 0.00% |
| Sachit Jain | - | 0.00% | 0.00% | - | 0.00% | 0.00% |

16.8 During the previous year, the equity shares of the Parent Company have been sub-divided from existing face value of ₹ 10/- per equity shares into 5 equity shares having face value of ₹ 2 per equity shares based on approval by the shareholders through their Postal Ballot dated March 11, 2022. The Record Date for effecting this sub-division of equity shares was March 26, 2022.

17 Other equity

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Share application money pending allotment | 0.05 | 1.30 |
| Capital reserve | 0.40 | 0.40 |
| Statutory Reserve | 13.91 | 13.83 |
| Capital redemption reserve | 40.43 | 40.43 |
| Security premium | 51.36 | 44.65 |
| Debenture redemption reserve | - | 57.62 |
| Share options outstanding account | 0.62 | 3.98 |
| General reserve | 1,516.88 | 1,458.37 |
| Retained earnings | 6,880.62 | 6,024.40 |
| Equity instrument through other comprehensive income | 2.28 | 1.94 |
| | 8,506.55 | 7,646.92 |

Notes to consolidated financial statement

for the year ended March 31, 2023

(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 at April 01, 2021 | 5.62 | 0.40 | 9.84 | 40.43 | 18.93 | 57.62 | 12.38 | 1,457.92 | 4,806.81 | 1.75 | 6,411.70 |
| Profit for the year | - | - | - | - | - | - | - | - | 1,546.89 | - | 1,546.89 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | - | 6.61 | 0.19 | 6.80 |
| Total comprehensive income for the year | - | - | - | - | - | - | - | - | 1,553.50 | 0.19 | 1,553.69 |
| Share Application Money received under employee stock options. | 1.30 | - | - | - | - | - | - | - | - | - | 1.30 |
| Final Equity dividend for FY 2020-21 (Amount ₹ 17.50 per share having face value of ₹ 10 per share) | - | - | - | - | - | - | - | - | (99.15) | - | (99.15) |
| Interim Equity Dividend (Amount ₹ 34 per share having face value of ₹ 10 per share) | - | - | - | - | - | - | - | - | (251.32) | - | (251.32) |
| Employee stock options accrued/(Lapsed) during April-March 2022 (Refer note 44) | - | - | 0.84 | - | - | - | 0.84 | - | - | - | 0.84 |
| Securities premium on shares under Employee stock options | - | - | - | - | 25.72 | - | - | - | - | - | 25.72 |
| Transfer from Employee Stock Options accounts to General Reserve | - | - | - | - | - | - | (0.45) | 0.45 | - | - | - |
| Transfer to equity shares due to issue of employee stock options (Refer note 44) | (5.62) | - | - | - | - | - | (8.79) | - | - | - | (14.41) |
| Transfer to Statutory Reserve under 45-IC of RBI Act | - | - | 3.99 | - | - | - | - | - | (3.99) | - | - |
| Adjustment for gain on sale of shares by VTLI | - | - | - | - | - | - | - | - | 18.55 | - | 18.55 |
| Balance at March 31, 2022 | 1.30 | 0.40 | 13.83 | 40.43 | 44.65 | 57.62 | 3.98 | 1,458.37 | 6,024.40 | 1.94 | 7,646.92 |

Notes to consolidated financial statement

for the year ended March 31, 2023

(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 | |
| Profit for the year | - | - | - | - | - | - | - | 795.16 | - | - | 795.16 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | 2.54 | 0.34 | - | 2.88 |
| Total comprehensive income for the year | - | - | - | - | - | - | - | 797.70 | 0.34 | - | 798.04 |
| Share Application Money received under employee stock options. | 0.05 | - | - | - | - | - | - | - | - | - | 0.05 |
| Transfer to equity shares due to issue of employee stock options (Refer note 44) | (1.30) | - | - | - | - | - | - | - | - | - | (1.30) |
| Transfer from Employee Stock Options accounts to General Reserve | - | - | - | - | - | (0.89) | - | - | 0.89 | - | - |
| Securities premium on shares under Employee stock options | - | - | - | 6.71 | - | (2.47) | - | - | - | - | 4.24 |
| Transfer to Statutory Reserve under 45-IC of RBI Act | - | 0.08 | - | - | - | - | - | (0.08) | - | - | - |
| Transfer from Debenture redemption reserve to General reserve | - | - | - | - | (57.62) | - | - | - | 57.62 | - | - |
| Adjustment on account of dividend paid to minority in earlier years | - | - | - | - | - | - | - | 58.60 | - | - | 58.60 |
| Balance at March 31, 2023 | 0.05 | 0.40 | 13.91 | 40.43 | 51.36 | 0.62 | 1,516.88 | 6,880.62 | 2.28 | 2.28 | 8,506.55 |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

17 Other equity (Contd..)

a. Share application money pending allotment

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. Statutory reserve

Statutory Reserve is mandatory reserve to be created by NBFC Companies u/s 45-IC of RBI Act, 1934 every year @ 20% of net profit after tax during the year of VTL Investments Limited.

d. 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.

e. Securities premium

Securities premium represents amount of premium recognised on issue of shares to shareholders at a price more than its face value.

f. 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 was required to create debenture redemption reserve out of the profits available for payment of dividend. The company has discontinued creation of DRR as per MCA notification no.464 dated August 16, 2019. During the current year company has transferred the amount of debenture redemption reserve to general reserve pursuant to redemption of debentures.

g. Share options outstanding account

Company has approved employee share option scheme under which equity shares of Company are allotted to eligible employees as per the terms and conditions contained in the scheme. The amount is recognised based on the value of equity-settled share-based payments.

h. 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.

i. 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.

j. 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.

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

18 Borrowings (Non Current)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| a) Term loans (Secured - at amortised cost) | | |
| **From banks* | 988.93 | 991.41 |
| Less: Current maturities (refer note-23) | 57.58 | 265.35 |
| | 931.35 | 726.06 |
| b) Debentures | | |
| - Secured - at amortised cost | | |
| Series C 7.75% 1,998 Debentures of ₹10,00,000/-each | - | 199.80 |
| 6.83% 1,950 Debentures of ₹ 10,00,000/- each | 195.00 | 195.00 |
| Less: Current maturities (refer note-23) | 195.00 | 199.80 |
| | - | 195.00 |
| - Unsecured - at amortised cost | | |
| 7.70% 15,000 Debentures of ₹ 1,00,000/- each | 150.00 | - |
| Less: Current maturities (refer note-23) | 150.00 | - |
| | - | - |
| Total | 931.35 | 921.06 |

* Net of unamortized processing charges: March 31, 2023: ₹ 0.69 crores (March 31, 2022 : ₹1.03 crores)

** Includes External Commercial borrowing from Citi bank amounting ₹ 49.30 Crores (March 31,2022 ₹45.48 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 Parent Company had issued unsecured, rated listed Redeemable Non-convertible Debentures (NCDs') aggregating to ₹ 150.00 Crores for cash at par on private placement basis on March 20, 2023. The NCDs' are listed at the Bombay Stock Exchange of India (BSE) and repayable on March 27, 2024 and have a yield of 7.70% per annum payable on March 27, 2024 along with maturity.

CRISIL has assigned a rating of AA+ with Stable outlook to the said NCDs' of the Parent Company on March 03, 2023.

(c) The Parent Company had issued secured, rated listed Redeemable Non-convertible Debentures (NCDs') aggregating to ₹ 195.00 Crores for cash at par on private placement basis on June 1, 2020. The NCDs' are listed at the Bombay Stock Exchange of India (BSE) and repayable at the end of 36 months from the date of allotment and have a yield of 6.83% per annum payable on 01-June on annual basis.

CRISIL has assigned a rating of AA+ with Stable outlook to the said NCDs' of the Parent Company on March 03, 2023. These 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 1.25 times of outstanding amount of NCDs'. The Fixed Asset coverage ratio as on March 31, 2023 is 3.27 times and Asset cover as on March 31, 2023 is 3.22 times.

(d) The Parent Company had also 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

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

18 Borrowings (Non Current) (Contd..)

7.69% per annum. During the FY 20-21, 1,500 7.59% Series A NCDs' of ₹10 lacs each amounting to ₹ 150 Cr were redeemed on 08-September 2020 and during the previous year 1,500 7.69% Series B NCDs' of ₹ 10 lacs each amounting to ₹ 150 Crores were redeemed on September 08, 2021 and during the current year 1,998 7.75% Series C NCDs' of ₹10 lacs each amounting to ₹199.80 Crores were redeemed on September 08, 2022.

(e) There have been no breach of covenants mentioned in the loan agreements during the reporting years.

18 (f) Terms of repayment of loan/debentures

| Loan Category | Frequency of principal repayments | Interest rate | Repayments during | | | | Total |
|----------------------------------|-----------------------------------|-------------------|-------------------|---------------|--------------|---------------|-----------------|
| | | | FY 2023-24 | FY 2024-25 | FY 2025-26 | FY 2026-28 | |
| Term loans | Quarterly Payments | 7.50% to 7.83% | 38.98 | 41.41 | 21.91 | 309.59 | 411.89 |
| Term loans | Bullet Payments | 7.60% to 8.75% | 2.17 | 463.53 | 62.72 | - | 528.42 |
| *ECB Loan | Bullet Payments | 3M libor + 65 Bps | 16.43 | 32.87 | - | - | 49.30 |
| 7.70% Non-convertible debentures | Bullet Payments | 7.70% | 150.00 | - | - | - | 150.00 |
| 6.83% Non-convertible debentures | Bullet Payments | 6.83% | 195.00 | - | - | - | 195.00 |
| | | | 402.58 | 537.81 | 84.63 | 309.59 | 1,334.61 |

18 (g) Also refer note 37 for fair value disclosures.

18 (h) For specific purpose borrowings from banks, company has utilized the funds for specific purpose for which it was taken.

* 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 3M Libor plus spread of 0.65%.

19 Other financial liabilities (Non Current)*

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Financial liabilities at amortized cost | | |
| Retention money | 3.50 | 5.41 |
| | 3.50 | 5.41 |

*Refer note 37

19A Lease liabilities (Non Current)*

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Financial liabilities at amortized cost | | |
| Lease Liability | 0.17 | 0.17 |
| | 0.17 | 0.17 |

* Refer Note:-43

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

20 Provisions (Non Current)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-----------------------------------|-------------------------|-------------------------|
| Provision for employee benefits : | | |
| - Leave (Refer note 46) | 17.48 | 15.98 |
| | 17.48 | 15.98 |

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, 2023 | As at March 31, 2022 |
|--------------------------|-------------------------|-------------------------|
| Deferred tax liabilities | 283.61 | 280.97 |
| | 283.61 | 280.97 |
| Deferred tax assets | 15.32 | 31.91 |
| | 15.32 | 31.91 |
| | 268.29 | 249.06 |

* Refer note 36

22 Other non-current liabilities

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-------------------------------------|-------------------------|-------------------------|
| Deferred Income for Capital subsidy | 12.99 | 14.79 |
| Due to employees | 0.55 | 0.32 |
| Other | 1.43 | 1.31 |
| Total | 14.97 | 16.42 |

23 Borrowings (Current)*

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Loans repayment on demand | | |
| - From banks (secured at amortised cost) | 343.19 | 594.04 |
| - From banks (unsecured at amortised cost) | 0.34 | 2.78 |
| Total | 343.53 | 596.82 |
| Current Maturities of Long term borrowings | | |
| - From banks (secured at amortised cost) | 57.58 | 265.35 |
| - From Debentures | | |
| Secured at amortised cost | 195.00 | - |
| Unsecured at amortised cost | 150.00 | 199.80 |
| Total | 402.58 | 465.15 |
| Total Borrowings | 746.11 | 1,061.97 |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(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.

