

Notes of Financial Statements for the year ended 31st March 2020

1. Corporate Information

Vardhman Acrylics Limited (“the Company”) is a public limited company, incorporated under the provisions of The Companies Act and has its registered office at Vardhman Premises, Chandigarh Road, Ludhiana, Punjab, India. The equity shares of the company are listed on National Stock Exchange of India Limited.

The Company is a leading manufacturer and supplier of Acrylic Fibre and Tow having its manufacturing facility in Gujarat, India.

Vardhman Textile Limited (Holding Co. of the entity) owns 70.74% of the company’s equity share capital as at 31st March 2020.

The Board of Directors approved the Financial Statements for the year ended 31st March, 2020 and authorised for issue on 19th June, 2020.

2. Significant accounting policies, significant accounting judgements, estimates and assumptions and applicability of new and revised Ind AS

Significant Accounting Policies

Note 2.1 Statement of Compliance

The financial statement prepared in accordance with Indian Accounting Standards (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.

Note 2.2 Basis of preparation and presentation

The financial statements have been prepared on historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values.

The following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value.

Historical Cost

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

Fair Value Measurement

The Company measures financial instruments at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

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- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

Accounting policies have been consistently applied except where in newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Functional and presentation currency

The financial statements are presented in Indian rupees (INR) and all values are rounded to the nearest lakhs and two decimals thereof, except if otherwise stated.

Note 2.3 Significant Accounting Policies

(a) Revenue Recognition

The Company derives revenue primarily from sale of Acrylic Fibre and Tow.

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

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for returns, trade allowances for deduction, rebates, goods and services tax and amounts collected on behalf of third parties.

Revenue from the sale of goods is recognised at the point in time when control of goods are transferred to the customer which is usually on dispatch / delivery.

i. Sale of Acrylic Fibre including Traded goods

Revenue from the sale of goods is recognized as and when Acrylic fibre is sold. Revenue from the sale of Acrylic fibre and traded good are recognized when control of the goods has transferred to the buyer i.e. at the point of sale/delivery to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods. Sale is net of sales returns, discounts and goods and services tax.

Revenue in respect of the export incentives is recognised on post export basis and it is reasonable to expect ultimate collection.

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct goods to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional. Generally, the credit period varies between 0-5 days and 90 days against letter of credit from the shipment or delivery of goods or services as the case may be. The company does not adjust short-term advances received from the customer for the effects of significant financing component if it is expected at the contract inception that the promised good or service will be transferred to the customer within a period of one year.

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ii. Interest income

- Interest Income from customers is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
- Other Interest Income is recognized using effective interest rate.

iii. Dividend income

Dividend income from investment is recognized when the right to receive the payment is established and amount of dividend can be measured reliably.

iv. Insurance and Other Claims

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

(b) Employee Benefits

i. Short term Employee Benefits :

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

ii. Post Employee Benefits Plans:

Defined Contributions Plans

(a) Provident Fund

Employees receive benefit in the form of provident fund which is a defined contribution plan. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

(b) Superannuation

Certain employees of the Company are participants in a defined contribution plan. The Company has no further obligations to the Plan beyond its monthly contributions which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India.

Defined Benefits Plan:

(c) Gratuity

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The company fully contributes all ascertained liabilities to the Vardhman Acrylics Limited Gratuity Fund Trust (the Trust). Trustees administer contributions made to the Trusts and contributions are invested in the scheme with Life insurance corporation of India as permitted by Indian Law.

The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gain and losses through re-measurements of the net defined benefit liability / asset are recognised in other comprehensive income and are not reclassified to profit and loss in subsequent periods.

The actual return of portfolio of plan assets in excess of the yields computed by

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applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income.

iii Long term employee benefits:

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

(c) Property, Plant and Equipment

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets as prescribed under Part C of Schedule II of the Companies Act 2013 except the assets costing ₹ 5000/- or below on which deprecation is charged @ 100% per annum on proportionate basis, are as follows:

Building - 30-60 years.

Plant and Machinery - 15-25 years.

Office Equipment - 5 Years

Computer Equipment - 3 years.

Furniture and fittings - 10 years

Vehicles excluding Motor cycles- 08 years.

Motor cycles - 10 years.

On transition to Ind AS , the company has elected to continue with the carrying value of all its Property, plant & equipment recognized as at 1st April,2016 measured as per previous GAAP and use that carrying value as it's deemed cost of it's Property plant and equipment.

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.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Impairment of property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

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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 CGU (Cash Generating unit) to which the asset belongs.

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

Impairment is reviewed periodically, including at each financial year end.

(d) Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment if any. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence etc. Amortization method and useful lives and residual values are reviewed periodically, including at each financial year end.

(e) Inventories

Inventories of raw materials, stores and spares, work-in-progress and finished goods are valued at cost or net realisable value, whichever is lower. However, materials and other items held for use in the production of Inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The cost in respect of the aforesaid items of inventory is computed as under:

- In case of raw materials, at weighted average cost plus direct expenses.
- In case of stores and spares, at weighted average cost plus direct expenses.
- In case of work-in-progress, at raw material cost plus conversion cost depending upon the stage of completion.
- In case of finished goods, at raw material cost plus conversion cost, packing cost and other overheads incurred to bring the goods to their present condition and location.
- 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.

(f) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of items of Property, plant and equipment which necessarily takes substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowing costs are recognized as

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an expense in the period in which they are incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(g) Earnings per Share

Basic earnings per equity share is computed by dividing the net profit for the period attributable to the equity share holders of the company by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to the equity shareholders is divided by the weighted average number of equity shares outstanding during the period after adjusting for the effects of all dilutive potential equity shares, if any.

(h) Taxes on Income

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to when it relates to items recognized directly in equity or items recognised in other comprehensive income.

Current income tax for current period is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income

in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and deferred tax liabilities have been offset as they are governed by the same taxation laws.

The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

MAT

Minimum Alternative tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustments to future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal income tax. Accordingly, MAT credit is recognized as asset in the balance sheet when it is probable that future economic benefit associated with it will flow to the Company.

(i) Government Grants

- i. The government grants are recognized only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received.

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- ii. Government grants in relation to fixed assets are treated as deferred income and are recognized in the statement of profit and loss on a systematic and rational basis over the useful life of the asset.
- iii. Government grants related to revenue are recognized on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.
- iv. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognised in profit or loss in the period in which they becoming receivable.

(j) Foreign Currency Transactions

Transaction and balances

The foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

The monetary items denominated in foreign currency are reported using the closing rate at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency is translated using the exchange rate at the date of the transaction.

The non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences arising on the settlement or reporting of monetary items at rates different from rates at which these

were initially recorded during the period or reported in previous financial statements as recognised in the statement of profit or loss in the period in which they arise.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statements of profit and loss, within finance cost. All other foreign exchange gains and losses are presented in the statement of profit and loss on net basis.

(k) Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

(l) Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land. 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 leases for which underlying asset is of

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low value. For these short-term and leases for which underlying asset is of low value, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

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. 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 lessee's incremental borrowing rate. 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.

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.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Transition as per Ind AS 116

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method along with the transition option to recognize Right-of-Use asset (ROU) at an amount equal to the lease liability. In respect of leases that were classified as operating leases applying Ind AS 17, On transition, the adoption of this standard has resulted in recognition of Right of use assets of ₹ 1162.62 lacs and Lease liability of ₹ 0.08 lacs. The above amount of "Right of use" asset includes ₹ 1162.54 lacs that has been reclassified from prepayment of lease hold premium shown under "Other Current and Non-Current Assets". Consequently there has been no adjustment to the opening balance of retained earnings. Accordingly comparatives of the year ended 31st March 2019 have not been retrospectively adjusted. In the statement of profit and loss for the current period operating lease expense has changed from Rent to Depreciation Cost for Right of Use asset. The adoption of this standard does not have any significant impact on profit and earning per share of the current period.

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(m) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liability are recognised when the company entity becomes a party to the contractual provisions of its instruments.

i. Initial Recognition and measurement

All financial assets and liabilities are initially recognized at fair value plus or minus transaction cost that are directly attributable to the acquisition or issue of financial asset or

financial liability on initial recognition. Transaction cost that are directly attributable to the acquisition of financial assets or financial liabilities, which are carried at fair value through profit or loss are immediately recognized in the statement of profit or loss.

ii. Subsequent measurement

• Non-derivative financial instruments

1. Financial assets carried at amortised cost

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

2. Financial assets at fair value through other comprehensive income

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

3. Investments in equity instruments measured at fair value through other comprehensive income

On initial recognition, the company can make an irrevocable election for its investment which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. These elected investments are initially measured at fair value plus transaction cost, subsequently there are measured at fair value with gains and losses arising from changes in fair value recognized 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 the Statement of Profit or loss on disposal of the investments.