*Refer Note 37

24 Trade payables*

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Trade payables (refer note 42) | | |
| - Total outstanding dues of micro enterprises and small enterprises | 24.04 | 31.15 |
| - Total outstanding dues of other than micro enterprises and small enterprises | 334.25 | 363.27 |
| Due to related parties (Refer Note 45) | 1.62 | 1.15 |
| Total | 359.91 | 395.57 |
| Ageing of Trade payables: | | |
| (i) MSME: | | |
| Less than 1 year | 24.04 | 31.15 |
| 1-2 years | - | - |
| 2-3 years | - | - |
| More than 3 years | - | - |
| | 24.04 | 31.15 |
| (ii) Others: | | |
| Less than 1 year | 305.67 | 341.26 |
| 1-2 years | 10.88 | 7.45 |
| 2-3 years | 9.84 | 4.80 |
| More than 3 years | 9.48 | 10.91 |
| | 335.87 | 364.42 |

* Refer Note 37

25 Other financial liabilities (Current)**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Financial liabilities at amortized cost | | |
| Interest accrued but not due on borrowings | 16.46 | 24.78 |
| Other payables | | |
| - Retention money | 9.03 | 5.24 |
| - Security deposits | 5.74 | 5.43 |
| - Expense payable | 40.47 | 45.10 |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

25 Other financial liabilities (Current)** (Contd..)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| - Payables for purchase of fixed assets | | |
| - Total outstanding dues of micro enterprises and small enterprises | 2.78 | 1.28 |
| - Total outstanding dues of other than micro enterprises and small enterprises | 26.33 | 57.68 |
| - Due to employees | 102.91 | 109.48 |
| Financial liabilities at Fair value through Profit and loss | | |
| Derivative Financial Instruments* | 2.94 | 63.19 |
| Total | 206.66 | 312.18 |

*Current period balance represents mark to market loss on currency derivative financial instruments to manage Company's exposure to foreign exchange rate risk. Also refer note 37.

Previous period balance represents mark to market loss on commodity derivative instruments traded through commodities exchange. The Company has taken future/option 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 Provisions (Current)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Provision for employee benefits : (Refer note 46) | | |
| Leave | 3.38 | 3.33 |
| | 3.38 | 3.33 |

27 Other current liabilities

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Statutory remittances* | 27.09 | 38.35 |
| Deferred Income for Capital subsidy | 1.62 | 1.72 |
| Unpaid dividends ** | 3.96 | 4.50 |
| Gratuity | 2.06 | - |
| Advances from customers (Contract Liability)# | 44.07 | 60.69 |
| Other Liabilities | 5.41 | 4.61 |
| Advance against Sale of Property, Plant and Equipment | 3.58 | 1.51 |
| Total | 87.79 | 111.38 |

* 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

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| As at beginning of the year | 60.69 | 45.19 |
| Less:-Recognised as revenue | (60.69) | (45.19) |
| Add:- Advances received during the year related to closing balance | 44.07 | 60.69 |
| As at end of the year | 44.07 | 60.69 |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

28 Revenue from operations

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Sale of products (Net of Rebate & Discount) | 9,919.09 | 9,398.35 |
| Sale of services | 6.40 | 3.23 |
| Other operating revenues : | | |
| - Export benefits* | 184.83 | 184.54 |
| - Others | 27.17 | 36.22 |
| | 10,137.49 | 9,622.34 |

Ind AS 115 'Revenue from Contracts with customers' outlines a single comprehensive control based model for revenue recognition. The Group had not applied any significant judgements in applying the revenue recognition criteria. The disclosure requirements as per Ind As 115 given below:-

The following is an analysis of the companies revenue from its products and services

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| Sale of Yarn | 6,115.30 | 6,082.43 |
| Sale of Fabric | 3,384.68 | 3,023.79 |
| Acrylic Fibre | 298.70 | 222.59 |
| Service income | 6.40 | 3.23 |
| Sale of Garments | 120.41 | 69.54 |
| Others (Sale of scrap and others) | 27.17 | 36.22 |
| | 9,952.66 | 9,437.80 |

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| The following is analysis on the Companies revenue disaggregates on the basis of timing of revenue recognition. | | |
| - At point of time | 9,952.66 | 9,437.80 |
| - Over the period | - | - |
| The contract price of sale of products co-inside with the revenue from operations. | | |
| * Export benefits are in the nature of government grants covering following benefits | | |
| (a) RoDTEP/MEIS | 109.50 | 110.81 |
| (b) Duty drawback benefits | 75.33 | 73.73 |
| | 184.83 | 184.54 |

29 Other income

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| (a) Interest income | | |
| Interest income | 37.31 | 27.13 |
| Interest income on employee loans | - | 0.10 |
| (b) Dividend income | | |
| Dividend income from investments- carried at fair value through Profit or Loss | 0.30 | 0.10 |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

29 Other income (Contd..)

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| (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) | 42.12 | 32.15 |
| Gain on fair valuation of Investments | 47.27 | 46.24 |
| (d) Other gain | | |
| Claims received (net of expenses) | 2.29 | 1.24 |
| Provisions no longer required written back | 4.41 | 5.91 |
| Subsidy from Government | 34.84 | 26.43 |
| Net gain on disposal of property, plant and equipment | 4.19 | 5.39 |
| Foreign Exchange Fluctuation Gain (Net) | - | 60.75 |
| Others | 19.22 | 19.07 |
| | 191.95 | 224.51 |

30 Cost of materials consumed

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|-----------------------------|--------------------------------------|--------------------------------------|
| Cotton | 4,559.74 | 3,885.32 |
| Manmade fibre | 1,020.49 | 730.87 |
| Yarn | 14.90 | 61.24 |
| Fabric | 42.00 | 48.98 |
| Acrylonitrile - Consumption | 239.07 | 215.02 |
| Others | 38.45 | 22.61 |
| | 5,914.65 | 4,964.04 |

31 Purchases of Stock-in-trade:

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|-------------|--------------------------------------|--------------------------------------|
| Yarn | 0.14 | 0.40 |
| Others | 1.63 | 1.93 |
| | 1.77 | 2.33 |

32 Changes in inventories of finished goods, work-in-progress and stock-in-trade

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Inventories at the beginning of the year* | | |
| Work-in-progress | 253.22 | 171.20 |
| Finished goods | 801.60 | 480.11 |
| | 1,054.82 | 651.31 |
| Inventories at the end of the year* | | |
| Work-in-progress | 241.84 | 253.58 |
| Finished goods | 799.53 | 803.39 |
| | 1,041.37 | 1,056.97 |
| | 13.45 | (405.66) |

*Net of stock reserve.

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

33 Employee benefits expense *

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Salaries and wages | 705.75 | 674.31 |
| Contribution to provident and other funds | 55.26 | 49.10 |
| Staff welfare expenses | 6.22 | 5.65 |
| | 767.23 | 729.06 |

* Also refer note 46

34 Finance costs

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|-----------------------|--------------------------------------|--------------------------------------|
| Interest expense* | 87.79 | 80.70 |
| Other borrowing costs | 14.36 | 19.02 |
| | 102.15 | 99.72 |

*Interest expense is net of interest reimbursement of ₹35.51 crores (March 31, 2022 - ₹ 29.73 crores) under Madhya Pradesh state interest reimbursement on term loan, ₹ NIL crores (March 31, 2022 - ₹ 12.59 crores) under Technology upgradation fund scheme (TUF) and adjustments, if any.

35 Other expenses

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| Power and fuel** | 876.78 | 762.46 |
| Consumption of stores and spare parts | 52.17 | 49.78 |
| Packing materials and charges | 114.19 | 113.95 |
| Dyes and Chemical consumed | 255.88 | 252.52 |
| Rent | 1.48 | 1.35 |
| Repairs and maintenance to buildings | 40.21 | 33.21 |
| Repairs and maintenance to machinery | 256.03 | 229.96 |
| Insurance | 15.85 | 15.45 |
| Rates and taxes | 6.87 | 6.44 |
| Auditors remuneration: | | |
| - Audit fee | 0.80 | 0.73 |
| - Tax audit fee | 0.09 | 0.09 |
| - Reimbursement of expenses | 0.05 | 0.01 |
| - In other capacity | 0.02 | 0.08 |
| Bad debts written off | 1.50 | 1.30 |
| Allowances for doubtful trade receivables and advances | 1.64 | 14.99 |
| Forwarding charges and octroi | 207.58 | 271.66 |
| Commission to selling agents | 64.04 | 67.79 |
| Assets written off | 1.65 | 5.82 |
| Forex Fluctuation Loss (Net) | 16.50 | - |
| Charity, Donation and CSR activities (Refer note 48)# | 27.74 | 41.28 |
| Cotton Hedging Derivative Loss | 40.78 | 67.07 |
| Other miscellaneous expenses (Refer note 47.3)#* | 134.55 | 122.72 |
| | 2,116.40 | 2,058.66 |

* 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 ₹1 Crores (March 31, 2022 ₹16 Crores) political contribution via Electoral Bond Scheme.

** Power & Fuel expense amount is net of Subsidy amounting ₹ 24.19 Crores (March 31, 2022 ₹ 29.84 Crores).

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(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)

| Particulars | Opening Balance | Recognised in profit or loss | Recognised in OCI | Closing Balance |
|--|-----------------|------------------------------|-------------------|-----------------|
| 2022-23 | | | | |
| Deferred tax assets | | | | |
| Expenses deductible in future years | 27.47 | (17.12) | - | 10.35 |
| Provision for doubtful debts / advances | 4.40 | 0.42 | - | 4.82 |
| MAT credit recoverable | - | - | - | - |
| Others | 0.04 | 0.11 | - | 0.15 |
| | 31.91 | (16.58) | - | 15.32 |
| Deferred tax liabilities | | | | |
| Property, plant and equipment and Intangible assets | (256.64) | (1.06) | - | (257.70) |
| Investment in bonds, mutual funds and equity instruments | (8.11) | 3.21 | (0.04) | (4.94) |
| Tax on undistributed Profits | (11.45) | (6.81) | - | (18.26) |
| Others | (4.77) | 2.06 | - | (2.71) |
| | (280.97) | (2.60) | (0.04) | (283.61) |
| Net deferred tax liabilities | (249.06) | (19.19) | (0.04) | (268.29) |

| Particulars | Opening Balance | Recognised in profit or loss | Recognised in OCI | Closing Balance |
|--|-----------------|------------------------------|-------------------|-----------------|
| 2021-22 | | | | |
| Deferred tax assets | | | | |
| Expenses deductible in future years | 13.30 | 14.17 | - | 27.47 |
| Provision for doubtful debts / advances | 0.55 | 3.85 | - | 4.40 |
| MAT credit recoverable | 3.86 | (3.86) | - | - |
| Others | - | 0.04 | - | 0.04 |
| | 17.71 | 14.20 | - | 31.91 |
| Deferred tax liabilities | | | | |
| Property, plant and equipment and Intangible assets | (248.92) | (7.72) | - | (256.64) |
| Investment in bonds, mutual funds and equity instruments | (14.39) | 6.30 | (0.02) | (8.11) |
| Tax on undistributed Profits | (8.56) | (2.89) | - | (11.45) |
| Others | (3.19) | (1.58) | - | (4.77) |
| | (275.06) | (5.89) | (0.02) | (280.97) |
| Net deferred tax liabilities | (257.35) | 8.31 | (0.02) | (249.06) |

Note: Deferred tax assets and deferred tax liabilities have been offset as they are governed by the same taxation laws.