- The above election is not permitted if the equity investment is held for trading.

Dividend on these investments in equity instruments are recognised in profit or loss when the Company's right to receive

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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.

4. Financial assets at fair value through profit or loss

- A financial asset which is not classified in any of the above categories is subsequently measured at fair value through profit or loss.

- Debt instruments that meet the amortised cost criteria or the fair value through other comprehensive income but are designated as fair value through profit or loss are measured at FVTPL.

5. Financial liabilities

- The financial liabilities are subsequently carried at amortized cost using the effective interest method.

• Derivative financial instruments

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

• Financial assets or financial liability at fair value through Profit or Loss

This category has derivative financial assets or liabilities which are not designated as hedges.

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

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

• Cash Flow Hedge

The Company has not designated derivative financial instruments as cash flow hedges.

• Equity Instruments:

Equity instruments are any contract that evidences a residual interest in the assets of an equity after deducting all of its liabilities.

• Ordinary Shares

Equity shares issued by the company are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

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- **Derecognition of financial instruments**

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or it transfers the right to receive the contractual cash flows including risk and rewards of ownership.

A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

- **Offsetting**

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when, and only when, the company has a legally enforceable right to set off the amount and it intends, either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

- **Fair value measurement**

Fair value of financial assets and liabilities is normally determined by reference to the transaction price or market price, if the fair value is not reliably determinable then the fair value is determined by using the valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Based on the three level fair value hierarchy, the methods used to determine the fair value of financial assets and liabilities include quoted market price, discounted cash flow analysis and valuation certified by the external valuer.

In case of financial instruments where the carrying amount approximates fair value due to the short maturity of those instruments, carrying amount is considered as fair value.

- iii. **Impairment of financial assets**

Financial assets that are carried at amortised cost and fair value through other comprehensive income (FVOCI) are assessed for possible impairments basis expected credit losses taking into account the past history of recovery, risk of default of the counterparty, existing market conditions etc. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

Expected Credit Losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments).

For trade receivables or any contractual right to receive cash or another financial asset that result from transaction that are within the scope of Ind AS 115 and Ind AS 116. The Company 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 company has

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used a practical expedient as permitted under Ind AS 109. The company follows simplified approach does not require the company to track changes in credit risk. Rather it recognizes impairment loss allowance based on lifetime ECL's at each reporting date, right from its initial recognition.

For other assets, the company uses 12 months ECL to provide for impairment loss where is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

(n) Segment reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components, and for which discrete financial information is available.

(o) Cash and cash equivalents

Cash and cash equivalent for the purpose of statement of cash flows include bank balances, where the original maturity is three months or less and other short term highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value. Bank overdraft are included as a component of cash and cash equivalent for the purpose of statement of cash flow.

(p) Cash flow statement

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows" using the indirect method for operating activities.

(q) Provisions and Contingent liabilities:

(A) Provisions

- Provisions are recognized if, as a result of past event, the company has a present obligation (legal or constructive), and it is probable that a cash outflow will be required to settle the obligation in respect of where a reliable estimate can be made.
- As the timing of outflows of resources is uncertain, being dependent upon the outcome of the future proceedings, these provisions are not discounted to their present value.
- When some or all of economics benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursements will be received and amount of the receivable can be measured reliably.

(B) Contingent liability

- A disclosure for contingent liability is made when is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.
- When there is possible obligation or a present obligation where the like hood of an outflow of resources is remote no provision or disclosure is made.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Contingent assets are neither recognized nor disclosed in the financial statements

Provisions, contingent liabilities, and commitments are reviewed at each balance sheet date.

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Note 2.4 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with Indian Accounting Standards (Ind AS) require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statement and reported amount of revenue and expense during the period.

Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcome requiring a material adjustment to the carrying amount of assets or liabilities in future period.

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:

i. Useful lives of property, plant and equipment

The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, internal assessment of user experience and other economic factors (such as the stability of the industry, and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the asset.

The Company reviews the useful life of property, plant and equipment at the end of each reporting date.

ii. Recoverable amount of property, plant and equipment

The recoverable amount of property plant and equipment is based on estimates and assumptions regarding the expected market

outlook and expected future cash flows. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

iii. Defined benefit plans

Employee benefit obligations are measured on the basis of actuarial assumptions including any changes in these assumptions that may have a material impact on the resulting calculations.

iv. Recognition of deferred tax assets

Management judgement is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to signification adjustment to the amounts reported in financial statement.

v. Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claims/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy. The Company annually assesses such claims and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary.

vi. Fair value measurement

Some of the company's assets and liabilities are measured at fair value for financial reporting process. In estimating the fair value of an asset or liability, the company uses market-observable data to the extent is available.

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vii. Estimate of uncertainty relating to global health pandemic (COVID-19)

On account of COVID-19 pandemic the Company has made assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventories and trade receivables as at the date of the balance sheet. The Company has considered internal and external sources of information for making said assessment. Basis the evaluation of the current estimates, the Company expects to recover the carrying amount of these assets and no material adjustments is required in the

financial statements. Given the uncertainties associated with nature, condition and duration of COVID-19, the Company will closely monitor any material changes arising of the future economic conditions and any significant impact of these changes would be recognized in the financial statements as and when these material changes to economic condition arise.

Recent Indian accounting standards (Ind AS)

Ministry of corporate affairs ("MCA") notifies new standard or amendments to the existing to the existing standards. There is no such notification which would have been applicable from April 1, 2020.



Notes of Financial Statements for the year ended 31st March 2020

3 (a) Property, plant and equipment and capital work-in-progress

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Carrying amount of		
Buildings	1,363.34	1,306.32
Plant and equipment	3,718.06	3,686.51
Furniture and fixtures	12.64	6.40
Vehicles	66.13	82.15
Office equipment	75.99	77.41
Total Property, plant and equipment	5,236.16	5,158.79
Capital work-in-progress	1.95	2.78
	5238.11	5,161.57

3 (a) Cost or Deemed Cost

Particulars	(₹ in Lakhs)					
	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office Equipment	Total
Balance at 1st April 2019	1576.65	5177.12	11.74	122.98	170.83	7059.32
Additions	135.62	425.75	7.39	-	17.50	586.26
Deletions	-	-	-	-	(1.20)	(1.20)
Balance at 31st March 2020	1712.27	5602.87	19.13	122.98	187.13	7644.38
Accumulated depreciation as at 1st April 2019	(270.33)	(1490.61)	(5.34)	(40.83)	(93.42)	(1900.53)
Depreciation	(78.60)	(394.20)	(1.15)	(16.02)	(17.69)	(507.66)
Accumulated depreciation on deletions	-	-	-	-	(0.03)	(0.03)
Accumulated depreciation as at 31st March 2020	(348.93)	(1884.81)	(6.49)	(56.85)	(111.14)	(2408.22)
Carrying Value as of 31st March 2020	1363.34	3718.06	12.64	66.13	75.99	5236.16
Carrying Value as of 1st April 2019	1306.32	3686.51	6.40	82.15	77.41	5158.79

Notes of Financial Statements for the year ended 31st March 2020

3 (a) Cost or Deemed Cost (contd..)

(₹ in Lakhs)

Particulars	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office Equipment	Total
Balance at 01st April 2018	1558.31	4998.36	11.74	119.35	152.63	6840.39
Additions	18.34	189.73	0.00	10.94	18.35	237.36
Deletions	0.00	(10.97)	(0.00)	(7.31)	(0.15)	(18.43)
Balance at 31st March 2019	1576.65	5177.12	11.74	122.98	170.83	7059.32
Accumulated depreciation as at 1st April 2018	(192.38)	(1106.26)	(4.34)	(27.48)	(37.54)	(1368.00)
Depreciation	(77.95)	(387.62)	(1.00)	(17.34)	(55.88)	(539.79)
Accumulated depreciation on deletions	0.00	3.27	0.00	3.99	0.00	7.26
Accumulated depreciation as at 31st March 2019	(270.33)	(1490.61)	(5.34)	(40.83)	(93.42)	(1900.53)
Carrying Value as of 31st March 2019	1306.32	3686.51	6.40	82.15	77.41	5158.79
Carrying Value as of 1st April 2018	1365.93	3892.10	7.40	91.87	115.09	5472.39

Notes on property, plant and equipment

- Borrowing cost capitalised during the year ₹ NIL (Previous year NIL).
- Also refer note 2(c) for option used by the company to use carrying value of previous GAAP as deemed cost as on April 1, 2015

3 (b) Right of Use-Asset

(₹ in Lakhs)

Right of Use Asset	As at 31 st March 2020	As at 31 st March 2019
Carrying amount of		
Land	1,147.19	-
Total Right of Use Asset	1,147.19	-

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Balance at 01st April 2019	-	-
Additions	-	-
Adjustments/Transfer (Refer no 39)	1,162.62	-
Deletions	-	-
Balance at 31st March 2020	1162.62	-

Notes of Financial Statements for the year ended 31st March 2020

3 (b) Right of Use-Asset (Contd..)

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Accumulated depreciation as at 1st April 2019	-	-
Amortisation	(15.43)	-
Accumulated amortisation on deletions	-	-
Accumulated amortisation as at 31st March 2020	(15.43)	-
Carrying Value as of 31st March 2020	1147.19	-
Carrying Value as of 1st April 2019	-	-

*Refer note no 39 "Leases" for ROU assets movement

Note - The aggregate amortisation expense on right of use asset is included under depreciation and amortization expense in the statement of profit and loss.

4 Investments

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Non current		
Non trade Investments		
Investments carried at fair value through other comprehensive income (FVTOCI)		
Investment in equity instrument (Unquoted)		
1,647,525 (31 March 2019: 1,647,525) Equity Shares of Narmada clean Tech (formerly known as Bharuch Eco-Aqua Infrastructure Ltd. of ₹ 10/- each fully paid up.)	279.22	303.80
Investments carried at fair value through profit or loss (FVTPL)		
Investments in Mutual Funds; Debt Funds; Fixed Maturity plans		
Investment in Mutual Fund (Quoted)		
26,000,000 (31 March 2019: 26,000,000) Units of ₹ 10/- each of HDFC FMP1150D March 2018 (1) Direct Growth Series -39	3,080.19	2,823.96
* 25,000,000 (31 March 2019: 25,000,000) Units of ₹10/- each of SBI SDFC C - 16 (1100 Days) Direct Growth	2,950.53	2,706.70
Total	6,309.94	5,834.46

Notes of Financial Statements for the year ended 31st March 2020

4 Investments (Contd..)

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Aggregate amount of quoted investments	6,030.72	5,530.66
Aggregate market value of quoted investments	6,030.72	5,530.66
Aggregate amount of unquoted investments	279.22	303.80
Aggregate amount of impairment in value of investments	-	-

Refer note 42

*Refer Note 46 B information on investment pledged as security by company.

5 Loans - Non current

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Financial assets at amortized cost		
Loans receivables considered good - Unsecured		
- Loans to employees	0.12	0.03
	0.12	0.03

6 Other financial assets

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Non Current		
Financial assets at amortized cost		
Fixed Deposit with banks more than twelve months maturity	1,996.00	-
	1,996.00	-

Notes of Financial Statements for the year ended 31st March 2020

7 Other Non Current Assets

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
(Unsecured considered good under otherwise stated)		
Security deposits	47.54	47.54
Deferred Expense for Employee benefit	0.02	0.01
Prepayments of lease hold land premium #	-	1,147.11
Prepaid Expenses	1.87	3.26
	49.43	1,197.92

Refer note 2(l)

8 Inventories (at cost or net realizable value, whichever is lower)

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Raw materials	1,364.46	2,317.14
Raw materials in transit	2,828.79	3,579.61
Finished goods	757.34	577.47
Work in progress	181.43	213.09
Stores and spares	915.00	949.86
	6,047.02	7,637.17

The amount of inventory recognised as an expense during the year is ₹ 26,878.63 Lakhs (Previous year ₹31,919.41)

Other Investments (Current)

9 Current Investments

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Financial assets measured at fair value through profit or loss (FVTPL)		
Investments in Preference Shares (Quoted)		
Nil (31 March 2019: 5,00,000) Preference Shares of ₹ 100/- each of L& T Redemable Preference Shares	-	497.78
(i) Investment in Bonds/Debentures (Quoted)		
Nil (31 March 2019 : 3,000) Units of ₹ 1,00,000 / each of IIFL Wealth Finance ltd JM Financial Products Limited TR-BE-XX Opt IA & IB BR NCD 29NV19 FVRS10LAC	-	3,298.23

Notes of Financial Statements for the year ended 31st March 2020

Other Investments (Current)

9 Current Investments (Contd..)

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Nil (31 March 2019 : 100) Units of ₹ 1,000,000 / each of JM Financial Products Limited TR-BE-XX Opt IA & IB BR NCD 29NV19 FVRS10LAC	-	1,100.41
Nil (31 March 2019 : 150) Units of ₹ 1,000,000 / each of JM Financial Products Limited TR-BL-IV OPT III BR NCD 16DC19 FVRS10LAC	-	1,634.37
Nil (31 March 2019 : 6000) Units of ₹ 100,000 / each of ECAP Equities Limited SR-J9J701A NCD 24MR20 FVRS1LAC	-	6,652.20
(ii) Investment in Mutual Funds (Quoted)		
Nil (31 March 2019 : 19,974,912) Units of ₹ 10 / each of L & T Resurgent India Corporate Bond Fund Direct Growth	-	2,817.36
18,647,984 (31 March 2019: 13,860,137) Units of ₹ 10/- each of ICICI Equity Arbitrage Fund - Direct Dividend	5,031.62	2,008.53
67,870 (31 March 2019: 67,698) Units of ₹ 1000/- each of SBI Liquid Fund Direct Growth	2,110.11	1,982.60
Nil (31 March 2019: 20,839) Units of ₹ 1000/- each of SBI Magnum Low Duration Fund Direct Growth	-	506.66
Nil (31 March 2019: 14,545,667) Units of ₹ 10/- each of SBI Arbitrage Opportunities-Direct Dividend	-	2,064.02
8,975,084 (31 March 2019: Nil) Units of ₹ 10/- each of IDFC Arbitrage Fund - Growth (Direct Plan)	2,309.36	-
7,376 (31 March 2019: Nil) Units of ₹ 1000/- each of SBI Overnight Fund Direct Growth	240.00	-
	9,691.09	22,562.16
Aggregate amount of quoted investments	9,691.09	22,562.16
Aggregate Market value of quoted investments	9,691.09	22,562.16
Aggregate amount of unquoted investment	-	-
Aggregate amount of impairment in value of investments	-	-

Refer note 42

*Investment having maturity period of less than 12 months from March 31, 2020 i.e. the balance sheet date have been reclassified as ' Current Investment' during the year, if applicable.

Notes of Financial Statements for the year ended 31st March 2020

10 * Trade receivables

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Receivable from related parties		
- Unsecured, considered good	-	-
Receivable from others		
- Secured, considered good	-	-
- Unsecured considered good	950.41	1,560.29
- Significant increase in Credit risk	-	-
- Credit impaired	4.84	4.84
- Less Allowances	(4.84)	(4.84)
	950.41	1,560.29
(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 5 days and 90 days against letter of credit (2018-19- 5 days and 90 days against letter of credit) in case of domestic sale.		
(ii) Ageing of allowances of doubtful trade receivables		
- Less than 180 days	-	-
- More than 180 days	4.84	4.84
	4.84	4.84
(iii) Age of receivables		
- Less than 180 days	937.73	1,547.61
- More than 180 days	17.52	17.52
	955.25	1,565.13
(iv) Movement in expected credit loss allowance		
- Balance at the beginning of the year	4.84	4.84
- Reversal of provision during year	-	-
- Provision provided during the year	-	-
- Balance at the end of the year	4.84	4.84

Refer note 42

Note: No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person or from firms or private company in which any directors is a partner, a director or a member.

Notes of Financial Statements for the year ended 31st March 2020

11 Cash and cash equivalents

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Cash on hand	0.45	0.06
Balance with banks :		
- In current accounts	179.19	176.64
- In deposit accounts with maturity of less than three months	6,100.00	-
	6,279.64	176.70

Refer note 42

11 A Bank Balances other than Cash and cash equivalents

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Other bank balances		
- Earmarked balances with banks*	85.07	73.16
- Deposits with maturity more than three months but less than twelve months	6,094.00	-
	6,179.07	73.16

* Earmarked balances with banks includes ₹ 47.16 Lakhs (March 31, 2019: ₹ 37.64 Lakhs) pertaining to dividend accounts with banks and ₹37.91 Lakhs (March 31, 2019: ₹ 35.52 Lakhs) pledged with government authorities and others.