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

36 Tax balances (Contd..)

36.2 Income tax recognised in profit or loss

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| Current tax | | |
| In respect of the current year | 235.96 | 527.96 |
| Deferred tax | | |
| In respect of the current year | 19.20 | (8.31) |
| Total income tax expense recognised | 255.16 | 519.65 |

The income tax expense for the year can be reconciled to the accounting profit as follows

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| Profit before tax | 1,059.91 | 2,070.88 |
| Tax at the Indian Tax Rate of 25.168 % | 266.77 | 521.20 |
| Differential tax rate on capital gain on sale of investments | (7.27) | (4.72) |
| Effect of indexation benefit on value of investment | (4.74) | (11.87) |
| Deductions u/s 80IA/80IC/80JJAA | (2.82) | (2.82) |
| Effect of expenses that are not deductible in determining taxable profit | 6.96 | 10.50 |
| Effect of change in tax rate | - | 3.93 |
| Others | (3.74) | 3.44 |
| | 255.16 | 519.65 |

36.3 Income tax recognised in other comprehensive income

| Particulars | For the year ended March, 31 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Arising on income and expenses recognised in other comprehensive income | 0.90 | 2.25 |
| Total income tax recognised in other comprehensive income | 0.90 | 2.25 |

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.

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37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

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, 2023 | As at March 31, 2022 |
|---------------------------------|-------------------------|-------------------------|
| Debt | 1,677.46 | 1,983.03 |
| Cash & cash equivalents | 75.60 | 66.63 |
| Net Debt | 1,601.86 | 1,916.40 |
| Total Equity | 8,563.45 | 7,703.76 |
| Net debt to equity ratio | 0.19 | 0.25 |

37.2 Financial instruments by category

| Particulars | As at March 31, 2023 | | | | As at March 31, 2022 | | | |
|--------------------------------|----------------------|---|--------------------|-------------|----------------------|---|--------------------|-------------|
| | FVTPL | Fair Value (Derivative Instruments) | Amortised Cost# | FVTOCI | FVTPL | Fair Value (Derivative Instruments) | Amortised Cost# | FVTOCI |
| Financial Assets | | | | | | | | |
| Investments | 2,166.65 | - | - | 5.44 | 1,366.12 | - | - | 5.02 |
| Trade Receivables | - | - | 1,190.99 | - | - | - | 1,321.24 | - |
| Cash and cash equivalents | - | - | 75.60 | - | - | - | 66.63 | - |
| Bank balances other than above | - | - | 298.62 | - | - | - | 55.08 | - |
| Loans | - | - | 3.83 | - | - | - | 3.04 | - |
| Other financial assets | - | - | 68.22 | - | - | 17.92 | 280.13 | - |
| | 2,166.65 | - | 1,637.26 | 5.44 | 1,366.12 | 17.92 | 1,726.12 | 5.02 |

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|--|----------------------|---|--------------------|----------------------|---|--------------------|
| | FVTPL | Fair Value (Derivative Instruments) | Amortised Cost# | FVTPL | Fair Value (Derivative Instruments) | Amortised Cost# |
| Financial Liabilities | | | | | | |
| Borrowings (including current maturity of term loan) | - | - | 1,677.46 | - | - | 1,983.03 |
| Trade Payables | - | - | 359.92 | - | - | 395.56 |
| Other financial liabilities | - | 2.94 | 207.22 | - | 63.19 | 254.40 |
| Lease Liability | - | - | 0.17 | - | - | 0.17 |
| | - | 2.94 | 2,244.77 | - | 63.19 | 2,633.16 |

Carrying value of the financial assets and financial liabilities designated at amortised cost approximates its fair value.

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37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

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, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|-----------------|-----------------|----------------|-----------------|
| Financial Assets | | | | |
| Investments in mutual funds/bonds/preference shares | 1,141.09 | 1,213.93 | - | 2,355.02 |
| Foreign currency / commodity forward contracts | - | - | - | - |
| Unquoted equity instruments | - | - | 5.44 | 5.44 |
| | 1,141.09 | 1,213.93 | 5.44 | 2,360.46 |
| Financial Liabilities | | | | |
| Foreign currency / commodity future/option/forward contracts | - | 2.94 | - | 2.94 |
| | - | 2.94 | - | 2.94 |
| As at March 31, 2022 | Level 1 | Level 2 | Level 3 | Total |
| Financial Assets | | | | |
| Investments in mutual funds/bonds/preference shares | 493.50 | 1,032.58 | - | 1,526.08 |
| Foreign currency / commodity forward contracts | - | 17.92 | - | 17.92 |
| Unquoted equity instruments | - | - | 5.02 | 5.02 |
| | 493.50 | 1,050.50 | 5.02 | 1,549.02 |
| Financial Liabilities | | | | |
| Foreign currency / commodity forward /future/option contracts | - | 63.19 | - | 63.19 |
| | - | 63.19 | - | 63.19 |

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:

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37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

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 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 01, 2021 | 4.81 |
| Purchases | - |
| Gain / (loss) recognised in OCI | 0.21 |
| As at March 31, 2022 | 5.02 |
| Purchases | - |
| Gain / (loss) recognised in OCI | 0.42 |
| As at March 31, 2023 | 5.44 |

37.3 Financial Risk Management

The Group's corporate treasury function 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 derivative 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 44% (FY 2021-22 : 49%) 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

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37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

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.

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 ₹crores, are as follows:

| As at March 31, 2023 | USD | EUR | CHF | JPY |
|--|------------|-------------|-------------|-------------|
| Financial assets | | | | |
| Trade receivables | 8.43 | 0.46 | - | - |
| others | 0.04 | - | - | - |
| Foreign exchange derivative contracts* | (23.50) | (1.07) | - | - |
| Net exposure to foreign currency risk (assets) | - | - | - | - |
| Financial liabilities | | | | |
| Trade payables | 0.62 | 0.17 | 0.02 | 2.17 |
| Borrowings | 0.60 | - | - | - |
| Foreign exchange derivative contracts* | (4.75) | (0.11) | (0.01) | - |
| Net exposure to foreign currency risk (liabilities) | - | 0.06 | 0.01 | 2.17 |
| Net exposure to foreign currency risk (net) | - | 0.06 | 0.01 | 2.17 |
| As at March 31, 2022 | USD | EUR | CHF | JPY |
| Financial assets | | | | |
| Trade receivables | 10.48 | 0.50 | - | - |
| Other | 0.59 | - | - | - |
| Foreign exchange derivative contracts* | (34.50) | (1.09) | - | - |
| Net exposure to foreign currency risk (assets) | - | - | - | - |
| Financial liabilities | | | | |
| Trade payables and other financial liabilities | 0.57 | 0.15 | 0.03 | 0.89 |
| Borrowings | 0.60 | - | - | - |
| Foreign exchange derivative contracts* | (8.31) | (0.48) | - | - |
| Net exposure to foreign currency risk (liabilities) | - | - | 0.03 | 0.89 |
| Net exposure to foreign currency risk (net) | - | - | - | 0.89 |

*Excess derivatives against pending purchase order/sales order shipment

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37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

Foreign currency sensitivity analysis

The following table details the Group'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 | Year ended March 31, 2023 | | Year ended March 31, 2022 | |
|---------------------------------------|---------------------------|---------------------|---------------------------|---------------------|
| | ₹ strengthens by 10% | ₹ weakens by 10% | ₹ strengthens by 10% | ₹ weakens by 10% |
| Impact on (profit) /loss for the year | | | | |
| USD | - | - | - | - |
| EUR | 0.55 | (0.55) | - | - |
| CHF | 0.09 | (0.09) | 0.25 | (0.25) |
| JPY | 0.13 | (0.13) | 0.06 | (0.06) |

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:

| Outstanding Contracts* | No of Deals | | Foreign Currency (FCY Crores) | | Nominal Amount (₹ Crores) | |
|----------------------------|----------------------------|----------------------------|----------------------------------|----------------------------|------------------------------|----------------------------|
| | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
| USD / INR Buy forward | 50 | 106 | 4.14 | 7.77 | 340.49 | 588.95 |
| USD / INR Buy Option | - | 3 | - | 0.96 | - | 72.49 |
| USD / INR Sell forward | 169 | 266 | 16.90 | 24.75 | 1,388.67 | 1,875.56 |
| USD / INR Sell Option | 33 | 46 | 6.60 | 9.75 | 542.32 | 738.86 |
| EUR / USD /INR Buy forward | - | 1 | - | 0.08 | - | 6.55 |
| EUR / USD/ INR Buy Option | 2 | 2 | 0.11 | 0.40 | 9.83 | 34.05 |
| EUR / INR Sell forward | 20 | 15 | 1.07 | 1.09 | 95.93 | 91.68 |
| JPY/INR Buy forward | 1 | 1 | 0.20 | 0.36 | 0.12 | 0.22 |
| CHF/INR Buy Forward | 1 | - | 0.01 | - | 0.91 | - |
| Fair value assets | - | - | - | - | - | 0.53 |
| Fair value liabilities | - | - | - | - | 2.94 | - |

* Sensitivity on the above derivative contracts in respect of foreign currency exposure is insignificant

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37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (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, 2023 | Year ended March 31, 2022 |
|----------------------------------|--|--|
| | ₹ If loans interest rate decreases by 1 % | ₹ If loans interest rate decreases by 1 % |
| Increase in profit before tax by | 16.77 | 19.83 |

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, 2023 would increase / decrease by ₹ 0.27 crore (for the year ended March 31, 2022: increase / decrease by ₹ 0.25 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 through 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 Group is exposed to price risk on such Investments.

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37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

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, 2023 would increase / decrease by ₹ 23.55 crores (for the year ended March 31, 2022 by ₹ 13.46 crores) as a result of the changes in fair value of mutual fund investments.

D. Commodity Price Risk Management

The Group uses commodity derivative instruments to manage its price risk exposures on inventory of cotton. Commodity derivatives are used primarily as risk management tool to safeguard price risk exposure on inventory of cotton. Company employs specific financial instruments namely future and option contracts for hedging its price risk related to commodity.