12 Loans

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Financial assets at amortized cost		
Loans receivables considered good - Unsecured		
- Loans to employees	2.37	0.74
	2.37	0.74

Notes of Financial Statements for the year ended 31st March 2020

13 Other financial assets

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Financial assets at amortized cost		
- Interest Accrued but not due	20.72	20.22
- Advances to employees	6.30	5.86
- Others	3.35	4.08
Financial assets at Fair value through Profit or Loss		
- Derivative Financial Instruments	235.32	-
	265.69	30.16

Refer note 42

14 Other current assets

(Unsecured considered good, unless otherwise stated)

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Advances to Suppliers		
- For supply of goods and rendering of services	290.07	637.47
Prepaid expenses	36.59	54.49
Balances and Deposits with Government Authorities or Others	847.81	390.24
Deferred Expense for Employee benefits	0.09	0.02
Prepayments of Lease hold land premium #	-	15.43
	1,174.56	1,097.65

Refer note 2 (L)

15 Equity share Capital

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Authorised		
15,00,00,000 (31 st March 2019:15,00,00,000) Equity Shares of ₹10 each	15,000.00	15,000.00
150,000,000 Equity Shares, ₹10/- each	15,000.00	15,000.00
Issued, Subscribed and Paid-up		
8,03,63,746 (31 st March 2019:8,03,63,746) Equity Shares of ₹10 each	8,036.37	8,036.37
80,363,746 Equity Shares, ₹ 10/- each		
Total issued, subscribed and fully paid-up share capital	8,036.37	8,036.37

Notes of Financial Statements for the year ended 31st March 2020

(a) Reconciliation of the share outstanding at the beginning and at the end of the reporting period

	As at 31 st March 2020		As at 31 st March 2019	
	Number of shares	₹ in Lakhs	Number of shares	₹ in Lakhs
At the beginning of the period	8,03,63,746	8,036.37	8,03,63,746	8,036.37
Outstanding at the end of period	8,03,63,746	8,036.37	8,03,63,746	8,036.37

(b) Terms/ rights attached to equity shares

The company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share held.

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. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting except in case of interim dividend.

(c) Shares held by holding company and/ or their subsidiaries/ associates

Out of equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Vardhman Textiles Limited, the holding Company 5,68,51,144 (previous year 5,68,51,144) Equity Shares of ₹10/- each fully paid	5,685.11	5,685.11
VTL Investments Limited, the fellow subsidiary of Company 70,330 (previous year 70,330) Equity Shares of ₹.10/- each fully paid	7.03	7.03

(d) Details of shareholders holding more than 5% shares in the company

	As at 31 st March 2020		As at 31 st March 2019	
	No. of shares	% of Shareholding	No. of shares	% of Shareholding
Vardhman Textiles Ltd.	5,68,51,144	70.74	5,68,51,144	70.74

Notes of Financial Statements for the year ended 31st March 2020

(e) Aggregate number and class of shares bought back in the period of five year immediately preceding year March 31, 2020
(₹ in Lakhs)

Year	As at 31 st March 2019	As at 31 st March 2018	As at 31 st March 2017	As at 31 st March 2016	As at 31 st March 2015
Equity shares bought back by the company	-	-	1,26,44,090	-	-

16 Other equity

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Capital redemption reserve	2,816.88	2,816.88
Securities premium	-	-
General reserve	4,006.15	4,006.15
Retained earnings	20,622.16	18,417.73
Equity instruments through other comprehensive income	66.78	91.36
Other items of other comprehensive income	(5.59)	(2.70)
Total other equity	27,506.38	25,329.43

Nature and purpose of reserve

- (i) Capital redemption reserve: Capital Redemption Reserve is a statutory, non-distributable reserve into which amounts are transferred following the redemption of capital or purchase of a company's own shares.
- (ii) Securities premium: The amount received in excess of face value of the equity shares is recognised in Securities Premium. It can be utilized in accordance with the provisions of the Companies Act 2013, for issuance of bonus shares to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc
- (iii) 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.
- (iv) 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.
- (v) Reserve for equity instruments 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.
- (vi) Reserve for other items of other comprehensive income: Other items of other comprehensive income comprises income/(Expense) represent the actuarial gain/(loss) recognised during the year (net of taxes)

Notes of Financial Statements for the year ended 31st March 2020

17 Lease liabilities (Non Current)*

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Financial liabilities at amortized cost		
- Lease liability	0.08	-
	0.08	-

Refer note 39

18 Provisions (Non-Current)

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Provision for employee benefits		
- Provision for compensated absences	56.68	50.68
	56.68	50.68

Refer note 36.3

19 Deferred tax liabilities (net)

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Deferred tax liabilities (net)	1,056.12	1,959.91
	1,056.12	1,959.91

Refer note no - 41

20 Other Non Current liabilities

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
- Other liabilities	9.48	7.51
	9.48	7.51

Notes of Financial Statements for the year ended 31st March 2020

21 Borrowings (current)

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
- From banks (unsecured at amortised cost)	141.88	75.39
	141.88	75.39

*Credit limit from banks is secured by lien on investments held by the company
Refer note no - 42

22 Trade payables

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Total outstanding dues of micro enterprises and small enterprises (Refer Note 44)	33.38	30.10
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,401.23	6,826.96
	5,434.61	6,857.06

23 Other financial liabilities (current):

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Financial liabilities at amortized cost		
- Due to employees	111.66	170.14
- Securities Received	3.95	3.00
- Others	310.62	236.95
Financial liabilities at Fair value through Profit or Loss		
- Derivative Financial Instruments	-	152.93
	426.23	563.02

Refer note no - 42

Notes of Financial Statements for the year ended 31st March 2020

24 Provisions

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Provision to Employee benefits		
- Compensated absences	7.97	10.12
	7.97	10.12

25 Current tax liabilities (net)

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
- Provision for taxation (Net of advance taxes ₹14,060.58 Lakhs, Previous year ₹13,197.82 Lakhs)	2,501.88	2,303.62
	2,501.88	2,303.62

26 Other current liabilities

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
- Withholding and other tax payables	61.97	55.46
- Trade deposits and advances	25.71	25.64
- Unpaid Dividend*	47.16	37.64
- Others liabilities	18.12	20.16
	152.96	138.90

* Unpaid dividend does not include any amount due and outstanding required to be credited to the Investors Education and Protection Fund.

Notes of Financial Statements for the year ended 31st March 2020

27 Revenue from operations

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Sale of products		
Finished Goods (Fibre & Tow)	33,051.97	38,719.93
Trading Goods (Acrylonitrile)	371.18	449.79
Other Operating Revenue	12.38	26.63
Export Incentives	1.34	-
	33,436.87	39,196.35

28 Other Income

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Interest income on financial assets carried at amortized cost	36.13	51.71
Interest income on employee loans	0.02	0.10
Dividend income on investments carried at fair value -		
-through Profit or loss	310.72	215.23
Net Gain on sale of investment carried at fair value through Profit or loss (Net of fair valuation gain / loss upto previous years)	1,449.35	238.98
Net Gain on investments carried at fair value through profit or loss	540.79	1,411.50
Insurance claims received	1.16	1.05
Sundry balances/Liabilities / Provisions no longer required, written back (net).	32.34	164.06
Other non operating income	14.92	5.44
Profit from sale of discarded assets	6.62	-
Net foreign exchange gain	268.69	386.61
	2,660.74	2,474.68

29 Cost of Materials Consumed

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Inventory at the beginning of the year	2,317.14	1,917.93
Add : Purchases	22,779.54	29,229.72
	25,096.68	31,147.65
Less: inventory at the end of the year	1,364.46	2,317.14
Cost of raw material consumed	23,732.22	28,830.51

Notes of Financial Statements for the year ended 31st March 2020

29 Cost of Materials Consumed (Contd..)

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Raw materials consumed (Major Heads)		
Acrylonitrile	21,930.45	26,668.76
Vinyl Acetate Monomer	1,200.66	1,565.16
Others	601.11	596.59
	23,732.22	28,830.51

30 Purchases Of Stock-In-Trade

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Acrylonitrile	372.40	437.43
	372.40	437.43

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

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Inventories at the beginning of the year		
Finished Goods	577.47	865.02
Work-in-Progress	213.09	413.76
	790.56	1,278.78
Less - Inventories at the end of the year		
Finished Goods	757.34	577.47
Work-in-Progress	181.43	213.09
	938.77	790.56
Net (increase) / decrease in opening and closing stock	(148.22)	488.22
Stock Particulars of Finished Goods		
Fibre and Tow (MT)	569.68	415.05

Notes of Financial Statements for the year ended 31st March 2020

32 Employee Benefits

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and other allowances	1,459.29	1,350.67
Amortization of Deferred Employee benefits	0.02	0.10
Contribution to Provident and other funds	77.74	73.56
Staff welfare expense	37.95	33.01
	1,575.00	1,457.34