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, 2023 | As at March 31, 2022 |
|---------------------------------|-------------------------|-------------------------|
| Revenue from top five customers | 962.47 | 876.91 |
| % of total sales of products | 9.49% | 9.11% |

Financial assets for which loss allowance is measured:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--------------------------------------|-------------------------|-------------------------|
| Loans - Non-current | 1.25 | 0.95 |
| Loans - Current | 2.58 | 2.09 |
| Other financial assets - Non-current | 39.29 | 154.53 |
| Other financial assets - Current | 28.93 | 143.51 |
| Trade receivables | 1,190.99 | 1,321.24 |
| | 1,263.04 | 1,622.32 |

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37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

| Particulars | |
|--------------------------------|--------------|
| Loss Allowance is as follows:- | |
| As at April 01, 2021 | 2.42 |
| Provided during the year | 15.54 |
| Reversed during the year | (0.77) |
| As at March 31, 2022 | 17.19 |
| Provided during the year | 1.69 |
| Reversed during the year | (0.30) |
| As at March 31, 2023 | 18.58 |

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, 2023 | 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 | 1,141.09 | 457.41 | 735.77 | 214.58 | 2,548.85 |
| Trade Receivables | 1,190.99 | - | - | - | 1,190.99 |
| Cash and cash equivalents | 75.60 | - | - | - | 75.60 |
| Bank balances other than above | 298.62 | - | - | - | 298.62 |
| Loans | 2.58 | 0.98 | 0.08 | 0.19 | 3.83 |
| Other financial assets | 28.93 | 29.14 | 10.15 | - | 68.22 |
| | 2,737.81 | 487.53 | 746.00 | 214.77 | 4,186.11 |
| Financial liabilities | | | | | |
| Borrowings | 746.11 | 621.76 | 309.59 | - | 1,677.46 |
| Trade payables | 359.92 | - | - | - | 359.92 |
| Lease Liabilities (undiscounted) | 0.15 | 0.62 | - | 18.66 | 19.43 |
| Other financial liabilities | 206.66 | 3.50 | - | - | 210.16 |
| | 1,312.84 | 625.88 | 309.59 | 18.66 | 2,266.97 |

| As at March 31, 2022 | 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 | 620.37 | 49.85 | 656.00 | 364.83 | 1,691.05 |
| Trade Receivables | 1,321.24 | - | - | - | 1,321.24 |
| Cash and cash equivalents | 66.63 | - | - | - | 66.63 |
| Bank balances other than above | 55.08 | - | - | - | 55.08 |
| Loans | 2.09 | 0.95 | - | - | 3.04 |

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37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

| As at March 31, 2022 | 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 |
|--------------------------------|------------------|-----------------------------------|-----------------------------------|-------------------|-----------------|
| Other financial assets | 143.51 | 154.53 | - | - | 298.04 |
| | 2,208.92 | 205.33 | 656.00 | 364.83 | 3,435.09 |
| Financial liabilities | | | | | |
| Borrowings | 1,061.97 | 770.26 | 150.79 | - | 1,983.02 |
| Trade payables | 395.57 | - | - | - | 395.57 |
| Lease liability (undiscounted) | - | - | - | 19.58 | 19.58 |
| Other financial liabilities | 312.18 | 5.41 | - | - | 317.59 |
| | 1,769.72 | 775.67 | 150.79 | 19.58 | 2,715.76 |

38 CONTINGENT LIABILITIES AND COMMITMENTS

- a. Claims against the Group not acknowledged as debts:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|------------------------------|----------------------|----------------------|
| Sales tax, excise duty, etc* | 7.21 | 7.20 |
| Income-tax** | 261.98 | 282.89 |
| Others*** | 4.40 | 4.40 |

* Amount deposited ₹ 1.63 crores (2022 : ₹ 0.59 crore)

** Amount deposited ₹ 210.64 crores (2022 : ₹175.49 crore)

*** Amount deposited ₹ 0.70 crores (2022 : ₹ 0.70 crore)

- b. Liability on account of bank guarantees and letter of credit of ₹ 237.10 crores (2022: ₹ 548.31 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 ₹ 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. **Capital and other commitments**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| (i) Estimated Amount of contracts remaining to be executed on capital account & not provided for (net of advance) | 226.25 | 626.42 |
| (ii) Export obligation under EPCG Scheme* | - | 32.52 |

* 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, 2023 is ₹ 569.62 crores (March 31, 2022 ₹ 560.07 crores). Export obligation on such licences outstanding as at year end is disclosed above.

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38 CONTINGENT LIABILITIES AND COMMITMENTS (Contd..)

(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.

f. Contingent Liability and Commitments in respect of our share in associates is ₹ 18.55 Crores (March 31, 2022 ₹12.48 Crores)

39(a) Mahavir Share Trust ("Trust") is holding 5,32,911 equity shares (March 31, 2022: 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 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.

39(b) 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, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Cost of shares of Vardhman Special Steels Limited | 4.64 | 4.64 |
| Other recoverable | 0.17 | 0.01 |
| | 4.81 | 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 | 9,840.79 | 9,386.10 | 426.66 | 303.33 | 10,267.45 | 9,689.43 |
| Inter Segment Sales | - | - | (129.96) | (67.09) | (129.96) | (67.09) |
| External Sales | 9,840.79 | 9,386.10 | 296.70 | 236.24 | 10,137.49 | 9,622.34 |
| Other Income | 62.91 | 117.65 | 0.83 | 3.19 | 63.74 | 120.84 |
| Unallocated Other Income | | | | | 128.21 | 103.67 |
| Total Revenue | 9,903.70 | 9,503.75 | 297.53 | 239.43 | 10,329.44 | 9,846.85 |
| (ii) Result | | | | | | |
| Segment results | 1,055.00 | 2,144.46 | 35.41 | 4.39 | 1,090.41 | 2,148.85 |
| Unallocated Corporate expenses/ (Income) (Net) | | | | | (31.10) | 17.94 |
| Operating profit | | | | | 1,121.51 | 2,130.91 |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(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 |
| Finance cost | | | | | 102.15 | 99.72 |
| Income from Associates | | | | | 40.55 | 39.69 |
| Profit before tax | | | | | 1,059.91 | 2,070.88 |
| Provision for taxation | | | | | | |
| Current tax and deferred tax | | | | | 255.16 | 519.65 |
| Profit after tax | | | | | 804.75 | 1,551.23 |
| (iii) Segment Assets and Liabilities | | | | | | |
| Segment assets | 8,090.65 | 8,672.57 | 168.97 | 143.95 | 8,259.62 | 8,816.52 |
| Unallocated corporate assets | | | | | 3,072.94 | 2,162.58 |
| Total assets | | | | | 11,332.56 | 10,979.10 |
| Total equity and liabilities | | | | | | |
| Equity | | | | | 8,563.44 | 7,703.76 |
| (Share capital and other equity) | | | | | 88.52 | 137.54 |
| Non controlling interest | | | | | 607.23 | 760.87 |
| Segment Liabilities | 542.25 | 705.41 | 64.98 | 55.46 | 1,677.46 | 1,983.03 |
| Secured and unsecured loans | | | | | 127.63 | 144.84 |
| Unallocated Corporate Liabilities | | | | | 268.29 | 249.06 |
| Deferred Tax Liabilities | | | | | | |
| Total equity and liabilities | | | | | 11,332.56 | 10,979.10 |
| (iv) Capital expenditure | | | | | 841.82 | 343.60 |
| (v) Depreciation and Amortisation | | | | | 391.27 | 363.33 |
| Unallocated Corporate Depreciation and Amortisation | | | | | 3.17 | 4.19 |
| Total Depreciation | | | | | 394.43 | 367.52 |

Geographical Information:

| Particulars | For the year ended March, 31 2023 | For the year ended March, 31 2022 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| Segment Revenue-External Turnover | | |
| - Within India | 5,781.09 | 4,951.15 |
| - Outside India | 4,356.40 | 4,671.19 |
| Total Revenue | 10,137.49 | 9,622.34 |
| Non-Current Segment Assets | | |
| - Within India | 5,548.04 | 5,123.84 |
| - Outside India | - | - |
| | 5,548.04 | 5,123.84 |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(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 2023 | For the year ended March, 31 2022 |
|---|--------------------------------------|--------------------------------------|
| Basic earnings per share (INR) | 27.96 | 54.58 |
| Diluted earnings per share (INR) | 27.95 | 54.42 |
| Profit attributable to the equity holders of the Company used in calculating basic earning per share | 795.16 | 1,546.89 |
| Weighted average number of equity shares for the purpose of basic earning per share (numbers) | 28,44,01,714 | 28,34,34,651 |
| Profit attributable to the equity holders of the Company used in calculating dilutive earning per share | 795.16 | 1,546.89 |
| Weighted average number of equity shares for the purpose of dilutive earning per share (numbers) | 28,45,40,897 | 28,42,26,660 |

42 Trade Payable and payable for purchase of fixed asset 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 | As at March, 31 2023 | As at March, 31 2022 |
|--|-------------------------|-------------------------|
| Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of year | 26.82 | 32.43 |
| - Principal amount | - | - |
| - 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 | - | - |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

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 lease 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, ₹ 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, 2023:

| Particulars | Land | Building | Total |
|-------------------------------------|--------------|-------------|--------------|
| Balance as on April 01, 2021 | 19.95 | 0.01 | 19.96 |
| Addition | - | - | - |
| Deletion | - | - | - |
| Depreciation | (0.28) | (0.00) | (0.28) |
| Balance as on March 31, 2022 | 19.67 | 0.01 | 19.68 |
| Balance as on April 01, 2022 | 19.67 | 0.01 | 19.68 |
| Addition | - | - | - |
| Deletion | - | - | - |
| Depreciation | (0.28) | (0.00) | (0.28) |
| Balance as on March 31, 2023 | 19.39 | 0.01 | 19.40 |

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, 2023:

| Particulars | As at March, 31 2023 | As at March, 31 2022 |
|-------------------------------|-------------------------|-------------------------|
| Current Lease Liabilities | - | - |
| Non-Current Lease Liabilities | 0.17 | 0.17 |
| Total | 0.17 | 0.17 |

Following is the movement in lease liabilities during year ended March 31, 2023

| Particulars | As at March, 31 2023 | As at March, 31 2022 |
|--|-------------------------|-------------------------|
| Balance at the beginning | 0.17 | 0.16 |
| Finance cost accrued during the period | - | 0.01 |
| Payment of Lease Liabilities | - | - |
| Balance at the end | 0.17 | 0.17 |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

43 Leases (Contd..)

The table below provide details regarding the contractual maturities of lease liabilities as at March 31, 2023 on an undiscounted basis:

| Particulars | As at March, 31 2023 | As at March, 31 2022 |
|----------------------|-------------------------|-------------------------|
| Less than one year | 0.15 | 0.15 |
| One to five years | 0.62 | 0.62 |
| More than five years | 18.66 | 18.81 |
| Total | 19.43 | 19.58 |

The following are the amounts recognised in statement of profit and loss:

| Particulars | For the year ended March, 31 2023 | For the year ended March, 31 2022 |
|--|--------------------------------------|--------------------------------------|
| Depreciation Expenses on Right to use Assets | 0.28 | 0.28 |
| Interest expense on lease liabilities | - | 0.01 |
| Expense relating to short-term leases (included in other expenses) | 0.71 | 0.71 |
| Total Amount Recognised in Profit and Loss | 0.99 | 1.00 |

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.
- (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 | 30,22,500 | 15th Nov-16 | 2 years from the date of respective vesting | 163 | 70.46 |
| | 15,000 | 9th Feb-17 | | 163 | 70.46 |
| | 32,500 | 10th May-17 | | 163 | 70.46 |
| | 30,70,000 | | | | |

* Having face value of ₹ 2 (Refer Note - 16.8)

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% |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

44 Share based payments - Employee Share option plan of the Company (Contd..)

(iv) During the current year, the company has granted equity shares of ₹ NIL having face value of ₹ 2 per share (FY 2021-22 - 1,40,850 equity shares having face value of ₹ 10). Further 2,63,000 equity shares having face value of ₹ 2 per share (FY 2021-22: 2,10,250 shares having face value of ₹ 10) 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 ₹ 82.526. The following inputs have been used for computing the fair value:

| Inputs into the model | Particulars |
|----------------------------|-------------|
| Grant date share price (₹) | 211.32 |
| Exercise price (₹) | 163 |
| Expected volatility | 33.78% |
| Option life | 2 years |
| Dividend yield | 1.92% |
| Risk free Interest Rate | 6.31% |

(vi) Moment of share options

| Particulars | 2022-23 | | 2021-22 | |
|---|-------------------|---------------------------------|-------------------|---------------------------------|
| | Number of options | Weighted Average Exercise price | Number of options | Weighted Average Exercise price |
| Balance at beginning of year | 3,45,500 | - | 2,90,050 | - |
| Exercised during the year | (2,63,000) | 163 | (2,10,250) | 815 |
| Expired during the year | (16,000) | - | (10,700) | - |
| Options arising on share split from ₹10 to ₹ 2 per share(refer note 16.8) | - | - | 2,76,400 | - |
| Balance at end of year | 66,500 | - | 3,45,500 | - |

(vii) Share options exercised during the year

| Particulars | Exercised | Exercise date | Share price at exercise date |
|---------------------------------|-----------------|---------------|------------------------------|
| Granted as per para (iii) above | 79,750 | 04-Apr-22 | 163 |
| | 1,39,850 | 02-Jul-22 | 163 |
| | 23,950 | 04-Oct-22 | 163 |
| | 19,450 | 03-Jan-23 | 163 |
| | 2,63,000 | | |

(viii) Amount accounted for in profit and loss for Employee stock options is ₹ NIL crores (FY 2021-22 0.84 crores).

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

45 RELATED PARTY TRANSACTIONS

45.1 Description of related parties

| Associates | Key management personnel (KMP) |
|---|---|
| Vardhman Yarns and Threads Limited | Mr. S.P. Oswal, Chairman and Managing Director |
| Vardhman Spinning and General Mills Limited | Mr. Sachit Jain, Non Executive Director |
| Vardhman Special Steels Limited | Mrs. Suchita Jain, Vice Chairperson & Joint Managing Director |
| | Mr. Neeraj Jain, Joint Managing Director |
| | Ms. Sagrika Jain (Executive Director) (w.e.f 06.08.2022) |
| | Mr. B.K Choudhary, Managing Director |
| | Mr. Rajeev Thapar, Chief Financial Officer |
| | Mr. Vivek Gupta, Chief Financial Officer |
| | Mr. Sanjay Gupta, Company Secretary |
| | Mr. Satin Katyal, Company Secretary |
| | Mr. Prafull Anubhai (Independent Director) |
| | Mr. Ashok Kumar Kundra (Independent Director) |
| | Dr. Subash Khanchand Bijlani (Independent Director) |
| | Dr. Parampal Singh (Independent Director) |
| | Mrs. Harpreet Kaur Kang (Independent Director) |
| | 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 |
| | Mr. Udeypaul Singh Gill (Independent Director) (w.e.f. 22.01.2022) |
| | Mr. Anil Kumar (w.e.f 19.07.2022) |
| | Mrs. Parakh Oswal (w.e.f 19.07.2022) |
| | Mr. Bhooshan Lal Uppal (w.e.f 19.07.2022) |
| | Mr. Suresh Kumar (Independent Director) (w.e.f 29.09.2022) |
| | Enterprises over which KMP have significant influence ('Others') |
| | 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, 2023

(All amounts in ₹ crores, unless otherwise stated)

45 RELATED PARTY TRANSACTIONS (Contd..)

45.2 Transactions with related parties

| Particulars | Relation | For the year ended March, 31 2023 | For the year ended March, 31 2022 |
|---|------------------|--------------------------------------|--------------------------------------|
| Sale /processing of goods to:# | | | |
| Vardhman Special Steels Limited | Associates | 0.66 | 1.11 |
| Vardhman Yarns and Threads Limited | Associates | 0.12 | 0.05 |
| Mahavir Traders | Others | 75.17 | 45.06 |
| | | 75.95 | 46.22 |
| Purchase/processing of goods and utilities from:# | | | |
| Vardhman Yarns and Threads Limited | Associates | 17.14 | 13.04 |
| | | 17.14 | 13.04 |
| Sale of Rodtep/MEIS License | | | |
| Vardhman Special Steels Limited | Associates | 2.25 | 0.22 |
| Vardhman Yarns and Threads Limited | Associates | 3.31 | 0.80 |
| | | 5.56 | 1.02 |
| Sales of property, plant & equipment to:# | | | |
| Vardhman Special Steels Limited | Associates | - | 0.06 |
| Smt. Banarso Devi Oswal Public Charitable Trust | Others | 0.00 | - |
| Sri Aurobindo Socio Economic and Management Research Institute | Others | 0.03 | - |
| | | 0.03 | 0.06 |
| Rent paid** | | | |
| Vardhman Yarns and Threads Limited | Associates | - | 0.00 |
| Vardhman Holdings Limited | Others | 0.02 | 0.02 |
| Smt. Banarso Devi Oswal Public Charitable Trust | Others | 0.11 | 0.09 |
| | | 0.13 | 0.11 |
| Rent received** | | | |
| Vardhman Yarns and Threads Limited | Associates | 0.26 | 0.26 |
| | | 0.26 | 0.26 |
| Dividend Paid | | | |
| VTL Investments Limited | Subsidiary | - | 5.17 |
| Mr. S.P. Oswal | KMP | - | 3.08 |
| Mrs. Suchita Jain | KMP | - | 1.26 |
| Mr. Neeraj Jain | KMP | - | 0.00 |
| Mr. Rajeev Thapar | KMP | - | 0.00 |
| Mr. Sanjay Gupta | KMP | - | 0.00 |
| Mrs. Shakun Oswal | Relatives of KMP | - | 0.71 |
| Ms. Soumya Jain | Relatives of KMP | - | 0.04 |
| Ms. Sagrika Jain | Relatives of KMP | - | 0.04 |
| Vardhman Holdings Limited | Others | - | 81.89 |
| Adhiswar Enterprises LLP | Others | - | 53.14 |
| Devakar Investment and Trading Company Private Limited | Others | - | 32.64 |
| Santon Finance and Investment Company Limited | Others | - | 2.35 |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

45 RELATED PARTY TRANSACTIONS (Contd..)

| Particulars | Relation | For the year ended March, 31 2023 | For the year ended March, 31 2022 |
|---|------------|--------------------------------------|--------------------------------------|
| Flamingo Finance and Investment Company Limited | Others | - | 2.74 |
| Ramaniya Finance and Investment Company Limited | Others | - | 2.18 |
| Mahavir Spinning Mills Private Limited | Others | - | 0.51 |
| Northern Trading Company | Others | - | 0.58 |
| Amber Syndicate | Others | - | 0.40 |
| Paras Syndicate | Others | - | 0.59 |
| Eastern Trading Company | Others | - | 0.27 |
| | | - | 187.61 |
| Dividend received | | | |
| Vardhman Special Steels Limited | Associates | 3.40 | 1.46 |
| Vardhman Yarns and Threads Limited | Associates | 8.53 | 7.52 |
| | | 11.93 | 8.98 |
| Reimbursement of expenses received from | | | |
| Vardhman Special Steels Limited | Associates | 0.05 | 0.00 |
| Vardhman Yarns and Threads Limited | Associates | 0.13 | 0.01 |
| | | 0.18 | 0.01 |
| Reimbursement of expenses paid | | | |
| Vardhman Yarns and Threads Limited | Associates | 0.01 | 0.32 |
| Vardhman Special Steels Limited | Associates | 0.00 | 0.05 |
| Vardhman Apparels Limited | Others | - | 0.00 |
| | | 0.01 | 0.37 |
| Recovery of Common Expenses incurred ** | | | |
| Vardhman Special Steels Limited | Associates | 1.00 | 1.00 |
| Vardhman Yarns and Threads Limited | Associates | 4.22 | 3.84 |
| | | 5.22 | 4.84 |
| Payment against licence agreement** | | | |
| Vardhman Holdings Limited | Others | 1.74 | 1.63 |
| | | 1.74 | 1.63 |

| Particulars | | For the year ended March, 31 2023 | For the year ended March, 31 2022 |
|--|-------------------------------------|--------------------------------------|--------------------------------------|
| Donations/CSR to | | | |
| Smt. Banarso Devi Oswal Public Charitable Trust | Others | 0.03 | 1.22 |
| Sri Aurobindo Socio Economic and Management Research Institute | Others | 0.58 | 10.00 |
| | | 0.61 | 11.22 |
| Salary paid to | | | |
| Ms. Sagrika Jain | Relatives of KMP | 0.05 | 0.17 |
| | | 0.05 | 0.17 |
| Withdrawal to/ from employment benefit plans | | | |
| Mahavir Employees Gratuity Fund Trust | Post Employment Benefit Plans Trust | 4.64 | 1.97 |
| VAL Gratuity Trut Fund | Post Employment Benefit Plans Trust | 0.14 | 0.22 |
| | | 4.78 | 2.19 |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

45 RELATED PARTY TRANSACTIONS (Contd..)

45.3 Outstanding Balances:

| Particulars | | For the year ended March, 31 2023 | For the year ended March, 31 2022 |
|--------------------------------------|------------|--------------------------------------|--------------------------------------|
| Receivables | | | |
| Vardhman Special Steels Limited | Associates | 0.17 | - |
| Vardhman Yarns and Threads Limited | Associates | 0.46 | - |
| Vardhman Apparels Limited | Others | 0.01 | 0.01 |
| Mahavir Traders | Others | 0.20 | - |
| Post Employment Benefit Plans Trusts | Others | - | 3.78 |
| | | 0.84 | 3.79 |
| Payables | | | |
| Vardhman Yarns and Threads Limited | Associates | - | 1.15 |
| Vardhman Holdings Limited | Others | 1.62 | - |
| Mahavir Traders | Others | - | 0.07 |
| | | 1.62 | 1.22 |

45.4 Key management personnel compensation

| Particulars | | For the year ended March, 31 2023 | For the year ended March, 31 2022 |
|------------------------------|-----|--------------------------------------|--------------------------------------|
| Compensation* | | | |
| Mr. S.P. Oswal | KMP | 20.61 | 43.41 |
| Mrs. Suchita Jain | KMP | 3.21 | 3.15 |
| Mr. Neeraj Jain | KMP | 2.65 | 2.66 |
| Ms. Sagrika Jain | KMP | 0.69 | - |
| Mr. Rajeev Thapar | KMP | 0.80 | 0.84 |
| Mr. Sanjay Gupta | KMP | 0.23 | 0.21 |
| Mr. Prafull Anubhai | KMP | 0.07 | 0.08 |
| Dr. Subash Khanchand Bijlani | KMP | 0.03 | 0.04 |
| Mr. Ashok Kumar Kundra | KMP | 0.04 | 0.07 |
| Mr. Suresh Kumar | KMP | 0.02 | - |
| Dr. Parampal Singh | KMP | 0.03 | 0.04 |
| Mrs. Harpreet Kaur Kang | KMP | 0.04 | 0.04 |
| Mr. Udeypaul Singh Gill | KMP | 0.03 | 0.01 |
| Mr. B.K Choudhary | KMP | 1.32 | 1.04 |
| Mr.Vivek Gupta | KMP | 0.40 | 0.38 |
| Mr.Satin Katyal | KMP | 0.06 | 0.05 |
| Ms. Apinder Sodhi | KMP | 0.03 | 0.03 |
| Mr. Munish Chandra Gupta | KMP | 0.02 | 0.04 |
| Mr. Sanjit Paul Singh | KMP | 0.01 | 0.03 |
| Mr. Surinder Kumar Bansal | KMP | 0.01 | 0.02 |
| Mrs. Parakh Oswal | KMP | 0.02 | - |
| Mr. Bhooshan Lal Uppal | KMP | 0.01 | - |
| Mr. Anil Kumar | KMP | 0.02 | - |
| | | 30.37 | 52.13 |

* 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 Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

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 2023 | For the year ended March, 31 2022 |
|--|--------------------------------------|--------------------------------------|
| National pension fund | 2.78 | 2.66 |
| Provident fund administered through Regional Provident Fund Commissioner | 41.44 | 36.93 |
| Employees' State Insurance Corporation | 9.41 | 8.04 |
| Other Funds | 1.63 | 1.47 |
| | 55.26 | 49.10 |

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"

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.

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.