33 Finance Costs

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Interest on		
- Working capital and others	5.52	9.35
Other borrowing cost	24.15	34.62
	29.67	43.97

34 Other Expenses

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Power and fuel	2,545.78	2,397.41
Water charges	308.84	275.70
Consumption of stores and spares	327.73	412.14
Repair and maintenance		
-Machinery	434.25	451.10
-Building	59.63	89.73
-Other	12.74	9.60
Rent	-	15.43
Rates and taxes	377.49	407.53
Insurance	38.76	22.60
Payment to auditor		
Audit fee	2.50	2.50
Tax audit fee	0.50	0.50
Reimbursement of expenses	1.14	1.94
In other capacity	0.33	0.30

Notes of Financial Statements for the year ended 31st March 2020

34 Other Expenses (Contd..)

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Legal and professional	55.53	23.13
Bad debts written off / Excess provision Written off	0.84	9.67
Net Loss on sale of Plant, property and equipment	-	1.07
Property, Plant and Equipment discarded	1.23	1.73
Expenditure of CSR activities (refer note 45)	68.12	74.50
Allocation of common corporate expenses	85.08	85.94
Selling expenses	775.94	789.88
Miscellaneous expenses	131.41	128.27
	5,227.84	5,200.67

35. Contingent Liabilities and Commitments:

A. Contingent Liabilities

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
a. Claims against the Company not acknowledged as debts:		
Sales tax, excise duty, vat etc*	421.35	427.75
Income-tax**	93.68	75.63

* Amount deposited ₹ 47.66 Lakhs (31st March 2019 : ₹ 48.51 Lakhs)

** Amount deposited ₹22.26 Lakhs (31st March 2019 : ₹ 22.26 Lakhs)

- b. Liability on account of outstanding bank guarantees and letter of credit of ₹183.75 Lakhs (previous year ₹ 372.75 Lakhs).
- 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 Hon'ble Supreme Court in a recent ruling last year had passed a judgement on the definition and scope of 'Basic Wages' under the Employees' Provident Funds and Miscellaneous Provision Act, 1952. Pending issuance of guidelines by the regulatory authorities on the application of this ruling, the impact on the Company, if any, cannot be ascertained. The Company will update its provision, on receiving further clarity on this subject matter.

Notes of Financial Statements for the year ended 31st March 2020

B. Commitments

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	74.15	398.14

36. Disclosures as required by Indian Accounting Standard (Ind AS) 19 Employee Benefits:

36.1 Defined Contribution Plans:

Amounts recognised in the statement of profit and loss are as under

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Superannuation fund	4.75	6.17
Provident fund administered through Regional Provident Fund Commissioner	72.99	67.39

The expenses incurred on account of the above defined contribution plans have been included in Note No. 32 "Employee Benefits Expenses" under the head "Contribution to provident and other funds"

36.2 Defined Benefit Plan:

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.

These plans typically expose the company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

- i. Salary Risk- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- ii. Investment Risk - If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- iii. Interest Risk- A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the plan assets.

Notes of Financial Statements for the year ended 31st March 2020

- iv. Longevity risk- The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

The following tables set out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at 31st March 2020 and 31st March 2019.

- a. Movement in the present value of defined benefit obligations are as follows :

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Present value of defined benefit obligation, as at the beginning of the year	196.48	189.50
Current service cost	19.83	18.91
Interest cost	15.03	14.61
Actuarial (gain)/ loss	(3.85)	(0.15)
Actual Benefits paid	(43.77)	(26.39)
Past service cost including curtailment gains / losses	-	-
Present value of defined benefit obligation at the end of the year	183.72	196.48

- b. Movement in the fair value of the plan assets are as follows :

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Fair Value of Plan Assets, as at beginning of the year	202.42	151.44
Expected return on Plan Assets	15.48	11.68
Contribution by the employer	-	38.20
Return on plan assets, greater/(lesser) than expected return	(7.72)	1.16
Actual Benefits Paid	(5.84)	(0.06)
Fair Value of Plan Assets, as at end of the year	204.34	202.42

- c. Net (liability) / assets recognized in balance sheet:

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Present Value of the obligation at end of the year	183.72	196.48
Fair value of plan assets	204.34	202.42
Unfunded Liability/provision in Balance Sheet	20.62	5.96

Notes of Financial Statements for the year ended 31st March 2020

d. Constitution of plan assets

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Quoted:		
Corporate Bonds	68.45	68.45
Government of India Securities	-	-
State government/State government guaranteed securities	98.45	94.36
Mutual funds	20.85	27.10
Unquoted:		
Cash at bank and receivables	16.59	12.51
Total plan assets	204.34	202.42

e. Amount recognized in statement of profit and loss

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Current service cost	19.83	18.91
Net Interest expense	(0.46)	2.93
Amount recognized in the Statement of Profit and Loss	19.37	21.84

The current service cost, past service cost and the net interest expenses for the year are included in Note 32 Employee Benefits Expenses” under the head “Salaries and Wages

f. Amount recognized in Other Comprehensive Income (OCI):

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Actuarial (Gain)/Losses on arising from Change in Demographic Assumption	(0.09)	-
Actuarial (Gain)/Losses on arising from Change in Financial Assumption	11.28	0.73
Actuarial (Gain)/Losses on arising from Experience Adjustment	(15.04)	(0.89)
Actuarial (gain)/losses arising for the year on assets	7.72	(1.16)
Amount recognized in OCI	3.87	(1.31)

Notes of Financial Statements for the year ended 31st March 2020

- g. The quantitative sensitivity analysis on net liability recognized on account of change in significant assumptions:

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Discount Rate		
0.50% Increase	(6.98)	(6.03)
0.50% decrease	7.48	6.45
Future Salary increase		
0.50% Increase	7.50	6.53
0.50% decrease	(7.06)	(6.15)

All other assumptions are considered constant.

As per Actuarial Certificate, sensitivities due to mortality and withdrawals are not material and hence impact of change has not been calculated.

- h. Maturity profile of Defined benefit Obligations:

Year	(₹ in Lakhs)	
	Amount	
0 to 1 Year	21.46	
1 to 2 Year	11.61	
2 to 3 Year	7.92	
3 to 4 Year	8.99	
4 to 5 Year	16.23	
5 to 6 Year	12.94	
6 Year onwards	104.57	

- i. The average duration of the defined benefit plan obligation at the end of the reporting period is 12.96 years (31st March 2019: 12.84 years)
- j. The expected contribution to the trust during the next year is ₹ 21.38 Lakhs (previous year ₹ 20.50 Lakhs).

Notes of Financial Statements for the year ended 31st March 2020

k. The principal assumptions used for the purpose of the actuarial valuations are as follows:

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Discount Rate (per annum)	6.80	7.65
Weighted average rate of increase in compensation levels	6.00	6.00
Retirement Age (Years)	58	58
Method Used	Projected Unit Credit Method	Projected Unit Credit Method
Mortality rates inclusive of provision for disability	100% of IALM (2012 - 14)	100% of IALM (2006 - 08)
Attrition at Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	5.00	5.00
From 31 to 44 years	5.00	5.00
Above 44 years	5.00	5.00

Mortality & Morbidity rates - 100% of IALM (2012-14) rates have been assumed which also includes the allowance for disability benefits.

36.3 Other long term employee benefit

- (i) Amount recognised in profit and loss in Note No. 32 Employee benefit expense under the head "Salaries, wages and other allowances" towards leave encashment is ₹ 18.61 Lakhs (Previous year ₹ 9.12 Lakhs).
- (ii) The amount payable as at the end of the reporting period is as under:

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Current	7.97	10.12
Non-Current	56.68	50.68

Notes of Financial Statements for the year ended 31st March 2020

37. Segment Information

The Company is primarily in the business of manufacturing, purchase and sale of "Acrylic Fibre and Tow. 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.

Revenue from operations

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Domestic	32,916.69	38,719.93
Overseas	135.28	-

Domestic information includes sales to customers located in India

Overseas information includes sales to customers located outside India.

Revenue from major customers

There are three customers (previous year three customers) that accounts for more than 10% of Company's revenue.

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
- Amount of sales	15,849.94	15,953.58

38. Related Party transactions:

In accordance with the requirements of IND AS 24, on "Related Party Disclosures", name of the related party, related party relationship, transactions and outstanding balances including commitments where control exits and with whom transactions have taken place during reported periods, are:

Related party and their relationship:-

(a) Key Management personnel

(i) Managing director	Mr. B. K. Choudhary
(ii) Non-executive directors and Independent Directors	Ms. Apinder Sodhi Mr. Munish Chandra Gupta Mr. Sanjit Paul Singh Mr. Surinder Kumar Bansal
(iii) Non-executive directors and non-independent directors	Mr. Shri Paul Oswal Mr. Darshan Lal Sharma Mr. Sachit Jain
(iv) Chief Financial Officer	Mr Vivek Gupta
(v) Company secretary	Mr. Satin Katyal

Notes of Financial Statements for the year ended 31st March 2020

b) Other related parties

S.No.	Nature of relationship	Name of related party
1	Holding Company	Vardhman Textiles Limited
2	Fellow Subsidiaries	VMT Spinning Company Limited VTL Investments Limited Vardhman Nisshinbo Garments Company Limited
3	Associates of Holding Company	Vardhman Yarns & Threads Limited Vardhman Spinning and General Mills Limited Vardhman Special Steels Limited

(c) Post-Employment Benefit Plans Trust

VAL GRATUITY TRUST FUND



Notes of Financial Statements for the year ended 31st March 2020

Transactions with related parties.

Sr. Particulars No.	Holding Company		Fellow Subsidiaries.		Key Management Personnel (KMP)		Others		Total
	For the year ended 31 st March 2020	For the year ended 31 st March 2019	For the year ended 31 st March 2020	For the year ended 31 st March 2019	For the year ended 31 st March 2020	For the year ended 31 st March 2019	For the year ended 31 st March 2020		
	(₹ in Lakhs)								
1	9,229.21	10793.65	-	-	-	-	-	9,229.21	10,793.65
2	7.70	9.17	0.09	-	-	-	-	7.79	9.17
3	299.97	18.38	13.31	10.73	-	-	-	313.28	29.11
4	75.97	75.97	-	-	-	-	-	75.97	75.97
5	-	0.67	-	-	-	-	-	-	0.67
6	-	-	-	-	187.14	132.20	-	187.14	132.20
6(a)	-	-	-	-	25.80	21.89	-	25.80	21.89
7	1,421.28	1,137.02	1.76	1.41	-	-	-	1,423.04	1,138.43
8	3.13	0.52	-	-	-	-	-	3.13	0.52
9	1.08	3.15	-	-	-	-	-	1.08	3.15
10	-	-	-	-	-	-	38.20	-	38.20

*** As the liabilities for gratuity, compensated absences are provided on an actuarial basis for the Company as a whole, the amount pertaining to key managerial personnel has not been included.

*** Also includes sitting fees to non-executive directors.

*** The Amount excludes provision for employee benefits but includes sitting fees paid / payable to non-executive directors. Perquisites values are considered as per the provisions of Income tax act, 1961.

Notes of Financial Statements for the year ended 31st March 2020

Outstanding Balances of Related parties

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Receivables	NIL	NIL
Payables	NIL	NIL
Total	NIL	NIL

39. Disclosures as required by Indian Accounting Standard (Ind AS) 116 "Leases":-

The Company has lease contracts for Land. 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.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹0.08 lakhs and a lease liability of ₹0.08 lakhs. Further, in respect of leases which were classified as operating leases, applying Ind AS 17, ₹ 1162.54 lakhs 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.

(a) Following are the changes in the carrying value of right of use assets for the year ended 31st March 2020:

Particulars	(₹ in Lakhs)
	For the year ended 31 st March 2020
Balance as on 01 st April 2019	-
Reclassified on account of adoption of Ind AS 116	1162.62
Addition	-
Deletion	-
Amortisation	(15.43)
Balance as on 31 st March 2020	1147.19

The aggregate amortisation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

(b) The following is the break-up of current and non-current lease liabilities as at 31st March 2020

Particulars	Amount (in Lakhs)
Current lease liabilities	-
Non-Current lease liabilities	0.08
Total	0.08

Notes of Financial Statements for the year ended 31st March 2020

(c) Following is the movement in lease liabilities during the year ended 31st March 2020:

Particulars	Amount (in Lakhs)
Balance at the beginning of the year	0.08
Finance cost accrued during the year	0.01
Payment of lease liabilities	(0.01)
Balance at the end of the year	0.08

(d) Following is the movement in lease liabilities during the year ended 31st March 2020:

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Less than one year	15.43	15.43
One to five years	61.73	61.73
More than five years	1070.03	1085.38
Total	1147.19	1162.54

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

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

Particulars	Amount (in Lakhs)
Amortisation Expenses on Right of use Assets	15.43
Interest expense on lease liabilities	0.01
Expense relating to short-term leases (included in other expenses)	-
Total Amount Recognised in Profit and Loss	15.44

Notes of Financial Statements for the year ended 31st March 2020

40. Earning Per Share

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Basic earnings per share (INR)	5.76	4.29
Diluted earnings per share (INR)	5.76	4.29
Profit attributable to the equity holders of the Company used in calculating basic earning per share (₹ in Lakhs)	4626.50	3448.76
Weighted average number of equity shares for the purpose of basic earning per share (numbers)	80,363,746	80,363,746
Profit attributable to the equity holders of the Company used in calculating dilutive earning per share (₹ in Lakhs)	4626.50	3448.76
Weighted average number of equity shares for the purpose of dilutive earning per share (numbers)	80,363,746	80,363,746

The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity, if any.

41. Income Tax:

The following is the analysis of deferred tax assets / (liabilities) presented in the balance sheet.

41.1. Deferred tax liabilities (Net)

	(₹ in Lakhs)				
	Opening Balance	Recognised in Profit or Loss being opening adjustment due to change in tax rate	Recognised in profit or loss	Recognised in OCI	Closing Balance
2019-20					
A. Deferred tax assets					
Expenses deductible in future years	37.48	-	-	-	37.48
Others	-	(10.49)	1.39	-	(9.10)
Total	37.48	(10.49)	1.39	-	28.38
B. Deferred tax liabilities					
Property, plant and equipment and Intangible assets	(1,297.47)	362.98	65.50	-	(868.99)
Investment in bonds, mutual funds and equity instruments	(699.92)	310.36	219.86	-	(169.70)
Others	-	-	(45.81)	-	(45.81)
Total	(1,997.39)	673.34	239.55	-	(1084.50)
Net deferred tax liabilities	(1,959.91)	662.85	240.94	-	(1056.12)

Notes of Financial Statements for the year ended 31st March 2020

(₹ in Lakhs)

	Opening Balance	Recognised in Profit or Loss being opening adjustment due to change in tax rate	Recognised in profit or loss	Recognised in OCI	Closing Balance
2018-19					
A. Deferred tax assets					
Expenses deductible in future years	108.88	-	(71.40)	-	37.48
Total	108.88	-	(71.40)	-	37.48
B. Deferred tax liabilities					
Property, plant and equipment and Intangible assets	(1,401.11)	-	103.64	-	(1,297.47)
Investment in bonds, mutual funds and equity instruments	(721.78)	-	(23.45)	45.31	(699.92)
Others					
Total	(2,122.89)	-	80.18	45.31	(1,997.39)
Net deferred tax liabilities	(2,014.01)	-	8.79	45.31	(1,959.91)

Note: Deferred tax assets and deferred tax liabilities have been offset as they are governed by the same taxation laws.

41.2 Income tax recognised in profit or loss

(₹ in Lakhs)

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Current tax		
In respect of the current year	1062.89	1,233.13
Deferred tax		
In respect of the current year	(903.79)	(8.79)
Total income tax expense recognised	159.10	1,224.34

Notes of Financial Statements for the year ended 31st March 2020

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

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Profit before tax	4,785.60	4,673.10
Tax at the Indian Tax Rate of 25.168% / 34.944 %	1,204.44	1,632.97
Differential tax rate on capital gain on sale of investments/ fair valuation on investment	(306.91)	(89.20)
Effect of exempted dividend income	(77.95)	(74.51)
Effect of indexation benefit on value of investment	(17.34)	(267.74)
Effect of expenses that are not deductible in determining taxable profit	20.21	13.83
Deferred tax adjustments earlier year due to change in tax rate.	(662.85)	-
Others	(0.50)	8.99
Total	159.10	1,224.34
Current tax	1,062.89	1,233.13
Deferred tax	(903.79)	(8.79)
Total tax provided	159.10	1,224.34

41.3 Income tax recognised in other comprehensive income

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Arising on income and expenses recognised in other comprehensive income		
Net fair value gain on investment in equity shares at FVTOCI	-	(45.31)
Remeasurement of defined benefit obligation	(0.97)	0.46
Total income tax recognised in other comprehensive income	(0.97)	(44.85)

42. Financial Instruments and Risk Management

42 (a) 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 includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maintain optimum capital structure to reduce cost of capital and to maximize the shareholder value.