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

46 EMPLOYEE BENEFITS (Contd..)

(ii) The principal assumption used for the purpose of the actuarial valuation were as follows:

| Particulars | As at | As at |
|---|-------------------------------|-------------------------------|
| | March, 31 2023 | March, 31 2022 |
| Discount Rate | 7.18% | 7.18% |
| Salary increase | 6.00% | 6.00% |
| Expected average remaining working life | 24.05 years to 26.68 Years | 24.05 years to 26.68 Years |
| Mortality Rates | IALM (2012-14) | IALM (2012-14) |
| 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, 2023 | March 31, 2022 |
| Current Service cost | 12.88 | 11.57 |
| Net interest expenses | (0.27) | (0.12) |
| | 12.61 | 11.45 |

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, 2023 | March 31, 2022 |
| Actuarial gain/(losses) arising for the year on asset | (0.41) | 3.48 |
| Actuarial gain/(losses) arising from changes in financial assumptions | 1.52 | 3.00 |
| Actuarial gain/(losses) arising from changes in demographic assumptions | - | - |
| Actuarial gain/(losses) arising from changes in experience adjustments | 2.30 | 2.36 |
| | 3.41 | 8.84 |

(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, 2023 | March 31, 2022 |
| Present value of funded defined benefit obligation | 95.97 | 87.37 |
| Fair Value of Plan Assets | 93.91 | 91.15 |
| Net assets / (liability) | (2.06) | 3.78 |
| Unfunded Liability | - | - |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

46 EMPLOYEE BENEFITS (Contd..)

(vi) Movements in the present value of defined benefit obligation are as follows:

| Particulars | For the year ended | |
|--|--------------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Opening defined benefit obligation | 87.37 | 83.27 |
| Current Service Cost | 12.88 | 11.57 |
| Interest Cost | 6.27 | 5.65 |
| Actuarial (gain)/losses arising from changes in financial assumptions | (1.52) | (3.00) |
| Actuarial (gain)/losses arising from changes in experience adjustments | (2.30) | (2.36) |
| Benefits paid | (6.73) | (7.76) |
| Closing defined benefit obligation | 95.97 | 87.37 |

(vii) Movements in the fair value of plan assets are as follows:

| Particulars | For the year ended | |
|---|--------------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Opening fair value of plan assets | 91.15 | 84.99 |
| Return on plan assets | 7.54 | 9.25 |
| (excluding amounts included in net interest expenses) | | |
| Contributions from/(Withdrawal by) employer | (0.13) | (2.22) |
| Benefits paid | (4.64) | (0.87) |
| Closing fair value of plan assets | 93.91 | 91.15 |

Plan assets comprises of mutual fund, Government of India securities and bank balances. The average duration of the defined benefit obligation is 12.70 years to 14.05 years (March 31, 2022: 12.74 years to 13.96 years). The Group expects to make a contribution of ₹ 15.50 crores (March 31, 2022: ₹ 13.63 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, 2023 | As at March 31, 2022 |
|-------------------------------|-------------------------|-------------------------|
| Discount Rate | | |
| 0.50% Increase | (4.08) | (3.76) |
| 0.50% decrease | 4.43 | 4.07 |
| Future Salary increase | | |
| 0.50% Increase | 4.33 | 3.96 |
| 0.50% decrease | (4.04) | (3.69) |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

46 EMPLOYEE BENEFITS (Contd..)

(ix) Maturity Profile of Defined Benefit Obligation

| | Year | Amount |
|----|----------------|--------|
| a) | 0 to 1 Year | 10.22 |
| b) | 1 to 2 Year | 5.99 |
| c) | 2 to 3 Year | 6.14 |
| d) | 3 to 4 Year | 5.75 |
| e) | 4 to 5 Year | 5.99 |
| f) | 5 to 6 Year | 5.60 |
| g) | 6 Year onwards | 56.29 |

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 ₹6.75 crore (March 31, 2022 ₹ 5.24 crore)

(ii) Amount taken to balance sheet

| Particulars | 2022-23 | 2021-22 |
|-------------|---------|---------|
| Current | 3.38 | 3.33 |
| Non Current | 17.48 | 15.98 |

Additional disclosures

47 Assets pledged as security:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Current assets | | |
| Financial assets | | |
| Trade receivables | 1,179.08 | 1,310.68 |
| Non-financial assets | | |
| Inventory | 2,312.16 | 2,806.67 |
| Total current assets pledged as security | 3,491.24 | 4,117.35 |
| Non-current assets | | |
| Property, plant & equipment | 3,870.76 | 3,425.75 |
| Total non-current assets pledged as security | 3,870.76 | 3,425.75 |
| Total assets pledged as security | 7,362.00 | 7,543.10 |

48 Corporate Social Responsibility:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| a. Amount required to be spent by the group during the year, | 20.36 | 13.54 |
| b. Amount of expenditure incurred: *# | 5.69 | 3.91 |
| c. Shortfall at the end of the year **# (a-b) | 15.35 | 9.65 |
| d. Total of previous years shortfall (2020-21) | 0.72 | 1.31 |
| e. Total of previous years shortfall (2021-22) | 2.54 | - |
| Total shortfall at year end | 18.60 | 10.96 |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

48 Corporate Social Responsibility: (Contd..)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| f. Related party transactions: | | |
| (i) Banarso Devi Oswal Public Charitable trust | 0.03 | 0.09 |
| (ii) Sri Aurobindo Socio Economic and Management Research Institute | 0.58 | 0.27 |
| g. Movement of provision: | | |
| - Opening | 10.69 | 5.50 |
| Add: Provision created during the year: | 15.62 | 9.65 |
| Less: Spent during the year (2021-22) | (0.59) | (4.46) |
| Less: Spent during the year (2022-23) | (7.11) | - |
| - Closing | 18.61 | 10.69 |

*Nature of CSR activities:

Promoting Education, Promoting Healthcare including Preventive Healthcare, Rural Development, Promotion of Art & Culture, Measures for the benefit of armed forces veterans, Promotion of Nationally Recognized Sports.

**Reason for shortfall:

Amount remaining unspent pertains to "Ongoing /Multiyear Projects" approved by CSR committee which will be spent in coming years.

During the current financial year, Vardhman Acrylics Limited (subsidiary company) had incurred an expenditure of ₹ 0.68 crores in excess amount required to be spent.

Details of Deposit in Unspent CSR Account:

| Particulars | FY 2022-23 | FY 2021-22 | FY 2020-21 |
|---|--------------|-------------|-------------|
| 1. Unspent CSR amount deposited in special account (Unspent CSR Account) | 15.35 | 9.65 | 5.77 |
| 2. Spent during the year for FY 2021-22 | - | - | 4.46 |
| 3. Spent during the year for FY 2022-23 | - | 7.11 | 0.59 |
| Balance lying in the bank account which will be spent in coming years as on March 31, 2023 {1-(2+3)} | 15.35 | 2.54 | 0.72 |
| Date of deposit | 29-Apr-23 | 29-Apr-22 | 29-Apr-21 |

49 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.

50 Other statutory information:

- (i) No proceeding have been initiated or pending against the group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988).
- (ii) The group has not been declared as wilful defaulter by any bank or financial Institution or other lender.
- (iii) The group does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (iv) There are no transactions which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

50 Other statutory information: (Contd..)

- (v) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the parent company or any of such subsidiaries and associates to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding (whether recorded in writing or otherwise) that the Intermediary shall lend or invest in party identified by or on behalf of the company (Ultimate Beneficiaries).
- (vi) No funds have been received by the parent company or any such subsidiaries and associates from any person(s) or entity(ies), including foreign entities ("funding party") with the understanding, whether recorded in writing or otherwise, that the company shall directly or indirectly lend or invest in other persons or entities in any manner whatsoever by or on behalf of the funding party ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vii) During the financial year, the group has not traded or invested in Crypto currency or Virtual Currency.
- (viii) The group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (ix) The group has availed facilities from banks on the basis of security of current assets. The group has filed statements of current assets with banks which are in agreement with the books of accounts and there are no material discrepancies.

51 The Board of Directors of Parent, Subsidiary and Associate Companies have proposed final dividend as given in below mentioned table. The proposed final dividend is subject to the approval of the members of such Associate at the ensuing Annual General Meeting. The amount of such dividend proposed is in accordance with section 123 of the Act.

| Company Name | Relation | No. of Shares as at March, 2023 | Dividend per Share (In ₹) |
|---------------------------------|------------|---------------------------------|---------------------------|
| Vardhman Textiles Limited | Parent | 28,91,27,050 | 3.50 |
| Vardhman Special Steels Limited | Associate | 4,06,27,414 | 2.00 |
| Vardhman Acrylics Limited | Subsidiary | 8,03,63,746 | 2.50 |

52 The Code on Social Security 2020 has been notified in the Official Gazette on 29th September 2020. The effective date from which the changes are applicable is yet to be notified. Impact if any of the change will be assessed and accounted in the period in which said Code becomes effective.

53 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, 2023 | As at March 31, 2022 |
| A. Subsidiaries | | | | |
| (i) Vardhman Acrylics Limited | India | Manufacturing and sales of Fibre | 70.83% | 70.83% |
| (ii) VTL Investments Limited | India | Lending & Investing | 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 | 24.83% | 24.87% |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

53 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, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
| I. Assets | | | | | | |
| (A) Non Current Assets | 256.80 | 261.58 | - | - | 331.89 | 324.15 |
| (B) Current Assets | | | | | | |
| i) Cash & Cash Equivalent | 15.56 | 21.94 | 0.17 | 0.17 | 9.54 | 0.27 |
| ii) Others | 546.44 | 490.56 | - | - | 689.09 | 596.46 |
| Total Current Assets | 562.00 | 512.50 | 0.17 | 0.17 | 698.63 | 596.73 |
| Total Assets (A+B) | 818.80 | 774.08 | 0.17 | 0.17 | 1,030.52 | 920.88 |
| II. Liabilities | | | | | | |
| (A) Non Current Liabilities | | | | | | |
| i) Financial Liabilities | 5.68 | 4.82 | - | - | 44.94 | 79.91 |
| ii) Non Financial Liabilities | 3.92 | 4.49 | - | - | 22.51 | 23.12 |
| Total Non Current Liabilities | 9.60 | 9.31 | - | - | 67.45 | 103.04 |
| (B) Current Liabilities | | | | | | |
| i) Financial Liabilities | 83.51 | 104.53 | 0.02 | 0.02 | 307.07 | 249.41 |
| ii) Non Financial Liabilities | 19.84 | 18.96 | 0.00 | 0.00 | 13.78 | 13.47 |
| Total Current Liabilities | 103.35 | 123.49 | 0.02 | 0.02 | 320.85 | 262.88 |
| Total Liabilities (A+B) | 112.95 | 132.80 | 0.02 | 0.02 | 388.30 | 365.92 |
| Net Assets (I-II) | 705.85 | 641.28 | 0.15 | 0.15 | 642.22 | 554.96 |

(c) Summarized Financial Information

| Particulars | Associates | | | | | |
|---|----------------------------------|----------------------------|---|----------------------------|---------------------------------|----------------------------|
| | Vardhman Yarns & Threads Limited | | Vardhman Spinning & General Mills Limited | | Vardhman Special Steels Limited | |
| | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
| Revenue from Operations | 1,089.57 | 1,010.63 | 0.00 | 0.00 | 1734.99 | 1,368.46 |
| Profit Before Tax | 190.32 | 175.48 | (0.00) | 0.00 | 134.31 | 158.34 |
| Tax Expense | 48.31 | 44.12 | - | 0.00 | 33.86 | 57.59 |
| Profit after Tax | 142.02 | 131.36 | (0.00) | 0.00 | 100.45 | 100.75 |
| Other Comprehensive Income | 0.10 | 1.25 | - | - | (0.28) | 0.19 |
| Total Comprehensive Income | 142.11 | 132.61 | (0.00) | 0.00 | 100.17 | 100.94 |
| Depreciation & Amortisation | 25.82 | 27.40 | - | - | 28.12 | 26.96 |
| Interest Expense (Net of Interest Income) | 1.23 | 2.17 | 0.00 | 0.00 | 17.65 | 17.28 |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