Notes of Financial Statements for the year ended 31st March 2020

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 debts and equity at the end of the reporting years:

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Borrowings	141.88	75.39
Cash and cash equivalent	12,458.71	249.86
Net Debt	(12,316.83)	(174.47)
Total Equity	35,542.75	33,365.80
Net debt to equity ratio	-	-

42 (b) Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31st March 2020 are as follows

Particulars	(₹ in Lakhs)					
	Amortized cost	FVTPL	Fair Value (Derivative Instruments)	FVTOCI	Total carrying cost	Total fair value
Financial Assets:						
Cash and cash equivalents	12,458.71	-	-	-	12,458.71	12,458.71
Investments	-	15,721.81	-	279.22	16,001.03	16,001.03
Trade receivables	950.41	-	-	-	950.41	950.41
Loans	2.49	-	-	-	2.49	2.49
Other financial assets	2026.37	-	235.32	-	2,261.69	2,261.69
Total	15,437.98	15,721.81	235.32	279.22	31,674.33	31,674.33
Financial Liabilities:						
Trade payables	5434.61	-	-	-	5434.61	5434.61
Short Term Borrowings	141.88	-	-	-	141.88	141.88
Other financial liabilities	426.31	-	-	-	426.31	426.31
Total	6002.80	-	-	-	6002.80	6002.80

Notes of Financial Statements for the year ended 31st March 2020

The carrying value and fair value of financial instruments by categories as at 31st March 2019 are as follows:

(₹ in Lakhs)						
Particulars	Amortized cost	FVTPL	Fair Value (Derivative Instruments)	FVTOCI	Total carrying cost	Total fair value
Financial Assets:						
Cash and cash equivalents	249.86	-	-	-	249.86	249.86
Investments	-	28092.82	-	303.80	28396.62	28396.62
Trade receivables	1560.29	-	-	-	1560.29	1560.29
Loans	0.77	-	-	-	0.77	0.77
Other financial assets	30.16	-	-	-	30.16	30.16
Total	1841.08	28092.83	-	303.80	30237.71	30237.71
Financial Liabilities:						
Trade payables	6857.06	-	-	-	6857.06	6857.06
Short Term Borrowings	75.39	-	-	-	75.39	75.39
Other financial liabilities	410.09	-	152.93	-	563.02	563.02
Total	7342.54	-	152.93	-	7495.47	7495.47

Carrying value of the financial assets and financial liabilities designated at amortised cost approximates its fair value.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured at fair value and have been grouped into Level 1, Level 2 and Level 3 below:

As at 31st March 2020

(₹ in Lakhs)				
Financial Assets	Level 1	Level 2	Level 3	Total
Investments in Mutual Funds/ Bonds/ Preference Shares	9691.09	6030.72	-	15721.81
Investments in Quoted Equity Instruments	-	-	-	-
Investments in Unquoted Equity Instruments	-	-	279.22	279.22
Foreign Currency forward contracts	-	235.32	-	235.32
Total	9691.09	6266.04	279.22	16236.35
Financial Liabilities				
Foreign Currency forward contracts	-	-	-	-

Notes of Financial Statements for the year ended 31st March 2020

As at 31st March 2019

	(₹ in Lakhs)			
Financial Assets	Level 1	Level 2	Level 3	Total
Investments in Mutual Funds/ Bonds/ Preference Shares	9,379.16	18,713.66	-	28,092.82
Investments in Quoted Equity Instruments	-	-	-	-
Investments in Unquoted Equity Instruments	-	-	303.80	303.80
Foreign Currency forward contracts	-	-	-	-
Total	9,379.16	18,713.66	303.80	28,396.62
Financial Liabilities				
Foreign Currency forward contracts	-	152.93	-	152.93

Level 1:

Quoted prices in the active market. This level of hierarchy includes financial assets that are measured by reference to quoted prices in the active market.

Level 2:

Valuation techniques with observable inputs. This level of hierarchy includes items measured using inputs other than quoted prices included within Level 1 that are observable for such items, either directly or indirectly.

Level 3:

Valuation techniques with unobservable inputs. This level of hierarchy includes items measured using inputs that are not based on observable market data (unobservable inputs). Fair value determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instruments nor based on available market data.

Sensitivity of Level 3 financial instruments are insignificant.

The fair value of the financial instruments are determined at the amount that would be received to sell an asset in an orderly transaction between market participants.

The following methods and assumptions were used to estimate the fair values:

Investments in mutual funds: Fair value is determined by reference to quotes from the financial institutions, i.e. net asset value (NAV) for investments in mutual funds declared by mutual fund house.

Investment in preference shares: Fair value is determined by reference to quotes from fund houses/portfolio management services companies/respective issuer of preference shares, i.e. value of investments.

Notes of Financial Statements for the year ended 31st March 2020

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 Authorized 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

	Unlisted equity instruments
As at 01st April 2018	433.46
Purchases	-
Gain/ (loss) recognised in OCI	(129.66)
As at 31st March 2019	303.80
Purchases	-
Gain/ (loss) recognised in OCI	(24.59)
As at 31st March 2020	279.22

Financial risk management

The financial assets of the company include investments, loans, trade and other receivables, and cash and bank balances that derive directly from its operations.

The principal financial liabilities of the company, other than derivatives, 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.

The company is mainly exposed to the following risks that arise from financial instruments:

- (i) Market risk
- (ii) Liquidity risk
- (iii) Credit risk

The Company's senior management oversees the management of these risks and that advises on financial risks and the appropriate financial risk governance framework for 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:

Notes of Financial Statements for the year ended 31st March 2020

(i) 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: interest rate risk, foreign currency risk and investment risk.

(a) Foreign currency risk

The company 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 recognised 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 hedging appropriately. The Company uses foreign exchange forward 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 current are as follows:

Particulars	(FC in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
a) Exposure on account of Financial Assets		
Trade receivables (A)		
-In USD	-	-
-In Euro	-	-
-In JPY	-	-
Amount hedged through derivate forwards contracts (B)		
-In USD	-	-
-In Euro	-	-
-In JPY	-	-
Net Exposure to Foreign Currency Assets C=A-B		
-In USD	-	-
-In Euro	-	-
-In JPY	-	-
b) Exposure on account of Financial Liabilities		
Trade Payables and Loans (D)		
-In USD	60.49	93.18
-In Euro	0.02	0.02
-In JPY	-	-

Notes of Financial Statements for the year ended 31st March 2020

Particulars	(FC in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Amount Hedged through derivative forward contracts (E)		
-In USD	(60.49)	(93.18)
-In Euro	-	-
-In JPY	-	-
Net Exposure to Foreign Currency Liabilities (F=D-E)		
-In USD	-	-
-In Euro	0.02	0.02
-In JPY	-	-
Net Exposure to Foreign Currency(F-C)		
-In USD	-	-
-In Euro	0.02	0.02
-In JPY	-	-

Company uses derivative financial instruments exclusively

The following significant exchange rates applied during the year:

Particulars	(₹ in Lakhs)			
	2019-20 (Average exchange rate)	2018-19 (Average exchange rate)	2019-20 (Year end rates)	2018-19 (Year end rates)
INR/USD	70.89	69.92	75.56	69.16
INR/EURO	78.79	80.94	82.96	77.70
INR/JPY	0.65	0.63	0.71	0.62

Foreign currency sensitivity analysis

Any changes in the exchange rate of EURO and USD against INR is not expected to have significant impact on the Company's profit due to the less exposure of these currencies. Accordingly, a 10% appreciation/depreciation of the INR as indicated below, against the EURO and USD would have increased/reduced profit by the amounts shown below. This analysis is based on the foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variable remains constant:

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
10% Strengthening/weakening of EURO against INR	0.17	0.16

Notes of Financial Statements for the year ended 31st March 2020

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 gives details in respect of outstanding foreign currency forward held by the company to mitigate the risk of changes in exchange rates on foreign currency exposures

Particulars	No. of deals	₹ in Lakhs		
		As at 31 st March 2020	No. of deals	As at 31 st March 2019
Contracts against Import				
-In USD	14	65.51	12	99.96
-In JPY	-	-	1	27.04

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.

At the reporting date the interest rate profile of the Company's interest bearing financial instrument is at its fair value:

Particulars	₹ in Lakhs	
	Carrying amount	
Variable rate instruments	As at 31 st March 2020	As at 31 st March 2019
Short term borrowings	141.88	75.39

Notes of Financial Statements for the year ended 31st March 2020

Cash flow sensitivity analysis for variable rate instruments

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	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Increase/ (decrease) in profit before tax by	1.42	0.75

(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 31st March 2020 would increase / decrease by ₹ 14.00 Lakhs (31st March 2019: increase / decrease by ₹ 15.19 Lakhs) 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/Preference share 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 31st March 2020 would increase / decrease by ₹ 157.22 Lakhs (31st March 2019 by ₹149.10 Lakhs) as a result of the changes in fair value of mutual fund investments.