53 Interest in Other Entities (Contd..)

(d) Movement of Investment in Associates using equity method

| Particulars | Associates | | | | | |
|--|-----------------------------------|-----------------------------------|---|-----------------------------------|-----------------------------------|-----------------------------------|
| | Vardhman Yarns & Threads Limited | | Vardhman Spinning & General Mills Limited | | Vardhman Special Steels Limited | |
| | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| Investment as at the beginning of the Period | 74.03 | 66.96 | 0.08 | 0.08 | 85.86 | 62.27 |
| Add: Share of profit for the period | 15.62 | 14.45 | (0.01) | 0.00 | 24.94 | 25.05 |
| Add: Share of OCI for the period | 0.01 | 0.14 | - | - | (0.07) | 0.05 |
| Less: Dividend distributed during the period | (8.53) | (7.52) | - | - | (3.53) | (1.51) |
| Investment as at the end of the Period | 81.13 | 74.03 | 0.07 | 0.08 | 107.20 | 85.86 |

54. For Disclosure mandated by Schedule III of Companies Act 2013, by way of additional information, refer below:

| Name of Enterprise | For the year ended March 31, 2023 | | | | | | | |
|--|---|-----------------|---------------------------------|---------------|-------------------------------------|-------------|-------------------------------------|---------------|
| | Net Assets i.e total assets minus total liabilities | | Share in Profit or Loss | | Share in Other comprehensive income | | Share in Total comprehensive income | |
| | As % of consolidated net assets | Amount | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated profit or loss | Amount |
| Parent | | | | | | | | |
| Vardhman Textiles Limited | 95.86% | 8,293.99 | 94.20% | 749.07 | 98% | 2.76 | 94.22% | 751.83 |
| Subsidiaries | | | | | | | | |
| Indian | | | | | | | | |
| Vardhman Acrylics Limited | 2.84% | 245.35 | 4.13% | 32.86 | 6% | 0.18 | 4.14% | 33.04 |
| VTL Investment Limited | 0.67% | 57.62 | 0.34% | 2.67 | 0% | - | 0.33% | 2.67 |
| Adjustment due to consolidation | -1.75% | (150.87) | -3.42% | (27.21) | 0% | - | -3.41% | (27.21) |
| Non Controlling Interest in subsidiaries | 1.02% | 88.52 | -1.21% | (9.59) | -2% | (0.05) | -1.21% | (9.64) |
| Associates | | | | | | | | |
| (Investment as per the equity method) | | | | | | | | |
| Indian | | | | | | | | |
| Vardhman Special Steels Limited | 1.24% | 107.18 | 3.14% | 24.94 | -2% | (0.07) | 3.12% | 24.87 |
| Vardhman Spinning & General Mills Limited | 0.00% | 0.07 | 0.00% | -0.01 | 0% | - | 0.00% | (0.01) |
| Vardhman Yarns & Threads Limited | 0.94% | 81.13 | 1.96% | 15.62 | 0% | 0.01 | 1.96% | 15.63 |
| Less:- Investments in Associates | -0.61% | (52.77) | 0.00% | - | | | - | - |
| Add/Less:- Deferred Tax Liabilities on undistributed profits on associates | -0.21% | (18.26) | 0.86% | 6.81 | | | 0.85% | 6.81 |
| Total | 100% | 8,651.96 | 100% | 795.16 | 100% | 2.83 | 100% | 797.99 |

Notes to Consolidated Financial Statement

for the year ended March 31, 2023

(All amounts in ₹ crores, unless otherwise stated)

54. (Contd..)

For Disclosure mandated by Schedule III of Companies Act 2013, by way of additional information, refer below:

| Name of Enterprise | For the year ended March 31,2022 | | | | | | | |
|--|--|-----------------|---------------------------------------|-----------------|---|-------------|---|-----------------|
| | Net Assets i.e total assets minus total liabilities | | Share in Profit or Loss | | Share in Other comprehensive income | | Share in Total comprehensive income | |
| | As % of consolidated net assets | Amount | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated profit or loss | Amount |
| Parent | | | | | | | | |
| Vardhman Textiles Limited | 96.15% | 7,539.12 | 108.44% | 1,677.44 | 96.19% | 6.52 | 108.39% | 1,683.96 |
| Subsidiaries | | | | | | | | |
| Indian | | | | | | | | |
| Vardhman Acrylics Limited | 2.71% | 212.32 | 0.94% | 14.56 | 4.35% | 0.29 | 0.96% | 14.85 |
| VTL Investment Limited | 0.70% | 54.59 | 1.30% | 20.18 | - | - | 1.30% | 20.18 |
| Adjustment due to consolidation | -2.53% | (197.99) | -13.14% | (203.33) | -2.98% | (0.20) | -13.10% | (203.53) |
| Non Controlling Interest in subsidiaries | 1.75% | 137.54 | -0.28% | (4.34) | -0.28% | (0.02) | -0.28% | (4.36) |
| Associates (Investment as per the equity method) | | | | | | | | |
| Indian | | | | | | | | |
| Vardhman Special Steels Limited | 1.09% | 85.85 | 1.62% | 25.05 | 0.69% | 0.05 | 1.62% | 25.10 |
| Vardhman Spinning & General Mills Limited | 0.00% | 0.08 | 0.00% | 0.00 | 0.00% | - | 0.00% | 0.00 |
| Vardhman Yarns & Threads Limited | 0.94% | 74.03 | 0.93% | 14.45 | 2.03% | 0.14 | 0.94% | 14.59 |
| Less:- Investments in Associates | -0.67% | (52.77) | 0.00% | - | - | - | 0.00% | - |
| Add/Less:- Deferred Tax Liabilities on undistributed profits on associates | -0.15% | (11.45) | 0.19% | 2.89 | - | - | 0.19% | 2.89 |
| Total | 100% | 7,841.30 | 100% | 1,546.89 | 100% | 6.78 | 100% | 1,553.67 |

For and on behalf of the Board of Directors

Sanjay Gupta

Company Secretary
Membership No:-4935

Rajeev Thapar

Chief Financial Officer

Suchita Jain

Vice Chairperson and
Joint Managing Director
DIN:00746471

S.P. Oswal

Chairman and Managing
Director
DIN: 00121737

Place : Ludhiana

Date: May 05, 2023

FORM AOC-1, PURSUANT TO SECTION 129(3) OF COMPANIES ACT, 2013 RELATING TO SUBSIDIARY COMPANIES

Part A

| Particulars | VTL Investments Limited | Vardhman Acrylics Limited |
|--|----------------------------|------------------------------|
| | Current Year | Current Year |
| a) Reporting period for the subsidiary concerned, if different from the holding company's reporting period | 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. |
| c) Capital | 4.00 | 80.36 |
| d) Reserves | 50.97 | 164.99 |
| e) Total Assets | 54.97 | 245.35 |
| f) Total Liabilities | 54.97 | 245.35 |
| g) Details of investment (Except in case of investment in the subsidiaries) | 53.36 | 171.63 |
| h) Turnover (net) | 0.87 | 426.66 |
| i) Profit before taxation | 0.53 | 43.10 |
| j) Provision for taxation | 0.14 | 10.24 |
| k) Profit after Taxation | 0.39 | 32.86 |
| l) Proposed dividend (including tax thereon) | - | - |
| j) Total Comprehensive Income for the period | 0.39 | 33.04 |
| m) % of shareholding | 100% | 70.74% |

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Part A

| Name of Associates | Vardhman Special Steels Limited |
|---|--|
| 1. Latest audited Balance Sheet Date | 31.03.2023 |
| 2. Shares of Associate held by the company on the year end No. | 97,08,333 |
| Amount of Investment in Associate | ₹ 25.24 crore |
| Extend of Holding % | 23.90% |
| 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 | ₹ 153.49 crore |
| 6. Profit / (Loss) for the year | ₹ 100.16 crore |
| i. Considered in Consolidation | ₹ 23.94 crore |
| ii. Not Considered in Consolidation | N.A. |

| Name of Associates | Vardhman Spinning & General Mills Limited |
|--|--|
| 1. Latest audited Balance Sheet Date | 31.03.2023 |
| 2. Shares of Associate/Joint Ventures held by the company on the year end No. | 25,000 |
| Amount of Investment in Associates/Joint Venture | ₹ 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 | - |
| | ₹ 0.07 crore |
| 5. Net worth attributable to Shareholding as per latest audited Balance Sheet | |
| 6. Profit / (Loss) for the year | ₹ (0.003) crore |
| i. Considered in Consolidation | ₹ (0.0015) crore |
| ii. Not Considered in Consolidation | N.A. |

| Name of Associates | Vardhman Yarns and Threads Limited |
|--|---|
| 1. Latest audited Balance Sheet Date | 31.03.2023 |
| 2. Shares of Associate/Joint Ventures held by the company on the year end No. | 62,69,699 |
| Amount of Investment in Associates/Joint Venture | ₹ 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 | ₹ 77.65 crore |
| 6. Profit / (Loss) for the year | ₹ 142.12 crore |
| i. Considered in Consolidation | ₹ 15.63 crore |
| ii. Not Considered in Consolidation | N.A. |

NOTICE

Notice is hereby given that the **50TH ANNUAL GENERAL MEETING** of Vardhman Textiles Limited will be held on Saturday, the 30th day of September, 2023 at 10:00 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, 2023, together with Report of Board of Directors and Auditors thereon.

Item No. 2 – To declare Dividend:

To declare a dividend of ₹ 3.50/- per equity share for the year ended 31st March, 2023.

Item No. 3 – 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 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. 4 – To ratify remuneration payable to Cost Auditors for the financial year ending 31st March, 2024:

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 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, 2024, be paid the remuneration of ₹ 7,00,000/- 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. 5 - To appoint Mr. Atul Khosla 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 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), Mr. Atul Khosla (DIN: 02674215), who was appointed as an Additional Director of the Company and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of consecutive five (5) years starting from 4th August, 2023."

By Order of the Board

(Sanjay Gupta)

Company Secretary

Place: Ludhiana

Dated: 4th August, 2023

NOTES:

1. Considering the ongoing Covid-19 pandemic, the Ministry of Corporate Affairs (MCA), vide its circular dated December 28, 2022, read together with circulars dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 8, 2021, December 14, 2021 and May 5, 2022 (collectively referred to as “MCA Circulars”), permitted convening the Annual General Meeting (“AGM” / “Meeting”) 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 MCA Circulars, provisions of the Companies Act, 2013 (“the Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the AGM of the Company is being held through VC / OAVM. 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 Regulations (as amended) and MCA Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business 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 12). 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, Key Managerial Personnel, the Chairperson of the Audit Committee, Nomination & Remuneration Committee and Stakeholders’ Relationship Committee, Auditors, etc.
 4. Generally, a Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a Member of the Company. 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 Regulations, regarding the Director retiring by rotation/ seeking appointment or 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 appointment/ re-appointment.
 7. The Register of Members and the Share Transfer Books of the Company shall remain closed from 16th September, 2023 to 30th September, 2023 (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 January 5, 2023 read with circular dated May 13, 2022, January 15, 2021 and May 12, 2020, Notice of the AGM along with the Annual Report 2022-23 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 2022-23 will also be available on the Company’s website www.vardhman.com, website 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. INTRUCTIONS FOR REMOTE E-VOTING AND JOINING VIRTUAL MEETING AS UNDER:

- (i) The Remote e-Voting period commences on 27th September, 2023 (9:00 a.m.) and ends on 29th September, 2023 (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 23rd September, 2023, may cast their vote electronically. The Remote e-Voting module shall be disabled by CDSL for voting after end of voting period on 29th September, 2023.

Further, the facility for voting through electronic voting system will also be made available at the Meeting and

Members attending the Meeting will be able to vote at the Meeting.

- (ii) Members who have already voted through Remote e-Voting would not be entitled to vote during the AGM.
- (iii) As per SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020, on e-Voting Facility provided by Listed Entities, "individual shareholders holding shares of the Company in demat mode" can cast their vote, by way of a single login credential, through their demat accounts / websites of Depositories / Depository Participants. Members are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility. The procedure to login and access remote e-Voting and join virtual meeting, as devised by the Depositories / Depository Participant(s), is given below:

Option 1 – Login through Depositories

| NSDL | CDSL |
|--|---|
| <p>1 Members who have already registered for IDeAS facility to follow below steps:</p> <p>(i) Go to URL: https://eservices.nsdl.com</p> <p>(ii) Click on the "Beneficial Owner" icon under 'IDeAS' section.</p> <p>(iii) A new page will open. Enter the existing User ID and Password. On successful authentication, click on "Access to e-Voting".</p> <p>(iv) Click on the Company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.</p> <p>2. User not registered for IDeAS e-Services:</p> <p>(i) To register click on link: https://eservices.nsdl.com. Select option "Register Online for IDeAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp.</p> <p>(ii) Proceed with completing the required fields.</p> | <p>1. Members who have already registered for Easi / Easiest to follow below steps:</p> <p>(i) Go to URL: www.cdslindia.com and then go to Login and select New System Myeasi.</p> <p>(ii) Login with user id and password.</p> <p>(iii) Click on e-Voting. The option will be made available to reach e-Voting page without any further authentication.</p> <p>(iv) Click on the Company name or e-Voting service provider name to cast your vote during the remote e-Voting period.</p> <p>2. User not registered for Easi/Easiest:</p> <p>(i) Option to register is available at www.cdslindia.com</p> <p>(ii) Click on login & New System Myeasi Tab and then click on registration option.</p> |

| NSDL | CDSL |
|---|--|
| <p>3. Users can directly access e-Voting module of NSDL and follow the below process:</p> <ul style="list-style-type: none"> (i) Go to URL: https://www.evoting.nsdl.com/ (ii) Click on the icon “Login” which is available under ‘Shareholder/Member’ section. (iii) Enter User ID (i.e. 16-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. (iv) On successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. (v) Click on the Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period. | <p>3. Users can directly access e-Voting module of CDSL and follow the below process:</p> <ul style="list-style-type: none"> (i) Go to URL: www.cdslindia.com (ii) Click on the icon “E-Voting” (iii) Provide demat Account Number and PAN No. (iv) System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. (v) After successful authentication, the user will be provided links for the respective ESP where the e-Voting is in progress. (vi) Click on the Company name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period. |

Option 2 - Login through Depository Participants.

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Click on e-Voting option and you will be redirected to NSDL/CDSL Depository site after successful authentication. Click on the Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

| Login type | Helpdesk details |
|--|--|
| Individual Shareholders holding securities in Demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 1800 22 55 33. |
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |

(iv) Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders holding in Demat form & physical shareholders:**

- (i) The Members should log on to the e-Voting website www.evotingindia.com.
- (ii) Click on “Shareholders” module.
- (iii) 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.

- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) 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.
- (vi) If you are a first time user follow the steps given below:

| For Shareholders holding shares in Demat Form other than individual 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 sequence number sent by Company/RTA or contact Company/RTA. |
| Dividend Bank Details Or | 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. |
| Date of Birth (DOB) | 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 (iii). |

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) 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.
- (ix) For members holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- (x) Click on the EVSN: 230901051 for <**Vardhman Textiles Limited**> on which you choose to vote.
- (xi) 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.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvi) 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.
- (xvii) **Additional facility for Non-Individual Shareholders and Custodians – for Remote e-Voting only**
- 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 in the "Corporates" module.
 - 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 linked in the login will be mapped automatically & can be delink in case of any wrong mapping.

- 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.
- Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; secretarial.lud@vardhman.com, if they have voted from individual tab & not uploaded same in the CDSL e-Voting system for the scrutinizer to verify the same.

12. INSTRUCTIONS FOR MEMBERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- a. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-Voting at point no. 11.
- b. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-Voting.
- c. Members are encouraged to join the Meeting through Laptops / iPads for better experience.
- d. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- e. 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.
- f. 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.

- g. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
- h. If any Votes are cast by the shareholders through the e-Voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-Voting during the meeting is available only to the shareholders attending the meeting.

13. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES/ MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES:

- 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 update your email id & mobile no. with your respective Depository Participant (DP).
- c. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you may write an email to helpdesk.evoting@cdslindia.com or contact 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Senior Manager, Central Depository Services (India) Limited (CDSL), 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 1800 22 55 33.

14. 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.

15. The Results of the resolutions passed at the AGM of the Company will be declared within 2 working days 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.
16. Dividend income is taxable in the hands of the Members and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed

rates in the Income Tax Act, 1961. In general, no tax will be deducted on payment of dividend to category of Members who are resident individuals (with valid PAN details updated in their folio/client ID records) and the total dividend amount payable to them does not exceed ₹ 5,000/-. Members not falling in the said category, can go through the detailed note with regard to applicability of tax rates for various other categories of Members and the documents that need to be submitted for nil or lower tax rate, which has been provided on the Company's website at <https://www.vardhman.com/Investors/InvestorHelp>.

Place: Ludhiana
Dated: 4th August, 2023

By Order of the Board

(Sanjay Gupta)
Company Secretary

Annexure to the Notice:

Statement pursuant to Section 102 of the Companies Act, 2013 and Regulation 36 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015:

Item No. 4 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 5th May, 2023, 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, 2024, at a remuneration of ₹ 7,00,000/- plus out of pocket expenses and applicable taxes.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the Members is solicited for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of payment of remuneration as stated above to the Cost Auditors for the Financial Year ending 31st March, 2024. The Board recommends the Ordinary Resolution as set out at Item No. 4 of the Notice for approval by the Members.

Memorandum of Interest:

None of the Directors/ Key Managerial Personnel (KMP) of the Company/ their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

Item No. 5 of the Special Business:

The Board of Directors in its meeting held on 4th August, 2023, on the basis of recommendation of Nomination & Remuneration Committee and pursuant to the provisions of Section 161(1) of the Companies Act, 2013 read with the Articles of Association of the Company, had appointed Mr. Atul Khosla (DIN: 02674215) as an Additional Director, designated as an Independent Director, of the Company w.e.f. 4th August, 2023 to hold office upto the date of forthcoming Annual General Meeting. His term of

appointment as an Independent Director will be five consecutive years starting from 4th August, 2023. He will be paid sitting fees and incidental expenses for attending the Board/ Committee Meetings, as applicable to other Independent Directors of the Company.

Mr. Atul Khosla is a B.Tech from the Indian Institute of Technology, Kanpur and has done MBA from JBIMS, University of Mumbai, India. He is a career researcher, academician & management consultant with global experience in areas of strategy, policy, innovation, organization design and outsourcing. At present, Mr. Khosla is Vice Chancellor of Shoolini University of Biotechnology and Management Sciences, Himachal Pradesh. Prior to joining this University, he held senior positions in research and consulting with McKinsey and Company (the world's leading consulting and research company), Everest Research Institute (world's leading outsourcing and research thinktank) and Oliver Wyman (leading international research consultancy).

Pursuant to the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, appointment of Independent Directors requires approval of the Members of the Company. Further, pursuant to Regulation 17(1C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a listed entity shall take approval of shareholders for appointment of Director at the next general meeting or within three months from the date of appointment, whichever is earlier. Accordingly, the appointment of Mr. Atul Khosla require the approval of Members.

The Company has received requisite notice in writing from a Member proposing appointment of Mr. Atul Khosla as a candidate for the office of Independent Director of the Company for a term of consecutive five (5) years starting from 4th August, 2023.

The Company has received consent from Mr. Atul Khosla and also a declaration confirming that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. Atul Khosla is Independent of the Management and in the opinion of the Board, fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for appointment as an Independent Director of the Company. A copy of the draft letter for appointment as an Independent Director setting out the terms and conditions would be available for inspection without any fee to the Members at the Registered Office of the Company during normal business hours on any working day. A brief profile of Mr. Atul Khosla is provided at the end of this statement.

The Board recommends the Special Resolution as set out at Item No. 5 of the Notice for approval by the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Mr. Atul Khosla, being the appointee, none of the Directors/ Key Managerial Personnel of the Company/ their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

Information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2), regarding the Directors retiring by rotation/ seeking appointment in the Annual General Meeting.

| | | |
|---|---|---|
| Name of the Director | Mrs. Suchita Jain | Mr. Atul Khosla |
| Date of Birth | 20.03.1968 | 26.09.1970 |
| Age | 55 | 52 |
| Date of First Appointment | 29.01.2010 | 04.08.2023 |
| No. of meetings attended during the FY 2022-23 | 6 | N.A. |
| Expertise in specific functional area | Business Executive having experience of more than 30 years in textile industry. | He is a career researcher, academician & management consultant with global experience in the areas of strategy, policy, innovation, organization design and outsourcing. |
| Qualification | M.Com | B.Tech., MBA |
| Directorships in other Listed Companies as on 31st March, 2023 | 1. Vardhman Special Steels Limited 2. Vardhman Holdings Limited 3. Vardhman Acrylics Limited | Nil |
| Chairperson/Member of Committees of other Listed Companies as on 31st March, 2023 | Stakeholders' Relationship Committee: Vardhman Special Steels Limited | Nil |
| Listed entity from which the Director resigned in last 3 years | Nil | Nil |
| Skills and capabilities required by Independent Directors for the role and manner in which such requirements are met | Not Applicable | - Administrative experience, Leadership and Strategic Planning. - He will contribute the Board with his rich administrative global experience in the area of strategy, policy and organizational design. |
| Shareholding in the Company | 12,22,120 | Nil |
| Relationship with other Directors/ KMP | Mr. S.P. Oswal is father, Mr. Sachit Jain is husband and Ms. Sagrika Jain is daughter of Mrs. Suchita Jain. | Not related to any Director/KMP |

Corporate information

Board of Directors

Mr. Shri Paul Oswal
Chairman & Managing Director

Mr. Prafull Anubhai

Mr. Sachit Jain

Mr. Suresh Kumar

Mr. Udeypaul Singh Gill

Mrs. Harpreet Kaur Kang

Dr. Parampal Singh

Mr. Atul Khosla

Mrs. Suchita Jain
Vice-Chairperson &
Joint Managing Director

Mr. Neeraj Jain
Joint Managing Director

Ms. Sagrika Jain
Executive 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
Kotak Mahindra Bank
Axis Bank
CITI Bank

Registrar & Transfer Agent

Alankit Assignments Limited,
New Delhi

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.
- Door No. 4/1-4, Avinashi Road, Pantaloon Back side, Tirupur-641603.
- 1st Floor, Palm Court, Opposite Management Development Institute, MG Road, Sector -16, Gurugram - 122 001.



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