(ii) Liquidity Risk

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.

Notes of Financial Statements for the year ended 31st March 2020

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:

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Borrowings		
Less than 1 year	141.88	75.39
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-
Trade Payables		
Less than 1 year	5434.61	6857.06
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-
Other Financial liabilities		
Less than 1 year	426.31	563.02
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-

Financial Assets

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Investments		
Less than 1 year	9,691.09	22,562.16
More than 1 year and upto 3 years	6,030.72	5,530.66
More than 3 year and upto 5 years	-	-
More than 5 years	279.22	303.80
Trade Receivables		
Less than 1 year	950.41	1560.29
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-

Notes of Financial Statements for the year ended 31st March 2020

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Investments		
Cash and cash equivalents		
Less than 1 year	12,458.71	249.86
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-
Bank/FDR's balances other than above		
Less than 1 year		
More than 1 year and upto 3 years	1996.00	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-
Loans		
Less than 1 year	2.37	0.74
More than 1 year and upto 3 years	0.12	0.03
More than 3 year and upto 5 years	-	-
More than 5 years	-	-
Other financial assets		
Less than 1 year	265.69	30.16
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-

(iii) 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 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

The impairment analysis is performed on client to client basis for the debtors that are past due at the end of each reporting date. The company has not considered an allowance for doubtful debts in case of Trade receivables that are past due but there has not been a significant change in the credit quality and the amounts are still considered recoverable.

Notes of Financial Statements for the year ended 31st March 2020

The following is the detail of revenues generated from top five customers of the company and allowance for lifetime expected credit loss

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
(a) Revenue from top five customers		
- Amount of sales	21,381.97	21,948.77
- % of total sales	63.95%	56.00%
(b) Financial assets for which loss allowance, measured		
- Trade Receivables	-	-
Loss allowance is as follows:		
(c) Opening Balance	4.84	4.84
Provided during the year	-	-
Reversed during the year	-	-
Closing Balance	4.84	4.84

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.

Write off policy

The financials assets are written off in case there is no reasonable expectation of recovering from the financial asset.

43. In accordance with the Ind AS-36 on Impairment of Assets, the Company has assessed as on the balance sheet date, whether there are any indications with regard to the impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.

44. The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006, to the extent such parties have been identified from the available information:

Sr no Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
(i) Principal amount remaining unpaid	33.38	30.10
(ii) Interest due thereon remaining unpaid	-	-
(iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of payment made to the supplier beyond the appointed day during the period	-	-

Notes of Financial Statements for the year ended 31st March 2020

Sr no Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
(iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
(v) Interest accrued and remaining unpaid	-	-
(vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

45. Expenditure incurred on Corporate Social Responsibility.

As per section 135 of the Companies Act, 2013, a company meeting the applicable threshold, need to spend at least 2% of the average net profit for the immediate preceding three financial years on CSR activities as defined in Schedule VII of the Companies Act 2013.

- (a) Gross amount required to be spent by the company during the year ₹ 90.90 Lakhs (previous year ₹ 99.01 Lakhs).
- (b) Amount spent during the year ₹ 68.12 Lakhs (previous year ₹ 74.50 Lakhs)
- (c) Amount remaining unspent as on 31st March 2020 ₹ 22.78 Lakhs (Previous year ₹ 24.51 Lakhs)
- (d) Activity

Particulars	(₹ in Lakhs)	
	For Financial year 2019-20	For Financial year 2018-19
a) Promoting Education	26.95	45.71
b) Promoting Healthcare	31.57	12.00
c) Rural Development Projects	9.22	16.45
d) Promoting Art and Culture Environmental Sustainability	0.38	0.34
Total	68.12	74.50

45A. There has been no delay in transferring amount, required to be transferred, to the investor education Protection Fund by the Company during the year.

Notes of Financial Statements for the year ended 31st March 2020

46. A. Disclosure under Ind AS 115 " Revenue from Contracts with Customers

a. Disaggregated revenue information

Type of goods	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Revenue from Acrylic Fibre and Tow	33,051.97	38,719.93
Revenue from Trading Goods (Acrylonitrile)	371.18	449.79
Total Revenue from Operations	33,423.15	39,169.72
Total Revenue from Contracts with Customers		
Revenue from Customers based in India	33,287.87	39,169.72
Revenue from Customers based outside India	135.28	-
Total Revenue from Contracts with Customers	33,423.15	39,169.72
Timing of Revenue Recognition		
Goods transferred at a point in time	33,423.15	39,169.72

b. Trade receivables and Contract Customers

	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Trade Receivables	950.41	1560.29

Trade receivables are non- interest bearing and are generally on terms of 0- 90 days. ₹ 4.84 Lakhs was recognised as provision for expected credit losses on trade receivables.

Trade receivables are presented net of impairment in the Balance sheet.

The Company classifies the right to consideration in exchange for deliverables as a receivable.

A receivable is right to consideration that is unconditional upon passage of time.

c. Contract Liabilities

Contract Liabilities includes long term or short term advances received from customers to deliver goods.

The amount of revenue recognized during the year for the amount included in contract liabilities at the beginning of the year is ₹ 25.64 Lakhs (previous year ₹74.60 Lakhs).

Notes of Financial Statements for the year ended 31st March 2020

d. Reconciliation of the amount of revenue recognized in the statement of Profit and Loss with contract price

(₹ in Lakhs)

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Revenue as per Contract Price		
Less : Adjustments	33,886.17	39,306.29
Sale Return		
Discount	463.02	136.57
	33423.15	39169.72

e. Performance obligation and remaining performance obligation

The performance obligation is satisfied upon the delivery of Acrylic Fibre and payment is generally due within 0 days to 90 days after the delivery.

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. As on 31st March, 2020, there were no remaining performance obligation as the same is satisfied upon delivery of goods/services.

46.B. Assets pledged as Security:-

The Carrying amount of assets pledged as security for current borrowings are as follows:-

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Non-Current Investments		
*25,000,000 (31 st March 2019: 25,000,000) Units of ₹ 10/- each of SBI SDFC	2950.53	2706.70
C - 16 (1100 Days) Direct Growth		
Total Assets Pledged as Security	2950.53	2706.70

The Above investment is lien marked against Overdraft facility of ₹2217 Lacs from HDFC Bank since 18-December-2018 but the same is unutilized as on 31st March 2020.

Notes of Financial Statements for the year ended 31st March 2020

46. C. Reconciliation of changes in liabilities arising from financing activities including both changes arising from cash flow and non-cash changes as per the requirement of Ind AS-7 'Statement of Cash Flows'.

(₹ in Lakhs)

Particulars	Year ended 31 st March 2020		Year ended 31 st March 2019	
	Current Borrowings	Non-current Borrowings (incl. current maturities)	Current Borrowings	Non-current Borrowings (incl. current maturities)
Opening Balance of Financial liabilities coming under the financing activities of Cash Flow Statement	75.39	-	132.81	-
Changes during the year				
a) Changes from financing cash flow	66.49	-	(57.42)	-
b) Changes arising from obtaining or losing control of subsidiaries or other business	-	-	-	-
c) the effect of changes in foreign exchanges rates- (Gain)/Loss	-	-	-	-
d) Changes in fair value	-	-	-	-
e) Other Changes	-	-	-	-
Closing Balance of Financial liabilities coming under the financing activities of Cash Flow Statement	141.88	-	75.39	-

47 The Company has made assessment of impact of COVID-19 on the carrying amount of property, plant and equipment, Investments, Inventories, receivables and other current assets. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of the assets. However in view of highly uncertain and continuously evolving business environment, the eventual impact of COVID-19 may be different from the estimated as at the date of approval of these financial results.

48. Previous year figures in the financial statements, including the notes thereto, have been reclassified wherever required to confirm to the current year presentation/classification.

As per our report of even date attached

For S C V & Co. LLP

Chartered Accountants

Firm Registration No.: 000235N/N500089

For and on behalf of the Board of Directors

Sanjiv Mohan

Partner

Membership No.: 086066

Place: Ludhiana

Date: 19th June, 2020

Satin Katyal

Company Secretary

Membership No.: -A40578

Place: Ludhiana

Date: 19th June, 2020

Vivek Gupta

Chief Financial Officer

Place: Gurugram

Date: 19th June, 2020

B.K.Choudhary

Managing Director

DIN:00307110

Place: Gurugram

Date: 19th June, 2020

S.P. Oswal

Chairman

DIN: 00121737

Place: Ludhiana

Date: 19th June, 2020